

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

In the matter of the application of Veem)
Jade Oil & Gas LLC, for an exception to the) Docket No. 18-CONS-3149-CEXC.
10-year limitation of K.A.R. 82-3-111 for its) CONSERVATION DIVISION
Smith A #1 well in Section 28, and Smith B) License No. 32874
#8 well in Section 21, Township 29 South,)
Range 9 East, Elk County, Kansas.)

APPLICATION FOR EXCEPTION FROM THE K.A.R. 82-3-111(b) 10-YEAR LIMIT

COMES NOW Veem Jade Oil & Gas LLC ("Operator"), and for its application in the captioned matter states as follows.

1. Operator is an Oklahoma limited liability company registered to do business in the State of Kansas. Operator's address is 11417 S Granite Ave, Tulsa, OK 74137
2. Operator holds operator's license no. 32874, issued by the Commission, which license expires on July 30, 2018.
3. Operator is the owner and operator of the following two wells (the "Wells"), both in Township 29 South, Range 9 East, Elk County, Kansas:

Smith A #1 well in the NE/4 of Section 28, API #15-049-21675-00-00; and

Smith B #8 well in the SE/4 of Section 21, API #15-049-21844-00-00.

The Wells are located on active oil and gas leases comprising the following lands in Township 29 South, Range 9 East, Elk County, Kansas:

E/2 of Section 21; and

N/2 NE/4 of Section 28

4. Pursuant to K.A.R. 82-3-111, Operator last obtained temporary abandonment (“TA”) status for the Wells in April 2016, which status expired in April 2017. Operator applied to renew the TA status on the Wells in 2017, but received denial notices dated June 20, 2017, from KCC District 3, saying the Wells had been shut in for more than 10 years, and were therefore no longer eligible for TA status.
5. Before Operator resolved the matter of the denied TA application, the Commission issued a penalty for violating K.A.R. 82-3-111 with regard to the Wells. Operator promptly paid the fine assessed by the Commission, and now submits this Application to restore the TA status of the wells.
6. Pursuant to K.A.R. 82-3-100, Operator seeks an exception to the 10-year temporary abandonment limitation.
8. Operator believes that there is oil present in commercial quantities in one or more of the unopened zones behind the pipe on these Wells, making the Wells candidates for reestablishing production. Operator plans to run a cased hole Spectral Neutron Log (SNL) in each Well, that should in part, determine the existence of hydrocarbons and the fluid level within the well bore. Operator has consulted with Century Wireline Services (using Century Geophysical, LLC technology), who reports that the SNL has a very high success ratio of approximately 95%.

Using the SNL on Operator’s Smith B#9 well, the Kansas City zone has been identified as potentially productive. The Kansas City is a known productive zone in the surrounding areas. The Smith B#8 is approximately 728 feet north of the Smith B#9. Correlation with conventional logs also shows similar potential in the Smith A#2, which

is located between the B#8 and the A#1 (the two Wells at issue in this Application). A plat map has been attached to show the locations of these four (4) wells in relation to each other. Operator will plan to move on to testing the Smith A#1 and Smith B#8 when the analysis of the Smith A#2 is complete. This testing in a sampling of wells on the Smith lease, if successful, will make all of Operator's wells in the Bush-Denton field potential candidates for further analysis and ultimately reestablishing production; making plugging at this time premature.

8. As explained in the above paragraph, the early stage of the above-described assessment process will include a determination of the condition and fluid level of each of the Wells.
9. Operator has included a plat map generated from the Kansas Geological Survey online database, showing the locations of all producing, injection, temporarily abandoned, abandoned, and plugged wells located on the same leased premises as the Wells. The plat map is attached hereto as Exhibit A.
10. Based on the foregoing, Operator requests the Commission grant an exception to the 10-year limitation; allowing the Wells to be temporarily abandoned for the three (3) years from April 2017, without further need to re-apply during the three (3) year period.
11. As required by K.A.R. 82-3-100, notice of the hearing to be held in this matter will be provided in accordance with K.A.R. 82-3-135(c)(1).

WHEREFORE, Operator requests that the Commission grant Operator a 3-year exception to the 10-year temporary abandonment limitation, without need to reapply during that 3-year

period; and that if no protest to this Application is received, that the Application be granted without hearing, and for such other relief as the Commission deems necessary and appropriate.

Respectfully Submitted,

EDMISTON LAW OFFICE, LLC

By: /s/ Diana Edmiston

Diana Edmiston (S.C. 15160)

