

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

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 20-CONS-3048-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 SMU 313W WELL IN THE)	
CENTER OF THE NORTHWEST)	
QUARTER OF THE SOUTHEAST)	LICENSE NO. 32446
QUARTER OF THE SOUTHEAST)	
QUARTER OF SECTION 22, TOWNSHIP)	
23 SOUTH, RANGE 34 WEST, FINNEY)	
COUNTY, KANSAS.)	
_____)	

AMENDED APPLICATION

COMES NOW, Merit Energy Company ("Merit"), by and through its attorney, Stanford J. Smith, Jr., and in support of its Amended 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, 2020.
3. Merit is the owner and operator of the SMU 313W well, which is located in the Center of the Northwest Quarter of the Southeast Quarter of the Southeast Quarter of Section 22, Township 23 South, Range 34 West, Finney County, Kansas, API # 15055-21489-00-02. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Southeast Quarter of Section 22, Township 23 South, Range
34 West, Finney County, Kansas.

4. The SMU 313W 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 April 10, 2006, 2016, and August 2, 2016.

6. On or about August 5, 2019, 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 part of an enhanced oil recovery project. Merit is currently evaluating the enhanced oil recovery project which looks to have potential in both the Morrow Sands and Morrow Lime Formations. Currently, the Morrow Reservoir is perforated in the SMU 313W from 4699'-4722'. Merit wishes to re-perforate the existing zone and stimulate it in order to be able to inject water into it to support the SMU 305 and the SMU 308. Merit also would like to add perforations in the Morrow Lime from 4669'-4673'. The SMU 313W has potential to be an injection well to support the SMU 308 and the SMU 305. The SMU 313W is located such that injection into it would support the 308 and 305 from directions not currently supporting them. Converting the SMU 313W to injector would be important in extending the lives of the SMU 308 and 305.

Merit acquired the SMU waterflood from OXY in May 2014. The SMU 313W has never been injected into as part of the waterflood due to complications during OXY's attempt to re-enter the well and convert it to an injector. The SMU 313W has potential to be an injection well to support the SMU 308 and the SMU 305 producers in the Morrow Sands and Morrow Lime. The Morrow Lime in the SMU 308 went from making 2 BOPD to a peak of 360 BOPD after the CTI of the SMU 309W to the north of the SMU 308 last fall. That lime is present in the SMU 313W, SMU 305 & SMU 104S. Perforating the Morrow Lime in the 313W would add support to the SMU 308 from the south. It would also have potential to support the SMU 305 in the Morrow Sands. The SMU 305 also has the Morrow Lime, but it has not been perforated yet. The SMU 104S could also be brought back out of TA'd status and perforated in the Morrow Lime. SMU 308 Morrow lime response from SMU 309W CTI begins in 02/2019.

9. A Commission Staff-witnessed mechanical integrity test of the casing between the surface and a point within fifty (50) feet above the uppermost perforations is pending.

10. There are 15 producer wells – nine active and six temporarily abandoned; seven injector wells – five active and two temporarily abandoned; and one temporarily abandoned water supply well on the lease. It would cost an estimated \$30,000.00 to plug this well and assuming \$30,000.00 per well to plug out this field, it will cost \$690,000.00 to plug 23 wells. A current seven-day average production rate for the lease is 215 BOPD and 2,347 BWPD. In order to reactivate the SMU 313W well as part of an EOR project, it would cost approximately One Hundred Thousand Dollars

(\$100,000.00) based on current prices. It would cost an estimate of Seven Hundred Fifty Thousand Dollars (\$750,000.00) 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 SMU 313W 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 Amended Application and Notice of Pending Amended Application to all persons listed on the attached Exhibit B.

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



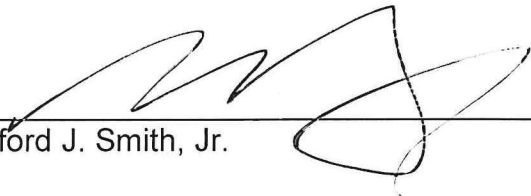
Stanford J. Smith, Jr.
100 North Broadway, Suite 500
Wichita, KS 67202
(316) 265-9311
Attorney for Merit Energy Company

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

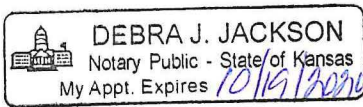
Stanford J. Smith, Jr., of lawful age, being first duly sworn, upon oath states:

That he is the attorney for Merit Energy Company, applicant herein; that he has read the above and foregoing Amended 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.



Stanford J. Smith, Jr.

