

NOV 21 2017
CONSERVATION DIVISION
WICHITA, KS

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

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

18-CONS-3239-CEXC

In the matter of the Application of Fossil)
Creek Energy, LLC for an exception to the)
10-year time limitation of K.A.R. 82-3-111)
for its Krug A #6 well located in the NW/4 of)
Section 26, Township 14 South, Range 14)
West, Russell County, Kansas.)
_____) License No.: 35513

Docket No. ~~16-CONS-CEXC~~

CONSERVATION DIVISION

APPLICATION

COMES NOW Fossil Creek Energy, LLC ("Applicant") in support of its Application in the captioned matter and states as follows:

- 1) Applicant is a LLC authorized to do business in the State of Kansas.

Applicant's address is PO Box 915, Russell, KS 67665.

- 2) Applicant has been issued by the Kansas Corporation Commission Operator's License 35513, which expires on 10/30/2018.

- 3) Applicant is the owner and operator of the Krug A #6 well, API # 15-167-21394 ("Krug A #6"), which is located in the SW quarter of the NE quarter of the NW quarter of Section 26, Township 14 South, Range 14 West, Russell County, Kansas. The subject well is located on an active oil and gas lease or unit comprising the following lands:

E/2 of NW/4 Township 14 South, Range 14 West; Section 26

- 4) Pursuant to K.A.R. 82-3-111, the well was shut in, or Applicant obtained temporary

abandonment status, for the subject well in 2004. The subject well has maintained such status from June of 2004, to the present date.

5) On or about October 2017, the Kansas Corporation Commission notified C12 Kansas Oil, LLC (operator at the time of TA expiration) temporary abandonment status for the subject well would be denied from and after October 14, 2017 because the exception to the ten year shut-in for the subject well had expired. Fossil Creek Energy, LLC was subsequently notified by C12 Kansas Oil, LLC as the Krug A Lease was under contract to be purchased on November 1, 2017.

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 Oct 23, 2017, 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) Fossil Creek Energy, LLC wishes to continue TA status for the subject well, because Fossil Creek Energy, LLC intends to complete the Tarkio zone in this well, extending the economic life of the well. Fossil Creek Energy, LLC purchased this lease from C12 Kansas Oil, LLC on November 1, 2017. C12 Kansas Oil, LLC was not interested in completing the Tarkio zone in this well as they were planning to use this well for a Lansing-Kansas-City CO2 flood.

9) Fossil Creek Energy, LLC submits the following information regarding the well in support of the Application.

a) There are six (6) active wells on the Krug A Lease. There are (4) active producers, one (1) active injector and the Krug A #6.

b) The estimated plugging cost of the Krug A #6 well is \$12,000. This amount would also be required for the other remaining wells on the lease making the total cost to plug the lease \$72,000.

c) The current production from the lease is approximately 5 barrels of oil per day.

d) The Krug A lease estimate of remaining producing reserves is 25,000 barrels of oil, which is based on decline analysis of the lease oil production rates. However, the unrisks reserves associated with the Tarkio in the Krug A #6 are estimated to be 14,998 bbls based on a ten acre oil in place of 132,849 bbls and 10 feet of net pay and 11.29% recovery. The initial oil rate of production from the Tarkio on the Krug A #6 is estimated at 5 bopd based on offset well Krug A#4 DST data.

e) The Krug A #6 would require a pumping unit, tubing and rods to be restored to a producing state. It would also require perforations and acid of the Tarkio zone.

f) The estimated cost to return the well to production and complete the Tarkio zone is \$25,000.

10) Fossil Creek Energy, LLC has included a plat map showing the locations of all producing, injection, temporarily abandoned, abandoned, and plugged wells located on the same leased premises as the subject well.

11) Based on the foregoing, Fossil Creek Energy, LLC 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.

Fossil Creek Energy, LLC understands that the exception would be valid for three (3) years, but Fossil Creek Energy, LLC 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 "A" 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 subject well (provided that such mineral interest is not covered by any oil and gas lease).

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, Fossil Creek Energy, LLC 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 Fossil Creek Energy, LLC'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,

Allison Ramsay
Fossil Creek Energy, LLC
PO box 915, Russell KS, 67665
970-729-3005


By 
Allison Ramsay, Manager,
Fossil Creek Energy, LLC

Exhibit A

Operators within one-half (1/2) mile radius of Krug A #6:

1. Elmer Karst Oil-PO Box 208, 18596 I-70 Road, Russell, KS 67665
2. PPSI- 125 Market, Suite 1251, Wichita, KS 67202
3. Krug (operator and landowner)-3740 Hwy 281 Terrace, Russell, KS 67665

Plat Map



CERTIFICATE OF SERVICE

I hereby certify on this 13 day of Nov, 2017, true and correct copies of the above and foregoing Application and the 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 14 of said Application and each party set forth in Exhibit "A" attached to said Application filed by Fossil Creek Energy, LLC, and the original and seven (7) copies were hand delivered to the Kansas Corporation Commission.

Allen Ruz

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS
NOTICE OF FILING APPLICATION

RE: **Fossil Creek Energy, LLC.** - Application to extend the temporary abandonment status of the **Krug A #6**, located in **Russell County**, Kansas.

TO: All Oil & Gas Producers, Unleased Mineral Interest Owners, Landowners, and all persons whomever concerned.

You, and each of you, are hereby notified that Fossil Creek Energy, LLC has filed an application to extend the temporary abandonment status of the **Krug A #6**, located in the SW NE NW Sec. 26 T14S-R14W, Russell County, Kansas.

Any persons who object to or protest this application shall be required to file their objections or protest with the Conservation Division of the State Corporation Commission of the State of Kansas within fifteen (15) days from the date of this publication. These protests shall be filed pursuant to Commission regulations and must state specific reasons why granting the application may cause waste, violate correlative rights or pollute the natural resources of the State of Kansas.

All persons interested or concerned shall take notice of the foregoing and shall govern themselves accordingly.

Fossil Creek Energy, LLC
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785-310-9799