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

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In the Matter of the Application of Meridian Energy, Inc. for a well location exception ) and allowable for its #1 Bemis well, to be ) located in the Northwest Quarter of Section 33, ) Township 13 South, Range 19 West, Ellis County, Kansas.

Docket No. 23-CONS-3073-CWLE

CONSERVATION DIVISION

License No. 33937

# APPLICATION FOR WELL LOCATION EXCEPTION AND ALLOWABLE

Meridian Energy, Inc. ("Applicant") files this Application for Well Location Exception and Allowable ("Application") with the State Corporation Commission of the State of Kansas ("Commission") requesting an order authorizing the drilling of its #1 Bemis well at the location specified below, and for the assignment of a full allowable to said well. In support of its Application, Applicant states and alleges as follows:

1. Meridian Energy, Inc. is a trade name for Neal LaFon Realty, Inc., a Colorado corporation that is authorized and in good standing with the Kansas Secretary of State's office to do business in Kansas. Applicant's business address is 1475 Ward Drive, Franktown, CO, 80116.

2. The Commission has issued Applicant oil and gas operator's License No. 33937, which license is in full force and effect through March 30, 2023.

3. Applicant is the operator of a valid and subsisting oil and gas lease ("Subject Lease") covering the Northwest Quarter (NW/4) of Section 33, Township 13 South, Range 19 West, Ellis County, Kansas.

4. Applicant desires to drill and complete its #1 Bemis well ("Subject Well") on the Subject Lease at a location that is 2,440' from the North line ("FNL") and 1,300' from the West line ("FWL") of Section 33-T13S-R19W, Ellis County, Kansas, which location is 221' from the southern boundary of the Subject Lease. The Subject Well will be drilled to a true vertical depth of approximately 3,950' measured from surface. Applicant's primary target is the Arbuckle formation, but also intends to test the Lansing-Kansas City and Toronto formations for hydrocarbon reserves (collectively, the "Target Formations").

5. K.A.R. 82-3-108(a) prescribes a 330' setback from any lease or unit boundary for any well drilled in Ellis County, Kansas. K.A.R. 82-3-108(c) provides that a well location exception may be granted to permit drilling a well within the prescribed setback if necessary to prevent waste or to protect correlative rights.

6. Applicant requests a well location exception pursuant to K.A.R. 82-3-108(c) because Applicant desires to drill the Subject Well at a location that is 221' from the southern boundary line of the Subject Lease.

7. Drilling the Subject Well at the proposed location is necessary to prevent physical and economic waste, and to protect correlative rights. Applicant has identified a geologic feature beneath the Subject Lease through seismic exploration. Applicant's geologists and geophysicists have determined that the ideal location to drill the Subject Well to test the Target Formations and to optimize the recovery of hydrocarbon reserves is at the location above set forth. Doing so, will prevent waste and protect the correlative rights of Applicant and its interest owners. Moving the location of the Subject Well outside of the minimum setback is not feasible because such drilling location would be off structure, which would increase dry hole risk and make adequately draining hydrocarbons from the identified feature impossible. As such, moving the location would result in both physical and economic waste, and violate the correlative rights of Applicant and its interest owners.

8. Drilling the Subject Well at the proposed location will not violate the correlative rights of the offsetting operator or mineral owners. Based on its evaluation of the geologic feature

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to be tested within the Target Formations, Applicant has determined that cognizable uncompensated drainage from the offset lease is unlikely to occur. Indeed, the offset operator has agreed to the drilling of the Subject Well at the proposed location as evidenced by the agreement attached as <u>Exhibit A</u>. Applicant is also the operator of the oil and gas lease covering the E/2 SW/4 of Section 33, the boundaries of which are also within 330' from the proposed location of the Subject Well. Applicant notes, however, that the lessor-mineral owners of that lease are the same as the Subject Lease and they each own the same undivided mineral interest under each lease.<sup>1</sup> As such, the rights of the lessor-mineral owners are unaffected by the location of the Subject Well.

9. <u>Exhibit B</u> contains a plat showing the boundary of the Subject Lease, the proposed location of the Subject Well, and the oil and gas leases being encroached upon.

10. <u>Exhibit C</u> contains a list of all offset operators and Applicant's lessors under the offset lease. There are no unleased mineral owners whose property boundary is located less than 330' from the proposed location of the Subject Well.

11. Applicant requests that a full oil allowable of 100 BOPD be assigned to the Subject Well in accordance with the provisions of K.A.R. 82-3-203 (oil allowable in non-prorated pool). Applicant requests that a full gas allowable be assigned to the Subject Well in accordance with K.A.R. 82-3-312 (gas allowable in non-prorated pool). Applicant further requests the assignment of a full acreage attribution unit to the Subject Well.

