

JUN 10 2016

CONSERVATION DIVISION
WICHITA, KS

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

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

In the Matter of the Application of)	Docket No. 16-CONS- <u>4107</u> -CEXC
LINN OPERATING, INC. for an)	
Exception to the 10-year time limitation)	CONSERVATION DIVISION
of K.A.R. 82-3-111 for its Tate-Unrein)	
Unit 3 well located in the SW/4 of Section)	
5, Township 26 South, Range 35 West,)	License No. 33999
Kearny County, Kansas.)	

APPLICATION

COMES NOW LINN Operating, Inc. ("Applicant") in support of its Application in the captioned matter and states as follows:

1. Applicant is a corporation authorized to do business in the State of Kansas.
Applicant's address is: 600 Travis, Suite 5100, Houston, Texas 77002.
2. Applicant has been issued by the Kansas Corporation Commission Operator's License 33999 which expires on August 30, 2016.
3. Applicant is the owner and operator of the Tate-Unrein Unit 3 well, (API 15-093-21205), which is located in the Southwest Quarter of the Northeast Quarter of the Southwest Quarter of Section 5, Township 26 South, Range 35 West, Kearny County, Kansas. The subject well is located on an active unitized and consolidated gas leasehold estate comprising of the following lands:

All of Section 5, Township 26 South, Range 35 West, Kearny County,

Kansas, containing 868 acres (irregular), more or less ("leased premises").

4. Pursuant to K.A.R. 82-3-111, the well was shut in on February 20, 2006. The subject well has maintained such status from February 20, 2006 to the present date.

5. On or about April 12, 2016, the Kansas Corporation Commission notified Applicant that unless an exception is granted by the Commission, temporary and abandonment status for the subject well was denied because the well has been temporarily abandoned for more than ten (10) years.

6. 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.

7. On May 3, 2016, the subject well passed a Commission Staff witnessed Casing Integrity Test (formerly Monitoring well).

8. Applicant wishes to continue TA status for the subject well because Applicant intends to recomplete into the Chase formation.

9. Applicant submits the following information regarding the well in support of the application:

a. Wells on the lease:

#	Lease Well Name	API:	Status	Formation	Current Production MCF/Month	Estimated Cost to P&A Well
1	Tate-Unrein Unit 1	1509300467	Flowing	Chase	1374	\$37,000
2	Tate-Unrein Unit 2	1509320502	Flowing	Council Grove	913	\$37,000
3	Tate-Unrein Unit 3	1509321205	SI	-	-	\$37,000
4	Tate-Unrein Unit 4	1509321370	Flowing	Chase	384	\$47,000
5	Fletcher 1-5	1509320981	P&A 3/23/1989	-	-	-
Total					2670	\$158,000

b. Cost to plug the Tate-Unrein Unit 3 well is \$37,000. Cost to plug the

remaining wells on the lease is \$121,000.

- c. Current production rate for the lease is 2670 MCF/Month.
- d. Estimation of remaining reserves: 148 MMCF is based on other Hugoton wells using similar well pressures and temperatures.
- e. The subject well was drilled as a monitoring observation well for Tate-Unrein 4 (API 15-093-21370). The well has core with DST data. LINN plans to perforate all desired zones and fracture stimulate Chase Formation when market conditions are favorable.
- f. Estimated recompletion cost is \$125,000.

10. Applicant has included a plat map showing the locations of all producing, injection, temporarily abandoned, abandoned, and plugged wells located on the same leased premises as the subject well.

11. Based on the foregoing, Applicant requests the Commission grant an exception to the 10-year limitation, specifically to allow the subject well to remain eligible for temporary abandonment status for three (3) years following the expiration of the 10-year limitation. Applicant understands that the exception would be valid for three (3) years, but Applicant would still need to apply annually to the Conservation Division District Office for approval of an application for temporary abandonment status.

12. Listed in the attached Exhibit "A" are the names and address of the following:

- 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 subject well (provided that such mineral interest is not covered by any oil and gas lease).


13. Notice of this Application will be published pursuant to K.A.R 82-3-135a.

In addition, notice of the hearing to be held in this matter will be provided as prescribed by K.A.R. 82-3-135.

WHEREFORE, Applicant 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 Applicant's request, for an exception to the K.A.R. 82-3-111 ten (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,

LINN OPERATING, INC.

By: 

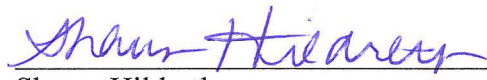
Shawn Hildreth
Regulatory Advisor
600 Travis, Suite 5100
Houston, Texas 77002
(281) 840-4234 (Office)
(832) 209-4369 (Fax)

“Exhibit A”

Foundation Energy Management, LLC
16000 Dallas Parkway, Suite 875
Dallas, TX 75248

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of June, 2016, true and correct copies of the above and foregoing Application and the Notice of Application were served by depositing copies of the same in the United States Mail, postage prepaid, and properly addressed to the landowner/s set forth in paragraph 14 of said application, and the original and seven (7) copies were hand delivered to the Kansas Corporation Commission.


