

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

IN THE MATTER OF THE APPLICATION) DOCKET NO. 25-CONS- 3266 -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 WILBURTON MORROW SAND)
UNIT 602 WELL IN THE NORTHWEST)
QUARTER OF THE SOUTHWEST) LICENSE NO. 32446
QUARTER OF SECTION 28, TOWNSHIP)
34 SOUTH, RANGE 41 WEST, MORTON)
COUNTY, KANSAS.)
_____)

APPLICATION

COMES NOW, Merit Energy Company ("Merit"), by and through its attorney, Zach K. Wiggins, 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, 2025.
3. Merit is the owner and operator of the Wilburton Morrow Sand Unit (WMSU) 602 well, which is located in the Northwest Quarter of the Southwest Quarter of Section 28, Township 34 South, Range 41 West, Morton County, Kansas, API # 15-129-10332-00-00. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Southwest Quarter of Section 28 and the East Half of Section 29, Township 34 South, Range 41 West, Morton County, Kansas.

4. The Wilburton Morrow Sand Unit 602 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 May 1, 2010, and January 20, 2022.

6. On or about January 15, 2025, 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 because Merit intends to use the well as for production from previous zone that was plugged back after latest well workover and keep for a spare disposal well. The estimated daily rate of recovery is 4 BOPD at 6% expected decline. The estimated gross remaining reserves is 5 MBBL. There has been significant development at the WMSU Waterflood in the Upper Morrow Lobe (1107, 604, 1001, 1104, 1702). The WMSU 602 is currently perforated in the Upper Morrow and Merit would like to determine the viability of the well in this lobe following injection changes that were made after the well was temporarily abandoned. Not only does the WMSU 602 have potential in the Upper Morrow, if it is determined to be uneconomic, it is a great candidate for an

injector. With the development in the Upper Morrow came significantly more produced water. We currently only have four (4) injection wells to get rid of this water, and we are considering converting the WMSU 602 to serve as another injection well. Another option we are evaluating is to convert a different well to an injector, which would allow us to dispose of the 500+ bwpd that would result from re-activating the WMSU 602. The WMSU 602 is already a part of an enhanced oil recovery project. Merit would like to keep the well temporarily abandoned at this point in time as Merit continues to produce the Upper Morrow Lobe in offset wells and evaluate the results. The Upper Morrow is producing in multiple Southern wells and performing well. The WMSU 602 has significant potential not only as a producer but also as an injector or even a disposal well.

9. On January 29, 2025, 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 perforations.

10. There are seven (7) wells on the lease including one (1) water supply well, one (1) active oil well, two (2) active gas well, one (1) inactive injector well, one (1) active injector well, and one (1) temporarily abandoned well. It would cost an estimated Two Hundred Forty-Five Thousand Dollars (\$245,000.00) to plug this well and the remaining wells on the lease. A current production rate for the lease is: WMSU 604 – 7 BOPD, Stewart A 3 – 13.5 MCFD, and Stewart C 1 - 70 MCFD. In order to reactivate the Wilburton Morrow Sand Unit 602 well as an injector, it would cost approximately One Hundred Twenty Thousand Dollars to One Hundred Fifty Thousand Dollars (\$120,000.00 - \$150,000.00) based on current prices. It would cost an estimate of Nine

Hundred Fifty-Seven Thousand Dollars (\$950,000.00) 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 Wilburton Morrow Sand Unit 602 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




Zach K. Wiggins
645 East Douglas, Suite 100
Wichita, KS 67202
(316) 265-9311
Attorney for Merit Energy Company

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

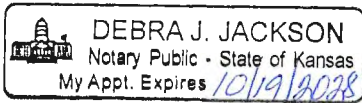
Zach K. Wiggins, of lawful age, being first duly sworn, upon oath states:

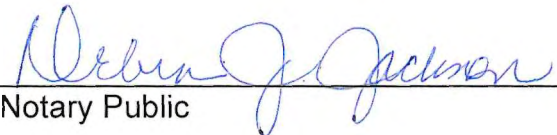
That he is the attorney for Merit Energy Company, applicant herein; that he has read the above and foregoing Application of Merit Energy Company and is familiar with the contents thereof; and, that the statements made therein are true and correct to the best of his knowledge and belief.



Zach K. Wiggins

SUBSCRIBED AND SWORN to before me this 17th day of February, 2025.

