

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

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

In the matter of the application of Merit Energy) Docket No. 17-CONS-3636-CWLE
Company, LLC, for a location exception for the)
Reeve 2 well in the southwest quarter of Section) CONSERVATION DIVISION
14, Township 25 South, Range 33 West, Finney)
County, Kansas.) License No. 32446

ORDER GRANTING APPLICATION

The above captioned matter comes before the State Corporation Commission of the State of Kansas for consideration and determination. Having examined its files and records, and being duly advised in the premises, the Commission makes the following findings:

I. JURISDICTION

1. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities.
2. K.A.R. 82-3-108(a) provides that the setback requirement for oil and gas wells shall be 330 feet from any lease or unit boundary line, except as provided in subsection (b) or (c).
3. K.A.R. 82-3-108(b) provides that an oil well drilled to a total depth of less than 2,000 feet in any of the following counties in eastern Kansas shall be subject to a setback of 165 feet from any lease or unit boundary: Allen, Anderson, Atchison, Bourbon, Brown Cherokee, Coffey, Crawford, Douglas, Elk, Franklin, Greenwood, Jackson, Jefferson, Johnson, Labette, Leavenworth, Linn, Lyon, Miami, Montgomery, Neosho, Osage, Shawnee, Wilson, Woodson, and Wyandotte. Further, wells drilled to a total depth of less than 2,500 feet in Chautauqua County are subject to the 165-foot setback.

4. K.A.R. 82-3-108(c) provides that the Commission may grant an exception to the well setback requirements if necessary either to prevent waste or protect correlative rights.

5. K.A.R. 82-3-207 states that a standard oil well drilling unit shall be 10 acres, except that the standard drilling unit for counties and well depths listed in K.A.R. 82-3-108(b) shall be 2.5 acres.

II. FINDINGS OF FACT

6. Merit Energy Company, LLC, (“Operator”) is currently licensed to conduct oil and gas activities in Kansas under K.S.A. 55-155.

7. On April 26, 2017, Operator filed an application requesting a well location exception, standard drilling unit, and full allowable for its proposed Reeve #2 well (“the subject well”), an oil well to be located 925 feet from the south line and 290 feet from the west line in the southwest quarter of Section 14, Township 25 South, Range 33 West, Finney County:

8. On June 7, 2017, Operator filed an amendment to its application, adding some documentation to the docket. On June 28, 2017, Staff motioned for the designation of a prehearing officer and the scheduling of a prehearing conference. On July 11, 2017, Operator filed a supplement to its application, adding additional documentation to the docket. On July 17, 2017, Staff withdrew its motion.

9. Operator seeks a well location exception for the subject well because its proposed location is only 290 feet from an existing lease line, rather than the required 330 feet. Operator states it wishes to drill the well at the proposed location to gain the most advantageous geological position and to assure reservoir availability.

10. Commission Staff recommends that Operator’s application should be granted to prevent waste. Staff has identified no correlative rights issues.

III. CONCLUSIONS OF LAW

13. The Commission has jurisdiction over Operator and this matter.

14. The application was filed in accordance with the rules and regulations of the Commission and in accordance with Kansas statutes.

15. Notice was properly served and published. No protest was filed.

16. Based on the available facts, the Commission concludes that the application should be granted to prevent waste.

THEREFORE, THE COMMISSION ORDERS:

A. Operator's application for a well location exception for the subject well under K.A.R. 82-3-108 is granted. A full allowable is also granted. The subject well shall have a standard drilling unit, except that the acreage of the drilling unit shall be reduced along the western side to match the lease line.

B. This Order is a summary proceeding pursuant to K.S.A. 77-537, which provides in paragraph (b)(4) that summary proceedings are not effective until the time for requesting a hearing has expired. K.S.A. 77-542 provides that a request for hearing shall be filed within 15 days of any agency notice resulting in a right to request a hearing. If service of this Order is by mail, three days are added to the deadline.

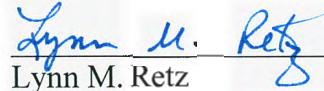
C. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Suite 220, Wichita, Kansas 67202. Pursuant to K.S.A. 55-606, K.S.A. 66-118b, and K.S.A. 77-529(a), reconsideration is prerequisite for judicial review of this Order. Any party taking an action

permitted by this summary proceeding before the deadline for a petition for reconsideration does so at their own risk of further proceedings.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: AUG 17 2017


Lynn M. Retz
Secretary to the Commission

Mailed Date: August 17, 2017

JRM

CERTIFICATE OF SERVICE

I certify that on August 17, 2017, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Stanford J. Smith, Jr.
Martin, Pringle, et al.
100 North Broadway, Suite 500
Wichita, Kansas 67202
Attorney for Merit Energy Company, LLC

Arlene Valliquette
Merit Energy Company, LLC
13727 Noel Road, Suite 1200
Dallas, Texas 75240

And delivered by email to:

Scott Alberg & Rick Hestermann
KCC Conservation Division

/s/ Cynthia K. Maine
Cynthia K. Maine
Administrative Assistant
Kansas Corporation Commission