

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the matter of the application of Merit Energy) Docket No. 25-CONS-3045-CALL
Company, LLC for an Order granting an exception)
to the oil production allowable assigned to its) CONSERVATION DIVISION
Napeste lease in Sections 21 and 28, Township 24)
South, Range 32 West, Finney County, Kansas.) License No. 32446

ORDER GRANTING APPLICATION

The Commission rules as follows:

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission with exclusive jurisdiction and authority to regulate oil and gas activities.
2. K.A.R. 82-3-203 provides each well in a non-prorated pool with an oil production allowable, based upon depth of the producing interval, and allows for the filing of an application for an exception.
3. K.A.R. 82-3-100(b) provides that the Commission may grant an exception to the requirements of any regulation after considering whether the exception will prevent waste, protect correlative rights, and prevent pollution.

II. FINDINGS OF FACT & CONCLUSIONS OF LAW

4. On July 30, 2024, Merit Energy Company, LLC (Operator) filed an Application requesting a lease-wide, special oil production allowable of a total of 1,500 barrels per day to apply to all current and future wells located on its Napeste Lease¹ producing from the Upper Mississippian formation.²

¹ For ease of reference, the Napeste Lease covers the following areas in Township 24 South, Range 32 West, Finney County: All of Section 28, and Lots 5, 6, 7, and 8 of Section 21.

² This formation is found between 4,770 and 4,867 feet at Operator's Napeste #1-28, API #15-055-22581. See Application, ¶ 4.

5. Under K.A.R. 82-3-203, each well producing from the Upper Mississippian on the Napeste Lease would ordinarily be assigned a production allowable of 200 barrels per day.³

6. The Commission previously granted Operator a special oil production allowable of 350 barrels of oil per day for its Napeste #1-28.⁴ Operator has since drilled its Napeste #2-28 and Napeste #3-28 wells and converted its Napeste #1-28 into an injection well, resulting in oil production in excess of the standard allowable.⁵ Operator is currently evaluating whether additional production wells should be drilled on the Napeste Lease, and wishes to obtain a lease-wide allowable rather than seek a special allowable for each individual current and future well.⁶

7. The Commission finds Operator's Application contains all that is required under K.A.R. 82-3-203(b) and K.A.R. 82-3-100(b), that notice was properly served and published, that more than 15 days have elapsed since publication, and that no protest was filed.

8. Upon review, the Commission finds granting Operator's Application will prevent waste, protect correlative rights, and raises no apparent pollution issues.

THEREFORE, THE COMMISSION ORDERS:

A. Operator's Application is granted. The Napeste Lease is assigned a special oil production allowable of 1,500 barrels of oil per day from the Upper Mississippian formation, effective as of March 11, 2024.⁷

B. When oil production decreases to the point that the special allowable is no longer needed, the special allowable shall become void, and production rates shall again be subject to any relevant allowable in the general rules and regulations.

³ See K.A.R. 82-1-230(h).

⁴ See Docket 23-CONS-3346-CALL.

⁵ See Application, ¶ 7 (Jul. 30, 2024).

⁶ See Application, ¶ 15.

⁷ Operator's Application is silent as to the requested effective date of the Commission's Order. The Napeste #2-28, API #15-055-22598, was completed March 11, 2024; the Napeste #3-28, API #15-055-22600, was completed March 15, 2024. Thus, the Commission bases the effective date of the application upon the completion date of the Napeste #2-28.


C. Operator's application is being granted via summary proceedings; thus, this Order does not take effect until after the time for requesting a hearing has expired.⁸ 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 the service of this Order.⁹ If a hearing is not requested, this Order shall become effective upon expiration of the time for requesting a hearing.¹⁰

D. If this Order 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).¹¹

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Date: 11/21/2024



Lynn M. Retz
Executive Director

Date Mailed: 11/21/2024

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⁸ See K.S.A. 77-537.

⁹ See K.S.A. 77-542.

¹⁰ See K.S.A. 77-537.

¹¹ See K.S.A. 55-606; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

25-CONS-3045-CALL

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 11/21/2024.

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