

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

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

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|---|-----------------------------|
| In the Matter of the Application of Oil Sources) | Docket No. 15-CONS-107-CWLE |
| Corp. for an Order granting a Well Location) | |
| Exception for its Two Bros. lease wells to be) | CONSERVATION DIVISION |
| located in the Southwest Quarter of Section 32,) | |
| Township 15 South, Range 21 East, Franklin) | License No. 34585 |
| County, Kansas.) | |

APPLICATION FOR WELL LOCATION EXCEPTION AND ALLOWABLE

COMES NOW Oil Sources Corp. ("OSC"), by and through its legal counsel, and files with the State Corporation Commission of the State of Kansas ("Commission") this Application for Well Location Exception and Allowable ("Application") for its four oil wells to be drilled on the Two Bros. lease in Franklin County, Kansas. In support of this Application, OSC states and alleges to the Commission as follows:

1. OSC is a Kansas corporation duly authorized by and in good standing with the Kansas Secretary of State's office to do business in Kansas. OSC has a mailing address of 12508 Catalina Street, Leawood, Kansas, 66209-2267.
2. OSC is currently licensed and in good standing with the Commission to operate oil and gas wells in Kansas under Conservation Division oil and gas operator's license number 34585.
3. OSC is the owner and operator of the Two Bros. oil and gas lease covering a 10-acre tract described and depicted on the attached "Exhibit A" ("Subject Acreage").

4. OSC intends to drill and complete the following wells at the following described locations underlying the Subject Acreage:

- a) Two Bros. #10: Located approximately 1,111' from the West line ("FWL") and 1,185' from the South line ("FSL") of Section 32, Township 15 South, Range 21 East.
- b) Two Bros. #11: Located approximately 1,111' FWL and 730' FSL of Section 32, Township 15 South, Range 21 East.
- c) Two Bros. #12: Located approximately 1,111' FWL and 470' FSL of Section 32, Township 15 South, Range 21 East.
- d) Two Bros. #13: Located approximately 1,111' FWL and 165' FSL of Section 32, Township 15 South, Range 21 East.

(together the "Subject Wells"). The Subject Wells will be drilled to an estimated depth of 800' from surface to test for hydrocarbon reserves in the Squirrel sand formation within the Paola-Rantoul field. "Exhibit B" is a plat map depicting the surface location of the Subject Wells.

5. K.A.R. 82-3-108(b) prescribes a 165' general setback from any lease or unit boundary for oil wells drilled to a depth less of less than 2,000' in Franklin County, Kansas. K.A.R. 82-3-108(c) provides that a well location may be granted to permit drilling within this prescribed setback when necessary to prevent waste or protect correlative rights. OSC requests a well location exception because the Subject Wells will be drilled nearer than 165' from the West lease boundary.

6. As depicted on "Exhibit A," the Subject Acreage is less than 330' wide, which prohibits drilling the Subject Wells at a location that is 165' from both the East and West lease boundaries. As depicted on "Exhibit B," the offset operator to the East has drilled three wells producing oil from the Squirrel sand formation and, as such, the Subject Wells are necessary to protect the correlative rights of OSC and its lessors, and to prevent uncompensated drainage from the leasehold. Further, OSC has evaluated the Squirrel sand formation beneath the Subject

Acreage and determined that the proposed location of the Subject Wells is optimal to efficiently recover hydrocarbon reserves, therefore, the drilling the Subject Wells is necessary to prevent waste.

7. OSC will attribute 2.5 acres to each of the Subject Wells. OSC requests a full production allowable of 100 BOPD for each of the Subject Wells.

8. A plat of the Subject Acreage showing the Subject Wells, all other permitted, completed, or partially drilled wellbores on the subject acreage, and all properties adjacent to the subject acreage and the wells thereon is attached hereto as "Exhibit B."

