

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION)	
OF VAL ENERGY, INC. FOR A WELL)	DOCKET NO. 25-CONS-3265-CWLE
LOCATION EXCEPTION AND THE ASSIGN-)	
MENT OF ATTRIBUTED ACREAGE AND)	CONSERVATION DIVISION
OIL ALLOWABLES FOR ITS ROGERS 1-20)	
WELL IN SECTION 20, TOWNSHIP 32 SOUTH)	LICENSE NO. 5822
RANGE 6 EAST, COWLEY COUNTY, KANSAS)	

DIRECT PREFILED TESTIMONY

OF

K. TODD ALLAM, PRESIDENT
VAL ENERGY, INC., APPLICANT

1 Q: Please state your name, occupation and business address for the record.

2 A: My name is K. Todd Allam. I am President of VAL Energy, Inc., Applicant in this matter,
3 and maintain principal business offices at 8625 E. 37th Street North, Suite 104, Wichita,
4 Kansas 67226.

5 Q: Are you familiar with the Amended Application of VAL Energy, Inc. (“VAL”) in this
6 docket?

7 A: Yes. I am responsible for and supervised its preparation and filing.

8 Q: Please summarize the purpose of VAL’s Amended Application.

9 A.: VAL operates an oil and gas lease of land and mineral rights in Cowley County, Kansas
10 described as the Southeast Quarter of the Northwest Quarter (SE/4 NW/4), the Northeast
11 Quarter (NE/4) and the East Half of the Southeast Quarter (E/2 SE/4) of Section 20,
12 Township 32 South, Range 6 East, less and except a tract more fully described in the
13 Amended Application (the “Rogers Lease”). Pursuant to Notice of Intent to Drill filed with
14 and approved by the Kansas Corporation Commission, Conservation Division (“KCC” or
15 “Conservation Division”) on April 12, 2024, VAL drilled its Rogers 1-20 well at a location
16 in the West Half of the Southwest Quarter of the Southwest Quarter of the Northeast Quarter
17 (W/2 SW/4 SW/4 NE/4) being 2310 feet from the North line and 2895 feet from the West
18 line (2310 ft. FNL & 2895 ft. FWL) of said Section 20 seeking to test the Mississippian
19 formation for oil at the projected total depth of 3300 feet. Approval of the Notice of Intent
20 to Drill by the Conservation Division was based in part upon a survey prepared for VAL by
21 Advantage Elevations of Pratt, Kansas dated March 6, 2024 showing the Rogers 1-20 well
22 to be located 330 feet North of the South line of the Northeast Quarter (NE/4) of said Section

1 20. A copy of this survey is appended to this testimony as Exhibit A.

2 As shown by its Well Completion Form filed with the Conservation Division, the Rogers 1-
3 20 well was completed at its proposed location in the Mississippian formation on May 15,
4 2024. The well was then hydraulically fractured (“fracked”) to stimulate production, as the
5 reservoir is unproductive without fracture treatment. VAL thereafter received a notice from
6 Conservation Division Staff dated January 17, 2025, a copy of which accompanies this
7 testimony as Exhibit B, stating that the well was located closer than 330 feet from the nearest
8 lease or unit boundary, being the South line of the Southwest Quarter of the Northeast
9 Quarter (SW/4 NE/4) of said Section 20, as prohibited by K.A.R. 82-3-108, and that a well
10 location exception for the Rogers 1-20 well pursuant to that regulation would be required.
11 The Conservation Division stated that its notice was based upon a complaint received by the
12 Conservation Division with supporting documentation showing the well to be located 276
13 feet from the nearest lease or unit boundary rather than 330 feet as shown by VAL’s survey,
14 and required that an application for a well location exception be filed by VAL no later than
15 February 17, 2025. VAL filed its Application for a well location exception for the Rogers
16 1-20 well as directed by Conservation Division Staff.

17 Q: When was the original Application filed, and why was it amended?

18 A: VAL’s Application for a well location exception in this docket requesting an exception to
19 the well location requirements of K.A.R. 82-3-108 and assignment of full oil and gas
20 allowables for its Rogers 1-20 well was originally filed with the Conservation Division on
21 February 13, 2025. The Application stated that notice of the Application had been mailed
22 to persons owning leased and unleased mineral rights in land offsetting the subject well.

