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KANSAS CORPORATION COMMISSION

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Kansas Corporation Commission  
/S/ Neusa Thomas

JAN 28 2015 BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

**LEGAL SECTION**

IN THE MATTER OF THE APPLICATION OF )  
MERIT ENERGY COMPANY FOR AN ) DOCKET NO. <sup>15</sup>14-CONS-629-CEXE  
EXCEPTION TO K.A.R. 82-3-203 AND FOR A )  
SPECIAL ALLOWABLE TO THE PARKS 35-1 ) OPERATOR NO. 32446  
WELL IN THE EAST HALF OF SECTION 35, )  
TOWNSHIP 30 SOUTH, RANGE 40 WEST, ) CONSERVATION DIVISION  
STANTON COUNTY, KANSAS. )

**APPLICATION**

COMES NOW, Merit Energy Company, 13727 Noel Road, Suite 1200, Dallas, Texas 75240, as Applicant herein and respectfully states to the Commission as follows:

1. Applicant is the owner of oil and gas leasehold interests in Section 35, Township 30 South, Range 40 West, Stanton County, Kansas.
2. That the Applicant has drilled the Parks 35-1 well at a location 2310 feet from the East line and 338 feet from the North line of Section 35, Township 30 South, Range 40 West in Stanton County, Kansas, and has attributed ten (10) acres immediately surrounding the well.
3. That the Parks 35-1 well is completed in the St. Louis formation.
4. That currently the Parks 35-1 well produces oil, some gas and little water. The well initially tested at 325 barrels of oil per day, with 0 barrels of water per day. Unexpectedly, production has not dropped off significantly as the current average daily production was 290 barrels of oil per day, with 68 mcf and 3 barrels of water per day.
5. Pursuant to K.A.R. 82-3-203, the Parks 35-1 well which is completed at a depth below 4000 feet, but above 6000 feet, would receive an allowable of 200 barrels of oil per day.
6. Applicant is hereby seeking an exception, pursuant to K.A.R. 82-3-100 to K.A.R. 82-3-203 and requests the Parks 35-1 well be assigned an allowable of the lesser of 300 barrels of oil per day from date of first production which was November 25, 2014, or capability as demonstrated by the state test.
7. Pursuant to K.A.R. 82-3-203(a), the oil allowable currently assigned to well Parks 35-1 is 200 barrels per day. However, restraining production from the subject well to 200 barrels of oil per day would cause waste, inasmuch as such a rate of production

would artificially and adversely affect the present value of the subject well, would not allow the oil reserves underlying the subject land to be developed and produced in an effective and efficient manner, and would otherwise result in physical or economic waste. Allowing the subject well to produce at its maximum efficient rate of flow should not damage the reservoir while secondary and/or tertiary recovery viability will be maintained.

8. The Parks 35-1 well location does meet the minimum setback criteria and correlative rights of offset wells will not be violated.

9. That attached hereto as Exhibit 1 is a production plat with pertinent well and production data.

10. Applicant owns oil and gas rights below top of the HBNR in all acreage within one-half mile so there will be no offset operators to notify. Also, there are no unleased owners with a one-half mile radius.

11. That Applicant is causing the Notice of Hearing to be published as required by the Commission, in *The Wichita Eagle* and *The Johnson Pioneer*. Said Notice complies with the provisions of K.A.R. 82-3-135 and 135a.

WHEREFORE, Applicant prays that the Commission consider this matter pursuant to K.S.A. 77-537 and if no protest or request for hearing is received within fifteen (15) days of notice, the Commission issue its Order granting the Parks 35-1 well an allowable of the lesser of 300 barrels of oil per day or the capability of the well as demonstrated by the state test.

Respectfully submitted,



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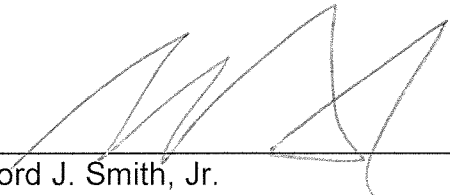
Stanford J. Smith, Jr. --#11353  
MARTIN, PRINGLE, OLIVER,  
WALLACE & BAUER, L.L.P.  
100 North Broadway, Suite 500  
Wichita, KS 67202  
Telephone: 316-265-9311  
Facsimile: 316-265-2955  
E-mail: sjsmith@martinpringle.com

VERIFICATION

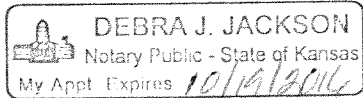
STATE OF KANSAS        )  
  ) ss:  
COUNTY OF SEDGWICK )

COMES NOW, Stanford J. Smith, Jr., of lawful age, being first duly sworn on his oath states:

That he is the attorney for Applicant and is authorized to make this verification; that he has read the above and foregoing Amended Application and is familiar with the contents thereof and that the statements made there are true and correct to the best of his knowledge and belief.

