

**BEFORE 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 Shelby)	Docket No. 17-CONS-3683-CHOR
Resources, LLC, for an Order Authorizing)	
the Drilling of the Reece-Riffey #1-5H as a)	CONSERVATION DIVISION
Horizontal Wellbore upon its Reece-Riffey)	
Unit located in Pratt County, Kansas)	License No. 31725

APPLICATION FOR HORIZONTAL WELLBORE

COMES NOW, Shelby Resources, LLC ("Shelby"), by and through its legal counsel, and files this Application for Horizontal Wellbore ("Application") requesting an order pursuant to K.A.R. 82-3-103a authorizing the drilling of the Reece-Riffey #1-5H as a horizontal wellbore in Pratt County, Kansas. In support of its Application, Shelby states as follows:

1. Shelby is a foreign limited liability company duly authorized by and in good standing with the Kansas Secretary of State's office to do business in the State of Kansas. Shelby's mailing address is 13949 W. Colfax Ave., Bldg 1, Suite 120, Lakewood, Colorado 80401.

2. The Commission has issued Shelby oil and gas Operator's License No. 31725, which license is in full force and effect through July 30, 2017.

3. Shelby owns and operates oil and gas leases covering the following described tracts of land located in Pratt County, Kansas, to-wit:

The Southwest Quarter (SW/4) of Section Five (5), Township Twenty-nine (29) South, Range Twelve (12) West of the 6th P.M.,
and

The Southeast Quarter (SE/4) of Section Six (6), Township Twenty-nine (29) South, Range Twelve (12) West of the 6th P.M.,

(the 'Subject Land'). The oil and gas leases covering the Subject Land will be unitized by Shelby for the production of oil and gas prior to the drilling of the subject horizontal wellbore.

4. Shelby proposes to drill a horizontal wellbore on the Subject Land to be known as the Reece-Riffey #1-5H well. The target producing formation for that well is the Viola Formation ("Unitized Formation").

5. Shelby intends to spud the Reece-Riffey #1-5H well at a surface location that is 330 feet from the South Line ("FSL") and 2,490 feet from the West line ("FWL") of Section 5, Township 29 South, Range 12 West of the 6th P.M., Pratt County, Kansas. Shelby intends to drill vertically from the Reece-Riffey #1-5H surface location to a determined depth, at which point drilling will begin to deviate horizontally in a Northwesterly direction. Shelby estimates there will be approximately 573 feet of build to deviate the drilling of the Reece-Riffey #1-5H well in a horizontal direction. Shelby anticipates that the Reece-Riffey #1-5H well will first enter the Unitized Formation at a location that is approximately 4,444.1 feet true vertical depth ("TVD"). The drilling of the Reece-Riffey #1-5H well will continue horizontally in a Northwesterly direction through the Unitized Formation until it reaches its bottom-hole location estimated to be 4444.1 feet TVD, 1965 FSL and 2,156 feet from the East Line ("FEL") of Section 6, Township 29 South, Range 12 West of the 6th P.M., Pratt County, Kansas. Shelby anticipates the Reece-Riffey #1-5H well will be drilled to a measured total depth ("MTD") of 9,123.5 feet, with a TVD of 4,457 feet. A staking plat depicting the surface location and bottom-hole location of the Reece-Riffey #1-5H is attached hereto as Exhibit A. A Directional survey of the Reece-Riffey #1-5H wellbore is attached hereto as Exhibit B.

6. Shelby requests an order from the Commission authorizing it to drill the Subject Well as a horizontal wellbore as described above pursuant to K.A.R. 82-3-103a. Shelby requests that the Commission assign the Subject Well a production allowable consistent with the provisions of K.A.R. 82-3-1303. If Shelby is successful in drilling the Subject Well with 4354.1 feet MTD of completion interval, the allowable prescribed by K.A.R. 82-3-1303 would be 1319 barrels of oil per day in the event of an oil well, and 3 million thousand cubic feet of gas per day in the event of a gas well.

7. The Subject Well will be drilled, operated, and produced in compliance with the Commissioner's rules and regulations for the production of oil and gas from horizontal wells. Consistent with the requirements of K.A.R. 82-3-1307, Shelby will furnish a copy of a directional survey and detailed as-drilled plat map with the completion report for each of the Subject Wells. Exhibit A attached hereto is a detailed plat depicting the surface location, completion interval, and estimated bottom-hole location of the Subject Well along with the boundaries of the Reece-Riffey Unit.

8. The granting of this Application will not cause waste or violate the correlative rights of any party. The drilling of the Subject Well is necessary to produce hydrocarbon reserved from the Unitized Formation underlying the unit lands, and will therefore prevent waste and protect the correlative rights of Shelby and the mineral owners in the Reece-Riffey Unit. At no point will the completion interval of the Subject Wells be drilled nearer than 330 feet from the boundary of the Reece-Riffey Unit.

9. The Subject Wells will be cased and cemented to the Unitized Formation in compliance with Commission regulations, minimizing the risk of pollution in fresh and usable waters.

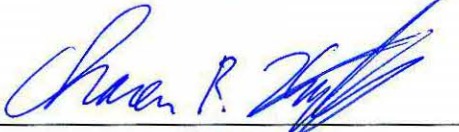
10. Oil and gas produced from the Subject Well will be allocated among the interest owners of the Reece-Riffey Unit in accordance with the terms of the oil and gas leases which comprise the Reece-Riffey Unit.

11. A list of all operators or lessees, other than Shelby, and unleased mineral owners within one-half mile of the completion interval of the Subject Well, whose names and addresses Shelby has been able to determine after reasonable search and inquiry, is attached as Exhibit C. Notice of this Application is being provided to all persons identified on Exhibit C, and will be published in the *Wichita Eagle* and the *Pratt Tribune*, the official newspaper for Pratt County, Kansas. A true and correct copy of the Notice of Application to be published is enclosed herewith. Each publisher's affidavit will be provided to the Commission upon Shelby's receipt from the publisher. As such, notice of this Application will be compliant with K.A.R. 82-3-135a and K.A.R. 82-3-103a(b), and be lawful and proper in all respects.

Wherefore, Shelby Resources, LLC, prays that this Application for Horizontal Wellbore be adopted by the Commission and that if no written protest is received by the Commission with fifteen (15) days after Notice of the Application is published and has been duly provided to all interested parties, that the Commission administratively grant, without hearing, Shelby's request to (a) drill the Reece-Riffey #1-5H as a horizontal wellbore completed in the Unitized Formation of the Reece-Riffey Unit consistent with the provisions of this Application and Commission regulations, and (b) assign a production allowable to the horizontal well consistent with the provisions of K.A.R. 82-3-1303. In the event a timely and proper protest is filed, Shelby requests that the Commission set this Application for hearing and, upon such hearing, grant the requested order and afford such other and further relief as the Commission deems necessary and proper.

Respectfully submitted,

THOMPSON, ARTHUR, DAVIDSON & KATZ

By 

Chasen R. Katz, #24819

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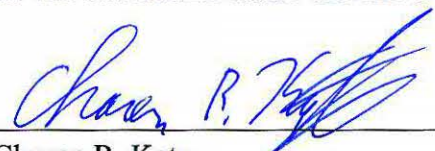
Attorneys for Shelby Resources, LLC

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF RUSSELL)

Chasen R. Katz, being of lawful age and being first duly sworn upon his oath, deposes and says:

That he is the attorney for Shelby Resources, LLC; he has read the above foregoing Application and is familiar with the contents and that the statements made therein are true and correct to the best of his knowledge and belief.


Chasen R. Katz

SUBSCRIBED AND SWORN to before me this 14th day of June, 2017.





