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KANSAS CORPORATION COMMISSION

MAY 02 2016

CONSERVATION DIVISION
WICHITA, KS

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners:

Jay Scott Elmer, Chairman
Shari Feist Albrecht
Pat Apple

In the matter of the Kiowa Gas Company)
("Operator") for an exception to the 10-year time)
Limitation of K.A.R. 82-3-111 for its Eula May)
#2-16 well located in the SW/4 NE/4 of Section)
16, Township 33 South, Range 22 West, Clark)
County, Kansas)
_____)

Docket No. 16-CONS-⁴⁰²⁰_____-CEXC

CONSERVATION DIVISION

License No.: 33995

APPLICATION

COMES NOW Kiowa Gas Company ("Applicant") in support of its application in the captioned matter and states as follows:

1. Applicant is a Corporation authorized to do business in the State of Kansas. Applicant's address is 8150 N. Central Expressway, Suite 750, Dallas, Texas 75206.
2. Applicant has been issued by the Kansas Corporation Commission Operator's License 33995, which expires on August 30, 2016.
3. Applicant is the owner and operator of the Eula May #2-16 well, API 15-025-20936-0001 ("the subject well"), which is located in the Southwest Quarter of the Northeast Quarter of Section 16, Township 33 South, Range 22 West, Clark County, Kansas. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Section 9 and the N/2 of Section 16, Township 33 South, Range 22 West, Clark County, Kansas containing 960 acres, more or less ("leased premises").
4. Pursuant to K.A.R. 82-3-111, the well was shut in, or Applicant obtained temporary abandonment status, for the subject well on November 26, 2005. The well has maintained such status from November 26, 2005 to the present date.
5. On or about December 15, 2015, the Kansas Corporation Commission notified Applicant temporary abandonment status for the subject well would be denied from and after January 14, 2016 because subject well had been temporarily abandoned for more than ten (10) years.
6. K.A.R. 82-3-111 imposes a 10-year limitation on the amount of time during which wells may be temporarily abandoned, but an exception to the 10-year limitation may be obtained pursuant to said regulation through an Application filed with the Commission pursuant to K.A.R. 82-3-100. Applicant seeks such an exception.

7. A Commission Staff-witnessed mechanical integrity test of the casing between the surface and a point fifty (50) feet above the uppermost perforation in the well has not been conducted on the subject well at this time.

8. Applicant wishes to continue TA status for the subject well, because Applicant intends to use the well for the following purpose:

Bring back into service as a water source well or evaluate for use as a disposal well.

9. Applicant submits the following information regarding the well in support of the Application.

- a.) There are currently 7 wellbores included within the Ashland East Water Flood Unit, 1 water source well, 1 injection well and 5 production wells.
- b.) An estimated cost to plug the subject well is \$20,000. An estimated cost to plug the remaining wells is \$120,000.
- c.) The lease is currently producing 25 barrels of oil per day.
- d.) A basic estimation of remaining reserves suggests at least 370,000 barrels of oil. Such was determined using the 1/3, 1/3, 1/3 rule (1/3 recoverable through primary production, 1/3 recovered through secondary production and 1/3 not recoverable). During primary production the wells making up the Ashland East Water Flood Unit produced in excess of 578,000 barrels of oil. Secondary efforts have borne 216,689 barrels as of December 31, 2015.
- e.) The subject well will be tested as described in 7. above. A determination will be made as to whether or not to bring it back into service. If so, a pumping unit will be acquired and installed, flow lines will be tested for integrity and the well will return to service at a cost of approximately \$50,000. If not, it will continue in its TA status for future evaluation as a disposal candidate which could cost approximately \$30,000 to convert.

10. Applicant has included a plat map showing the locations of all producing, injection, temporarily abandoned, abandoned, and plugged wells located on the same leased premises as the subject well.

11. Based on the foregoing, Applicant requests the Commission grant an exception to the 10-year limitation, specifically to allow the subject well to remain eligible for temporary abandonment status for three (3) years following the expiration of the 10-year limitation. Applicant understands that the exception would be valid for three (3) years, but Applicant would still need to apply annually to the Conservation Division District Office for approval of an application for temporary abandonment status.

12. Listed in the attached Exhibit "A" are the names and addresses of the following persons:

Richard R. & Carolyn T. Degnan, Jule & Heidi Lea Hazen, Laura E. Booth, Robin & Carol B. Roberts, Haydock Land Company, LLC, M&S Edmonston, LLC.

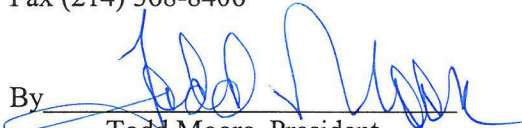
13. Notice of this Application will be published pursuant to K.A.R. 82-3-135a. In addition, notice of the hearing to be held in this matter will be provided as prescribed by K.A.R. 82-3-135.

WHEREFORE, Applicant prays that this matter be granted administratively without a hearing, or in the alternative be set for hearing, and upon hearing that the Commission grant Applicant's request, for an exception to the K.A.R. 82-3-111 ten (10) year limitation, to allow the subject well to remain temporarily abandoned for three (3) years, subject to annual approval by the Conservation Division District Office of an application for temporary abandonment status.

Respectfully Submitted,

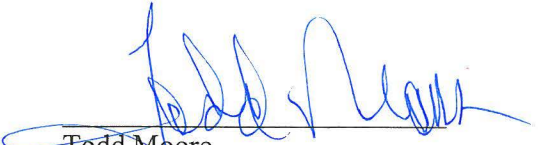
Kiowa Gas Company
8150 N. Central Expwy., Suite 750
Dallas, Texas 75206
Ph. (214) 244-3819
Fax (214) 368-8406

By


Todd Moore, President

CERTIFICATE OF SERVICE

I hereby certify on this 26th day of April, 2016, true and correct copies of the above and foregoing Application of the Notice of Application were served by depositing copies of the same in the United States Mail, postage prepaid, and properly addressed to the loanowner/s set forth in paragraph 14 of said Application and each party set forth in Exhibit "A" attached to said Application filed by Applicant, and the original and seven (7) copies to the Kansas Corporation Commission to be served via United States Mail, with the postage prepaid and properly addressed.



Todd Moore

S 9 & N 1/2 16 33S 22W Clark County, KS

<p>♂ Gibson #5</p> <p>● Gibson #4</p>	<p>♂ Robert 1-9</p>
<p>♂ Gibson #3</p> <p>● Gibson #2</p> <p>Gibson #1 TA</p>	<p>♂ Megan 2-9</p> <p>♂ Nunnemacher 1-9</p> <p>● Megan 1-9 TA</p>
<p>♂ Social Club 1-16</p> <p>christina 1-16</p>	<p>○ Eula May 1-16 (injection)</p>
<p>Judy 1-16 ♂</p>	<p>○ Eula May 2-16 TA (source)</p>

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EXHIBIT "A"

Richard R. & Carolyn T. Degnan
2174 CR 21
Ashland, Kansas 67831

Jule & Heidi Lea Hazen
2132 US Hwy. 183
Ashland, Kansas 67831-3157

Laura E. Booth
1017 E. 21st St.
Hutchinson, Kansas 67502-5615

Robin & Carol B. Roberts
P.O. Box 145
Englewood, Kansas 67840-0145

Haydock Land Company, LLC.
P.O. Box 15
Ashland, Kansas 67831-0056

M&S Edmonston, LLC.
1962 CR 29
Protection, Kansas 67127-2702