1 Conservation Division Staff subsequently required that full copies of the Application, rather
2 than notice thereof, had to be mailed to all persons entitled to notice, and that the Application
3 had to be amended to reflect compliance with this requirement. Notice of the Amended
4 Application was to be republished as well. In all other respects the Application and
5 Amended Application are the same. The Amended Application was filed with the
6 Conservation Division on March 3, 2025. Notice of the Amended Application was published
7 in *The Wichita Eagle* on March 5, 2025 and the *Cowley Courier Traveler* on March 22,
8 2025.

9 Q: What protest of the Amended Application has been received, from whom, and what is the
10 basis of the protest?

11 A: On March 21, 2025, William H. Gates and Pamela M. Gates (“Protesters”) filed a Request
12 for Hearing in this matter, stating that they are unleased mineral owners whose property is
13 affected by the Rogers 1-20 well location, and requesting that the Commission set VAL’s
14 Amended Application for hearing. The Request for Hearing states that the Rogers 1-20 well
15 drilled in close proximity to the Protesters’ land could potentially impact correlative rights,
16 drainage and the fair distribution of production revenues. The land and mineral rights of the
17 Protesters allegedly affected are described in their Request for Hearing as the West Half of
18 the Southeast Quarter (W/2 SE/4) of Section 20, Township 32 South, Range 6 East, Cowley
19 County, Kansas. which is immediately South of VAL’s lease of the Northeast Quarter (NE/4)
20 of said Section 20. The Request for Hearing does not state how far the Rogers 1-20 well is
21 from the Protesters’ property, thereby failing to show specifically how the Protesters have
22 a valid interest in this proceeding as required by K.A.R. 82-3-135b(a). However, in response

1 to First Discovery Requests of Applicant, VAL Energy, Inc., to Protesters, William H. Gates
2 and Pamela M. Gates, served May 27, 2025, Protesters provided a copy of a survey
3 conducted by Smith & Oakes of Arkansas City, Kansas on November 27, 2024 showing the
4 Rogers 1-20 well to be 276 feet North of the North boundary of the mineral interest the
5 Protesters contend that they own in the West Half of the Southeast Quarter (W/2 SE/4) of
6 Section 20. Said survey is reproduced herewith as Exhibit C. The surveyor, Chris A.
7 Meinen, is listed in the Protesters' discovery responses as the sole witness able to corroborate
8 Protesters' claims.

9 Q: What other evidence have Protesters provided in support of their claim that the Rogers 1-20
10 well will cause waste or violate their correlative rights?

11 A: None.

12 Q: Does your authority as President of VAL Energy, Inc. also include supervision of test well
13 drilling and completion operations?

14 A: Yes.

15 Q: Will production of oil from the Rogers 1-20 well at its present location cause waste or violate
16 correlative rights?

17 A: No, for several reasons. First, VAL relied in good faith upon its survey showing the Rogers
18 1-20 well to be located 330 feet from Protesters' mineral rights, which the Conservation
19 Division accepted when it approved drilling the well at its present location. No waste or
20 violation of correlative rights was found by the Conservation Division when it approved
21 VAL's Notice of Intent to Drill.

22 Q: What is your second reason?

1 A: Second, even if Protesters' survey of their land is correct, there will be no material drainage
2 of the Mississippian reservoir underlying their land, if it exists, by reason of the Rogers 1-20
3 well being 54 feet too close to the lease line. VAL has been a leader in developing
4 Mississippian reserves in Cowley County, Kansas for several years, and knows from its own
5 experience that the formation cannot produce oil until it has been fracked. Based on our
6 experience with fracking several hundred Mississippian wells in South Central Kansas, we
7 know that the fracture envelope never extends more than 230 feet on either side of the
8 wellbore along the azimuth of the frac plane. Therefore, we are confident that production
9 of Mississippian oil reserves from the Rogers 1-20 well will not drain any offsetting
10 Mississippian reserves approximately 276 feet from the well in which Protesters claim an
11 interest, or violate Protesters' correlative rights.

12 Q: What is your third reason that production of oil from the Rogers 1-20 well will not cause
13 waste or violate correlative rights?