12. A proposed notice of intent to drill the Subject Well is attached as Exhibit D.

<sup>&</sup>lt;sup>1</sup> Applicant's lease actually covers all of Section 33, except the W/2 SW/4; however, its lease is "tracted out" such that each tract is treated as a separate lease.

13. Pursuant to K.A.R. 82-3-108(f), notice of this Application will be provided to all those persons identified in Exhibit C, and will be published in the *Wichita Eagle* and the *Hays Daily News*, the official newspaper of Ellis County, Kansas, in accordance with K.A.R. 82-3-135a(d). Notice will therefore be lawful and proper in all respects. Each publisher's affidavit will be provided to the Commission upon receipt. A copy of the Notice of Application is enclosed with this Application.

WHEREFORE, Applicant requests that this Application be docketed by the Commission and that, if no interested party files a timely and proper protest, the Commission enter an order administratively granting this Application and authorizing the drilling of the Subject Well at the location proposed and assigning it a full oil and gas allowable without incurring the time and expense of an evidentiary hearing. In the event a valid protest is timely filed, Applicant requests that the Commission set this Application for hearing and, upon such hearing, grant the requested order, and afford such other and further relief as the Commission deems necessary and proper.

Respectfully submitted,

MORRIS, LAING, EVANS, BROCK & KENNEDY, CHTD.

By:

Jonathan A. Schlatter, #24848 300 N. Mead, Suite 200 Wichita, KS 67202-2745 Telephone: 316-262-2671 Fax: 316-262-6226 jschlatter@morrislaing.com

Attorneys for Meridian Energy, Inc.

# VERIFICATION

STATE OF KANSAS

) ) ss: )

COUNTY OF SEDGWICK

Jonathan A. Schlatter, being of lawful age and first duly sworn upon his oath, deposes and says:

That he is the attorney for Meridian Energy, Inc.; he has read the above and foregoing Application 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.

Jonathan A. Schlatter

SIGNED AND SWORN to before me this 31st day of August, 2022.

Notary Public

My Appointment expires: 11/05/2024

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	Notar	y Public Expires	- St	ate of	Kanse
My	Appt.	Expires	11/	65	202

EXHIBIT A Consent

# WELL EXCEPTION LOCATION AGREEMENT

# STATE OF KANSAS COUNTY OF ELLIS

This Agreement made this <u>27<sup>th</sup></u> day of April, 2022, by and between Murfin Drilling Co. Inc. ("Grantor") whose address is 250 N. Water St., Ste. 300, Wichita, KS 67202 and Meridian Energy Inc. ("Grantee") whose address is 1475 Ward Cir., Franktown, CO

## WITNESSETH

Grantor, does hereby agree to Grantee's drill site as herein described, and approves of their Well Exemption Location request subject to any Kansas Corporation Commission rules and conditions. Said location of the MEI #1 Bemis well located at 2440' FNL, 1300' FWL, section 33, T 13S – R 19W, Ellis Co., KS.

The proposed Bemis #1 well would be located 221' from Grantor's Bemis Oil and Gas Lease located in the W/2 SW/4 section 33, T 13S – R 19W, Ellis Co. KS. In exchange for granting the well exception location the Grantee agrees to provide Grantor with well information, i.e. drilling reports, geo-reports, DSTs, and well logs for the Bemis #1 well.

EXECUTED this	9	day of	May	, 2022
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GRANTOR: Murfin Drilling Company Inc.

GRANTEE: Meridian Energy Inc.

By: Michel J. Runnion

Michel Runnion Geological Manager

By:

Maxwell LaFon Agent

# EXHIBIT A



# **EXHIBIT C** Offset Mineral Owners

Murfin Drilling Company, Inc.	Amy I. and William J. Stricker
Attn: Land Manager	637 Grace Ave.
250 N Water Street, Suite 300	Rochester Hills, MI 48307
Wichita, KS 67202	
Sheryl A. Bemis Living Trust, Taylor G.	Taylor G. Bemis Living Trust, Taylor G.
Bemis and Sheryl A Bemis, trustees	Bemis and Sheryl A Bemis, trustees
898 US Hwy 40	898 US Hwy 40
Hays, KS 67601	Hays, KS 67601
Faye D. and Scott V. Palmer	
3455 Brittnay St.	
Springdale, AR 72764	

**EXHIBIT D** Proposed Notice of Intent to Drill

For KCC Use:

Effective Date: \_

District #	4					
SGA?	Yes	XNo				



Form C-1 March 2010 Form must be Typed Form must be Signed All blanks must be Filled

Ν	0	T	C	Е	0	F	I	N	T	E	N	Т	Т	0	D	R	IL	L	

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.

