

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

|                                    |   |                                       |
|------------------------------------|---|---------------------------------------|
| IN THE MATTER OF THE APPLICATION   | ) | DOCKET NO. 24-CONS- <u>3265</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 SHALER A-2 WELL IN THE     | ) |                                       |
| SOUTH HALF OF THE NORTHWEST        | ) |                                       |
| QUARTER OF THE SOUTHWEST           | ) | LICENSE NO. 32446                     |
| QUARTER OF THE NORTHEAST           | ) |                                       |
| QUARTER OF SECTION 10, TOWNSHIP    | ) |                                       |
| 28 SOUTH, RANGE 34 WEST, HASKELL   | ) |                                       |
| 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, 2024.
3. Merit is the owner and operator of the Shaler A-2 well, which is located in the South Half of the Northwest Quarter of the Southwest Quarter of the Northeast Quarter of Section 10, Township 28 South, Range 34 West, Haskell County, Kansas, API # 15-081-22040-00-00. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Northeast Quarter of Section 10, Township 28 South, Range  
34 West, Haskell County, Kansas.

4. The Shaler A-2 was originally perforated in the Upper Morrow and Lower Morrow Formations 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 February 4, 2014.

6. On or about February 13, 2024, 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 keep the well for a spare disposal well. Merit is currently evaluating the Lansing Formation. The Shaler A-2 well is in the same area as Merit's WENU, EENU, NEMU and PPCU waterfloods. The PPCU waterflood, in particular, has wells shut in because Merit cannot get rid of all the water at its facility. Merit is currently evaluating plans to increase its water handling capacity so that it can start reactivating wells within this flood. Merit is looking at options for laying water transfer lines to existing injection facilities, as well as converting a well into a disposal that has a nice disposal zone behind pipe, similar to the Shaler A-2. Also, this would allow for more water handling at the WENU, EENU and NEMU units as those waterfloods age and Merit's WOR across the flood continues to increase over the next few years. Merit is

evaluating the options of laying a 3 mile water transfer line over to one of its other disposal systems or converting the Shaler A-2 well into a disposal. The issue with laying a water transfer line becomes a matter of obtaining right of ways from all the landowners that Merit would cross. This would cause a time delay as well as unknown costs associated with having to negotiate payments. Currently Merit's PPCU waterflood has 3 wells shut in because Merit cannot get rid of the water. Since shutting those wells in, production has dropped from 35 BOPD to 13 BOPD and reserves have dropped by 46 MBO. There are other waterfloods in the area as well that are close to their injection limits and will need another place to send water as Merit's water cut continues to increase. It is requested that Merit be given more time to make the best decision economically so that Merit can start reactivating wells in surrounding waterfloods.

9. On March 14, 2024, 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 is one temporarily abandoned well on the lease. It would cost an estimated Forty-Two Thousand Dollars (\$42,000.00) to plug this well. A current production rate for the lease is 0 BOPD. A basic estimation of remaining reserves is 10 MBO. In order to reactivate the Shaler A-2 well, it would cost approximately Two Hundred Seventy-Five Thousand Dollars (\$275,000.00) based on current prices. It would cost an estimate of Six Hundred Thousand Dollars (\$600,000.00) 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 Shaler A-2 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



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

## VERIFICATION

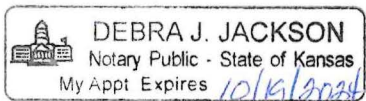
STATE OF KANSAS       )  
                                  ) ss:  
COUNTY OF SEDGWICK )

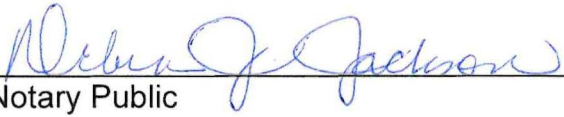
Zach K. Wiggins, of lawful age, being first duly sworn, upon oath states:

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 22nd day of March, 2024.



  
\_\_\_\_\_  
Notary Public

My Appointment Expires:

10/19/2024





EXHIBIT A

**EXHIBIT B**

None



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

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| 28 SOUTH, RANGE 34 WEST, HASKELL   | ) |                              |
| 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 Shaler A-2 well, located in the South Half of the Northwest Quarter of the Southwest Quarter of the Northeast Quarter of Section 10, Township 28 South, Range 34 West, Haskell County, Kansas, API # 15-081-22040-00-00.

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: Katherine McClurkan  
Regulatory Analyst  
13727 Noel Road, Suite 1200  
Dallas, Texas 75240  
(972) 628-1660