

MAR 20 2017

CONSERVATION DIVISION
WICHITA, KS

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

2017.03.20 14:09:29
Kansas Corporation Commission
/S/ Amy L. Green

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

In the matter of the Application of Pride)
Energy Company for an exception to the) Docket No. 17-CONS-³⁵¹⁹-CEXC
10-year time limitation of K.A.R. 82-3-111)
for its Carthage NE Morrow "A" Unit #1-4) CONSERVATION DIVISION
well located in the NW/4, NW/4, NW/4 of)
Section 23, Township 35 South, Range 43) License No.: 32192
West, Morton County, Kansas.)

APPLICATION

COMES NOW Pride Energy ("Applicant") in support of its Application in the captioned matter and states as follows:

1. Applicant is an Oklahoma General Partnership authorized to do business in the State of Kansas. Applicant's address is P.O. Box 701950, Tulsa, OK 74170.
2. Applicant has been issued by the Kansas Corporation Commission Operator's License #32192 which expires on September 30th, 2017.
3. Applicant is the owner and operator of the Carthage NE Morrow "A" Unit #1-4 well, API #15-129-21742-00-00 ("the subject well"), which is located in the Northwest Quarter of the Northwest Quarter of the Northwest Quarter of Section 23, Township 35 South, Range 43 West, Morton County, Kansas.
4. Pursuant to K.A.R. 82-3-111, the well was shut in, or Applicant obtained temporary

abandonment status, for the subject well on September 1, 2015. The subject well has maintained such status from September 1, 2015, to the present date.

5. On or around August 16, 2016, the Kansas Corporation Commission notified Applicant temporary abandonment status for the subject well would be denied from and after September 13, 2016, because subject well had been temporarily abandoned for more than ten (10) years.

6. 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.

7. On November 1, 2016, the subject well passed a Commission Staff-witnessed mechanical integrity test of the casing between the surface and a point within fifty (50) feet above the uppermost perforation or open hole in the well.

8. Applicant wishes to continue TA status for the subject well, because Applicant intends to use the well for the following purpose: re-activate as producing lease or convert for SWD injection purposes.

9. Applicant submits the following information regarding the well in support of the Application:

- A. The Carthage NE Morrow "A" Unit #1-4 well in Morton County, KS is located within a unit that extends across the border from Morton County, Kansas into Texas County, Oklahoma. This unit includes approximately 29 wells, ranging from active, injection, and inactive statuses.
- B. Provided that this unit is actively producing oil, it is Pride Energy's desire to not P&A this well due to the potential to re-activate this well as a

producer or re-purpose the well for injection use.

- C. This unit produces on average 14.09 barrels of oil per day.
- D. Based on the attached reserve report, it is estimated that there are approximately 837,354 barrels of oil remaining in the Morrow "A" formation in the Carthage NE Morrow "A" Unit.
- E. The Carthage NE Morrow "A" Unit #1-4 well is located within the unit boundary of Pride Energy Company's Carthage NE Morrow "A" Unit located in Texas County, OK and also in Morton County, KS. The Carthage NE Morrow "A" Unit is a producing unit specifically from the Morrow "A" formation. As set out on the attached structure map of the Morrow "A" formation, the #1-4 well (highlighted in orange) is located in the Northwest portion of this approximately 1,920 acre unit and is extremely important to the future water flood potential of this unit. The #1-4 could be utilized in the future as either a producing well, or as an injection well. When oil prices increase to a more favorable price scenario, this well is at the top of the reactivation list.
- F. The cost to re-activate this well as a producing well would be nominal (approximately \$2,000). In the event Pride Energy decides to convert said well into an injection well, it is estimated that it would cost approximately \$8,000 to do so.

10. Applicant has included a plat map showing the locations of all producing, injection, temporarily abandoned, abandoned, and plugged wells located on the same leased premises as the subject well.

11. Based on the foregoing, Applicant requests the Commission grant an exception to

the 10-year limitation, specifically to allow the subject well to remain eligible for temporary abandonment status for three (3) years following the expiration of the 10-year limitation. Applicant understands that the exception would be valid for three (3) years, but Applicant would still need to apply annually to the Conservation Division District Office for approval of an application for temporary abandonment status.

