

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

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Dwight D. Keen

In the Matter the Application of Palomino)	Docket No. 19-CONS-3100-CWLE
Petroleum, Inc., for an exception pursuant)	
to K.A.R. 82-3-108 for the drilling of the)	CONSERVATION DIVISION
Deeds #1 well in the NW/4 of Section)	
<u>15-T5S-R37W, Cheyenne County, Kansas)</u>	License No: 30742

APPLICATION

COMES NOW John G. Pike, of Withers, Gough, Pike & Pfaff, LLC, counsel for the Applicant Palomino Petroleum, Inc., and states as follows:

1. Applicant herein, Palomino Petroleum, Inc. (hereinafter “Palomino”), 4924 SE 84th Street, Newton, KS, 67114, has acquired the right to drill and operate upon a valid oil and gas lease covering the NW/4 of Section 15-T5S-R37W, Cheyenne County, Kansas, upon which it plans to drill its Deeds #1 well at a location that is 1,220 feet FNL and 2,445 feet FWL said Section 15. The proposed location is approximately 195 feet from the West boundary of the NE/4 of said Section 15. Applicant’s well is intended to produce from the Pawnee formation in the Marmaton Group, the top of the Pawnee occurring at approximately 4,650 feet.

2. The intended location is the optimum geologic location for said well in the NW/4 of said Section 15 and drilling at said location is necessary to prevent waste and protect correlative rights.

3. Applicant has been unable to successfully negotiate an oil and gas lease covering the adjacent property, being the NE/4 of said Section 15, which property is currently not subject to an oil and/or gas lease.

4. Applicant requests that it be granted a well location exception for said well pursuant to Section 82-3-108 of the General Rules and Regulations of the Commission.

5. Applicant requests that it be granted a full and unreduced allowable for said well, and intends to attribute the NW/4 of said Section 15 to said well.

6. Attached hereto, marked Exhibit "A" and made a part hereof, is a plat showing the property on which the well is sought to be drilled, all other wells on the property and adjacent property and the proposed location of said well.

7. Attached hereto, marked Exhibit "B", and made a part hereof, is the proposed Intent To Drill for the subject well.

8. The NE/4 of said Section 15 is currently unleased. The Applicant has no leasehold or other interest in the NE/4 of said Section 15. The name and address of the mineral owner in the NE/4 of said Section 15 is:

Guy L. Cooper, III, Trustee of the
Guy L. Cooper, III Living Trust
dated February 2, 1999
P. O. Box 542016
Omaha, NE 68154

NOW, THEREFORE, Applicant prays that the Commission grant the exception herein requested on an administrative basis and without hearing, unless timely protest is received pursuant to the rules and regulations of the Commission; that if timely and proper protest is received the Commission set this application for hearing at the earliest possible date and that upon such hearing grant said exception and allowable; and for such other Orders as the

Commission shall deem proper in the circumstances.

Respectfully submitted,

PALOMINO PETROLEUM, INC.

By: _____


John G. Pike, #9938
WITHERS, GOUGH, PIKE & PFAFF, LLC
O.W. Garvey Building
200 W. Douglas, Suite 1010
Wichita, KS 67202
Attorneys for Applicant

STATE OF KANSAS }
 }
COUNTY OF SEDGWICK }

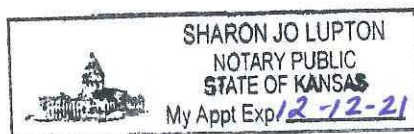
ss.

John G. Pike, of lawful age, and being first duly sworn upon oath, deposes and says: that he is an attorney for Palomino Petroleum, Inc.; that he has read the within and foregoing Application; and the statements and contents thereof are true to the best of his knowledge and belief.

By: _____


John G. Pike

Subscribed and sworn to before me this 6th day of September, 2018.




Notary Public

My Commission Expires:

December 12, 2021

CERTIFICATE OF SERVICE

I, the undersigned, certify that a true copy of the attached *Application* has been served to the following parties by means of first class mail and electronic service on September 6, 2018.