200 E. 1st Street, Suite 301

Wichita, Kansas 67202

Telephone: (316) 267-6400

diana@edmistonlawoffice.com

Attorney for Veem Jade Oil & Gas LLC

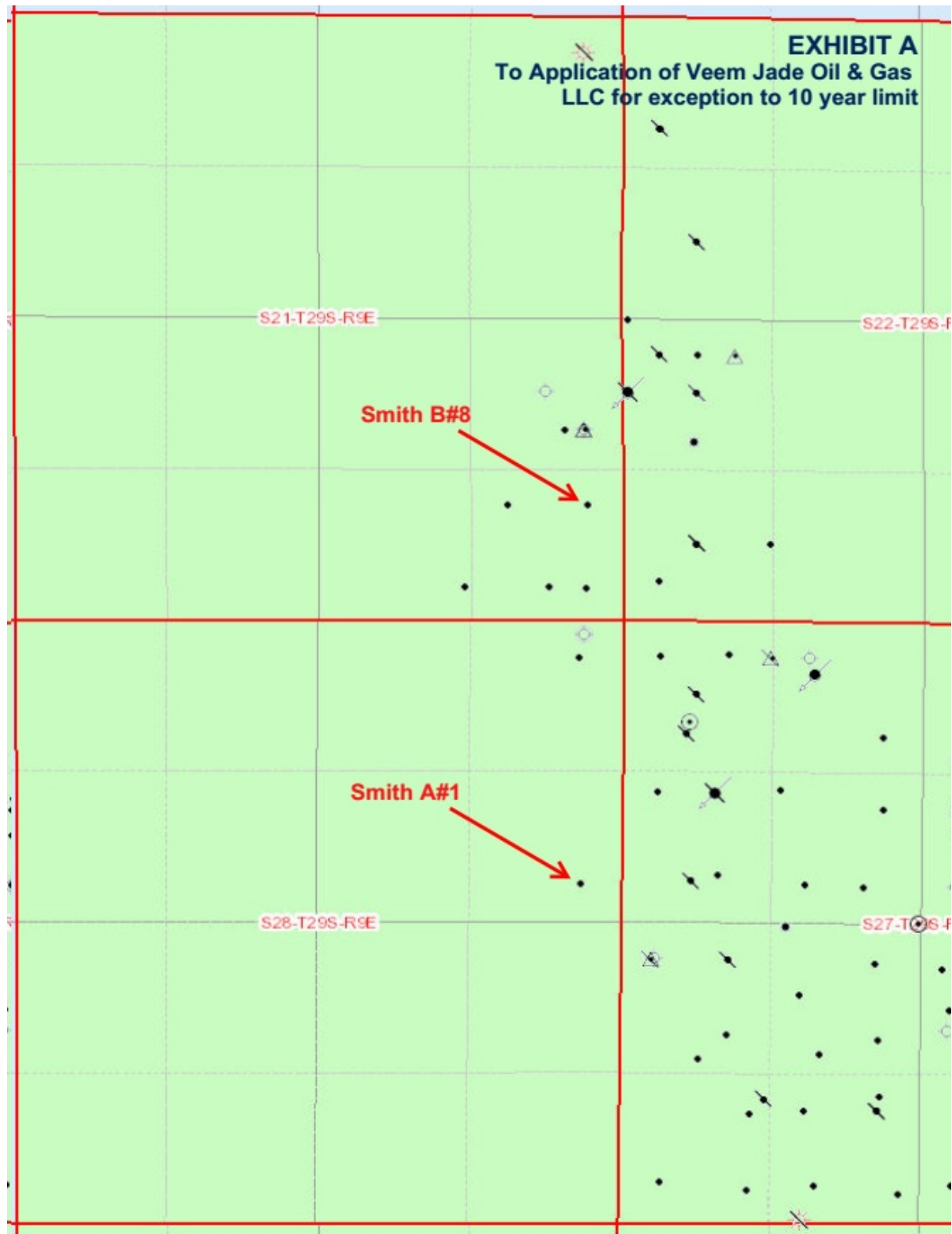
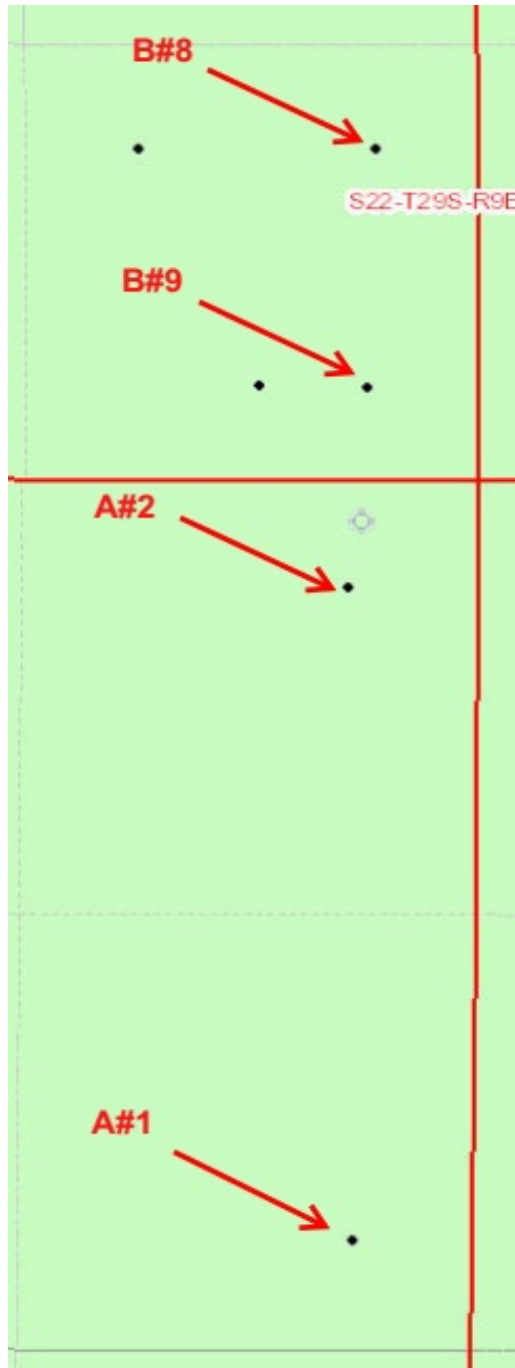


EXHIBIT B



VERIFICATION

STATE OF OKLAHOMA)
) SS:
COUNTY OF Tulsa)

Mahesh Chhabra, of lawful age, being first duly sworn, upon oath states that he is the Managing Member of Veem Jade Oil & Gas LLC; and that he has read the foregoing Application, is familiar with the contents thereof, and that the statements contained therein are true and correct according to his knowledge, information and belief.

Subscribed and sworn to before me, a notary public.

My appointment expires:

11-25-18

Brittany L Conner 9-12-17
Name Brittany L Conner
Notary Public

M Chhabra
9/12/2017

