

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

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 20-CONS-3047-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 MLP ESCUE A-1 WELL IN THE)	
NORTHWEST QUARTER OF THE)	
NORTHWEST QUARTER OF SECTION)	LICENSE NO. 32446
34, TOWNSHIP 31 SOUTH, RANGE 39)	
WEST, STEVENS 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 MLP Escue A-1 well, which is located in the Northwest Quarter of the Northwest Quarter of Section 34, Township 31 South, Range 39 West, Stevens County, Kansas, API # 15-189-21804-00-01. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Northwest Quarter of Section 34, Township 31 South, Range
39 West, Stevens County, Kansas.

4. The MLP Escue A-1 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 October 15, 2005, 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 complete up hole zones, the Morrow zone – the primary target (perfs 5025-5030; 5058-5065), when economic at a higher commodity price; and the Chase zone – secondary target, which currently already has three Chase wells in this section. The estimated recovery out of the Morrow Formation is 600 MMSCF at 34-45 mcf/d average – with an IP of 75 mcf/d. If the Morrow Formation proves to be unproductive, then a recompletion in the Chase will be considered when there are no longer three Chase zones producing from Section 34. The estimated recovery out of the Chase formation is 240 MMSCF at 23-30 mcf/d average – with an IP of 50 mcf/d.

9. On July 31, 2019, 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 are two other wells on the lease including one gas well – the Coxon 2-26, and one plugged well – the MLP Crawford A1. It would cost an estimated \$55,000.00 to plug this well and the remaining active well on the lease. The MLP Escue A-1 is currently under temporary abandonment status and there is no production. The current average daily production values for the Coxon 2-26 are as follows: January 2019 – 33.8 mcf; February 2019 – 35.8 mcf; March 2019 – 29.6 mcf; April 2019 – 28.9 mcf; and May 2019 – 27.8 mcf. In order to reactivate the MLP Escue A-1 well, it would cost approximately Seventy-Five Thousand Dollars (\$75,000.00) 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 MLP Escue A-1 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 released.

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

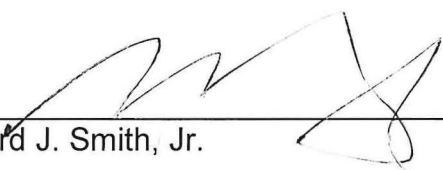
Attorney for Merit Energy Company

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

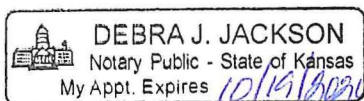
Stanford J. Smith, Jr., of lawful age, being first duly sworn, upon oath states:

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.

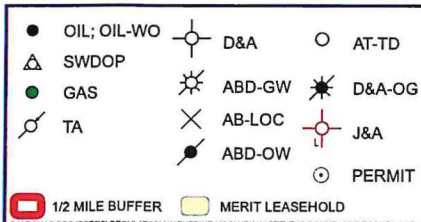




Notary Public

My Appointment Expires:

10/19/2020



0 500 1,000 Feet



EXHIBIT A

MERIT ENERGY COMPANY

MLP ESCUE A 1
W/ 1/2 MILE BUFFER
STEVENS CO., KANSAS

Map by: Richard Norzagaray
Date: JUNE 27, 2016
Scale: 1:12,000
Projection: State Plane Kansas South NAD 27

EXHIBIT B

Riviera Operating LLC
600 Travis Street
Houston, TX 77338

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OF THE STATE OF KANSAS**

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34, TOWNSHIP 31 SOUTH, RANGE 39)	
WEST, STEVENS COUNTY, KANSAS.)	

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 MLP Escue A-1 well, located in the Northwest Quarter of the Northwest Quarter of Section 34, Township 31 South, Range 39 West, Stevens County, Kansas, API # 15-189-21804-00-01.

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
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Dallas, Texas 75240
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