

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

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

In the matter of the Application of Agricultural)
Energy Services, Applicant, for an exception to)
the 10-year time limitation of K.A.R. 82-3-111)
for its Diamond Sleeper 1-25 well located in the) CONSERVATION DIVISION
C W NW/4 SE/4 25-33-31W, Seward County,)
Kansas.) License No.: 34089
_____)

APPLICATION

COMES NOW Agricultural Energy Services ("Applicant"), by and through its attorney,
Karl F. Hirsch, and for its application in the captioned matter states as follows:

1. Applicant is a corporation organized to do business in the State of Kansas.
Applicant's address is Post Office Box 31865, Edmond, Oklahoma 73003-0032.
2. Applicant has been issued by the Kansas Corporation Commission Operator's
License 34089, which expires on March 30, 2017.
3. Applicant is owner and operator of the Diamond Sleeper 1-25 well, API 15-175-
20550 ("the subject well"), which is located in the Center of the West Half of the Northwest
Quarter of the Southeast Quarter of Section 25, Township 33, Range 31 West, Seward County,
Kansas. The subject well is located on an active oil and gas lease or unit comprising the following
lands:

All of Center of the West Half of the Northwest Quarter of the Southeast Quarter
of Section 25, Township 33, Range 31 West, Seward County, Kansas, containing
640 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 October 4, 2004. The subject well has maintained such status from October 4, 2004 to the present.

5. On or about September 4, 2014, the Kansas Corporation Commission notified Applicant temporary abandonment status for the subject well would be denied from and after October 4, 2014, because the subject well had been temporarily abandoned for more than ten (10) years. Subsequently, on April 26, 2016, Applicant and the Kansas Corporation Commission entered a Settlement Agreement in Docket No. 16-CONS-3844-CPEN, wherein Applicant may apply for an exception to the 10-year temporary abandonment rule for this well by filing its application seeking such exception by May 15, 2016.

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. On May 13, 2016, the subject well passed a Commission Staff-witnessed mechanical integrity test of the casing between the surface and a point within fifty (50) feet above the uppermost perforation or open hole in the well.

8. Applicant wishes to continue TA status for the subject well, because Applicant intends to use the well for the following purpose: Return to service for the purpose of oil and gas operations.

9. Applicant submits the following information regarding the well in support of the Application: There are a total of three separate oil and/or gas wells on the lease for this property. The approximate cost to plug said well would be \$20,000.00. The current production on the lease is approximately twenty (20) bbls of oil and/or gas a day. The estimate reserves for the two zones

are approximately 40,000 bbls according to Nelson B. Escue, geologist. The estimation is based upon his comparison to the other reserves in the area related to this formation. In order to return the well to service, several zones require perforation and to be re-equipped. The approximate cost to return the well to service is one-hundred thousand dollars (\$100,000.00).

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

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 "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.

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 a 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,

AGRICULTURAL ENERGY SERVICES

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


KARL F. HIRSCH, KSCT NO. 23274
HIRSCH, HEATH & WHITE, P.L.L.C.
901 Cedar Lake Boulevard
Oklahoma City, Oklahoma 73114
Phone: (405) 235-1768
Facsimile: (405) 608-4913
Attorneys for Applicant

VERIFICATION

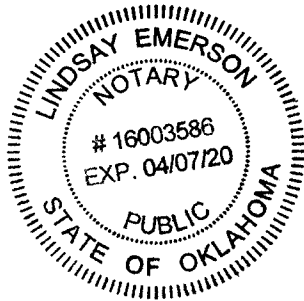
STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

Karl F. Hirsch, of lawful age, being first duly sworn, upon oath states:

Karl F. Hirsch has the authority on behalf of the Applicant to file this application, has read the application, knows the contents and knows all of the statements in the application are true and correct.


KARL F. HIRSCH

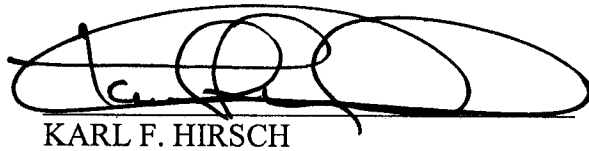
Subscribed and sworn for me this 13 day of May, 2016.