9. Attached as "Exhibit C" hereto is a list of the following individuals, including their names and addresses, as required by K.A.R. 82-3-108(d):


- (a) Each offset operator whose lease line is located less than 165' from the proposed location of the subject well;
- (b) Each unleased offset mineral owner whose property boundary is located less than 165' from the proposed location of the subject well;
- (c) The applicant's lessor or lessors, if the applicant operates any lease that will be situated less than 165' from the proposed location of the subject well.

10. Pursuant to K.A.R. 82-3-108(f), OSC will provide notice of this Application to all persons entitled thereto and will cause notice to be published in the *Wichita Eagle* and the *Ottawa Herald*, the official county newspaper of Franklin County, as required by K.A.R. 82-3-135a(d); thereby notice will be lawful and proper in all respects. Each publisher's affidavit will be provided to the Commission upon and after the date of publication of such notice.

WHEREFORE, Oil Sources Corp. respectfully requests that the Commission docket this Application and, should any interested party protest this Application, set this matter for hearing, and upon such hearing grant Applicant's request for a well location exception and allowable for

the Subject Wells and award a full production allowable as requested; should no interested party protest this Application, Oil Sources Corp. respectfully requests that the Commission administratively grant this Application.

Respectfully submitted,

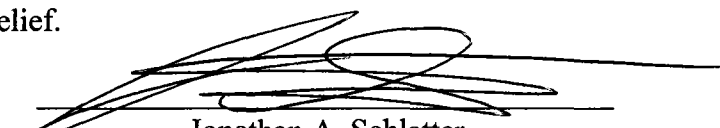

Jonathan A. Schlatter, #24848
300 N. Mead, Suite 200
Wichita, KS 67202-2745
Telephone: 316-262-2671
Facsimile: 316-262-6226
Attorneys for Oil Sources Corp.

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

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

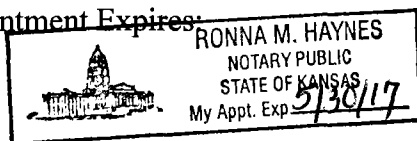
That he is the attorney for Oil Sources Corp.; he has read the above and foregoing Application and is familiar with the contents and that the statements made therein are true and correct to the best of his knowledge and belief.


Jonathan A. Schlatter

SUBSRIBED AND SWORN to before me this ^{25th} day of July, 2014.

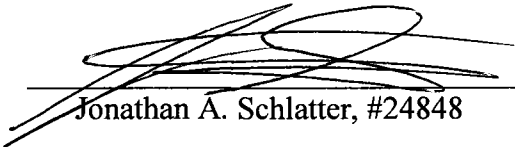

Notary Public

My Appointment Expires:



CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of July, 2014, the original of the foregoing Application for Well Location Exception and Allowable with its attached "Exhibit A", "Exhibit B" and "Exhibit C," 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, first class, postage prepaid, and properly addressed to the parties listed on "Exhibit C."

