

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

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 23-CONS- <u>3003</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 WINTER MORROW UNIT 105W)	
WELL IN THE SOUTH HALF OF THE)	
SOUTHEAST QUARTER OF THE)	LICENSE NO. 32446
NORTHWEST QUARTER OF SECTION)	
13, TOWNSHIP 33 SOUTH, RANGE 43)	
WEST, MORTON 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, 2023.
3. Merit is the owner and operator of the Winter Morrow Unit 105W well, which is located in the South Half of the Southeast Quarter of the Northwest Quarter of Section 13, Township 33 South, Range 43 West, Morton County, Kansas, API # 15-129-21741-00-01. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Northwest Quarter of Section 13, Township 33 South, Range
34 West, Morton County, Kansas.

4. The Winter Morrow Unit 105W was originally perforated in the Morrow Formation 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 abandonment status for said well on or about July 23, 2008, and June 18, 2019.

6. On or about June 8, 2022, 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 imposes a 10-year limitation on the amount of time during which wells may be temporarily abandoned, but an exception to the 10-year limitation may be obtained pursuant to said regulation through an Application filed with the Commission pursuant to K.A.R. 82-3-100. Applicant seeks such an exception.

8. Merit wishes to continue temporary abandonment status for the subject well. The Winter Morrow Unit 105W is currently in an enhanced oil recovery project that Merit is looking to further develop. With four (4) producers, an injector as wells as this well that serves the purpose of a WSW, this development is well set up for continuation. In order to increase oil production, Merit is doing research on the reservoir development in this area as well as flood conformance. The proposal is to convert the WMU 105W well to solely an injector – rather than being used as a reverse dump flood injector (current setup). With this proposal, we expect to inject significantly more water and in turn hope to see increased oil response. In order to prepare the Winter Morrow Unit 105W well for injection only, the Bridge Plug above both the Osage and Morrow perms would have to be drilled out. In addition to this, a Bridge Plug will be placed over the

Osage, inhibiting water production from this zone. Finally, a packer will have to be run in on a tubing string to allow for injection into the Morrow zone.

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. There are six (6) wells on the lease including three (3) active wells and three (3) temporarily abandoned wells. It would cost an estimated One Hundred Fifty Thousand Dollars (\$150,000.00) to plug this well and the remaining wells on the lease. A current production rate for the lease is: The Winter Morrow Unit covering the W/2 of the section has remaining reserves of 58,000 bbl using a 5% exponential decline on the current 8 BOPD. The estimated cost for downhole work required for this project is estimated to be ~Eighty Thousand Dollars (\$80,000.00). In addition, significant improvements would have to be made to the tank batteries to handle more capacity. On top of this an H-pump would need to be purchased to sustain the injection volume and pressure. Merit expects these improvements to cost ~One Hundred Thousand Dollars (\$100,000.00). It would cost an estimate of Five Hundred Fifty Thousand Dollars (\$550,000.00) based on current prices to drill and complete a replacement well.

11. Merit has included a plat map, attached as Exhibit A, 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 Winter Morrow Unit 105W 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 B 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. That the Applicant has sent by regular mail a copy of this Application and Notice of Pending Application to all persons listed on the attached Exhibit B.

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

16. 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 

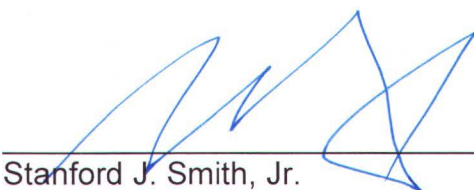
Stanford J. Smith, Jr.
645 East Douglas, Suite 100
Wichita, KS 67202
(316) 265-9311
Attorney for Merit Energy Company

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

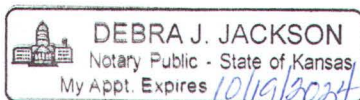
Stanford J. Smith, Jr., of lawful age, being first duly sworn, upon oath states:

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 8th day of July, 2022.