My appointment expires: June 1, 2020

SHELBY RESOURCES, LLC
REECE-RIFFEY LEASE
SECTION 5 & 6, T29S, R12W
PRATT COUNTY, KANSAS

EXHIBIT A

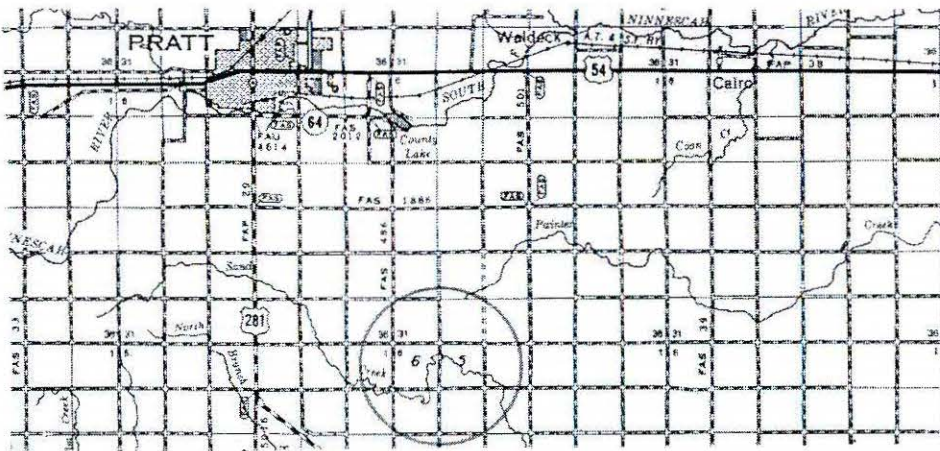
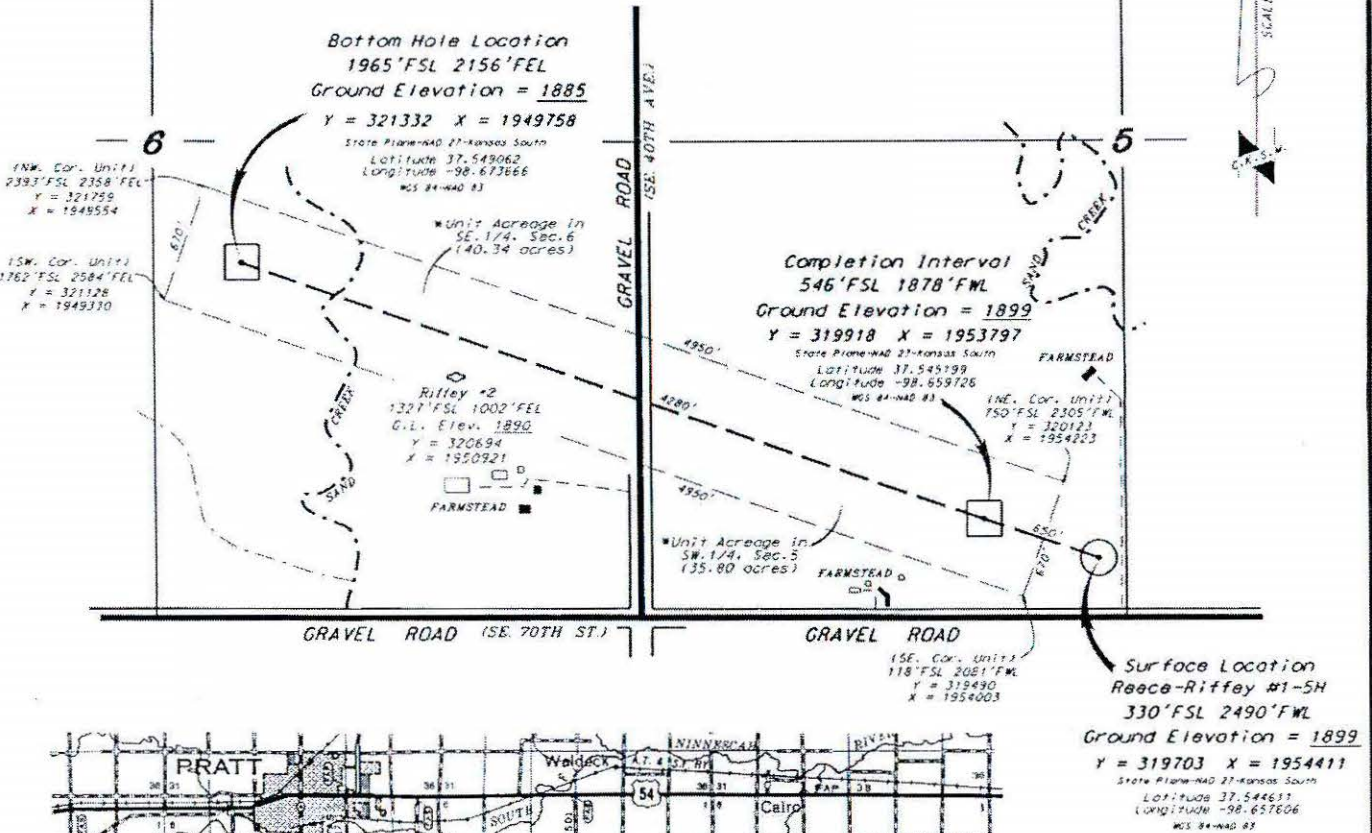
GRAVEL ROAD

(ISE 60TH ST) GRAVEL ROAD

Notes:

1. Set (3) tall wood stakes at surface location site.
2. All flagging Red & Yellow.
3. Overhead power available at N., S., E. & W. lines, Sec. 5.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 5.
6. Contact landowner for best access and as to location of wood stakes in wheat.