12. Listed in the attached Exhibit "A" 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;

13. Listed in the attached Exhibit "B", each person who owned any mineral interest of record in and under any lands located within one-half (1/2) mile radius of subject well (provided that such mineral interest is not covered by any oil and gas lease).

14. Notice of this Application will be published pursuant to K.A.R. 82-3-135a. In addition, notice of the hearing to be held in this matter will be provided as prescribed by K.A.R. 82-3-135.

15. Landowner of the NW/4 NW/4 NW/4 of Section 23, Township 35 South, Range 43 West; Morton County, Kansas:

Boaldin Family, LLC

P.O. Box 817

Elkhart, KS 67950

WHEREFORE, Applicant 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 Applicant's request, for an exception to the K.A.R. 82-3-111 ten (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,

Pride Energy Company
P.O. Box 701950
Phone: 918.524.9200
Fax: 918.524.9292

X Matthew L. Pride

By: Pride Production Co., Inc.

Title: General Partner

By: Matthew L. Pride

Title: President

CERTIFICATE OF SERVICE

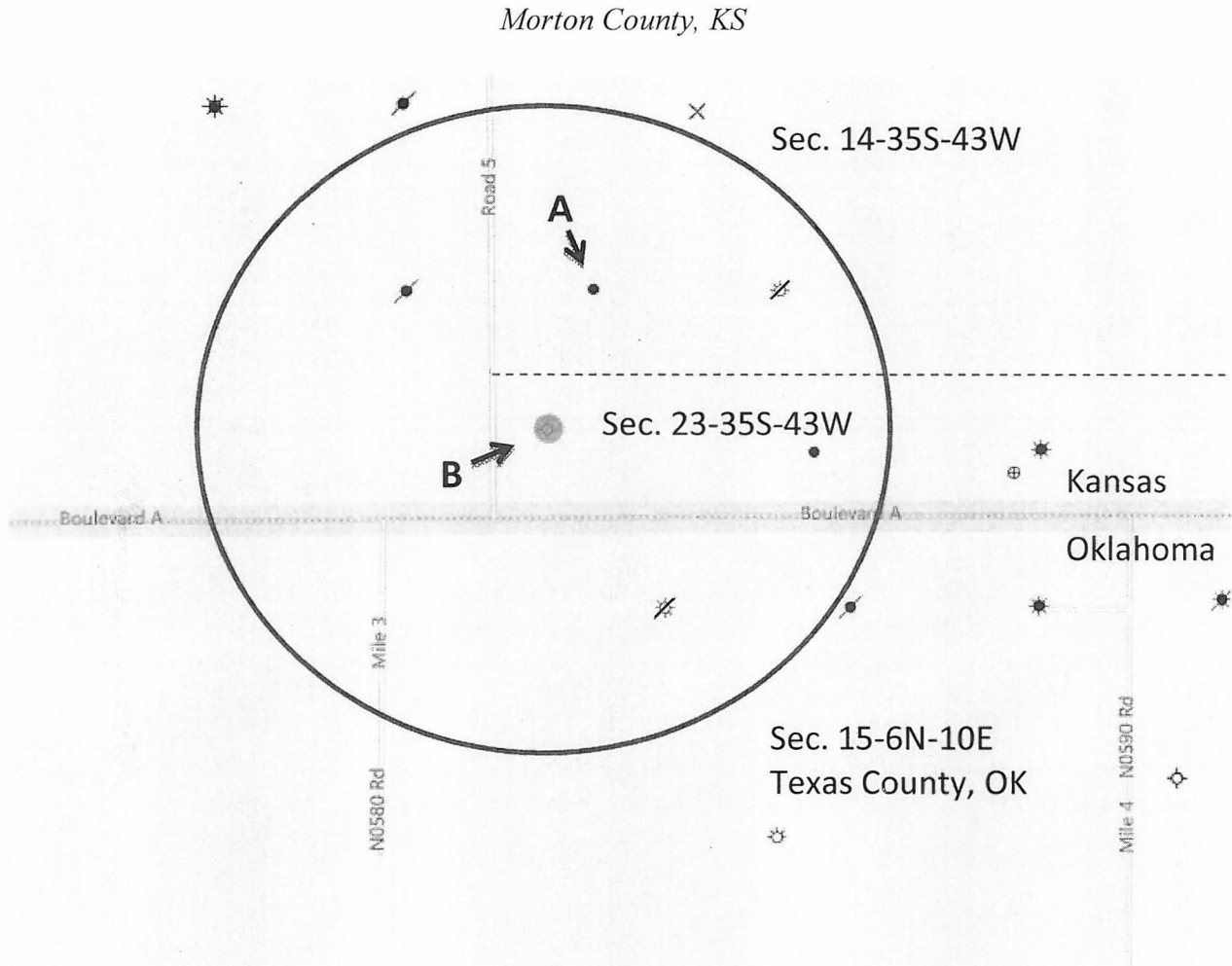
I hereby certify on this 16th day of March, 2017, true and correct copies of the above and foregoing Application and the Notice of Application were served by depositing copies of the same in the United States Mail, postage prepaid, and properly addressed to the landowner/s set forth in paragraph 15 of said Application and each party set forth in Exhibit "A" and Exhibit "B" attached to said Application filed by Applicant, and the original and seven (7) copies were mailed to the Kansas Corporation Commission.

