

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Susan K. Duffy

In the matter of the application of Palomino) Docket No: 21-CONS-3225-CWLE
Petroleum, Inc. for a location exception for)
its Coombs-Williamson #2 well located in) CONSERVATION DIVISION
the SE/4 of Section 7-T18S-R24W, Ness)
County, Kansas.) License No: 30742

ORDER GRANTING APPLICATION

The Commission rules as follows:

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.

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 well setback requirements, and adjust assigned allowables, if necessary either to prevent waste or protect correlative rights.

5. K.A.R. 82-3-207 provides 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. On April 15, 2021, Palomino Petroleum, Inc. (Operator) filed an application requesting a well location exception and an allowable of 58 barrels of oil per day for its proposed Coombs-Williamson #2 (Subject Well).¹ The Subject Well is an oil well to be located 268 feet from the south line and 178 feet from the east line of section 7, township 18 south, range 24 west in Ness County, Kansas.² Between April 15, 2021, and April 27, 2021, Operator filed various affidavits of mailing and publication.

7. On April 28, 2021, Pickrell Drilling Company, Inc. (Pickrell) filed a motion to intervene and protest. Upon Pickrell's requests, the motion has been resolved in a manner that has resulted in Pickrell no longer being a party to this proceeding.³

8. Operator's lease for the land upon which the Subject Well is to be located covers the SE/4 of Section 7; the proposed location of the Subject Well is not at least 330 feet from the eastern lease line and the southern lease line.⁴ Operator states its 3-D seismic data indicates an underground structural feature necessitating a location exception for optimal hydrocarbon production.⁵ Staff recommends that Operator's application be granted to prevent waste.⁶ Staff reports approval will protect correlative rights and raises no pollution issues.⁷

¹ See Application, ¶¶ 2, 10, Prayer (Apr. 15, 2021)

² See *id.* at ¶ 1.

³ See Presiding Officer Order Revoking Intervention (Jun. 28, 2021).

⁴ See Application at ¶ 1.

⁵ See *id.* at ¶ 3.

⁶ See Staff Recommendation on Application (Jun. 22, 2021).

⁷ See *id.*

III. CONCLUSIONS OF LAW

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

10. Operator's application was filed in accordance with the rules and regulations of the Commission and in accordance with Kansas statutes.

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

12. Operator's application should be granted to prevent waste. Operator's application appears protective of correlative rights, and raises no apparent pollution issues.

THEREFORE, THE COMMISSION ORDERS:

A. Operator's application for a well location exception under K.A.R. 82-3-108 for the Subject Well is granted. The allowable shall be 58 barrels of oil per day. The Subject Well shall have a standard drilling unit, except the acreage of the drilling unit shall be reduced along the eastern and southern sides to exclude sections 8 and 18.⁸

B. Operator's application is being granted via summary proceedings; thus, this Order Granting Application does not take effect until after the time for requesting a hearing has expired.⁹ Any party may request a hearing on the above issues by submitting a written request setting forth the specific grounds upon which relief is sought, to the Commission at 266 N. Main, Suite 220, Wichita, Kansas 67202, within 15 days from the date of service of this Order.¹⁰ If a hearing is not requested, then this Order Granting Application shall become effective upon expiration of the time for requesting hearing.¹¹

⁸ See also K.A.R. 82-3-108(c), regarding attributable acreage.

⁹ See K.S.A. 77-537.

¹⁰ See K.S.A. 77-542.

¹¹ See K.S.A. 77-537.

C. If this Order Granting Application becomes effective, then any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹²

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen; Commissioner; Duffy, Commissioner.

Dated: 07/01/2021



Lynn M. Retz
Executive Secretary

Mailed Date: 07/01/2021

JRM

¹² See K.S.A. 55-606; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

21-CONS-3225-CWLE

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of

electronic service on 07/01/2021.

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