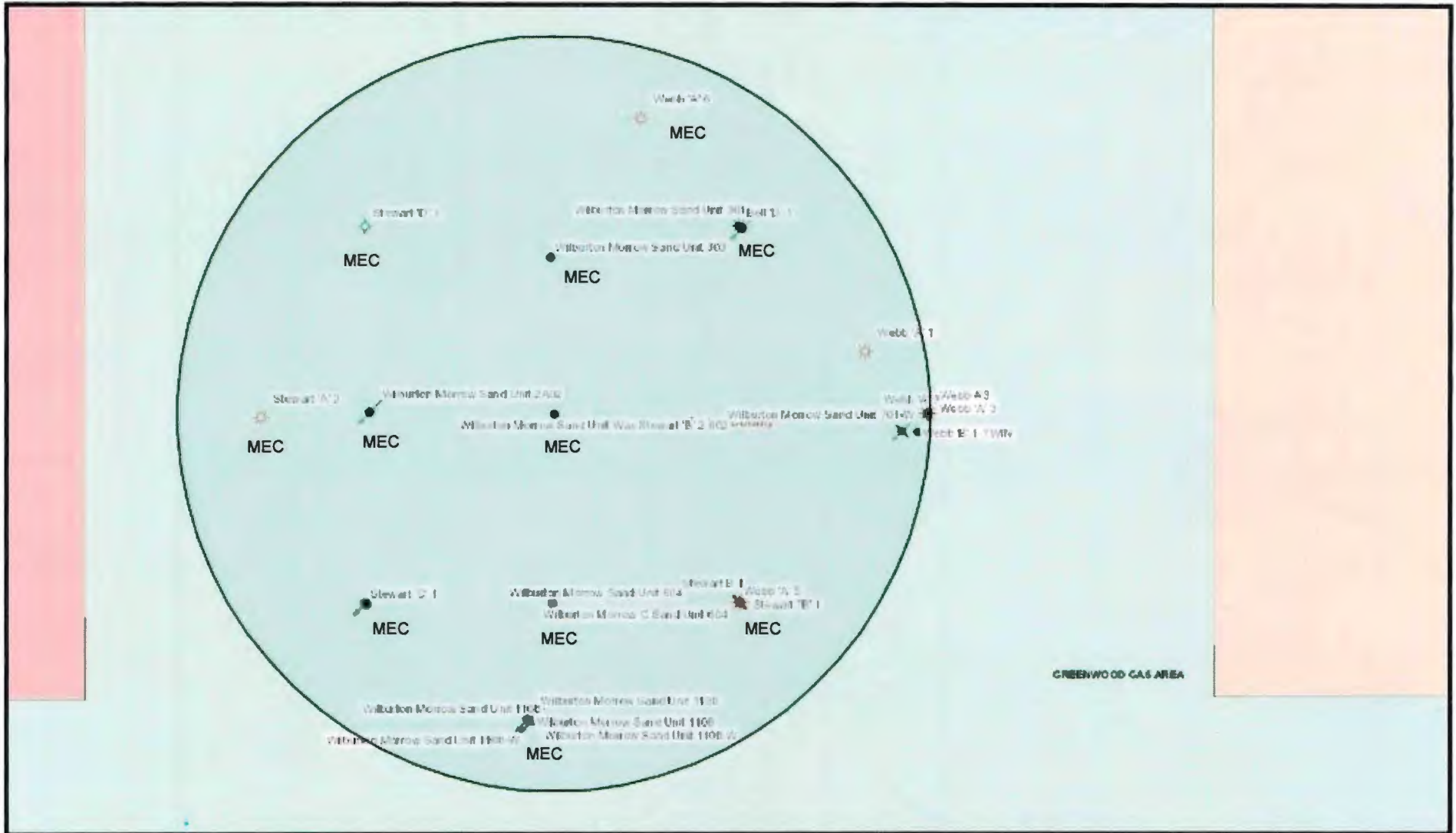




Notary Public

My Appointment Expires:
10/19/2028

WMSU 602 W 1/2 Mile AOR



Oil and Gas Wells

- | | | | | |
|--------------------------------------|--|--------------------------------|----------------------------------|---|
| ● Coal Bed Methane | ⊗ Enhanced Oil Recovery, Plugged Abandoned | ⊗ Injection, Plugged Abandoned | ⊗ Oil and Gas, Plugged Abandoned | ⊗ Other, Plugged Abandoned |
| ● Coal Bed Methane Plugged Abandoned | ⊗ Gas | ○ Intent | ● Oil | ⊗ Salt Water Disposal |
| ⊗ Dry and Abandoned | ⊗ Gas, Plugged Abandoned | ○ Location | ⊗ Oil, Plugged Abandoned | ⊗ Salt Water Disposal Plugged Abandoned |
| ⊗ Enhanced Oil Recovery | ⊗ Injection | ⊗ Oil and Gas | ⊗ Other | |

10/6/2020

<https://maps.kgs.ku.edu/oilgas>

EXHIBIT A

EXHIBIT B

None

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OF THE STATE OF KANSAS**

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 25-CONS- <u>3266</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 WILBURTON MORROW SAND)	
UNIT 602 WELL IN THE NORTHWEST)	
QUARTER OF THE SOUTHWEST)	LICENSE NO. 32446
QUARTER OF SECTION 28, TOWNSHIP)	
34 SOUTH, RANGE 41 WEST, MORTON)	
COUNTY, KANSAS.)	
_____)	

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 Wilburton Morrow Sand Unit 602 well, located in the Northwest Quarter of the Southwest Quarter of Section 28, Township 34 South, Range 41 West, Morton County, Kansas, API # 15-129-10332-00-00.

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: Idania Mendina
Regulatory Analyst
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Dallas, Texas 75240
(972) 628-1446