Lauren Wright, Litigation Counsel
KANSAS CORPORATION COMMISSION
Conservation Division
266 N. Main St., Ste. 220
Wichita, KS 67202-1513
Email: l.wright@kcc.ks.gov

Guy L. Cooper III, Trustee of the
Guy L. Cooper III Living Trust
dated February 2, 1999
P. O. Box 542016
Omaha, NE 68154

/s/ John G. Pike

John G. Pike



**Palomino
Petroleum, Inc.**

**Deeds #1 Location
Plat Map**

Cheyenne County, KS
Section 15-5S-37W

1,220' FNL & 2,445' FWL

POSTED WELL DATA

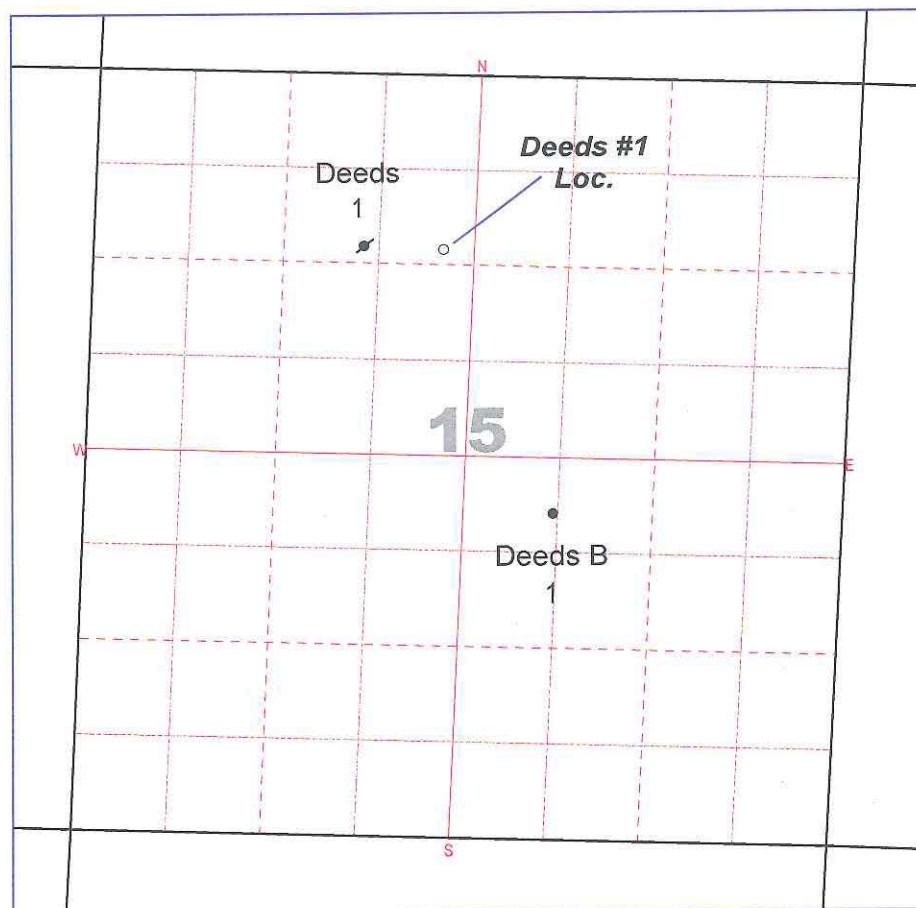
Well Name
Well Number

WELL SYMBOLS

- Location Only
- Oil Well
- ☼ Gas Well
- ☼ Oil & Gas Well
- Dry Hole
- ⊗ Injection Well
- Plugged & Abandoned Oil Well
- ☼ Plugged & Abandoned Gas Well
- Temporarily Abandoned
- Dry Hole, With Show of Oil
- ☼ Dry Hole, With Show of Oil & Gas
- ☼ Dry Hole, With Show of Gas
- ⊕ Other (Observation, Service, Disposal)
- ⊗ Injection Well

September 2018

Deeds #1 Location 15-5S-37W Cheyenne Co, KS.