Shawn Hildreth

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

NOTICE OF FILING APPLICATION

RE: LINN OPERATING, INC.- Application for an exception to the 10 year time limitation of K.A.R. 82-3-111 for Tate-Unrein Unit 3 located in Kearny County, Kansas.

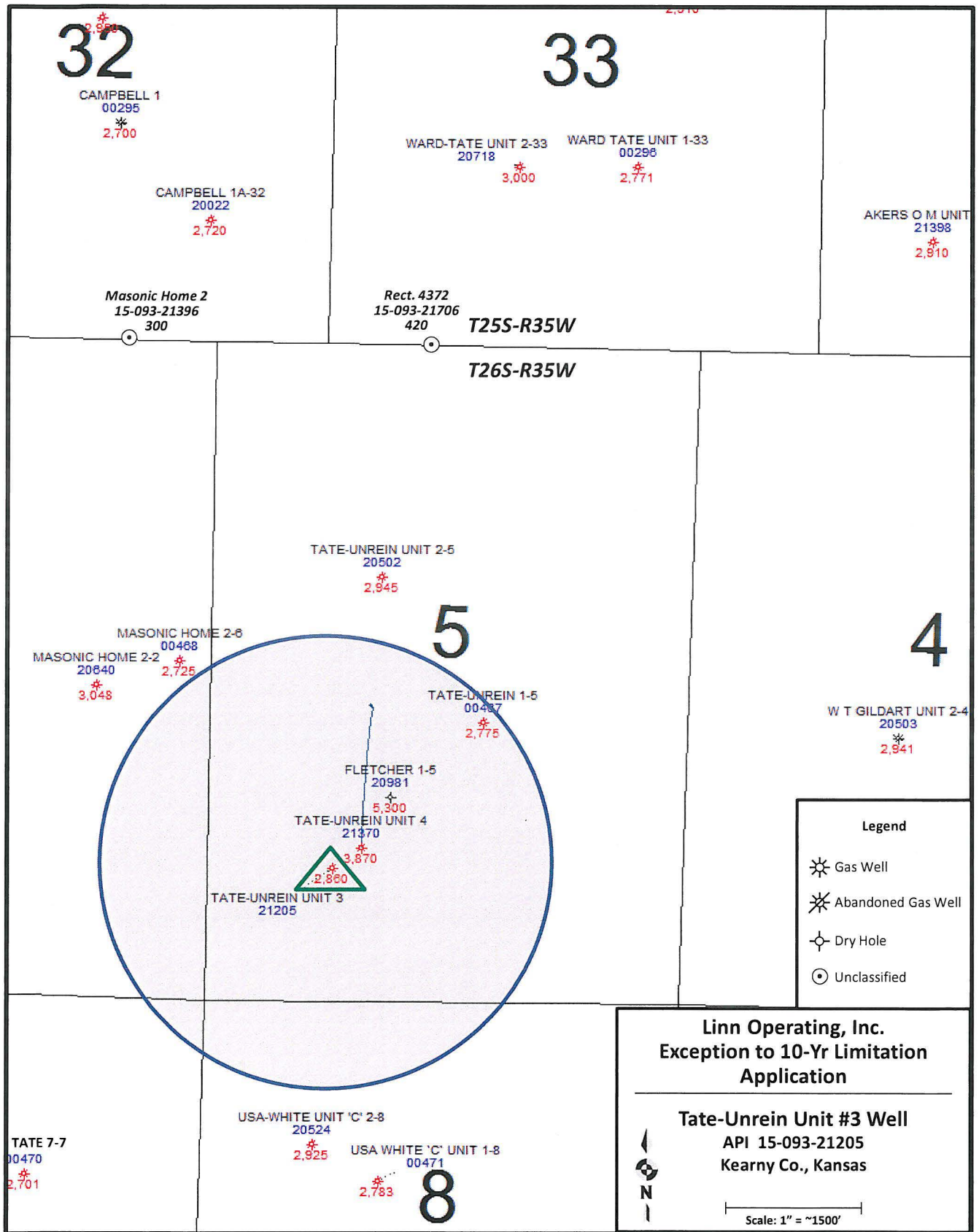
TO: All Oil and Gas Producers, Unleased Mineral Interest Owners, Landowners, and all persons concerned.

YOU, and each of you, are hereby notified that LINN OPERATING, Inc. is filing for an exception to the 10 year time limitation of K.A.R. 82-3-111 for the Tate-Unrein Unit 3, located in the Southwest Quarter of Section 5-26S-35W, Kearny County, Kansas.

