

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

In the matter of the application of Palomino ) Docket No.: 21-CONS-3127-CWLE  
Petroleum, Inc. for a location exception for its )  
Spectre #1 well located in the NW/4 NW/4 of ) CONSERVATION DIVISION  
Section 17-T18S-R24W, Ness County Kansas. )  
\_\_\_\_\_ ) License No.: 30742

**RESPONSE TO MOTION TO AMEND APPLICATION  
AND FOR SUMMARY PROCEEDINGS**

Comes now the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) in response to the Motion to Amend Application and for Summary Proceedings filed on behalf of Palomino Petroleum, Inc. (Operator). In support of Staff's response, Staff states the following:

1. On December 30, 2020, Operator filed an application for a well location exception for its proposed Spectre #1 well.<sup>1</sup>
2. Notice was properly served and met the requirements of K.A.R. 82-3-135a.
3. Between January 20, 2021, and January 27, 2021, Pickrell Drilling Co., Inc. and Norstar Petroleum, Inc. filed a Motion to Intervene and Protest Operator's Application.
4. On March 23, 2021, Operator filed its Motion to Amend Application and for Summary Proceedings (Motion), wherein Operator requested that paragraph 10 of its original application be amended to request a maximum allowable of 58 bbl/day for its proposed Spectre #1 well, and for the Commission to consider approving the application as amended through summary proceedings as an alternative to holding a formal evidentiary hearing as provided by the Kansas Administrative Procedure Act (KAPA).<sup>2</sup>

<sup>1</sup> Application – Palomino Petroleum, Inc. (Dec. 30, 2020).

<sup>2</sup> Motion to Amend Application and for Summary Proceedings ¶ 3-4 (Mar. 23, 2021).

5. On March 25, 2021, Pickrell Drilling Co., Inc. and Norstar Petroleum, Inc. filed a Motion to Withdraw Protest Without Prejudice.

6. Staff has had the opportunity to completely review the Operator's Application in this matter. Staff believes Operator has provided sufficient evidence to support their claim that the drilling location is at the optimum geologic location. Operator has identified a positive subsurface structure similar to ones in the area that have been known to produce economical quantities of oil. If Operator is not granted an exception to drill the Spectre #1, then possible economic quantities of oil or gas will be left in the ground, causing waste. Staff also believes the amended allowable of 58 bbl/day should reasonably protect correlative rights. Staff also believes the applicant has provided sufficient reasoning for a lack of unitizing adjacent leases in this situation.

7. As such, Staff has no objection to Operator's Motion because it believes Operator's Application as amended would in fact prevent waste and protect correlative rights. Additionally, there are no apparent pollution issues. Therefore, Staff is satisfied that the grant of such Application as amended complies with the applicable statutory and regulatory requirements, and qualifies for summary proceedings under K.S.A. 77-537.

In Conclusion, for the reasons described above, Staff recommends approval of Operator's Application for a location exception at its proposed Spectre #1 well as amended with a respective allowable of 58 bbl/day in order to prevent waste and protect correlative rights.

Respectfully submitted,

/s/ Kelcey Marsh

Kelcey A. Marsh, #28300

Litigation Counsel

Kansas Corporation Commission

266 N. Main, Suite 220

Wichita, Kansas 67202-1513

Phone: 316-337-6200; Fax: 316-337-6211

k.marsh@kcc.ks.gov

## **CERTIFICATE OF SERVICE**

21-CONS-3127-CWLE

I, the undersigned, certify that a true copy of the attached Response to Motion to Amend Application and for Summary Proceedings has been served to the following by means of first class mail and electronic service on March 31, 2021.

JAKE EASTES, GEOLOGIST SPECIALIST  
KANSAS CORPORATION COMMISSION  
266 N. Main St., Ste. 220  
WICHITA, KS 67202-1513  
Fax: 785-271-3354  
j.eastes@kcc.ks.gov

STEVEN D. GOUGH, COUNSEL  
WITHERS, GOUGH, PIKE & PETERSON, LLC  
O.W. GARVEY BUILDING  
200 W DOUGLAS, SUITE 1010  
WICHITA, KS 67202  
Fax: 316-303-1018  
sgough@withersgough.com

JEFF KENNEDY  
MARTIN, PRINGLE, OLIVER, WALLACE & BAUER, LLP  
645 E. DOUGLAS STE 100  
WICHITA, KS 67202  
Fax: 913-491-3341  
jkennedy@martinpringle.com

KELCEY MARSH, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
Fax: 785-271-3354  
k.marsh@kcc.ks.gov

JONATHAN R. MYERS, ASSISTANT GENERAL COUNSEL  
KANSAS CORPORATION COMMISSION  
266 N. Main St., Ste. 220  
WICHITA, KS 67202-1513  
Fax: 316-337-6211  
j.myers@kcc.ks.gov

/S/ Paula J. Murray  
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Paula J. Murray