0 1,320
1"



For KCC Use:

Effective Date: _____

District # 4

SGA? ☐ Yes ☒ No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Form C-1

March 2010

Form must be Typed

Form must be Signed

All blanks must be Filled

Expected Spud Date: 12/01/2018
month day year

OPERATOR: License# 30742

Name: Palomino Petroleum, Inc.

Address 1: 4924 SE 84TH ST

Address 2: _____

City: NEWTON State: KS Zip: 67114 + 8827

Contact Person: Klee Robert Watchous

Phone: 316-799-1000

CONTRACTOR: License# 33575

Name: WW Drilling, LLC

Well Drilled For:

Well Class:

Type Equipment:

☒ Oil ☐ Enh Rec ☐ Infield ☒ Mud Rotary
☐ Gas ☐ Storage ☐ Pool Ext. ☐ Air Rotary
☐ Disposal ☒ Wildcat ☐ Cable
☐ Seismic ; # of Holes ☐ Other
☐ Other: _____

☐ If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? ☐ Yes ☒ No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

Spot Description: _____

SE - SE - NE - NW Sec. 15 Twp. 5 S. R. 37 ☐ E ☒ W
(Q/Q/Q/Q) 1220 feet from ☒ N / ☐ S Line of Section
2445 feet from ☐ E / ☒ W Line of Section

Is SECTION: ☒ Regular ☐ Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: Cheyenne

Lease Name: Deeds

Well #: 1

Field Name: None (Wildcat)

Is this a Prorated / Spaced Field? ☐ Yes ☒ No

Target Formation(s): Pawnee

Nearest Lease or unit boundary line (in footage): 195

Ground Surface Elevation: 3399 Estimated feet MSL

Water well within one-quarter mile: ☐ Yes ☒ No

Public water supply well within one mile: ☐ Yes ☒ No

Depth to bottom of fresh water: 280

Depth to bottom of usable water: 280

Surface Pipe by Alternate: ☒ I ☐ II

Length of Surface Pipe Planned to be set: 340

Length of Conductor Pipe (if any): _____

Projected Total Depth: 5000

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

☐ Well ☐ Farm Pond ☒ Other: Haul

DWR Permit #: _____

(Note: Apply for Permit with DWR ☐)

Will Cores be taken? ☐ Yes ☒ No

If Yes, proposed zone: _____

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: _____ Signature of Operator or Agent: _____ Title: _____

For KCC Use ONLY

API # 15 - _____

Conductor pipe required _____ feet

Minimum surface pipe required _____ feet per ALT. ☒ I ☐ II

Approved by: _____

This authorization expires: _____

(This authorization void if drilling not started within 12 months of approval date.)

Spud date: _____ Agent: _____

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

☐ Well will not be drilled or Permit Expired Date: _____
Signature of Operator or Agent: _____

EXHIBIT

B

15 5 37

☐ E ☒ W

For KCC Use ONLY

API # 15 - _____

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator: Palomino Petroleum, Inc.

Lease: Deeds

Well Number: 1

Field: None (Wildcat)