Matthew L. Pride

(Matthew L. Pride)

Exhibit "A"

Each operator of each oil and gas lease covering lands within one-half (1/2) mile radius of the subject well: none. Nearby operators within one-half (1/2) mile radius of Pride Energy's Carthage NE Morrow Unit #1-4 (in blue and labeled as "B")



ID	Well Name	Operator	Address	Sec. - Twp. - Rng.
A	CNEMU #1-3	Pride Energy Company	P.O. Box 701950 Tulsa, OK 74170	14-35S-43W
B	CNEMU #1-4	Pride Energy Company	P.O. Box 701950, Tulsa, OK 74170	23-35S-43W

Exhibit "B"

- I. Each person who owns any mineral interest of record in and under any lands located within one-half (1/2) mile radius of subject well (provided that such mineral interest is not covered by any oil and gas lease):

1. Kyle & Linda Martin Farms, LLC
HCR 2, Box 185
Keyes, OK 73947
2. Elease Tucker, et vir
P.O. Box 893
Elkhart, KS 67950
3. 3 Point Ranch, LLC
c/o J. Mark Boaldin
21 S. Bison Rd.
Garden City, KS 67950
4. Boaldin Family, LLC
P.O. Box 817
Elkhart, KS 67950
5. Rock Island Resources Co., Inc.
P.O. Box 2940
2828 Oak Lawn, Suite 1216
Dallas, TX 75219
6. White Oak Royalty Co
8717 W. 100th, Suite 700
Overland Park, KS 66210
7. Johnny Boaldin Trust
& Dixie Boaldin Trust
HC 01 Box 102
Elkhart, KS 67950-9430

Monthly CashFlow Report

Project: F:\DWIGHTS\SPEC - All Wells.mdb

Lease Name: CNEMAU UNIT ()

Operator: PRIDE ENERGY COMPANY

County, ST: TEXAS, OK

Field Name: CARTHAGE NORTHEAST

Location: 6N-10E-14

Reserve Type/Class: Proved/Developed, Producing

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
03/2017	7	1,365	0	1,194	0	50.00	4.00	59,712
04/2017	7	1,361	0	1,191	0	50.00	4.00	59,542
05/2017	7	1,357	0	1,187	0	50.00	4.00	59,373
06/2017	7	1,353	0	1,184	0	50.00	4.00	59,206
07/2017	7	1,349	0	1,181	0	50.00	4.00	59,040
08/2017	7	1,346	0	1,178	0	50.00	4.00	58,877
09/2017	7	1,342	0	1,174	0	50.00	4.00	58,715
10/2017	7	1,338	0	1,171	0	50.00	4.00	58,555
11/2017	7	1,335	0	1,168	0	50.00	4.00	58,396
12/2017	7	1,331	0	1,165	0	50.00	4.00	58,239
01/2018	7	1,328	0	1,162	0	50.00	4.00	58,084
02/2018	7	1,324	0	1,159	0	50.00	4.00	57,930
03/2018	7	1,321	0	1,156	0	50.00	4.00	57,777
04/2018	7	1,317	0	1,153	0	50.00	4.00	57,627
05/2018	7	1,314	0	1,150	0	50.00	4.00	57,477
Remainder:		817,273	0	715,114	0	50.00	4.00	35,755,692
Grand Total:		837,354	0	732,685	0	50.00	4.00	36,634,241