YOU are further notified that unless written protest or request for hearing is received by the State Corporation Commission within 15 days after publication of this Notice, the Application in this matter will be granted pursuant to K.A.R. 82-3-111 after said 15 day period. Any such protest or request for hearing should be mailed to the State Corporation Commission of the State of Kansas, Conservation Division, 266 N. Main St., Ste. 220, Wichita, Kansas 67202 and to the Applicant at the address below.

All parties interested or concerned shall take notice of the foregoing and govern themselves accordingly.

LINN Operating, Inc.
BY: Shawn Hildreth
Regulatory Advisor
600 Travis, Suite 5100
Houston, TX 77002
Tel. (281) 840-4234
shildreth@linnenergy.com



KCC OIL/GAS REGULATORY OFFICES

Date: 05/03/16

District: 01

Case #: _____

☒ New Situation
☐ Response to Request
☐ Follow-Up

☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 33999

API Well Number: 15-093-21205-00-00

Op Name: Linn Operating Inc

Spot: SW NE SW Sec 5 Twp 26 S Rng 35 ☐ E / ☒ W

Address 1: 660 Travis, Ste 5100

1460 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

3816 Feet from ☒ E / ☐ W Line of Section

City: Houston

GPS: Lat: 37.81288 Long: 101.17581 Date: 5/3/16

State: Texas Zip Code: 77002 -

Lease Name: Tate-Unrein Unit Well #: 3

Operator Phone #: (281) 840-4100

County: Kearny

Reason for Investigation:

Witness casing pressure test on Chase monitoring well.

Problem:

Operator plans to file for an extension to the 10 year TA rule. Well has never been completed or connected to a pipeline.

Persons Contacted:

None

Findings:

13 3/8 @ 801' w/ 660 sx, 9 5/8 @ 2445' w/ 760 sx, 5 1/2 liner @ 2116' to 2860' w/ 150 sx.
 TD @ 2860. PBTD @ 2758. Perfs @ 2655-2670.
 CIBP w/ 2 sx cmt set 5/18/94 @ 2648'.

Borderline pump truck tested the 9 5/8 csg from 2648' to 0' to 300 # for 20 minutes. Holding

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☐

Date: _____

CIT is satisfactory.

Verification Sources:

Photos Taken: _____

☐ RBDMS ☐ KGS ☐ TA Program
☐ T-I Database ☐ District Files ☐ Courthouse
☐ Other: _____

By: Ken Jehlik

ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form: 02/22/2008

Date: 05/03/16

District: 01

License #: 33999

Op Name: 33999

Spot: SW NE SW Sec 5 Twp 26 S Rng 35 ☐ E ☒ W

County: Kearny

Lease Name: Tate-Unrein Unit Well #: 3

I.D. Sign <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> <input type="checkbox"/> Tank Battery Condition Condition: <input type="checkbox"/> Good <input type="checkbox"/> Questionable <input type="checkbox"/> Overflowing <input type="checkbox"/> None <input type="checkbox"/> Pits, Injection Site Fluid Depth: _____ ft; Approx. Size: _____ ft. x _____ ft. <input type="checkbox"/> Oil Spill Evidence <input type="checkbox"/> Abandoned Well Potential Pollution Problem <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> <input checked="" type="checkbox"/> Lease Cleanliness <input type="checkbox"/> <input checked="" type="checkbox"/> Very Good <input type="checkbox"/> Satisfactory <input type="checkbox"/> Poor <input type="checkbox"/> Very Bad	Gas Venting <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <input type="checkbox"/> Pits Fluid Depth: _____ ft; Approx. Size: _____ ft. x _____ ft. <input type="checkbox"/> Saltwater Pipelines <input type="checkbox"/> <input type="checkbox"/> Leaks Visible: <input type="checkbox"/> Y <input type="checkbox"/> N Tested for Leaks: <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Flowing Holes <input type="checkbox"/> TA Wells <input type="checkbox"/> Monitoring Records
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SWD/ER Injection Well ☐ Yes ☐ No Kearny ☐
 Permit #: _____ Pressure – Actual: _____ psi; Authorized: _____ psi
 Permit #: _____ Pressure – Actual: _____ psi; Authorized: _____ psi
 Permit #: _____ Pressure – Actual: _____ psi; Authorized: _____ psi
 Permit #: _____ Pressure – Actual: _____ psi; Authorized: _____ psi

Gauge Connections ☐ Yes ☐ No ☐
 Tubing: _____; T/C Annulus: _____; C/SP Annulus: _____
 Tubing: _____; T/C Annulus: _____; C/SP Annulus: _____
 Tubing: _____; T/C Annulus: _____; C/SP Annulus: _____
 Tubing: _____; T/C Annulus: _____; C/SP Annulus: _____

API Number	Footages	Spot Location	GPS	Well #	Well Status