

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

Before Commissioners: Mark Sievers, Chairman
Thomas E. Wright
Shari Feist Albrecht

In the matter of the application of Cholla)	Docket No. 14-CONS-364-CHOR
Production, LLC for an order permitting the)	
drilling of a horizontal well in the Pawnee)	CONSERVATION DIVISION
formation, pursuant to K.A.R. 82-3-103a, upon)	
<u>certain lands located in Trego County, KS.</u>)	License No. 31819

ORDER GRANTING APPLICATION

The above captioned matter comes before the State Corporation Commission of the State of Kansas for consideration and determination. Having examined its files and records, and being duly advised in the premises, the Commission makes the following findings:

I. JURISDICTION

1. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities.
2. K.S.A. 55-155 provides licensing authority to the Commission.
3. K.A.R. 82-3-103a provides that any hole drilled horizontally into a formation for production may only be permitted after application and notice under K.A.R. 82-3-135a.

II. FINDINGS OF FACT

4. Commission records indicate that Cholla Production, LLC ("Operator") is currently licensed to conduct oil and gas activities in Kansas under K.S.A. 55-155.
5. On December 6, 2013, Operator filed an application requesting permission to drill its proposed Kohl #1-33H well ("the subject well") in Trego County, Kansas.
6. Operator has verified that notice was properly served and published, as required under K.A.R. 82-3-135a, at least 15 days before the issuance of this Order.

7. No protests have been filed pursuant to K.A.R. 82-3-135(b).
8. The subject well will be completed in the Pawnee formation.
9. The surface location of the subject well shall be 75' FSL and 2,260' FWL in Section 33, Township 11 South, Range 22 West.
10. The operator has verified that the entire completion interval of the horizontal wellbore will comply with the applicable setback requirements of K.A.R. 82-3-108.
11. The bottom hole location of the subject well shall be 330' FNL and 2,260' FWL in Section 33, Township 11 South, Range 22 West.

III. CONCLUSIONS OF LAW

12. The Commission has jurisdiction over Operator and this matter.
13. The application was filed in accordance with the Commission's rules and regulations and in accordance with Kansas statutes.
14. Notice was properly served and published.
15. Based on the available facts, the Commission finds that the application should be granted to prevent waste and protect correlative rights.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator's application for a horizontal well is granted.
- B. Applicant shall ensure that each drilling rig is equipped with a blowout preventer.
- C. This Order is a summary proceeding pursuant to K.S.A. 77-537, which provides in paragraph (b)(4) that summary proceedings are not effective until the time for requesting a hearing has expired. K.S.A. 77-542 provides that a request for hearing shall be filed within 15 days of any agency notice resulting in a right to request a hearing. If service of this Order is by mail, three days are added to the deadline. Any party taking an action permitted by this

summary proceeding before the deadline for requesting a hearing has expired shall be deemed to have waived their right to a hearing pursuant to K.S.A. 77-504.

D. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 130 South Market, Room 2078, Wichita, Kansas 67202-3802. Pursuant to K.S.A. 55-606, K.S.A. 66-118b, and K.S.A. 77-529(a), reconsideration is prerequisite for judicial review of this Order. Any party taking an action permitted by this summary proceeding before the deadline for a petition for reconsideration does so at their own risk of further proceedings.

E. The Commission retains jurisdiction of the subject matter and the parties and may enter additional orders as it deems appropriate.

BY THE COMMISSION IT IS SO ORDERED.

Sievers, Chmn.; Wright, Com.; Albrecht, Com.

Date: JAN 09 2014

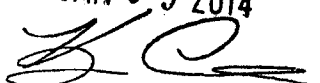
Date Mailed: 1/13/14



Kim Christiansen
Executive Director

JRM

I CERTIFY THE ORIGINAL
COPY IS ON FILE WITH
The State Corporation Commission

JAN 09 2014


CERTIFICATE OF SERVICE

I certify that on 1/13/14, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

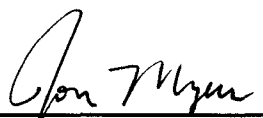
Steven D. Gough
Joseph A. Schremmer
Withers, Gough, Pike, Pfaff & Peterson, LLC
O.W. Garvey Building
200 W. Douglas, Suite 1010
Wichita, Kansas 67202

William T. Goff
Cholla Production, LLC
10390 Bradford Road
Suite 201
Littleton, Colorado 80127

David Wann
KCC District #4

And delivered by hand to:

Steve Bond
Conservation Division Central Office



Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission