

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 17-CONS- <u>3536</u> -CEXC
OF MERIT ENERGY COMPANY, LLC,)	
FOR AN EXCEPTION TO THE 10-YEAR)	
TIME LIMITATION OF K.A.R. 82-3-111)	CONSERVATION DIVISION
FOR ITS BCU 403 WELL IN THE)	
SOUTHWEST QUARTER OF THE)	
NORTHEAST QUARTER OF THE)	LICENSE NO. 32446
NORTHEAST QUARTER OF SECTION)	
31, TOWNSHIP 27 SOUTH, RANGE 33)	
WEST, HASKELL COUNTY, KANSAS.)	

APPLICATION

COMES NOW, Merit Energy Company ("Merit"), by and through its attorney, Stanford J. Smith, Jr., and in support of its Application in the above captioned matter states as follows:

1. Merit is authorized to do business in the State of Kansas, and has a street address of 13727 Noel Road, Suite 1200, Dallas, Texas, 75240.
2. The Kansas Corporation Commission has issued Merit operator's license 32446, which expires on May 30, 2017.
3. Merit is the owner and operator of the BCU 403 well, which is located in the Southwest Quarter of the Northeast Quarter of the Northeast Quarter of Section 31, Township 27 South, Range 33 West, Haskell County, Kansas, API # 15-081-21477-00-00. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Southwest Quarter of Section 31, Township 27 South,
Range 33 West, Haskell County, Kansas.

4. The BCU 403 was originally perforated in the Chester and Morrow formations but was not actively produced and was shut-in as inactive.

5. On or about April 4, 2017, the Kansas Corporation Commission notified Merit of the KCC's denial of renewal of temporary abandonment status for the well due to the limitation period of ten (10) years imposed by K.A.R. 82-3-111.

6. K.A.R. 82-3-111 provides for an exception to said 10-year limitation upon the filing of an application pursuant to K.A.R. 82-3-100. Merit seeks such an exception for said well.

7. Merit wishes to continue temporary abandonment status for the subject well because Merit intends to use the well as part of an enhanced oil recovery project. This well will be converted to an injector to support a Morrow zone water flood in the Branstetter Chester Unit in the future.

8. A Commission Staff-witnessed mechanical integrity test of the casing between the surface and a point within fifty (50) feet above the uppermost perforations is pending.

9. In order to reactivate the BCU 403 well as part of an EOR project, it would cost approximately One Hundred Thousand Dollars (\$100,000.00). It would cost an estimate of Seven Hundred Fifty Thousand Dollars (\$750,000.00) based on current prices to drill and complete a replacement well.

10. Merit has included a plat map, attached as Exhibit A, showing the locations of all producing, injection, temporarily abandoned, abandoned and plugged wells located on the same lease premises as the subject well.

11. Based on the foregoing, Merit requests the Commission grant an exception to the 10-year limitation, specifically to allow the BCU 403 well to remain eligible for temporary abandonment status for three (3) years following the expiration of 10-year limitation. Merit understands that the exception would be valid for three (3) years, but Merit would still need to apply annually to the Conservation Division District Office for approval of an Application for temporary abandonment status.

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

- A. Each operator of each oil and gas lease covering lands within one-half (1/2) mile radius of the subject well; and
- B. Each person who owns any mineral interest of record in and under any lands located within one-half (1/2) mile radius of the subject well if unleased.

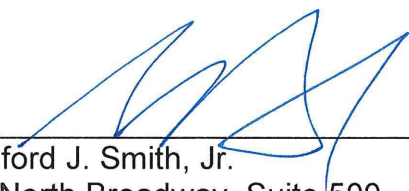
13. Notice of this Application will be published pursuant to K.A.R. 82-3-135a.

14. WHEREFORE, Merit 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 Merit's request for an exception to the K.A.R. 82-3-111 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,

MARTIN, PRINGLE, OLIVER, WALLACE
& BAUER, L.L.P.

By



Stanford J. Smith, Jr.

100 North Broadway, Suite 500

Wichita, KS 67202

(316) 265-9311


Attorney for Merit Energy Company

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

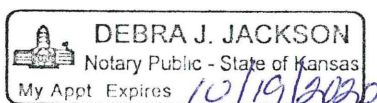
STANFORD J. SMITH, JR., of lawful age, being first duly sworn, upon oath states:

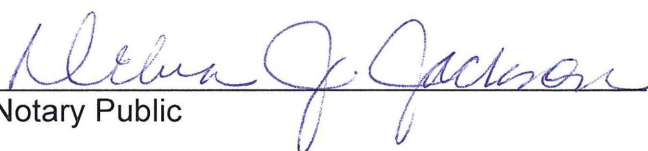
That he is the attorney for Merit Energy Company, applicant herein; that he has read the above and foregoing Application of Merit Energy Company and is familiar with the contents thereof; and, that the statements made therein are true and correct to the best of his knowledge and belief.



Stanford J. Smith, Jr.

SUBSCRIBED and sworn to before me this 7th day of April, 2017.