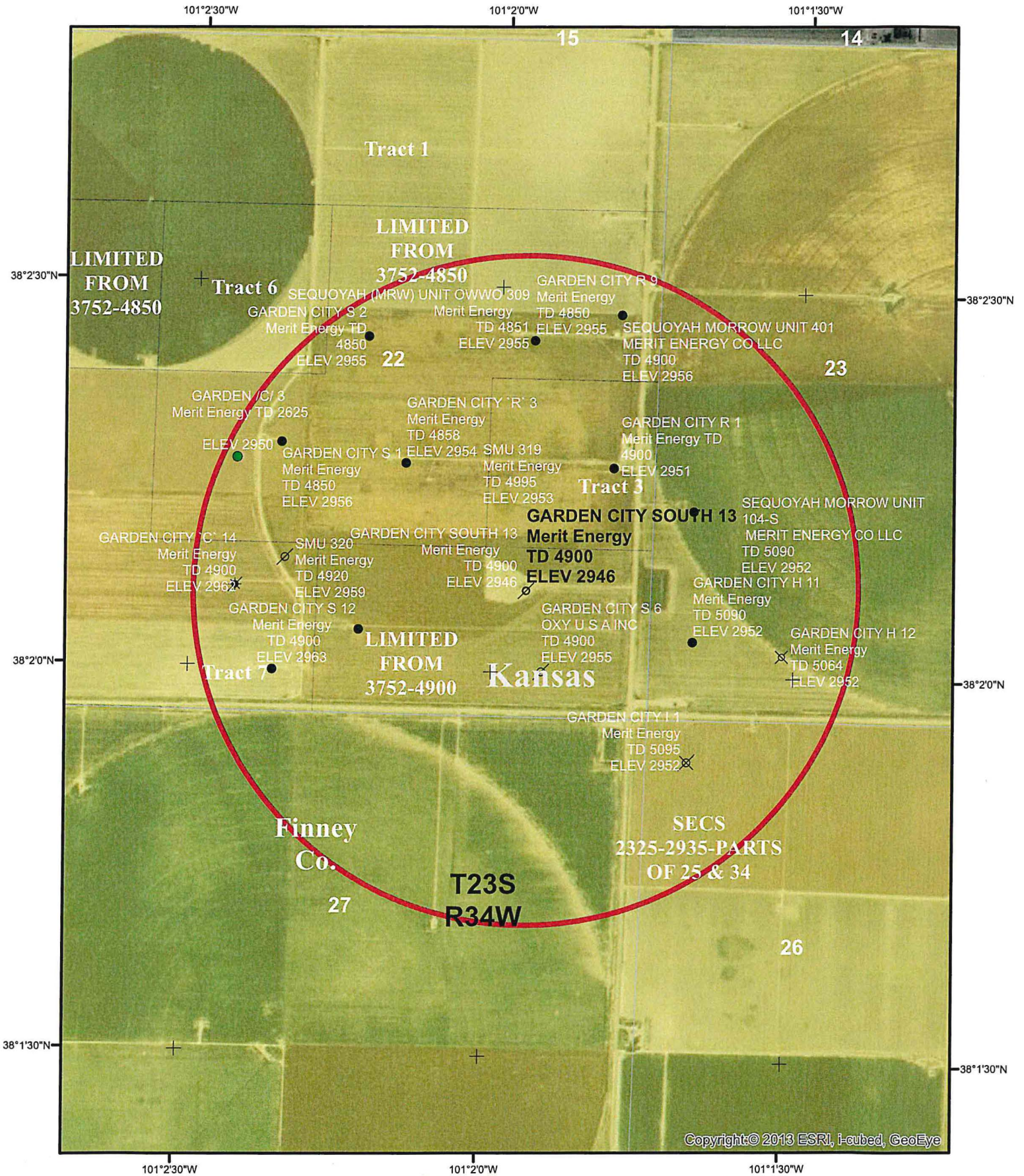
SUBSCRIBED AND SWORN to before me this 7th day of October, 2019.





Notary Public

My Appointment Expires:
10/19/2020



● OIL; OIL-WO	⊗ ABD-GW
⊘ D&AW; D&A; D&A-O	⊗ D&A-OG
● GAS	⊗ TA
⊗ AB-LOC	⊗ WI-EOR
○ 1/2 MILE BUFFER	□ MERIT LEASEHOLD

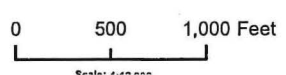


EXHIBIT A
MERIT ENERGY COMPANY
SMU 313 W
with
1/2 MILE BUFFER

Map by: Richard Norzagaray
 Date: JUNE 13, 2016
 Production: State Plane Kansas South MAP 07

Haskell Co, Kansas

EXHIBIT B

None

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NOTICE OF PENDING AMENDED 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 Amended Application for an exception to the ten-year time limitation of K.A.R. 82-3-111 for the SMU 313W well, located in the Center of the Northwest Quarter of the Southeast Quarter of the Southeast Quarter of Section 22, Township 23 South, Range 34 West, Finney County, Kansas, API # 15055-21489-00-02.

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 will 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