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
03/2017	25,000	4,180	30,533	0	30,533	30,533	30,291
04/2017	25,000	4,168	30,374	0	30,374	60,906	29,895
05/2017	25,000	4,156	30,217	0	30,217	91,123	29,505
06/2017	25,000	4,144	30,061	0	30,061	121,184	29,121
07/2017	25,000	4,133	29,908	0	29,908	151,092	28,743
08/2017	25,000	4,121	29,755	0	29,755	180,847	28,371
09/2017	25,000	4,110	29,605	0	29,605	210,452	28,004
10/2017	25,000	4,099	29,456	0	29,456	239,908	27,642
11/2017	25,000	4,088	29,308	0	29,308	269,216	27,286
12/2017	25,000	4,077	29,162	0	29,162	298,379	26,936
01/2018	25,000	4,066	29,018	0	29,018	327,396	26,590
02/2018	25,000	4,055	28,875	0	28,875	356,271	26,250
03/2018	25,000	4,044	28,733	0	28,733	385,004	25,914
04/2018	25,000	4,034	28,593	0	28,593	413,597	25,584
05/2018	25,000	4,023	28,454	0	28,454	442,050	25,258
Remainder:	25,250,000	2,502,898	8,002,794	0	8,002,794	8,444,844	2,131,320
Grand Total:	25,625,000	2,564,397	8,444,844	0	8,444,844	8,444,844	2,546,710

Discount Present Worth:

0.00 %	8,444,844
5.00 %	3,890,713
8.00 %	2,946,927
9.00 %	2,731,073
10.00 %	2,546,710
15.00 %	1,920,027
20.00 %	1,556,187
25.00 %	1,317,633
30.00 %	1,148,733
35.00 %	1,022,641
40.00 %	924,781

Economic Dates:

Effective Date	03/2017
Calculated Limit	07/2102
Economic Life	1025 Months
	85 Years 5 Months

Economics Information:

Net Payout Date:	03/2017
Rate of Return:	>100 %
Return on Investment:	0.00
Disc Return on Invest:	0.00
Initial Division of Interest:	

WI: 100.000000

Reversion Date: None

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	4,449,673	132,465
Historic Gross	3,537,857	132,461
Gross at Eff Date	3,612,319	132,464
Remaining Gross	837,354	0
Remaining Net	732,685	0

BTU Content: 1.000 mmbtu/mcf
Gravity: Oil: 28.00 Gas: 0.800

NRI

ORI

Oil: 87.500000

0.000000

Gas: 87.500000

0.000000

Injection: 0.000000

0.000000

Input Listing

Project: F:\DWIGHTS\PEC - All Wells.mdb

Lease Header:

Lease Id: 135010024042
 Data Source: Project
 Original Data Source: Project
 Data License:
 Parent Id:
 Lease Name: CNEMAU UNIT ()
 Lease API: UN-IT -
 Operator: PRIDE ENERGY COMPANY
 FieldDIRECT Entity Type: Unknown
 FieldDIRECT Entity ID: Unknown
 Production Start: 02/1970
 Production End: 12/2012
 Lease Type: Oil Lease
 Lease Status: Active
 Reserve Type: Proved
 Reserve Class: Developed, Producing
 Starting Oil Cum: 0 bbl
 Starting Gas Cum: 0 mcf
 Starting Water Cum: 0 bbl
 Starting Injection Cum: 0 bbl
 County, ST: TEXAS, OK
 Field Name: CARTHAGE NORTHEAST
 Reservoir: MORROW A
 Prod Zone:
 Formation Top: 0
 Hole Direction: Unknown
 Wellbore Azimuth: Unknown
 Wellbore Offset: 0
 Surface Latitude: 36.978480
 Surface Longitude: -101.922830
 Bottom Latitude: 0.000000
 Bottom Longitude: 0.000000
 Quarter Quarter: E2 NW SE
 Offshore Block:
 Texas Railroad Comm:
 Texas Block:
 Texas Section:
 Texas Abstract:
 Location: 6N-10E-14
 Analyzed: Yes
 Ownership Status: PEC Well
 User2
 User3
 User4
 User5
 User6
 User7
 User8
 User9
 User10
 User11 0
 User12 0
 User13 0
 User14 0
 User15 0
 User16

