

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

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Pat Apple

In the Matter of the Application of Tapstone) Docket No. 15-CONS-759-CWLE
Energy, Inc., for the Assignment of Allowable)
at the Appropriate Time and a Location) CONSERVATION DIVISION
Exception for the Diel Farms 31-33-8 1H well)
located in Section 31, Township 33 South,) License No. 35053
Range 8 West, in Harper County, Kansas.)

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.A.R. 82-3-108(a) provides that the setback requirement for oil and gas wells shall be 330 feet from any lease or unit boundary line, except as provided in subsection (b) or (c).
3. K.A.R. 82-3-108(b) provides that an oil well drilled to a total depth of less than 2,000 feet in any of the following counties in eastern Kansas shall be subject to a setback of 165 feet from any lease or unit boundary: Allen, Anderson, Atchison, Bourbon, Brown Cherokee, Coffey, Crawford, Douglas, Elk, Franklin, Greenwood, Jackson, Jefferson, Johnson, Labette, Leavenworth, Linn, Lyon, Miami, Montgomery, Neosho, Osage, Shawnee, Wilson, Woodson, and Wyandotte. Further, wells drilled to a total depth of less than 2,500 feet in Chautauqua County are subject to the 165-foot setback.

4. K.A.R. 82-3-108(c) provides that the Commission may grant an exception to the well setback requirements if necessary either to prevent waste or protect correlative rights.

5. K.A.R. 82-3-207 states that a standard oil well drilling unit shall be 10 acres.

6. K.A.R. 82-3-312 states that a standard gas well drilling unit shall be 10 acres.

II. FINDINGS OF FACT

7. Tapstone Energy, LLC (“Operator”) is currently licensed to conduct oil and gas activities in Kansas under K.S.A. 55-155.¹

8. On March 11, 2015, Operator filed an application requesting a well location exception and full allowable for the Diel Farms 31-33-8 1H (“the subject well”), a horizontal well to be completed into the Mississippian formation in Harper County, Kansas.

9. Operator has verified that notice was properly served and published under K.A.R. 82-3-108(f) and K.A.R. 82-3-135a.

10. On April 1, 2015, American Warrior, Inc. filed a protest, but that company withdrew its protest on April 6, 2015. No other protest was filed pursuant to K.A.R. 82-3-135b.

11. Operator’s application states that Operator intends for the bottom-hole location to be at 330’ from the south line and 1980’ from the east line of Section 31, Township 33 South, Range 8 West. This bottom-hole location matches Operator’s original Notice of Intent to Drill (“C-1”) Form for the subject well.

12. However, on April 13, 2015, Operator filed an amended C-1 Form, placing the bottom-hole location at 660’ from the south line. Operator has verbally confirmed that it wishes for the bottom-hole location to be 660’ from the south line, and that this change had been a

¹ Although Operator describes itself in its application as Tapstone Energy, Inc., Operator is licensed with the Commission as Tapstone Energy, LLC.

condition of American Warrior withdrawing its protest. Since the change merely shortens the length of the well, the Commission finds that no supplementary notice is necessary.

13. As described in the original and amended C-1 Forms, Operator intends for the surface location of the subject well to be 200' from the south line and 1980' from the east line of Section 30, Township 33 South, Range 8 West.

14. Operator seeks a well location exception for the subject well because it will be located less than the required 660 feet from the Koblitz #1, API #15-077-21723, and the Koblitz #2, API #15-07721729, which are existing vertical wells also producing from the Mississippian formation.² Operator reports that it has a 100% working interest in the Koblitz #1, Koblitz #2, and the subject well, and that the royalty interests are the same for each of the wells.

15. Staff recommends that Operator's application, with the amended bottom-hole location, should be granted to prevent waste, and has identified no correlative rights issues.

III. CONCLUSIONS OF LAW

13. The Commission has jurisdiction over Operator and this matter.

14. The application was filed in accordance with the rules and regulations of the Commission and in accordance with Kansas statutes.

15. Notice was properly served and published, and no protest was received.

16. Based on the available facts, the Commission concludes that the application, with the amended bottom-hole location, should be granted to prevent waste.

² At the originally-requested bottom-hole location, the subject well would have been approximately 335 feet from the Koblitz #1 and approximately 324 feet from the Koblitz #2. At the amended bottom-hole location, the distance has increased, but is still less than 660 feet.

THEREFORE, THE COMMISSION ORDERS:

A. Operator's application for a well location exception for the subject wells under K.A.R. 82-3-108, with a bottom-hole location as described on its amended C-1 Form, is granted. The assignment of a full allowable is also granted.

B. 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.

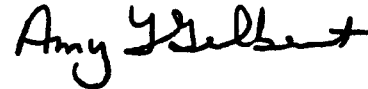
C. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Suite 220, Wichita, Kansas 67202. 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.

D. 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.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Date: APR 16 2015



Amy L. Gilbert
Secretary

Date Mailed: April 17, 2015

JRM

CERTIFICATE OF SERVICE

I certify that on April 17, 2015, 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:

Renner T. Jantz
Tapstone Energy, LLC
PO Box 1608
Oklahoma City, Oklahoma 73101

Stanford J. Smith, Jr.
Martin, Pringle, et al.
100 North Broadway, Suite 500
Wichita, Kansas 67202
Attorney for Tapstone Energy, LLC

And delivered by hand to:

Rene Stucky
Conservation Division Central Office

/s/ Jonathan R. Myers
Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission