

THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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

In the matter of the Application of Becker Oil Corporation for an exemption to the 10 year time limitation of K.A.R. 82-3-111 for its # 1 Durler well, API #15-083-21512-00-00, located in the NW/4 of Section 32, Township 32 South, Range 22 West, Hodgeman County, Kansas)	Docket No. <u>16-CONS-4132-CEXC</u>
)	CONSERVATION DIVISION
)	License No. 31093

APPLICATION

COMES NOW Becker Oil Corporation, "Applicant", in support of its Application in the captioned matter and states as follows:

1. Applicant is a corporation authorized to do business in the State of Kansas. Applicants address is P.O. Box 1150, Ponca City, OK 74602
2. Applicant has been issued by the Kansas Corporation Commission Operator's License #31093, which expires October 31, 2016.
3. Applicant is the owner and operator of the Durler # 1 well, API # 15-083-21512-00-00, which is located in the W/2 NE/4 NW/4 NW/4 of Section 32, Township 24 South, Range 22 West, Hodgeman County, Kansas. The subject well is located on an active gas unit comprising the following lands:

SW/4 and S/2 SE/4 of Section 29, SE/4 SE/4 of Section 30, E/2 NE/4 of Section 31, and W/2 NE/4 and NE/4 NE/4 and NW/4 of Section 32, all in Township 24 South, Range 22 West, Hodgeman County Kansas, containing 640 acres, more or less.
4. Pursuant to K.A.R. 82-3-111, the well was shut in and Applicant obtained temporary abandonment status for the subject well on February 11, 2009. The well has maintained such status from February, 2009 to the present date.

5. On May 3, 2016, the Kansas Corporation Commission notified Applicant that temporary abandonment status for the subject well would be denied from and after June 2, 2016 because subject well had been temporarily abandoned for more than ten (10) years. This period was extended by the KCC to July 2, 2016.

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 exemption.

7. On June 17, 2016, the subject well passed a Commission Staff-witnessed (Michael Maier) mechanical integrity test of the casing from a point within fifty (50) feet above the uppermost perforation in the well.

8. Applicant wishes to continue TA status for the subject well. because Applicant intends to use the well for the following purposes: To establish a pipeline connection to subject well in order to produce Natural Gas at such time as market conditions have improved in order to produce said gas economically.

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

a. The subject well is the only remaining active well on the leases. Two previous oil wells existed on the leases, one located in the NW/4 NW/4 of Section 32, existed and produced from 1980 to 1987, making 6241 BO. It was plugged in 1989. A second oil well was located in the SW/4 SW/4 SW/4 of Section 29. It made 280 BO from 1980 to 1981 and was plugged in 1982. Five previous dry holes were drilled on the leases

b. It is estimated that the cost to plug and abandon the subject well would be \$10,000.

c. The lease is not currently producing and has not produced previously. During completion a gas rate of 232 MCFGPD was gauged with a sustained rate of 80-100 MCFGPD.

d. Due to a lack of production history, an estimation of remaining reserves is not possible. However other gas wells of the Applicant in the general area have had estimated reserves of 100 MMCFG to 1 BCFG.

e. The subject well has been drilled and completed and is ready to produce. However the subject well lies five (5) miles from the closest pipeline connection. Since the subject well was completed in 2006, there was no market for the gas in the area from March 2009 until October 2013. The gas in the area has high nitrogen content and must be processed to reduce the nitrogen

content in order to achieve pipeline specifications. Since this processing was put in place on the aforementioned pipeline in October, 2013, the price of natural gas has plummeted, making a pipeline connection economically unfeasible. The gas in the area also contains 1% Helium on average. Helium, a vital and irreplaceable gas, is currently being extracted and sold from our wells in the area. The U.S. supply of Helium is rapidly dwindling as the BLM's Cliffside storage field, the major source of domestic Helium is nearly exhausted.

f. Estimated costs to construct the five miles of pipeline needed to connect the subject well is estimated at \$160,000.

10. Applicant has included a plat map showing the location 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 expiration of the 10-year limitation.

12. Listed 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: **None other than Applicant** and

B. Each person who owns any mineral interest of record in and under any lands located within one-half (1/2) mile of the subject well (provided that such mineral interest is not covered by any oil and gas lease): Edward A. Durler, 10529 SE 226 Rd., Spearville, Ks. 67846

13. 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.

WHEREFORE, Applicant prays that this matter be granted administratively without a hearing, or in the alternative be set for a hearing, and upon hearing that the Commission grant Applicants 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,

Becker Oil Corporation
P.O. Box 1150, Ponca City, OK 74602
303-670-8202
fax: 303-670-8202

By Clyde M. Becker, Jr.
Clyde M. Becker, Jr.
President, Becker Oil Corporation

CERTIFICATE OF SERVICE

I hereby certify on this 23rd day of June, 2016, true and correct copies of the above and foregoing Application and Notice of Application were served by depositing copies of the same in the United States Mail, postage prepaid, and properly addressed to the landowners and each party set forth in paragraph 12 of said Application, and the original and seven (7) copies were hand delivered to the Kansas Corporation Commission.

Clyde M. Becker, Jr.
Clyde M. Becker, Jr.

Township 24S Range 22W County Hodgeman State Kansas