NOTARY PUBLIC

CERTIFICATE OF SERVICE

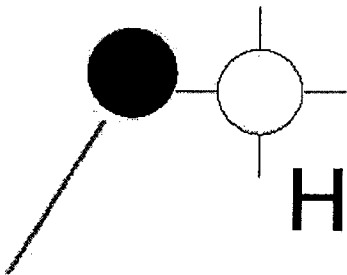
I hereby certify on this 13 day of May, 2016, true and correct copies of the above and foregoing Application and Notice of Application were served by depositing copies of the same in the United States Mail, postage prepaid, and properly addressed to the landowner(s) set forth in paragraph 12 of said Application and each party set forth in Exhibit "B" attached to said Application filed by Applicant and the original and seven (7) copies were submitted to the Kansas Corporation Commission.



KARL F. HIRSCH

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DIAMOND SLEEPER 'A' #1



HELEN SLEEPER #1

Application to convert to SWD

SLEEPER #1



Agricultural Energy Services Land Plat of SE/4 section 25-T33S-R31W Seward County, Kansas		
Application for 10 year exemption		
		Date: 11 May, 2016

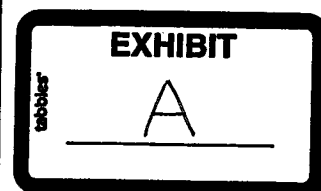


EXHIBIT B

OFFSET OPERATOR REPORT

Diamond Sleeper #1-25

Section 25-Township 33 South-Range 31 West, C NW/4 SE/4
Seward and Meade Counties, Kansas

Section-Township-Range	Location	Operator and Address
Sec. 25-T33S-R31W Seward County, Kansas	N/2	Oil Producers Inc. of Kansas 1710 Waterfront Drive Wichita, Kansas 67206
Sec. 25-T33S-R31W Seward County, Kansas	SE/4	Oil Producers Inc. of Kansas 1710 Waterfront Drive Wichita, Kansas 67206
Sec. 25-T33S-R31W Seward County, Kansas	SW/4	Open
Sec. 36-T33S-R31W Seward County, Kansas	NW/4	American Warrior, Inc. 3118 Cummings Road Garden City, Kansas 67846
Sec. 36-T33S-R31W Seward County, Kansas	NE/4	Oil Producers Inc. of Kansas 1710 Waterfront Drive Wichita, Kansas 67206
Sec. 30-T33S-R30W Seward County, Kansas	W/2	Clayton Corp Petroleum & Natural Gas Production 2374 Ed Dorado Lane Evergreen, Colorado 80439
Sec. 31-T33S-R30W Mead County, Kansas	NW/4	First National Oil, Inc. Post Office Box 31866 Edmond, Oklahoma 73003

*H*IRSCH, *H*EATH & *W*HITE PLLC

Attorneys and Counselors at Law

Karl F. Hirsch†
Donald F. Heath, Jr.
Glenn M. White
Michael Radovic*

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*Also admitted in Nevada

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Oklahoma City, OK 73114
Telephone: 405-235-1768
Facsimile: 405-608-4913

May 13, 2016

VIA FEDERAL EXPRESS

Kansas Corporation Commission
Conservation Division (Oil & Gas)
266 N. Main St., Suite 220
Wichita, KS 67202-1513

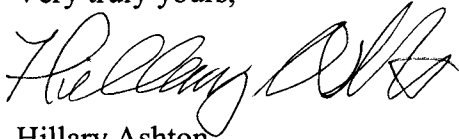
RE: Application for Exception to the 10-Year Limitation of K.A.R. 82-3-111

To Whom It May Concern:

Enclosed please find one (1) original Application with seven (7) courtesy copies for filing with the Commission. Please return a filed-stamped copy of the Application to our offices in the self-addressed and stamped envelope provided herein.

We appreciate your assistance in this matter. If you should have any questions, please give us a call.

Very truly yours,



Hillary Ashton
Legal Assistant to Karl F. Hirsch
Enclosures