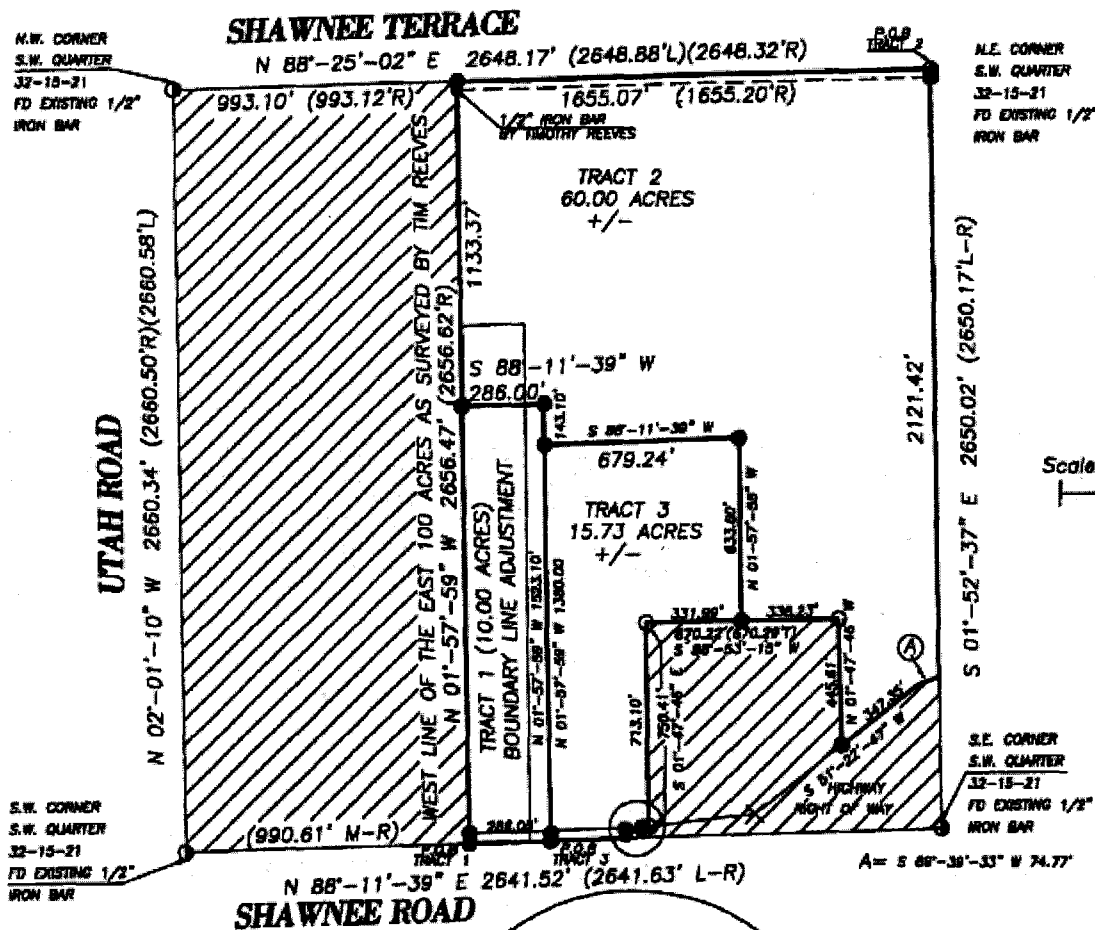


Jonathan A. Schlatter, #24848

“Exhibit A”

