

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

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 18-CONS- <u>3293</u> -CEXC
OF MERIT ENERGY COMPANY FOR AN)	
EXCEPTION TO THE 10-YEAR TIME)	
LIMITATION OF K.A.R. 82-3-111 FOR ITS)	CONSERVATION DIVISION
YUNCKER B-3 WELL IN THE)	
SOUTHWEST QUARTER OF THE)	
SOUTHEAST QUARTER OF SECTION)	LICENSE NO. 32446
14, TOWNSHIP 29 SOUTH, RANGE 34)	
WEST, HASKELL COUNTY, KANSAS.)	
_____)	

APPLICATION

COMES NOW, Merit Energy Company ("Merit"), by and through its attorney, Stanford J. Smith, Jr., and in support of its Application in the above captioned matter states as follows:

1. Merit is authorized to do business in the State of Kansas, and has a street address of 13727 Noel Road, Suite 1200, Dallas, Texas, 75240.
2. The Kansas Corporation Commission has issued Merit operator's license 32446, which expires on May 30, 2018.
3. Merit is the owner and operator of the Yuncker B-3 well, which is located in the Southwest Quarter of the Southeast Quarter of Section 14, Township 29 South, Range 34 West, Haskell County, Kansas, API # 15-081-20909-00-01. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Southeast Quarter of Section 14, Township 29 South, Range
34 West, Haskell County, Kansas.

4. The Yuncker B-3 was originally perforated in the Marmaton, Pawnee and Lower Chester formations but was not actively produced and was shut-in as inactive.

5. Pursuant to K.A.R. 82-3-111, Merit sought and obtained temporary abandoned status for said well on or about May 5, 2011, and then on January 22, 2015.

6. On or about January 2, 2018, the Kansas Corporation Commission notified Merit of the KCC's denial of renewal of temporary abandonment status for the well due to the limitation period of ten (10) years imposed by K.A.R. 82-3-111.

7. K.A.R. 82-3-111 provides for an exception to said 10-year limitation upon the filing of an application pursuant to K.A.R. 82-3-100. Merit seeks such an exception for said well.

8. Merit wishes to continue temporary abandonment status for the subject well because Merit intends to use the well as part of an enhanced oil recovery project. No new zones will be perforated. Currently the Yuncker B-3 is perforated in the Marmaton, Pawnee, and Lower Chester perforated, but is below a CIBP. The enhanced recovery project looks to have potential in both the Morrow and Marmaton, with initial flooding intended to occur in the Marmaton. At this time, the Koenig waterflood prospect has not been fully evaluated. Due to production allocation encountered with commingled wells, it is tough to determine cumulative production from the Marmaton or Morrow reservoirs. Thus, it is even more difficult to estimate a reserve value associated with this flood. Until a detailed analysis has been done on this flood, it is unknown the Oil Reserves and project details that will be encountered with this EOR prospect. It is known that a large number of wells associated with this flood are currently commingled

from multiple zones and will need to be plugged off from uphole and downhole zones from the Marmaton/Morrow, and solely produced from the Marmaton/Morrow reservoirs; this will be the first step in waterflood initiation before running an economic model with sensitivities on commodity price.

9. A Commission Staff-witnessed mechanical integrity test of the casing between the surface and a point within fifty (50) feet above the uppermost perforations is pending.

10. In order to reactivate the Yuncker B-3 well as part of an EOR project, it would cost approximately Two Hundred Fifty Thousand Dollars (\$250,000.00) to properly prepare the wellbore for either injection and estimated Three Hundred Fifty Thousand Dollars (\$350,000.00) for production. It would cost an estimate of Seven Hundred Fifty Thousand Dollars (\$750,000.00) based on current prices to drill and complete a replacement well.

11. Merit has included a plat map, attached as Exhibit 1, showing the locations of all producing, injection, temporarily abandoned, abandoned and plugged wells located on the same lease premises as the subject well.

12. Based on the foregoing, Merit requests the Commission grant an exception to the 10-year limitation, specifically to allow the Yuncker B-3 well to remain eligible for temporary abandonment status for three (3) years following the expiration of 10-year limitation. Merit understands that the exception would be valid for three (3) years, but Merit would still need to apply annually to the Conservation Division District Office for approval of an Application for temporary abandonment status.

13. Listed in attached Exhibit 2 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 the subject well if unleased.

14. Notice of this Application will be published pursuant to K.A.R. 82-3-135a.

15. WHEREFORE, Merit 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 Merit's request for an exception to the K.A.R. 82-3-111 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,

MARTIN, PRINGLE, OLIVER, WALLACE
& BAUER, L.L.P.

By



Stanford J. Smith, Jr.
100 North Broadway, Suite 500
Wichita, KS 67202
(316) 265-9311

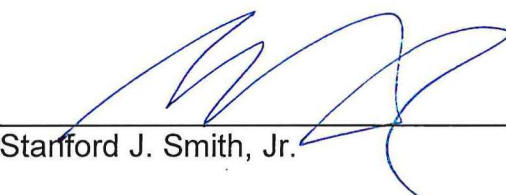
Attorney for Merit Energy Company

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

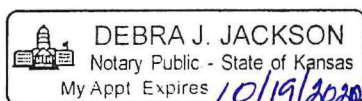
Stanford J. Smith, Jr., of lawful age, being first duly sworn, upon oath states:

That he is the attorney for Merit Energy Company, applicant herein; that he has read the above and foregoing Application of Merit Energy Company 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.



Stanford J. Smith, Jr.

SUBSCRIBED AND SWORN to before me this 30th day of January, 2018.





