

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

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

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) CONSERVATION DIVISION
Recover Helium in Rush County, Kansas,)
pursuant to K.A.R. 82-3-314.) License No. 35382

ORDER GRANTING APPLICATION

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

I. JURISDICTION

1. The Commission has the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.¹
2. K.A.R. 82-3-314(e) states that the venting or flaring of natural gas under conditions not addressed in this regulation may be authorized if the operator files an application and the commission approves the application before the start of the venting or flaring activity.
3. K.A.R. 82-3-303 and K.A.R. 82-3-304 requires operators to perform tests on gas wells in order to determine the well's open flow potential and establish the production allowable. These tests require a gas well to be shut in for a total of 72 hours.²

¹ K.S.A. 74-623.

² K.A.R. 82-3-303(a)(1), K.A.R. 82-3-304(a)(1).

II. BACKGROUND

4. On November 7, 2018, Summit Operating, LLC (Operator) filed a Confidential Application for Summit Operating, LLC and on November 21, 2018, the Operator filed a Redacted Application requesting permission to flare natural gas from five wells in order to recover Helium in Rush County, Kansas.³

5. On October 24, 2018, the Operator published notice of its Application in both the Wichita Eagle and the Rush County News.⁴

6. On January 29, 2019, the Operator filed a Confidential Amended Application and on February 11, 2019, filed the Redacted Amended Application.

III. FINDINGS OF FACT

7. The Operator conducts oil and gas activities in Kansas under active license number 35382.

8. The Operator filed an Application, pursuant to K.A.R. 82-3-314(e), requesting permission to flare non-casinghead gas.⁵ Additionally, the Operator requests an exception to K.A.R. 82-3-303 in order to determine the open flow of each subject well by means not established in the rules and regulations and an exception to K.A.R. 82-3-304 in order to bypass the testing requirements for the subject wells due to formation damage occurring during the gas well testing process.⁶

9. The Operator is asking for these exceptions due to unique circumstances. The Operator has acquired the subject wells that when originally drilled and completed, produced

³ Redacted Application p.1, (Nov. 21, 2018).

⁴ Affidavit of Publication – Wichita Eagle (Oct. 24, 2018); Affidavit of Publication – Rush County News (Oct. 24, 2018).

⁵ Amended Application - Redacted, ¶6, (Jan. 29, 2019) (“Amended”).

⁶ Confidential Amended Application, ¶¶ h and I, (Jan. 29, 2019) (“Confidential”).

oil.⁷ It was found during drill stem testing and logging that the formation encountered by all five wells held natural gas accumulations. Through further analysis, this natural gas composition was found to contain helium, nitrogen concentrations, and methane concentrations.⁸ The nitrogen and methane concentrations make this natural gas stream uneconomical to produce. It is the helium that the Operator is seeking to produce.⁹

10. K.A.R. 82-3-303 and K.A.R. 82-3-304 requires operators to perform tests on gas wells in order to determine the well's open flow potential and establish the production allowable. These tests require a gas well to be shut in for a total of 72 hours.¹⁰ When lifting a natural gas stream to the surface in a well, associated fluids are brought with it. Once the gas stream is shut in for testing, the fluids being brought to the surface fall to the bottom of the well and invade the perforated reservoir due to the density of the fluids and pressure differences. Therefore, the testing of the subject wells in the manner required by K.A.R. 82-3-303 and K.A.R. 82-3-304 would inevitably cause significantly more skin damage than what has already occurred in all of the subject wells.¹¹

11. The 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.

12. Staff recommended approval of the Operator's Application and the assignment of a system wide allowable of 2,500 Mcf per day total for the subject well system.

13. Staff further recommends that the Operator be required to submit monthly reports that detail the volume of natural gas produced from each subject well, bi-annual monthly volume of natural gas flared for each subject well system, bi-annual reports detailing where the external

⁷ Amended at ¶3.

⁸ *Id.*, at ¶ 4.

⁹ *Id.*, at ¶ 7a.

¹⁰ K.A.R. 82-3-303(a)(1), K.A.R. 82-3-304(a)(1).

¹¹ See Confidential, at ¶¶ i., j.; Amended at Exhibit B.

natural gas, that is added to the gas stream, is obtained and the volumes of the external natural gas being added to the processed gas stream, and bi-annual gas composition reports which Staff recommends remain confidential.

III. CONCLUSIONS OF LAW

14. The Commission finds and concludes that it has jurisdiction over the Operator and this matter.

15. The Commission finds and concludes the Application was filed in accordance with the rules and regulations of the Commission and in accordance with Kansas statutes.

16. The Commission finds and concludes that notice was properly served and published.

17. Based on the above facts, the Commission finds and concludes that granting the Application will prevent waste and protect correlative rights.

THEREFORE, THE COMMISSION ORDERS:

A. The Operator's Application to flare non-casinghead gas from five wells in Rush County, Kansas, under K.A.R. 82-3-314(e) is granted. An exception to the testing requirements of K.A.R. 82-3-303 and K.A.R. 82-3-304A is also granted.

B. A system wide allowable of 2,500 Mcf per day is granted for the subject well system.

C. The Operator is required to submit to the Conservation Division:

- a. Monthly volume reports for the natural gas produced from each subject well by the end of business on the seventh day of the following calendar month.
- b. A bi-annual report listing the monthly volume of natural gas flared for the subject well system and detailing the volume of external natural gas added to

the gas stream and where that external natural gas was obtained. This report shall be submitted on April 1st and September 1st of each year this system is active.

- c. A gas composition report for the gas stream produced from the subject well system. This report shall be submitted on April 1st and September 1st of each year this system is active and the submitted reports will be granted confidential status.

D. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹²

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Albrecht, Commissioner; Emler, Commissioner

Dated: 03/21/2019



Lynn M. Retz
Secretary to the Commission

Mailed Date: 03/21/2019

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¹² K.S.A. 55-162; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

19-CONS-3171-CFLA

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail and electronic service on 03/21/2019.

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