Expected Spud Date:	10/1/2022		Spot Description:	
	month da	y year	SESESWNW_Sec. 33Twp. 13_S. R	
	33937		(a/a/a/a) 2440 feet from X N /	
OPERATOR: License#			1300 feet from E / X	4
Name: Neal LaFon Realt		nc.		vv Line of Section
Address 1: 1475 WARD I	DR		Is SECTION: KRegular Irregular?	
			(Note: Locate well on the Section Plat on reverse	side)
		Zip: <u>80116</u> + <u>9405</u>	County: Ellis	
Contact Person: Maxwell	LaFon		Lease Name: Bemis W	/ell # <sup>. 1</sup>
Phone: 303-594-0515			Field Name: wildcat	
CONTRACTOR: License	#		Is this a Prorated / Spaced Field?	Yes XNo
Name: Advise on ACO-1 -			Target Formation(s): <u>Arbuckle</u>	
Well Drilled For:	Well Class:	Type Equipment:	Nearest Lease or unit boundary line (in footage): 221	
XOil Enh	Rec Infield	Mud Rotary	Ground Surface Elevation: 2253 Estimated	feet MSL
Gas Stor	age Pool Ext.	Air Rotary	Water well within one-quarter mile:	Yes XNo
	osal XWildcat	Cable	Public water supply well within one mile:	Yes X No
Seismic ;#	of Holes Other		Depth to bottom of fresh water:	
Other:			Depth to bottom of usable water:	
			Surface Pipe by Alternate:	
If OWWO: old we	Il information as follows:		Length of Surface Pipe Planned to be set:	
Operator:			Length of Conductor Pipe (if any):	
			Projected Total Depth: 3950	
		al Total Depth:	Formation at Total Depth:	
onginal completion i	ongin		Water Source for Drilling Operations:	
Directional, Deviated or H	orizontal wellbore?	Yes X No	Well Farm Pond Other:	
If Yes, true vertical depth:				
Bottom Hole Location:			DWR Permit #:(Note: Apply for Permit with DWR )	
KCC DKT #:			Will Cores be taken?	
			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;
- 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 -	<ul> <li>Remember to:</li> <li>File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;</li> </ul>	33
Conductor pipe required feet Minimum surface pipe required feet per ALT. I I I I I I I I I I I I I I I I I I I	<ul> <li>File Drill Pit Application (form CDP-1) with Intent to Drill;</li> <li>File Completion Form ACO-1 within 120 days of spud date;</li> <li>File acreage attribution plat according to field proration orders;</li> <li>Notify appropriate district office 48 hours prior to workover or re-entry;</li> <li>Submit plugging report (CP-4) after plugging is completed (within 60 days);</li> <li>Obtain written approval before disposing or injecting salt water.</li> </ul>	10
Spud date: Agent:	<ul> <li>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.</li> <li>Well will not be drilled or Permit Expired Date:</li></ul>	

# EXHIBIT D

For	KCC	Use	ONLY

API # 15 -\_

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# 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: Neal LaFon Realty Inc. dba Meridian Energy Inc.	Location of Well: County: Ellis					
Lease: Bemis	2440	feet from X N / S Line of Section				
Well Number: 1	1300	feet from 🔲 E / 🔀 W Line of Section				
Field: wildcat	Sec. 33 Twp. 13	S. R. 19 E 🔀 W				
Number of Acres attributable to well: QTR/QTR/QTR/QTR of acreage: <u>SE</u> SESWNW	If Section is Irregular, loca	r Irregular <b>Ite well from nearest corner boundary.</b> 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



NOTE: In all cases locate the spot of the proposed drilling locaton.

#### 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.
- 2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
- 3. The distance to the nearest lease or unit boundary line (in footage).
- 4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).
- 5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

# KAN: AS C PFOR I ON COMMISSION OI - DAI C IN ER AT DI DIVISION

APPLICATION FOR SURFACE PIT

Form CDP-1 May 2010 Form must be Typed

Submit in Duplicate				
Operator Name: Neal LaFon Realty Inc	c. dba Meridian E	Energy Inc.	License Number: 33937	
Operator Address: 1475 WARD DR			FRANKTOWN CO 80116	5
Contact Person: Maxwell LaFon			Phone Number: 303-594-0515	
Lease Name & Well No.: Bemis	1		Pit Location (QQQQ):	
Type of Pit:	Pit is:	Existing		
Settling Pit X Drilling Pit Vorkover Pit Haul-Off Pit ( <i>if WP Supply API No. or Year Drilled</i> )	If Existing, date cor Pit capacity: 1425		2440       Feet from X North / South Line of Section         1300       Feet from East / X West Line of Section         Ellis       County	
Is the pit located in a Sensitive Ground Water A	rea? Yes 🗙		Chloride concentration: mg/l (For Emergency Pits and Settling Pits only)	_
Is the bottom below ground level?	Artificial Liner?	lo	How is the pit lined if a plastic liner is not used? drilling mud	
Pit dimensions (all but working pits):4	D Length (fee		Width (feet)N/A: Steel Pits (feet)No Pit	
If the pit is lined give a brief description of the li material, thickness and installation procedure.	ner		edures for periodic maintenance and determining ncluding any special monitoring.	
Distance to nearest water well within one-mile of	of pit:	Depth to shallo Source of infor	west fresh water 29 feet. mation:	
feet Depth of water well	110 feet	measured		
Emergency, Settling and Burn Plts ONLY: Producing Formation: Number of producing wells on lease: Barrels of fluid produced daily: Does the slope from the tank battery allow all s flow into the pit? Yes No		Type of materia Number of wor Abandonment	over and Haul-Off Pits ONLY: al utilized in drilling/workover: water tking pits to be utilized: 3 procedure: Evaporate water and backfill 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				
	ксс	OFFICE USE O	NLY	
Date Received: Permit Num	ber:	Perm	nit Date: Lease Inspection: Yes X No	