14 A: Finally, examination of title to Protesters' land shows that they own an undivided one-fourth
15 (1/4) interest in the mineral rights for a fixed term of 50 years from September 10, 1996,
16 ending September 10, 2046, and no interest in the surface. VAL has successfully leased the
17 remaining three-fourths (3/4) of the minerals associated with the Protesters' land. But the
18 Protesters have refused to lease their mineral interest, and VAL cannot reasonably be
19 expected to explore and develop the West Half of the Southeast Quarter (W/2 SE/4) of
20 Section 20 without a lease of Protesters' interest. Protesters' Request for Hearing is an
21 obvious attempt to take advantage of the arbitrary well setback requirements of K.A.R. 82-3-
22 108 in order to improve their negotiating position for leasing to VAL, but they have provided

1 no proof of actual drainage or violation of their correlative rights by production from VAL's
2 Rogers 1-20 well. Instead, Protesters' prevention of exploration and development of the land
3 in which they own term mineral rights has deprived them and the remaining mineral interest
4 owners of income from their interests and has itself resulted in waste.

5 Q: Is it your conclusion that granting the Amended Application in this docket will prevent
6 waste, and protect the correlative rights of the owners of minerals associated with the Rogers
7 Lease without violating Protesters' correlative rights?

8 A: Yes. In addition to protecting the correlative rights of owners of minerals associated with
9 the Rogers Lease without violating the correlative rights of the Protesters, it will prevent
10 waste by promoting production of all mineral resources affected by this proceeding.

11 Q: Thank you for your testimony.

VERIFICATION

STATE OF KANSAS)
) SS.
COUNTY OF SEDGWICK)

K. Todd Allam, of lawful age and being first duly sworn upon his oath, deposes and atates: That he is President of VAL Energy, Inc. and the testifying witness for the Applicant in the above-captioned action; that he has prepared and read the above and foregoing Direct Prefiled Testimony of K. Todd Allam, President of VAL Energy, Inc., Applicant, knows and understands the contents thereof, and states that the statements and allegations therein contained are true and correct according to his knowledge, information, and belief.



K. Todd Allam

SUBSCRIBED AND SWORN TO before me, the undersigned authority, this 1st day of August, 2025.

My commission expires:



Notary Public



CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on this 8th day of August, 2025, he caused a true and correct copy of the above and foregoing Direct Prefiled Testimony of K. Todd Allam, President of VAL Energy, Inc., Applicant, to be served by depositing the same in the United States Mail, postage prepaid, addressed to:

William H. and Pamela M. Gates
18157 191st Road
Burden, Kansas 67019-0313
williamhgl942@gmail.com

Thomas M. Rhoads

Thomas M. Rhoads



OIL FIELD SURVEYORS

BOX 8004 - PRATT, KS 67124
(620) 872-6491

221241

INVOICE NO.

VALENERGY INC

OPERATOR

1-20
NO.

ROGERS

FARM

COWLEY CO KS

COUNTY

20

S

32S

T

6E

R

2310' FNL & 1905' FNL of Sec.