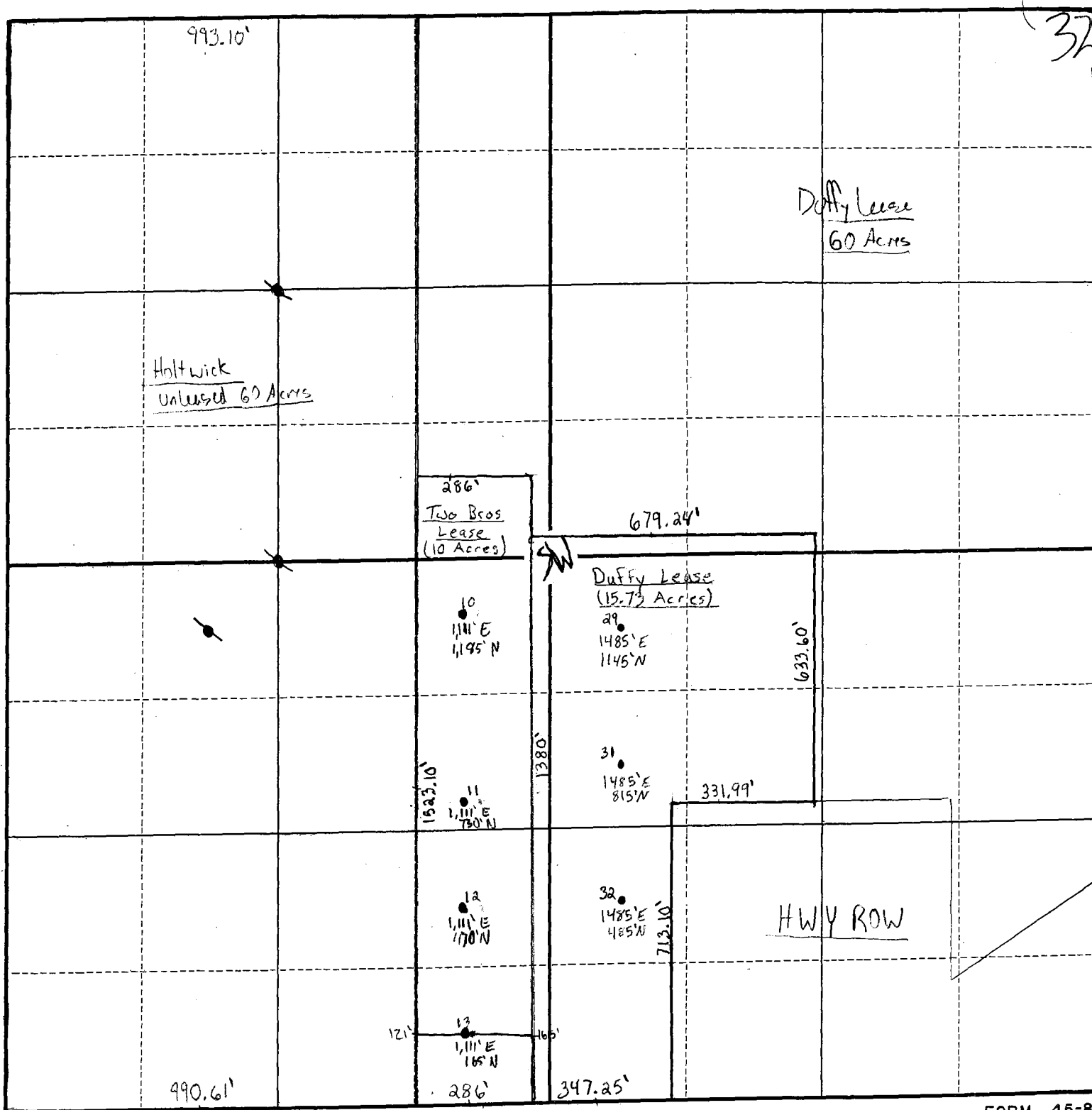
TRACT 1

COMMENCING AT THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 32, TOWNSHIP 15 SOUTH RANGE 21 EAST OF THE SIXTH P.M., THENCE NORTH 88 DEGREES 11 MINUTES 39 SECONDS EAST 990.61 FEET ON THE SOUTH LINE OF SAID SOUTHWEST QUARTER TO THE WEST LINE OF THE EAST 100 ACRES AS SURVEYED BY TIM REEVES AND MARKED WITH A 1/2" IRON BAR, BEING THE TRUE POINT OF BEGINNING, THENCE NORTH 01 DEGREES 57 MINUTES 59 SECONDS WEST 1523.10 ALONG SAID WEST LINE OF THE EAST 100 ACRE LINE TO A 1/2" IRON BAR; THENCE NORTH 88 DEGREES 11 MINUTES 39 SECONDS EAST 286.00 FEET TO A 1/2" IRON BAR; THENCE SOUTH 01 DEGREES 57 MINUTES 59 SECONDS EAST 1523.10 FEET TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER BEING MARKED WITH A 1/2" IRON BAR; THENCE SOUTH 88 DEGREES 11 MINUTES 39 SECONDS WEST 286.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 10.00 ACRES MORE OR LESS ALL IN FRANKLIN COUNTY, KANSAS.



SW 1/4 Section 32

Township 15 S Range 21 E County Franklin State Kansas



FORM 45-8

EXHIBIT

B₁

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“Exhibit C”

Jasper Holtwick, Jr.
21135 County Line Road
Edgerton, KS 66201