Notary Public

My Appointment Expires:
10/19/2020

Kansas Oil and Gas

Kansas Geological Survey

Statewide View | Zoom to Location | Filter Wells | Label Wells | Download Wells | Print to PDF | Clear Highlight |

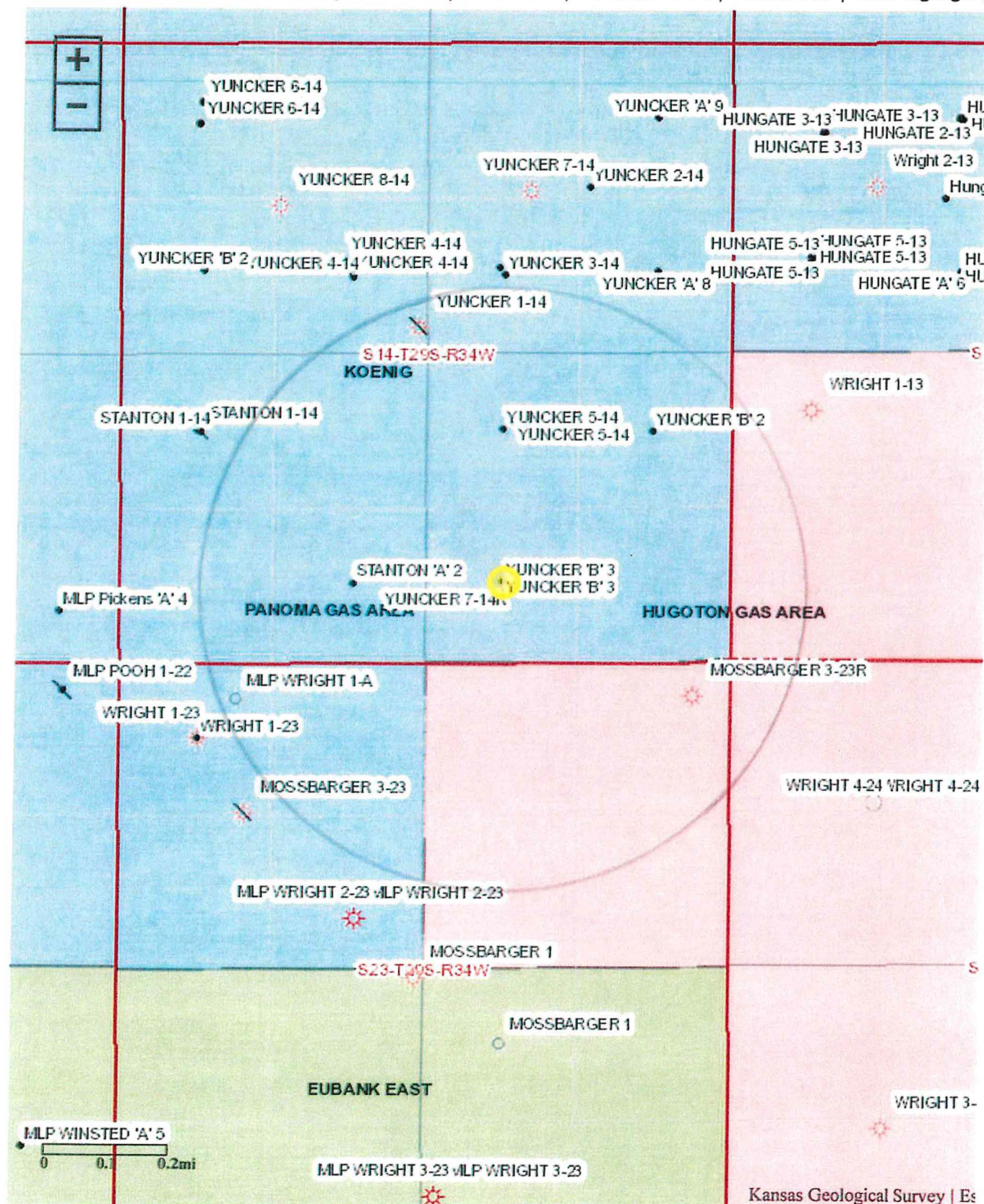


EXHIBIT 1

EXHIBIT 2

Anadarko Petroleum Corporation
P. O. Box 1330
Houston, TX 77251-1330

Pioneer Natural Resources USA, Inc.
5205 N. O'Connor Blvd., Suite 200
Irving, TX 75039

Chesapeake Operating, Inc.
6100 N. Western Ave.
P. O. Box 18496
Oklahoma City, OK 73154-0496

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14, TOWNSHIP 29 SOUTH, RANGE 34)	
WEST, HASKELL COUNTY, KANSAS.)	

NOTICE OF PENDING APPLICATION

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

TO: ALL OIL AND GAS PRODUCERS, UNLEASED MINERAL INTEREST OWNERS, LANDOWNERS, AND ALL PERSONS WHOMSOEVER CONCERNED:

YOU, and each of you, are hereby notified that Merit Energy Company has filed an Application for an exception to the ten-year time limitation of K.A.R. 82-3-111 for the Yuncker B-3 well, located in the Southwest Quarter of the Southeast Quarter of Section 14, Township 29 South, Range 34 West, Haskell County, Kansas, API # 15-081-20909-00-01.

YOU are further notified that unless written protest is received by the State Corporation Commission within fifteen (15) days after publication of this Notice, the Application in this matter will be granted by administrative approval after said 15 day period. Any such protest should be mailed to the State Corporation Commission of the State of Kansas, Conservation Division, 266 North Main, Suite 220, Wichita, Kansas, 67202, and to the Applicant at the address shown.

All parties in any wise interested or concerned shall take notice of the foregoing and govern themselves accordingly.

Merit Energy Company.
By: Katherine McClurkan
Regulatory Analyst
13727 Noel Road, Suite 1200
Dallas, Texas, 75240
(972) 628-1660