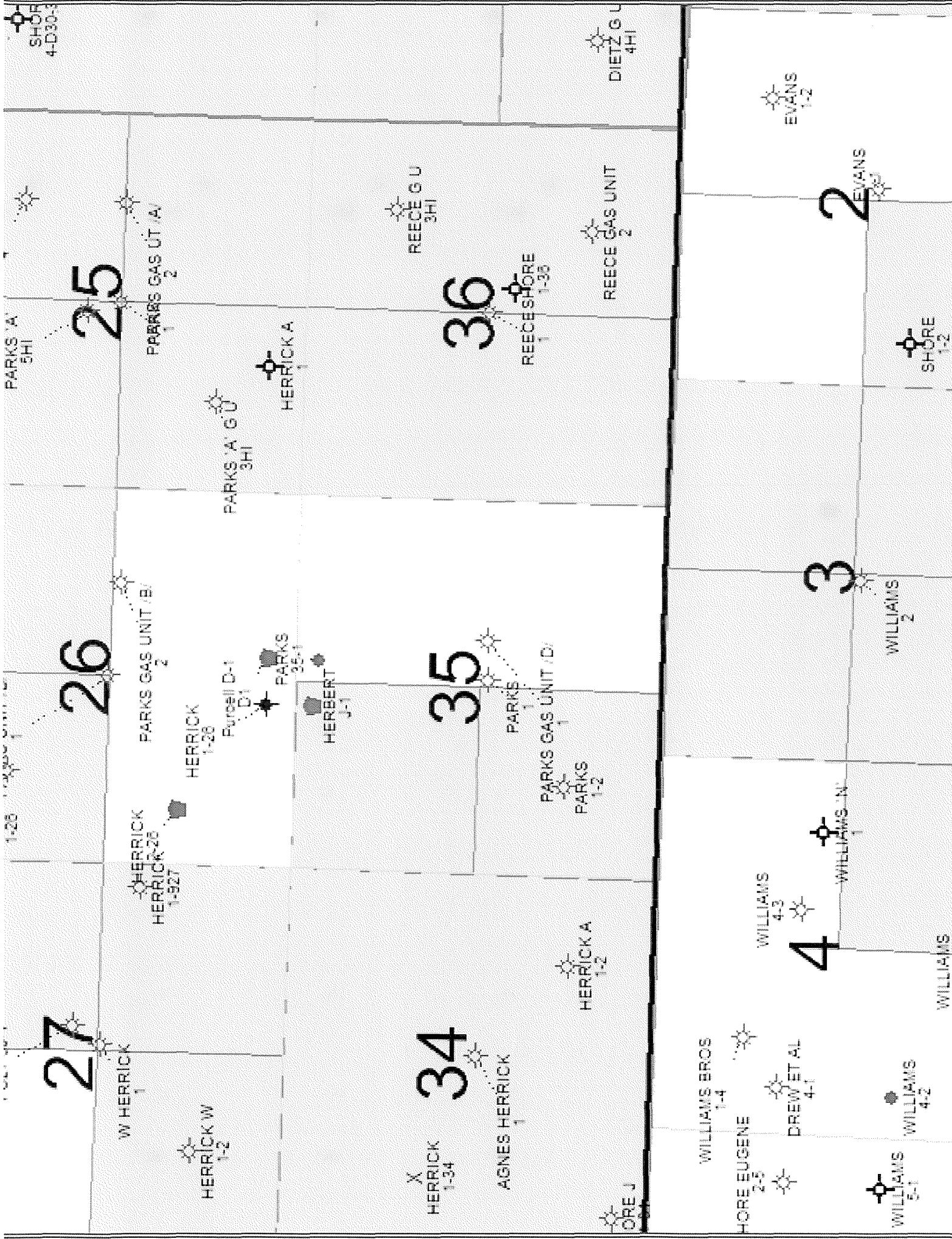
  
\_\_\_\_\_  
Stanford J. Smith, Jr.

SUBSCRIBED AND SWORN TO before me this 28th day of January, 2015.



  
\_\_\_\_\_  
Notary Public

My Appointment Expires:  
10/19/2016



SHORE  
4-D30-3

REECE G U  
4HI

EVANS  
1-2

EVANS  
2

SHORE  
1-2

PARKS A  
3HI

25

PARKS GAS UT A/  
2

REECE G U  
3HI

36

REECE SHORE  
1-35

REECE GAS UNIT  
2

HERRICK A  
1

PARKS A G U  
3HI

3

WILLIAMS  
2

1-28

26

PARKS GAS UNIT B/  
2

35

PARKS GAS UNIT D/  
1

HERRICK  
1-26

HERRICK  
1-28

Purcell D-1  
D-1

PARKS  
35-1

HERBERT  
1-1

PARKS  
1

PARKS  
1-2

4

WILLIAMS  
4-3

WILLIAMS N  
1

WILLIAMS

27

W HERRICK  
1

HERRICK W  
1-2

34

X  
HERRICK  
1-34

AGNES HERRICK  
1

HERRICK A  
1-2

WILLIAMS BROS  
1-4

SHORE EUGENE  
2-5

DREW ET AL  
4-1

WILLIAMS  
5-1

WILLIAMS  
4-2

ORE J  
1

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION OF )  
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STANTON COUNTY, KANSAS. )

**NOTICE OF PENDING APPLICATION**

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS TO:

ALL OIL AND GAS PRODUCERS AND OIL AND GAS PURCHASERS, ROYALTY  
OWNERS, LAND OWNERS, AND ALL PERSONS WHOMSOEVER CONCERNED:

YOU, and each of you, are hereby notified that Merit Energy Company has filed an Application with the State Corporation Commission of the State of Kansas requesting the Commission establish an exception of K.A.R. 82-3-203 and for a special allowable of 300 barrels of oil per day to the Parks 35-1 well. The acreage subject to said Application is:

Section 35, Township 30 South, Range 40 West, Stanton  
County, Kansas

YOU are further notified that unless written protest or request for hearing is received by the State Corporation Commission within 15 days after publication of this Notice, the Application in this matter will be granted pursuant to K.S.A. 77-537 after said 15 day period. Any such protest or request for hearing should be mailed to the State Corporation Commission of the State of Kansas, Conservation Division, 130 S. Market, Room 2078, Wichita, Kansas 67202 and to the Applicant at the address below.

All parties in anywise interested or concerned shall take notice of the foregoing and govern themselves accordingly.

Merit Energy Company  
By: Arlene Valliquette  
North Division Regulatory Manager  
13727 Noel Road, Suite 1200  
Dallas, Texas, 75240  
(972) 628-1558