

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

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 18-CONS- <u>3290</u> -CEXC
OF MERIT ENERGY COMPANY, LLC,)	
FOR AN EXCEPTION TO THE 10-YEAR)	
TIME LIMITATION OF K.A.R. 82-3-111)	CONSERVATION DIVISION
FOR ITS MCHARGUE A-2 WELL IN THE)	
NORTHEAST QUARTER OF THE)	
SOUTHWEST QUARTER OF SECTION)	LICENSE NO. 32446
2, TOWNSHIP 33 SOUTH, RANGE 34)	
WEST, SEWARD COUNTY, KANSAS.)	
_____)	

APPLICATION

COMES NOW, Merit Energy Company, LLC ("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 McHargue A-2 well, which is located in the Northeast Quarter of the Southwest Quarter of Section 2, Township 33 South, Range 34 West, Seward County, Kansas, API # 15-175-20526-00-00. The subject well is located on an active oil and gas lease or unit comprising the following lands:

South Half of Section 2, Township 33 South, Range 34
West, Seward County, Kansas.

4. The McHargue A-2 was originally perforated in the St. Louis reservoir 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 July 14, 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 use the well for an enhanced oil recovery project. Merit will not enter any new zones for this well. Merit Energy intends to fully evaluate the St Louis reservoir on the McHargue lease for secondary recovery potential. The St Louis is a depletion drive reservoir with limited water influx. The field is well defined with a fault defining the east edge, the Chester incisement defining the west edge, and porosity pinch-outs defining the north and south edges. This field has 8 wells in it that have original oil in place of 3,350 MSTB with primary recovery of 685 MBO and secondary recovery estimates around 670 MBO.

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

has been performed and passed. A copy of the report will be filed as soon as it is received.

10. In order to reactivate the McHargue A-2 well for the enhanced oil recovery project, it would cost approximately Two Hundred Fifty Thousand Dollars (\$250,000.00). It would cost an estimate of Six Hundred Thousand Dollars (\$600,000.00) 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 McHargue A-2 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.

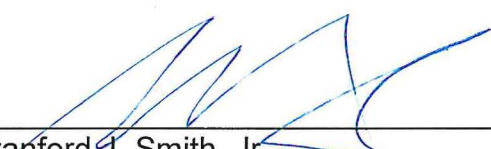
14. Notice of this Application will be published pursuant to K.A.R. 82-3-135a.

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



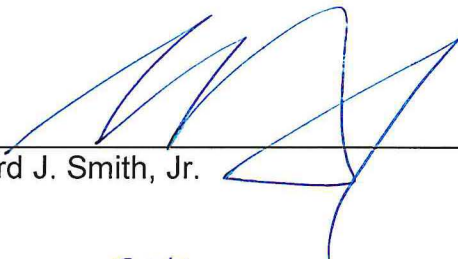
Stanford J. Smith, Jr.
100 North Broadway, Suite 500
Wichita, KS 67202
(316) 265-9311
Attorney for Merit Energy Company, LLC

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

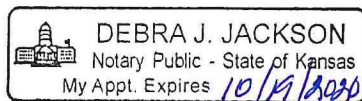
STANFORD J. SMITH, JR., of lawful age, being first duly sworn, upon oath states:

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

EXHIBIT 2

Edison Operating Company LLC
8100 E. 22nd Street North, Bldg 1900
Wichita, KS 67226

Larson Engineering, Inc.
dba Larson Operating Company
562 W. State Road 4
Olmitz, KS 67564

Three-D Resources, Inc.
P. O. box 856
Liberal, KS 67905

Lime Rock Resources II-A, LP
1111 Bagby Street, Suite 4600
Houston, TX 77002

Anadarko E & P Onshore LLC
P. O. Box 1330
Houston, TX 77251

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

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WEST, SEWARD COUNTY, KANSAS.)	
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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, LLC, has filed an Application for an exception to the ten-year time limitation of K.A.R. 82-3-111 for the McHargue A-2 well, located in the Northeast Quarter of the Southwest Quarter of Section 2, Township 33 South, Range 34 West, Seward County, Kansas, API # 15-175-20526-00-00.

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