Notary Public

My Appointment Expires:
10/19/2020

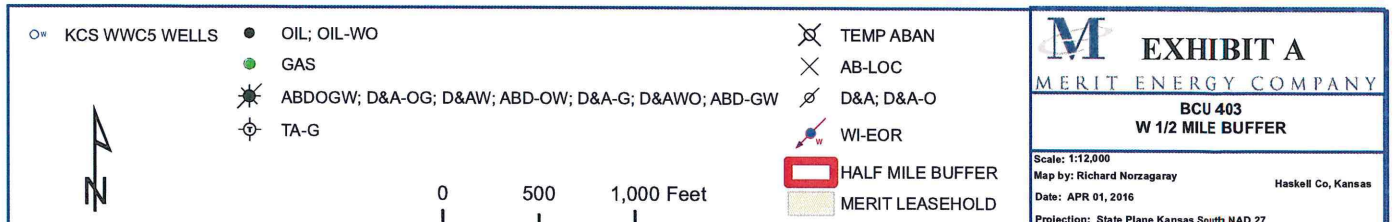
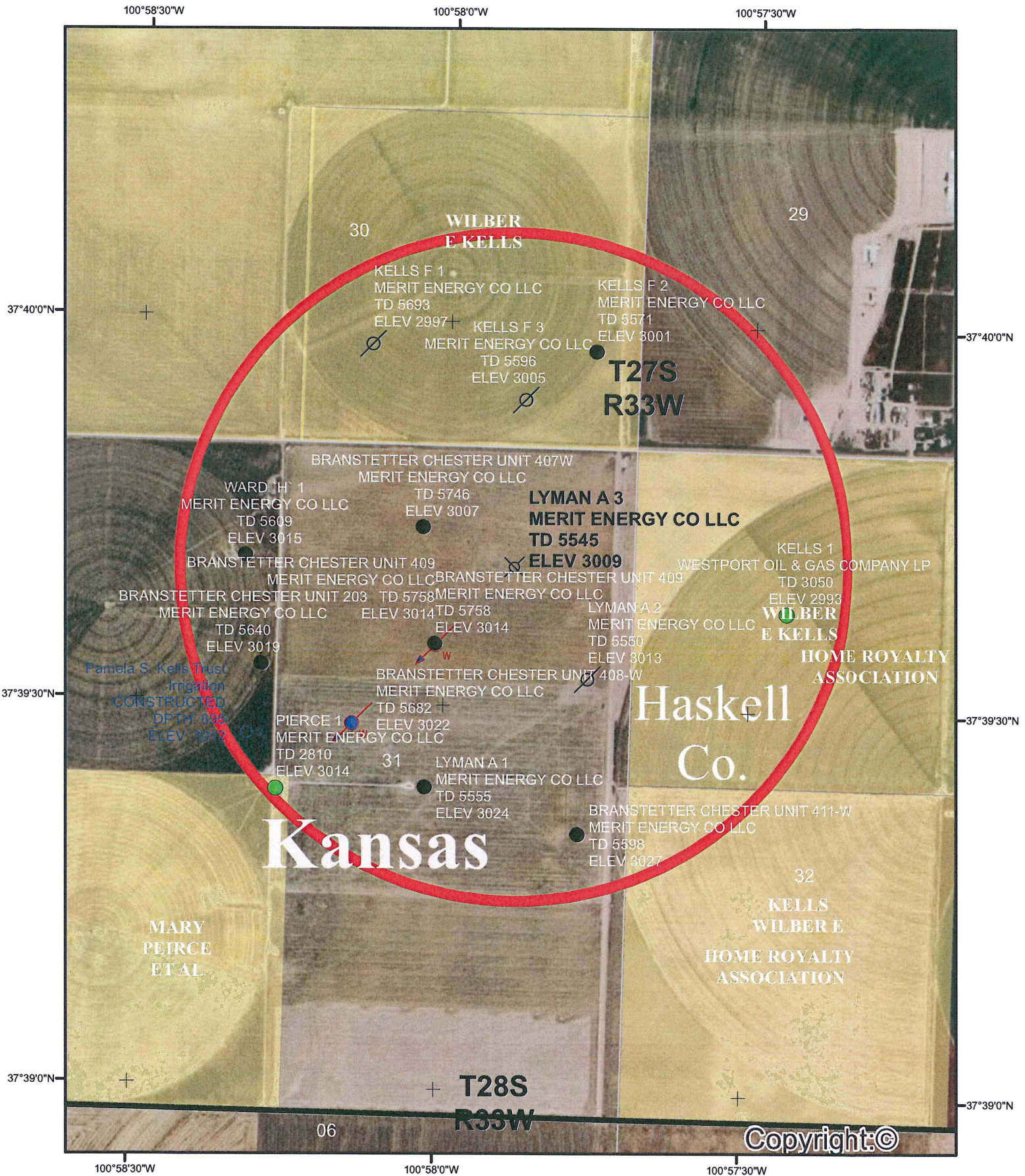


EXHIBIT B

None

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31, TOWNSHIP 27 SOUTH, RANGE 33)	
WEST, HASKELL COUNTY, KANSAS.)	

NOTICE OF PENDING APPLICATION

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

TO: ALL OIL AND GAS PRODUCERS, UNLEASED MINERAL INTEREST OWNERS, LANDOWNERS, AND ALL PERSONS WHOMSOEVER CONCERNED:

YOU, and each of you, are hereby notified that Merit Energy Company has filed an Application for an exception to the ten-year time limitation of K.A.R. 82-3-111 for the BCU 403 well, located in the Southwest Quarter of the Northeast Quarter of the Northeast Quarter of Section 31, Township 27 South, Range 33 West, Haskell County, Kansas, API # 15-081-21477-00-00.

YOU are further notified that unless written protest is received by the State Corporation Commission within fifteen (15) days after publication of this Notice, the Application in this matter will be granted by administrative approval after said 15 day period. Any such protest should be mailed to the State Corporation Commission of the State of Kansas, Conservation Division, 266 North Main, Suite 220, Wichita, Kansas, 67202, and to the Applicant at the address shown.

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

Merit Energy Company.
By: Katherine McClurkan
Regulatory Manager
13727 Noel Road, Suite 1200
Dallas, Texas, 75240
(972) 628-1041