LOCATION

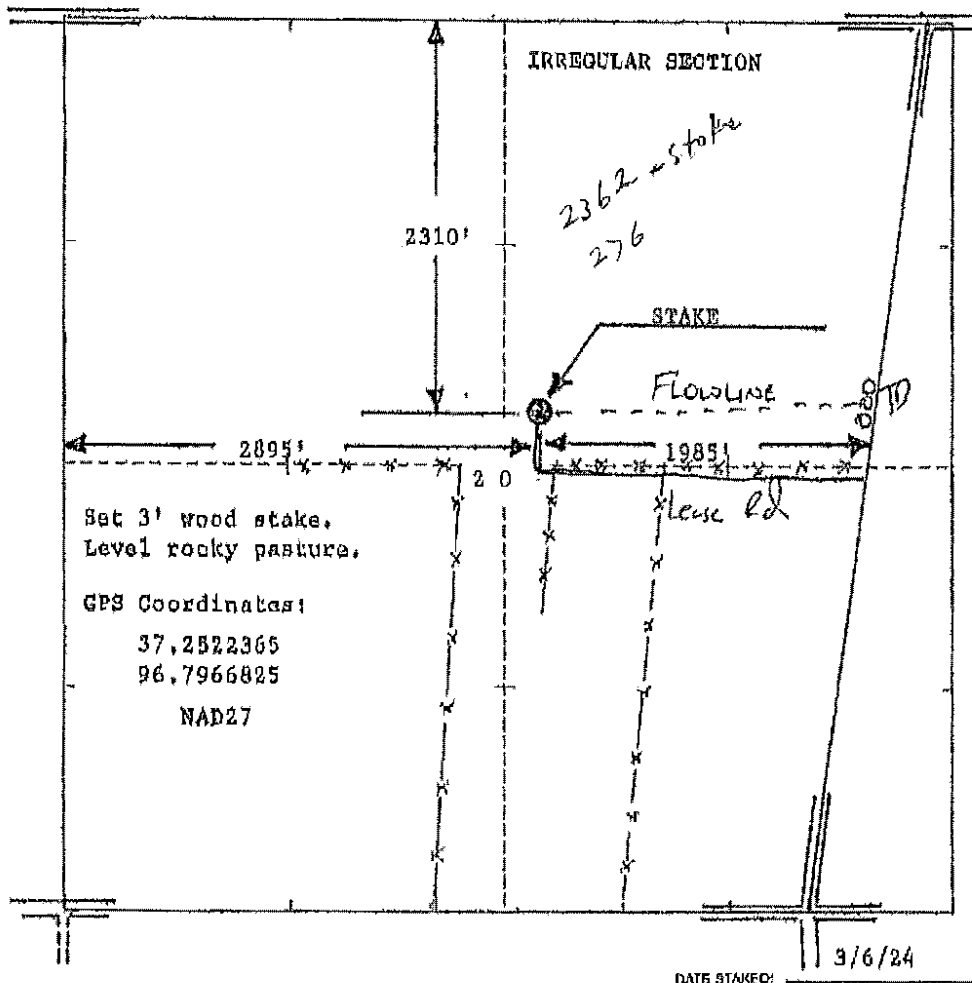
ELEVATION: 1311' GR

VAL ENERGY INC.
125 N. Market Ste 1110
Wichita, KS 67202

EXHIBIT A

AUTHORIZED BY: Todd Allam

SCALE: 1" = 100'



Conservation Division
266 N. Main St., Ste. 220
Wichita, KS 67202-1513



Phone: 316-337-6200
Fax: 316-337-6211
<http://kcc.ks.gov/>

Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Laura Kelly, Governor

January 17, 2025

Todd Allam
Val Energy, Inc.
8625 E. 37th Street North, Suite 104
Wichita, KS 67226-2008

Re: Rogers #1-20, Section 20, Township 32 South, Range 6 East, Cowley County, Kansas

Operator,

Commission Staff has received a complaint and received documentation that indicates the referenced well is located closer than allowed to the nearest lease or unit boundary. K.A.R. 82-3-108 provides that an oil and gas well drilled in Cowley County shall not be drilled nearer than 330 feet from any lease or unit boundary line. I have attached a copy of the documentation received by Staff to this letter. The survey included in the documentation indicates the Rogers #1-20 well, API #15-035-24796, is located 276 feet from the nearest lease or unit boundary line.

To correct this issue, please file a well location exception no later than **February 17, 2025**. Failure to file an application by the referenced date will result in Staff opening a docket and filing a motion requesting a presiding officer be assigned and a prehearing conference set. The motion will be filed in anticipation of a hearing where you will be required to appear before the Commission to provide evidence why a well location exception is not required.

