

THE STATE CORPORATION COMMISSION
 OF THE STATE OF KANSAS

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Dwight D. Keen

In the Matter of the Application of Summit) Docket No.: 19-CONS-3171-CFLA
 Operating, LLC for Permission To Flare Natural Gas)
 From Five Wells In Order To Recover Helium in) CONSERVATION DIVISION
 Rush County, Kansas, pursuant to K.A.R. §§ 82-3-)
314.) License No.: 35382

Summit Operating, LLC (“Summit”) submits this Application, pursuant to K.A.R. § 82-3-314 for an order granting Summit permission to flare natural gas from five wells in Township 16 South, Range 17 East in Rush County. Specifically, Summit seeks permission to flare natural gas produced from the below-referenced wells as part of a pilot project to evaluate the operation of a prototype modular helium processing plant. In support of its Application, Summit states and alleges as follows:

1. Summit is a Colorado limited liability company and is duly authorized to do business within the state of Kansas. Summit's principal business address is 2760 29th St., Ste. 2A, Boulder, CO 80301.

2. Summit operates five wells in Rush County, KS. Specifically,

<u>WELL</u>	<u>API #</u>	<u>LOCATION</u>
R. Berens Unit 1-8	API: 15-165-22011	T16S, R17W, Sec. 8 NE/4NE/4
Urban 1-9	API: 15-165-21959	T16S, R17W, Sec. 9 SE/4NW/4
David Urban 1-21	API: 15-165-21994	T16S, R17W, Sec. 21 NW/4NE/4
Barry Urban 1-17	API: 15-165-22070	T16S, R17W, Sec. 17 NW/4NE/4
Roth-Robben 1-21	API: 15-165-22007	T16S, R17W, Sec. 21 SE/4SE/4

3. Each of these wells are capable of producing some oil, with small amounts of accompanying natural gas. However, more importantly, each of these wells contain significant amounts of recoverable helium.

4. Summit desires to install a prototype modular helium recovery plant in SW/4SW/4 of Section 15 Township 16 South, Range 17 West. This plant will gather the gas streams from the five referenced wells and remove recoverable natural gas liquids (“NGLs”) for sale. Chemical tests indicate that the remaining gas stream will consist of almost 88% nitrogen, less than 1% carbon dioxide, and less than 12% methane (with no hydrogen sulfide). Anticipated volume of the entire gas stream from the five-well system is approximately 2,000 Mcf/day.

5. Pursuant to K.S.A. § 55-102(b), natural gas produced from natural gas wells or in connection with the production of oil may be flared if such flaring is authorized by order or rules or regulations of the Commission.

6. Summit’s request to flare natural gas does not fit squarely within any specific regulation promulgated by the Commission. Therefore, Summit requests authorization to flare pursuant to KAR § 82-3-314(e), which provides that flaring non-casinghead gas may be authorized by the Commission under any conditions not addressed in that regulation.

7. However, Summit believes that KAR § 82-3-208(b)(1)-(8) (flaring of casinghead gas) addresses situations analogous to its request, and therefore states the following for the Commission’s consideration:

- a. Due to the low methane concentration and high nitrogen content of the gas stream, it is unsuitable for delivery to any gas-gathering system without cost-prohibitive pre-processing.

[REDACTED]


[REDACTED] The value of these wells – to both the correlative rights owners and the State of Kansas – is found in the helium content of the reservoir, not the natural gas reserves. Without the requested relief, the helium resource, the natural gas liquids, and any recoverable oil will be stranded underground, because the cost of recovery and processing the low quality natural gas would subsume the revenue generated from producing the helium.

8. Summit will continue to monitor the quality of the gas stream produced from the wells on a regular basis to determine whether the composition of that gas and the volume of gas produced changes. If so, Summit will evaluate the economics of and ability to deliver that gas to a gas purchaser.
9. If tests are successful, Summit anticipates drilling and operating additional helium wells in the vicinity.
10. The volume of gas flared by Summit will be metered, measured and monitored and the records thereof will be retained by Summit for a period of two years. Summit is willing to report this information to the Commission semiannually or as otherwise designated by the Commission.
11. Summit requests that the Commission enter an order allowing the Staff to permit the flaring of gas from the five referenced wells when Summit files a satisfactory Affidavit and notifies the District Office, in advance, of the commencement of flaring operations.
12. Summit will give notice of the filing of this Application in accordance with K.A.R. § 82-3-135a (b) and (d).

13. The names and addresses of each operator or lessee of record and each unleased mineral owner of land within a one-half mile radius of each of the referenced wells, other than Summit, are attached as Exhibit A. A copy of this Application has been mailed to those persons or entities.
14. Summit will cause a notice of the filing of this Application to be published once in the official newspaper of Rush County, Kansas, and in the Wichita Eagle newspaper, in accordance with the rules and regulations of this Commission. Summit will file Affidavits of Publication by the publishers with the Commission when the same are received from those publishers.
15. In the absence of a valid timely protest, Summit requests that the Commission grant this Application administratively without the necessity for a hearing.
16. The relief requested by this Application will not result in a violation of correlative rights, will not cause waste, and is otherwise consistent with the statutory duties of the Commission.