KANS AS CORPORTION COMMISSION

# CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

Form KSONA-1 July 2021 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 # 33937 Name: Neal LaFon Realty Inc. dba Meridian Energy Inc.	Well Location: SE_SE_SW_NW Sec. <u>33</u> Twp. <u>13</u> S. R. <u>19</u> East 🕱 West				
Address 1:Address 1:	County: Ellis				
Address 2:	Lease Name: Well #:				
City: FRANKTOWN State: CO Zip: 80116 + 9405 Contact Person: Maxwell LaFon	If filing a Form T-1 for multiple wells on a lease, enter the legal description the lease below:				
Phone: ( 303 ) 594-0515 Fax: ( )					
Email Address:					
Surface Owner Information:					
Name: Taylor G Bemis Living Trust and Sheryl A. Bemis Living Trust	When filing a Form T-1 involving multiple surface owners, attach an additional				
Address 1: 898 Hwy 40	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				
Address 2:	county, and in the real estate property tax records of the county treasurer.				
City: Hays State: KSZip: 67601 _+					

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 (see Chapter 55 of the Kansas Statutes Annotated), 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 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: \_

# BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

In the Matter of the Application of Meridian ) Energy, Inc. for a well location exception ) and allowable for its #1 Bemis well, to be ) located in the Northwest Quarter of Section 33, ) Township 13 South, Range 19 West, Ellis ) County, Kansas. Docket No. 23-CONS-3073-CWLE

CONSERVATION DIVISION

License No. 33937

# **NOTICE OF APPLICATION**

TO ALL: OIL AND GAS OPERATORS, PRODUCERS AND LESSEES, OIL AND GAS LESSORS AND ROYALTY OWNERS, UNLEASED AND OFFSETTING MINERAL INTEREST OWNERS, LANDOWNERS, AND ALL PERSONS CONCERNED:

You are hereby notified that Neal LaFon Realty, Inc. d/b/a Meridian Energy, Inc. ("Applicant") has filed with the Kansas Corporation Commission an Application requesting a well location exception and full oil and gas allowable for its #1 Bemis well to be located 2,440' from the North line and 1,300' from the West line of Section 33-T13S-R19W, Ellis County, Kansas, which well location is 221' from the southern boundary line of its oil and gas lease. Applicant plans to drill the well to a true vertical depth of approximately 3,950' measured from surface, and intends to test the Lansing-Kansas City, Toronto, and Arbuckle formations for recoverable quantities of oil and gas reserves.

The application is pending with the Commission. Any persons who object or protest to such application shall be required to file their objections or protests in writing with the Commission within 15 days from the date of this publication. If a written protest is not timely filed, the application may be determined administratively by the Commission and may thereby be granted without hearing or further notice to any interested party. All objections and protests shall clearly state the reasons why granting the application will violate correlative rights, cause waste or pollution. Objections or protests shall be mailed to the Kansas Corporation Commission, Conservation Division, 266 N. Main St., Ste. 220, Wichita, KS 67202, with a copy to Applicant's attorneys listed below. All parties in any way interested or concerned shall take notice of the foregoing and govern themselves accordingly.

Jonathan A. Schlatter, #24848 MORRIS LAING EVANS BROCK & KENNEDY, CHTD. 300 N. Mead, Suite 200 Wichita, KS 67202-2745 Office (316) 262-2671 Attorneys for Meridian Energy, Inc.

# **CERTIFICATE OF SERVICE**

I, Jonathan A. Schlatter, hereby certify that on this 31<sup>st</sup> day of August, 2022, I caused the original of the foregoing Application and its Exhibits A, B, C, and D, and the Notice of Application to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and caused true and correct copies of the same to be deposited in the United States Mail, postage prepaid, and properly addressed to the individuals described on Exhibit C to the application.

Jonathan A. Schlatter