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: SE - SE - NE - NW

Location of Well: County: Cheyenne

1220

feet from



N

/



S

Line of Section

2445

feet from



E

/



W

Line of Section

Sec. 15

Twp. 5

S. R. 37



E



W

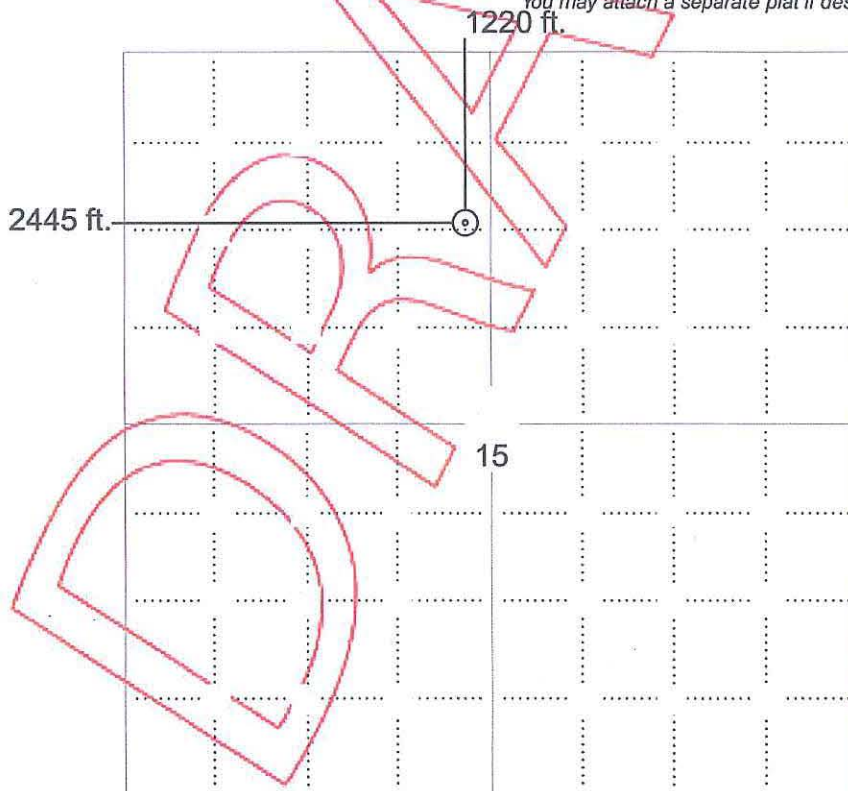
Is Section: ☒ Regular or ☐ Irregular

If Section is Irregular, locate well from nearest corner boundary.

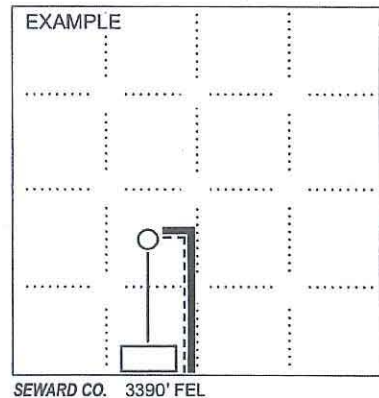
Section corner used: ☐ NE ☐ NW ☐ SE ☐ SW**PLAT**

Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

You may attach a separate plat if desired.

**LEGEND**

- ☐ Well Location
- ☐ Tank Battery Location
- ☐ Pipeline Location
- ☐ Electric Line Location
- ☐ Lease Road Location

**NOTE: In all cases locate the spot of the proposed drilling location.****In plotting the proposed location of the well, you must show:**

- The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
- The distance of the proposed drilling location from the south / north and east / west outside section lines.
- The distance to the nearest lease or unit boundary line (in footage).
- If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).
- The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
May 2010
Form must be Typed

Submit in Duplicate

Operator Name: Palomino Petroleum, Inc.		License Number: 30742	
Operator Address: 4924 SE 84TH ST		NEWTON KS 67114	
Contact Person: Klee Robert Watchous		Phone Number: 316-799-1000	
Lease Name & Well No.: Deeds 1		Pit Location (QQQQ): SE - SE - NE - NW Sec. 15 Twp. 5 R. 37 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1220 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 2445 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Cheyenne County	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3420 (bbls)		
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>	
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
How is the pit lined if a plastic liner is not used? Drilling mud and shale from wellbore			
Pit dimensions (all but working pits): 80 Length (feet) 80 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 3 (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: 4706 feet Depth of water well 276 feet		Depth to shallowest fresh water 0 feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Fresh Number of working pits to be utilized: 2 Abandonment procedure: Evaporate and backfill Drill pits must be closed within 365 days of spud date.	
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.			
Date _____		Signature of Applicant or Agent _____	

KCC OFFICE USE ONLY

☐ Liner ☐ Steel Pit ☐ RFAC ☐ RFAS

Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: ☐ Yes ☒ No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

Form KSONA-1
January 2014
Form Must Be Typed
Form must be Signed
All blanks must be Filled

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: ☒ C-1 (Intent) ☐ CB-1 (Cathodic Protection Borehole Intent) ☐ T-1 (Transfer) ☐ CP-1 (Plugging Application)

OPERATOR: License # 30742
Name: Palomino Petroleum, Inc.
Address 1: 4924 SE 84TH ST
Address 2: _____
City: NEWTON State: KS Zip: 67114 + 8827
Contact Person: Klee Robert Watchous
Phone: (316) 799-1000 Fax: (316) 799-2728
Email Address: krw@ppiks.com

Well Location:
SE SE NE NW Sec. 15 Twp. 5 S. R. 37 ☐ East ☒ West
County: Cheyenne
Lease Name: Deeds Well #: 1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: John R. Deeds and Darla L. Deeds
Address 1: 390 Road 31
Address 2: _____
City: Bird City State: KS Zip: 67731 + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

☒ I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.

