

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

Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

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 horizontal) CONSERVATION DIVISION
wellbore upon its Reece-Riffey Unit located in)
Pratt County, Kansas.) License No. 31725

ORDER GRANTING APPLICATION

The above captioned matter comes before the State Corporation Commission of the State of Kansas for consideration and determination. Having examined its files and records, and being duly advised in the premises, the Commission makes the following findings:

I. JURISDICTION

1. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities.
2. K.S.A. 55-155 provides licensing authority to the Commission.
3. K.A.R. 82-3-103a provides that any hole drilled horizontally into a formation for production may only be permitted after application and notice under K.A.R. 82-3-135a.

II. FINDINGS OF FACT

4. Commission records indicate that Shelby Resources LLC ("Operator") is currently licensed to conduct oil and gas activities in Kansas under K.S.A. 55-155.
5. On June 14, 2017, Operator filed an application requesting permission to drill and complete its proposed Reece-Riffey #1-5H horizontal well ("the subject well") into the Viola formation in Pratt County, Kansas.

6. The surface location of the subject well shall be 300' FSL and 2,490' FWL in Section 5, Township 29 South, Range 12 West.
7. The bottom-hole location of the subject well shall be 1,965' FSL and 2,156' FEL in Section 6, Township 29 South, Range 12 West.
8. The completion interval of the subject well shall meet the setback requirements of K.A.R. 82-3-108.
9. Operator has verified that notice was properly served and published, as required under K.A.R. 82-3-135a, at least 15 days before the issuance of this Order.
10. No protests have been filed pursuant to K.A.R. 82-3-135(b).
11. Commission Staff recommends the approval of Operator's application.

III. CONCLUSIONS OF LAW

12. The Commission has jurisdiction over Operator and this matter.
13. The application was filed in accordance with the Commission's rules and regulations and in accordance with Kansas statutes.
14. Notice was properly served and published.
15. Based on the available facts, the Commission finds that granting the application would not cause waste or harm correlative rights.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator's application for a horizontal well is granted.
- B. This Order is a summary proceeding pursuant to K.S.A. 77-537, which provides in paragraph (b)(4) that summary proceedings are not effective until the time for requesting a hearing has expired. K.S.A. 77-542 provides that a request for hearing shall be filed within 15

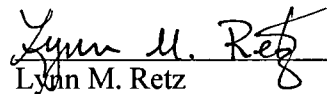
days of any agency notice resulting in a right to request a hearing. If service of this Order is by mail, three days are added to the deadline.

C. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Suite 220, Wichita, Kansas 67202. Pursuant to K.S.A. 55-606 and K.S.A. 77-529(a), reconsideration is prerequisite for judicial review of this Order. Any party taking an action permitted by this summary proceeding before the deadline for a petition for reconsideration does so at their own risk of further proceedings.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: JUL 13 2017


Lynn M. Retz
Secretary to the Commission

Mailed Date: July 13, 2017

JRM

CERTIFICATE OF SERVICE

I certify that on July 13, 2017, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Chasen R. Katz
Thompson, Arthur, et al.
525 North Main
P.O. Box 111
Russell, Kansas 67665
Attorney for Shelby Resources LLC

Jim Waechter
Shelby Resources LLC
13949 W. Colfax Ave., Building 1 Suite 120
Lakewood, Colorado 80401

And delivered by email to:

Rick Hestermann
KCC Conservation Division

/s/ Cynthia K. Maine
Cynthia K. Maine
Administrative Assistant
Kansas Corporation Commission