Project Parameters:

Effective Date: 03/2017
 Combine Historic Production: Yes
 Use Escalations: Yes
 Apply Schedules: Yes
 Use Cost Depletion: Yes
 Pct Depletion Rate: 15.00 %
 Pct Depletion: None
 Pct Depl Marginal Rate: 15.00 %
 Pct Depl Marginal: None
 Marginal Threshold: 456.56 bbl
 Federal Tax Rate: 34.00 %

Cases:

Scenario: No Scenario
 Curve: Default
 Risk: Default
 Price: 2015 Projected Prices
 Expense: Default
 Tax: OK
 Investment: Default
 Interest: Default
 Well Count: Default
 Misc: Default
 Volumetric: Default

Expenses:

	Amount	Escal/Sched
Monthly:	25000.00 \$	None
Per Well:	0.00 \$	None
Oil:	0.00 \$/Bbl	None
Gas:	0.00 \$/Mcf	None
Water:	0.00 \$/Bbl	None
Injection:	0.00 \$/Bbl	None
Monthly Overhead:	0.00 \$	None
Per Well Overhead:	0.00 \$	None

Production Taxes:

	Severance Tax	Escal/Sched
Oil:	7.0000 %	None
	0.0000 \$/Bbl	None
Gas:	7.0000 %	None
	0.0000 \$/Mcf	None
Inj:	0.0000 %	None
	0.0000 \$/Bbl	None
Ad Valorem Tax		
Oil:	0.0000 %	None
	0.0000 \$/Bbl	None
Gas:	0.0000 %	None
	0.0000 \$/Mcf	None
Inj:	0.0000 %	None
	0.0000 \$/Bbl	None

Input Listing

Project: F:\DWIGHTS\PEC - All Wells.mdb

User17
User18
User19
User20**Well Counts:**Well Count Start Date
7.000000 03/2017**Prices:**

	Price	BTU Content/ Price Factor	Price Adjustment	Escal/Sched Name
Oil:	50.00	1.0000	0.0000	None
Oil Trans Adj:	0.00			None
Gas:	4.00	1.0000	0.0000	None
Gas Gather Adj:	0.00			None
Injection:	0.00	1.0000	0.0000	None

Division of Interest:

	WI: 100.000000	NRI	Burden	ORI
Initial				
Reversion Type:	None	Oil: 87.500000 %	0.000000 %	0.000000 %
Reversion Value:	None	Gas: 87.500000 %	0.000000 %	0.000000 %
Reversion Date:	None	Injection: 0.000000 %	0.000000 %	0.000000 %

Investments:

Initial:	Amount	Type	Usage	Carryover	Salvage	Risk	Depreciation
Leasehold:	0.00	Gross		No		Completion	
Tangible:	0.00	Gross	Capitalize		0.00	Sub: No	None
Intangible:	0.00	Gross	Expense				None

Risk Factors:

Production Factor	Expense Factor	Dry Hole Cost Factor	Completion Cost Factor	Cashflow Factor
1.00	1.00	1.00	1.00	1.00

Forecasts:

Stop Method: Calculated

Oil Shrinkage: 0.00 %
Gas Shrinkage: 0.00 %

Curve	Segment	Type	Date	Rate	Decline	Hyp Exponent
Oil	Segment 01	Hyperbolic	3/1/2008 - 1/1/2013	2,817	22.7652	2.777898
Gas	Segment 01	Exponential	7/1/1997 - 4/1/1999	463	40.4058	0.000000

Miscellaneous:

	Amount	Escal/Sched
Abandonment:	0.00 \$	None

Rate/Time Graph

Project: F:\DWIGHTS\PEC - All Wells.mdb

Date: 2/22/2017

Time: 11:02 AM

Lease Name: CNEMAU UNIT ()

County, ST: TEXAS, OK

Location: 6N-10E-14

Operator: PRIDE ENERGY COMPANY

Field Name: CARTHAGE NORTHEAST