☐ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: _____ Signature of Operator or Agent: _____ Title: _____



**Palomino
Petroleum, Inc.**

**Deeds #1 Location
Plat Map**

Cheyenne County, KS
Section 15-5S-37W

1,220' FNL & 2,445' FWL

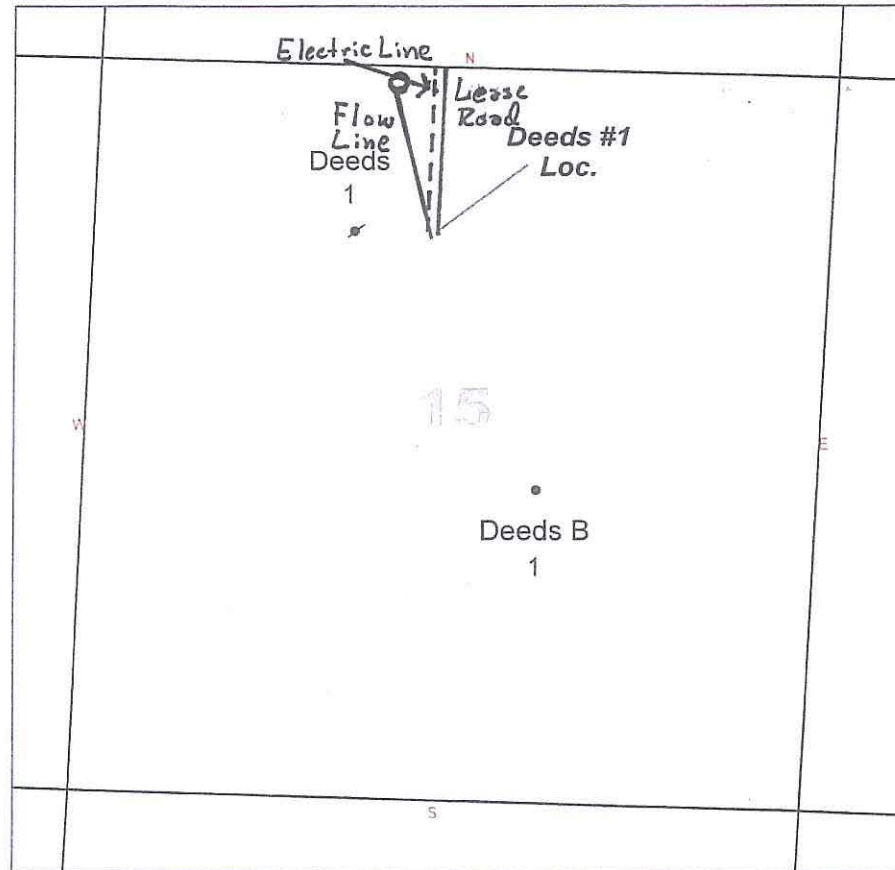
POSTED WELL DATA

Well Name
Well Number

- WELL SYMBOLS**
- Location Only
 - Oil Well
 - Gas Well
 - Oil & Gas Well
 - ⊕ Dry Hole
 - Injection Well
 - Plugged & Abandoned Oil Well
 - Plugged & Abandoned Gas Well
 - Temporarily Abandoned
 - ⊕ Dry Hole, With Show of Oil
 - ⊕ Dry Hole, With Show of Oil & Gas
 - ⊕ Dry Hole, With Show of Gas
 - ⊕ Other (Observation, Service, Disposal)
 - Injection Well

September 2018

Deeds #1 Location 15-5S-37W Cheyenne Co, KS.



0 1,320
1"