

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

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 18-CONS- <u>3166</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 KINNEY CHESTER SAND UNIT)	
502 WELL IN THE SOUTHWEST)	
QUARTER OF THE SOUTHWEST)	LICENSE NO. 32446
QUARTER OF SECTION 25, TOWNSHIP)	
34 SOUTH, RANGE 35 WEST, STEVENS)	
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, 2018.
3. Merit is the owner and operator of the Kinney Chester Sand Unit 502 well, which is located in the Southwest Quarter of the Southwest Quarter of Section 25, Township 34 South, Range 35 West, Stevens County, Kansas, API # 15-189-20665-00-00. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Southwest Quarter of Section 25, Township 34 South,
Range 35 West, Stevens County, Kansas.

4. The Kinney Chester Sand Unit 502 was originally perforated in the Chester formations but was shut-in as inactive due to uneconomic production.

5. Pursuant to K.A.R. 82-3-111, Merit's predecessor in interest sought and obtained temporary abandoned status for said well on or about October 1, 2006.

6. On or about August 29, 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.

7. 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.

8. Merit wishes to continue temporary abandonment status for the subject well because Merit intends to use the well for the following purpose: production from new zones behind pipe. Merit will utilize the well producing from the Chase formation and estimates additional reserves of 50 MCFD and have an EUR of 220 MMCF. This is based on studies of analog wells and in particular the Green D6 located in Section 25, Township 34 South, Range 35 West.

9. 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.

10. In order to reactivate the Kinney Chester Sand Unit well as a Chase producer, it would cost approximately One Hundred Thousand Dollars (\$100,000.00). It would cost an estimate Six Hundred Thousand Dollars (\$600,000.00) based on current prices to drill and complete a new Chase well.

11. 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.

12. Based on the foregoing, Merit requests the Commission grant an exception to the 10-year limitation, specifically to allow the Kinney Chester Sand Unit 502 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.

13. 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.

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

15. 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

A handwritten signature in black ink, appearing to read 'ASW', is written over a horizontal line.


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)

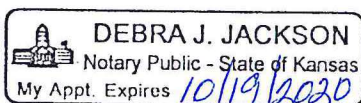
STANFORD J. SMITH, JR., of lawful age, being first duly sworn, upon oath states:

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 26th day of September, 2017.





Notary Public

My Appointment Expires:
10/19/2020



<ul style="list-style-type: none"> ● OIL WELL ☼ GAS WELL ☼ OIL AND GAS ☼ ABAND GAS ⊗ AB DRY LOC ⊗ AB OIL; TA-O ⊗ AB DRY OIL AND GAS 	<p>World Imagery</p> <p>0 0.25 0.5 Miles</p> <p>Scale: 1:28,600</p>	<p>EXHIBIT A</p> <p>MERIT ENERGY COMPANY</p> <p>KINNEY CHESTER SAND UNIT 502</p> <p>9 SECTIONS MAP</p> <p>STEVENS CO., KANSAS</p> <p>Map by: Richard Norzagaray</p> <p>Date: SEPTEMBER 21, 2017</p> <p>PROJECTION:</p>
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EXHIBIT B

NONE

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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 Kinney Chester Sand Unit 502 well, located in the Southwest Quarter of the Southwest Quarter of Section 25, Township 34 South, Range 35 West, Stevens County, Kansas, API # 15-189-20665-00-00.

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 Analyst
13727 Noel Road, Suite 1200
Dallas, Texas 75240
(972) 628-1660