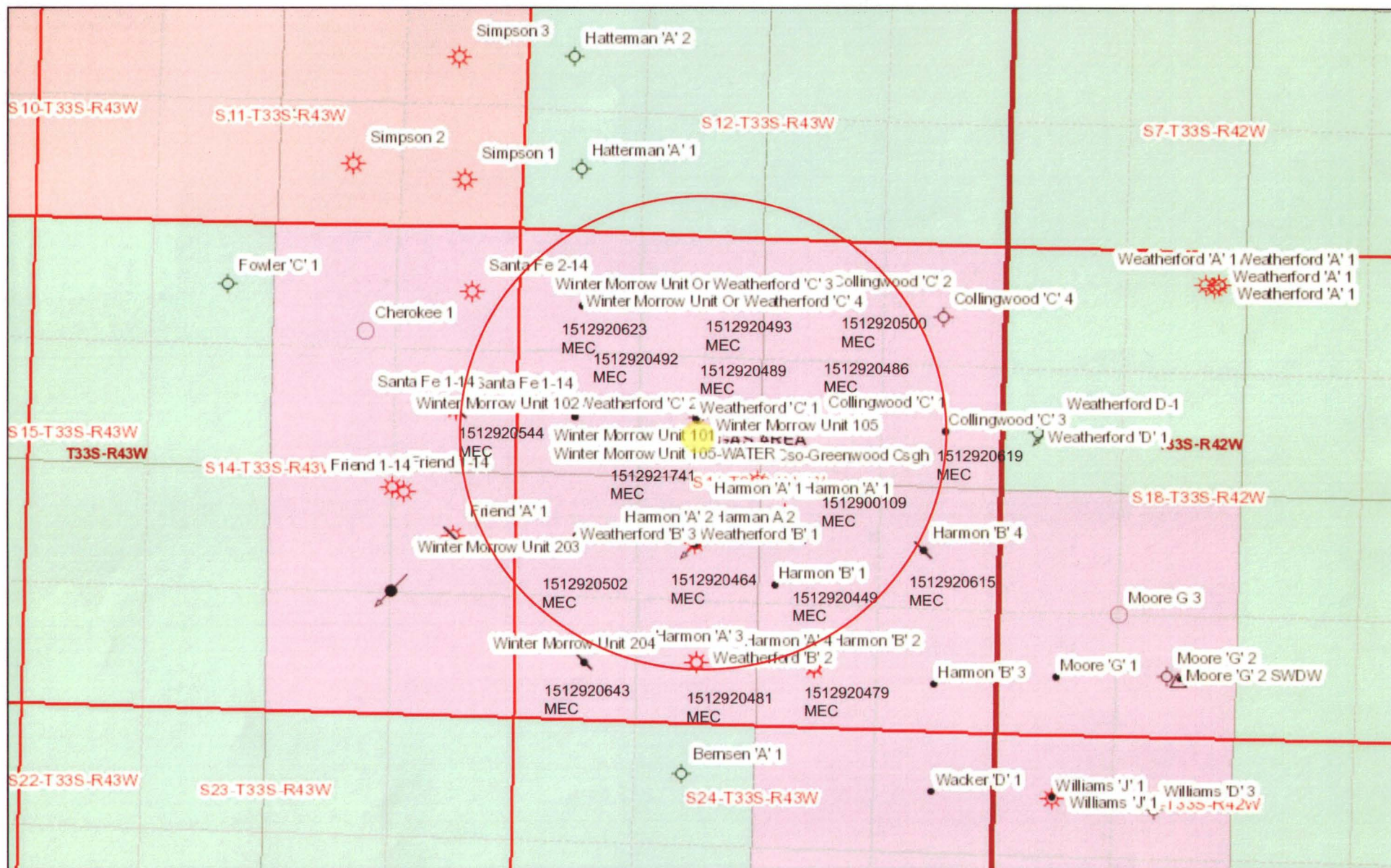


Notary Public

My Appointment Expires:

10/19/2024

WMU 105 Half Mile AOR Map SW-NW 13-33S-34W



April 9, 19

EXHIBIT A

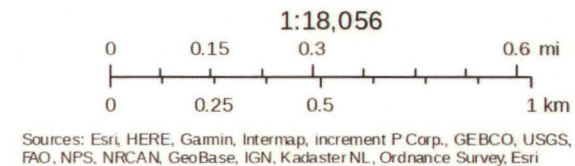


EXHIBIT B

Edison Operating Company, LLC
Building 1900
8100 East 22nd Street North
Wichita, KS 67226

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OF THE STATE OF 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 has filed an Application for an exception to the ten-year time limitation of K.A.R. 82-3-111 for the Winter Morrow Unit 105W well, located in the South Half of the Southeast Quarter of the Northwest Quarter of Section 13, Township 33 South, Range 43 West, Morton County, Kansas, API # 15-129-21741-00-01.

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 can 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