*Ingress and egress to location as shown on this plat is for usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



*Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.

*Approximate section lines were determined using the normal standards of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the wellbore location in the section is not guaranteed. Therefore, the operator, securing this service and accepting this plat and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and hold entities released from any liability from incidental or consequential damages.

*Elevations derived from National Geodetic Vertical Datum.

Date June 9, 2017

CENTRAL KANSAS OILFIELD SERVICES, INC. (620)792-1977

Shelby Resources, LLC

Project: Pratt County (KS27S)
Site: Sec 5-T29S-R12W
Well: Reece-Riffey #1-5H
Wellbore: Wellbore #1
Design: 06-12-17

EXHIBIT B



WELL DETAILS: Reece-Riffey #1-5H

Plan Uses Local Coordinates Only

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
0.0	0.0	0.00	0.00	0	0

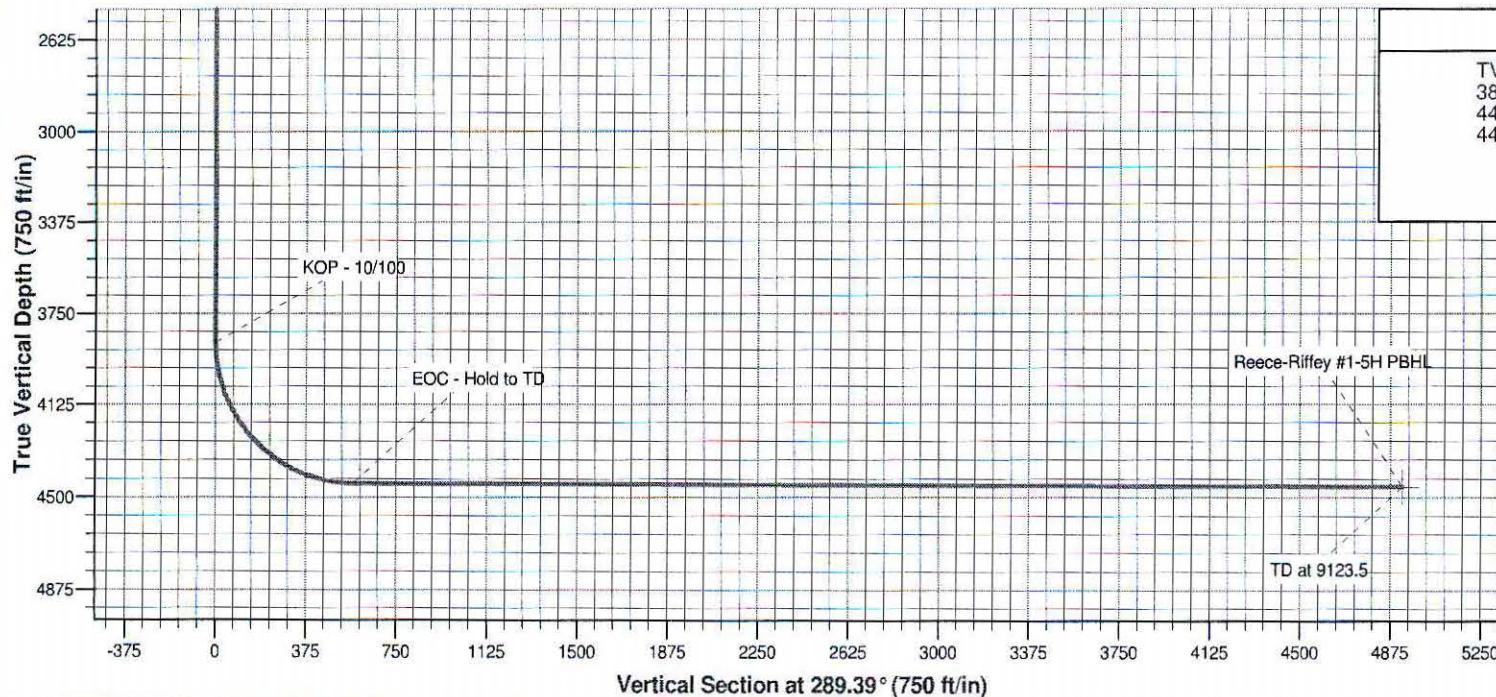
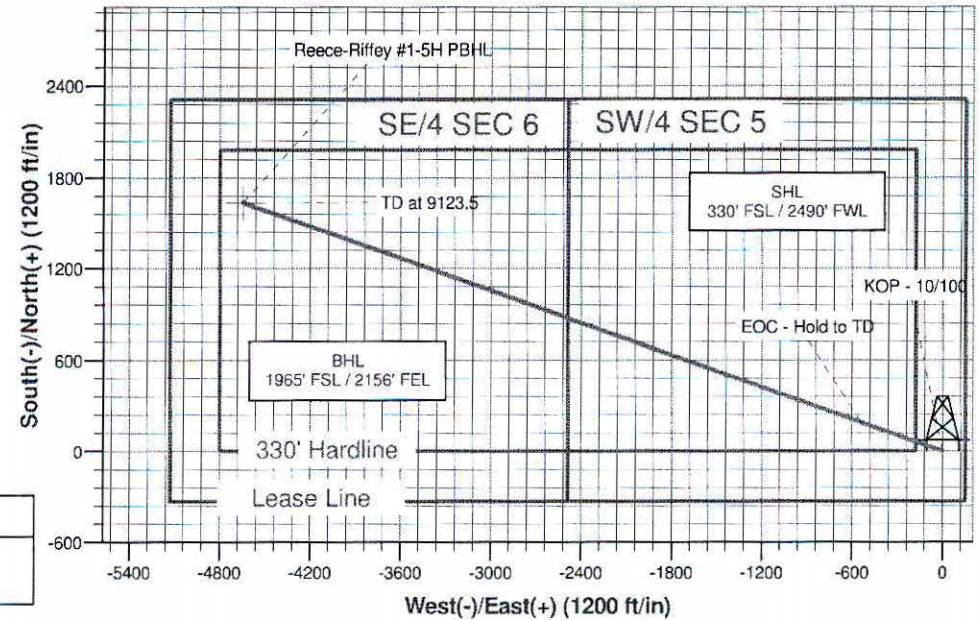
SHL: 330' FSL / 2490' FWL
BHL: 1965' FSL / 2156' FWL