WHEREFORE, Summit Exploration & Production, LLC requests that, after due notice and hearing, the Commission enter an order granting this Application and for such other and further relief as the Commission deems just and proper.

[signatures on following page]

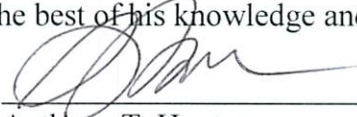


Anthony T. Hunter, #22797
4715 W. Central
Wichita, KS 67212
(316) 655-5051
(316) 448-0725 Fax
hunterath@gmail.com
Attorney for Summit Operating, LLC

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

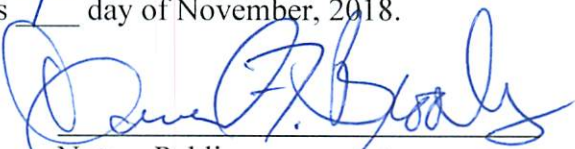
Anthony T. Hunter, of lawful age, being first duly sworn upon his oath, deposes and states: That he is the attorney for Summit Exploration and Production, LLC which is the Applicant in the attached Application; that he is authorized to make and makes this statement for and on behalf of said Applicant; that he is familiar with the contents thereof, and that all statements, allegations and averments therein contained are true and correct to the best of his knowledge and belief.



Anthony T. Hunter

SUBSCRIBED AND SWORN to before me this 7TH day of November, 2018.
My Appointment Expires:



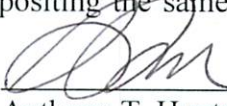


Notary Public
DANIEL F. BROOKS

AFFIDAVIT

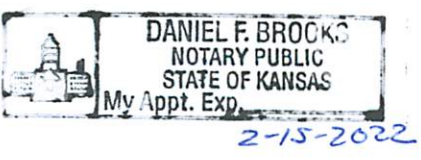
STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

Anthony T. Hunter, of lawful age, being first duly sworn upon his oath, deposes and states: That on November 7th, 2018, a true and correct copy of the Notice of Pending Application for Permission to Flare Natural Gas and this Application were mailed to all interested parties as set out in the Application on file in this docket, by depositing the same in the United States mail, postage prepaid.



Anthony T. Hunter

SUBSCRIBED AND SWORN to before me this 7TH day of November, 2018.





DANIEL F. BROOKS

EXHIBIT A

Norbert Hartman
2994 Ave. C
Bison, KS 67520

Jason Urban & Andrew Urban
67 Bramerey Gardens
Middlesex, NJ 08846

David Urban
1627 Wyndam Heights
Manhattan, KS 66503

Rueben & Virginia Urban
RR1 Box 121A
Bison, KS 67520

William & Paula Robben
1601 Grape St.
Pampa, TX 79065

American Warrior Inc.
3118 Cummings Rd.
Garden City, KS 67846

Bernard & Jean Roth
P.O. Box 145
Victoria, KS 67671

Zenith Drilling
1223 N. Rock Rd. Ste. A200
Wichita, KS 67206

Verlin & Delphie Stramel
Delphie Stramel Living Trust
1719 Felton Dr.
Hays, KS 67601

Donald & Sharon Urban Irr. Trust
3140 Ave D
Bison, KS 67520

Kenneth & Karen Jacobs
1772 Toulon Ave
Hays, KS 67520

Gene & Cheryl Stramel
725 West 34th St.
Hays, KS 67601

J & A Associates, LLC
1075 208th Ave.
Hays, KS 67520

Richard & Sandra Scheck
504 W. 34th St.
Hays, KS 67601

Lisa Marie Fuller
9208 Spotted Corn Pl
Tuscon, AZ 85742

Legleiter Living Trust
1919 Eisenhower Rd.
Hays, KS 67601

Ruth Kuhn
2401 E. 21st
Hays, KS 67601

Cecilia Pfeifer
3636 N. Ridge Rd.
Wichita, KS 67205

Daniel & Linda Basgall
1992 Vineyard Rd.
Hays, KS 67601

Darland & Mary Breit
1038 Capri Ln.
Wichita, KS 67207

Bear Petroleum, LLC
P.O. Box 438
Haysville, KS 67060

Alvin & Elaine Urban
3096 CR 320
Bison, KS 67520

Ronald & Lorita Berens
2818 25th St.
Great Bend, KS 67530

Barry Urban & Shelly Briley
2981 Ave D
Bison, KS 67520

Empire Energy E & P, LLC
915 S. Patton Rd.
Great Bend, KS 67530

Michael & Sarah Younger
3247 CR 320
Bison, KS 67520

Gary & Arlene Stramel
1722 Felton Dr.
Hays, KS 67601

Christine & Lawrence Kolb
3071 Ave D
Bison, KS 67520