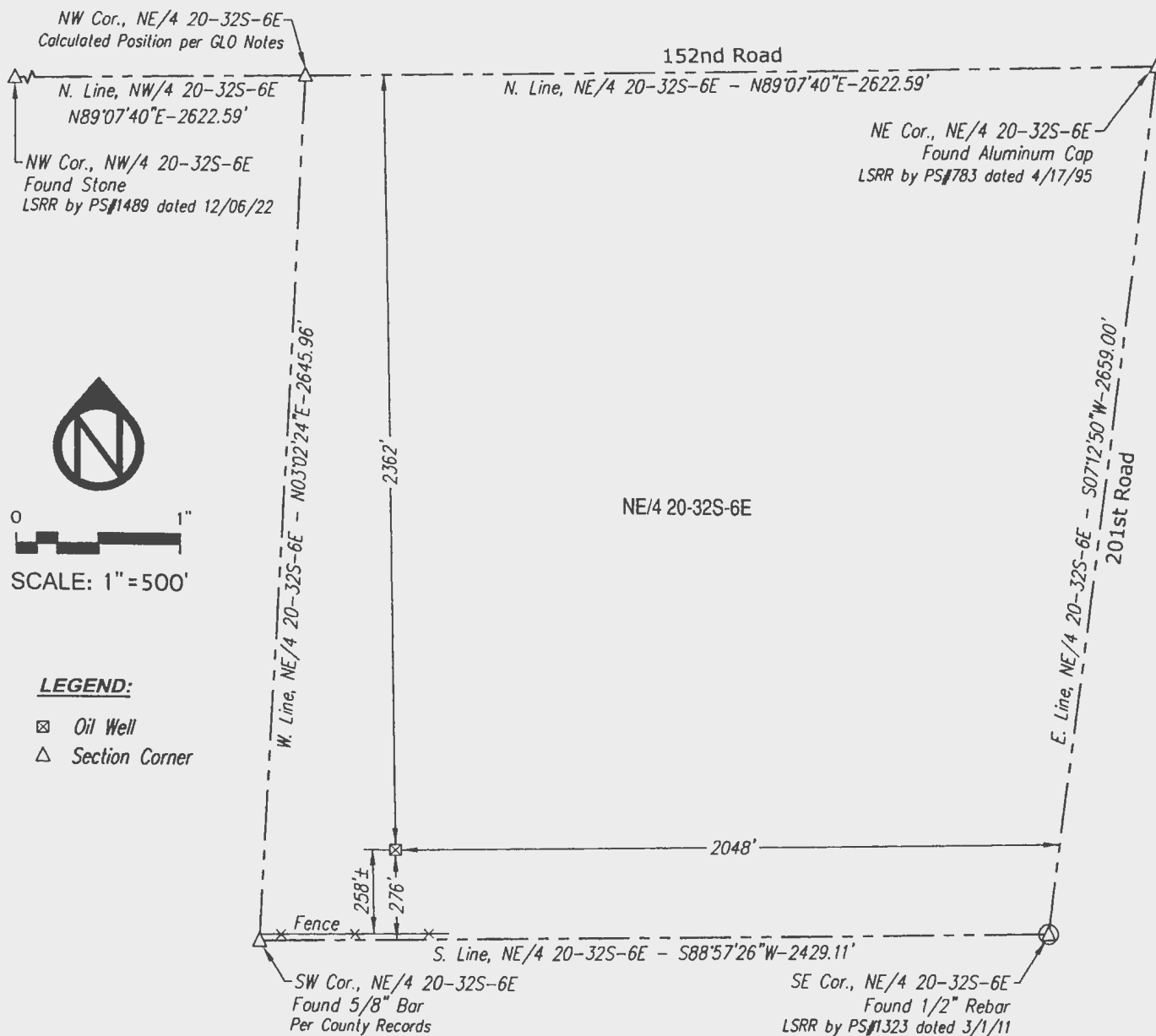
You are welcome to contact me directly to discuss this matter in further detail. I can be reached at Kelcey.Marsh@ks.gov or the phone number above. I am hopeful that we can resolve this matter short of the Commission taking formation enforcement action.

Sincerely,

/s/ Kelcey Marsh
Kelcey A. Marsh, #28300
Litigation Counsel | Conservation Division
Kansas Corporation Commission

cc: Jeff Klock, Dan Fox, District #2
Jake Eastes, Central Office

EXHIBIT B



DESCRIPTION OF SURVEY:

Locate Oil Well in the Northeast Quarter of Section 20, Township 32 South, Range 6 East of the 6th Principal Meridian, Cowley County, Kansas.

NOTES:

—Bearings for this survey are based on an assumed $S88^{\circ}57'26''W$ for the South Line of the Northeast Quarter, 20-32S-6E. All distances shown are as measured in the field.

—Surveyor has made no investigation or independent search for easements of record, encumbrances, vacated lands, restrictive covenants, ownership title evidence, or any other facts that an accurate and current title search may disclose.

CERTIFICATION:

I hereby certify that the above is an accurate plat of the survey completed by me on the 27th day of November, 2024.

Chris A. Meinen

Kansas LIC. NO.: PS 1489

PREPARED FOR:

Bill Gates
18157 191st Road
Burden, KS 67019

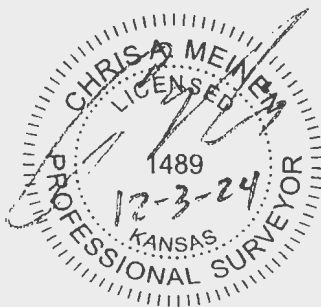


EXHIBIT C



SMITH + OAKES

110 W BRYANT RD, ARKANSAS CITY, KS 67005
620-442-4756 / INFO@SMITHANDOAKES.COM

DATE: 12/03/2024

DRAWN BY: RMK

SHEET: 1 OF 1

PROJECT # 44-190