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	3871.1	0.00	0.00	3871.1	0.0	0.0	0.00	0.00	0.0	
3	4769.4	89.83	289.39	4444.1	189.6	-538.9	10.00	289.39	571.3	
4	9123.5	89.83	289.39	4457.0	1635.0	-4646.0	0.00	0.00	4925.3	Reece-Riffey #1-5H PBHL

PROJECT TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
Reece-Riffey #1-5H PBHL	4457.0	1635.0	-4646.0	1635.00	-4645.99	Point



Annotations

TVD	MD	Annotation
3871.1	3871.1	KOP - 10/100
4444.1	4769.4	EOC - Hold to TD
4457.0	9123.5	TD at 9123.5

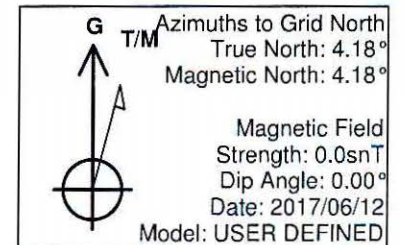


EXHIBIT "C"

OFFSETTING OPERATORS AND UNLEASED MINERAL OWNERS

Rama Operating Co., Inc.
101 S. Main St.
Stafford, KS 67578

There are no unleased mineral owners.

CERTIFICATE OF SERVICE

I, Chasen R. Katz, hereby certify that on this 14th day of June, 2017, I caused the original of the foregoing **Application** with its attached **Exhibits A, B and C** and the **Notice of Application** to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and caused true and correct copies of the same to be deposited in the United States mail, first class, postage prepaid, and properly addressed to the parties listed on Exhibit C to the Application.



Chasen R. Katz, #24819