#### BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

In the Matter of the Application of Merit	)	Docket No. 25-CONS-3437-CWLE
Energy Company, LLC for a well location	)	
exception for its Napeste #3-30 well, to be	)	CONSERVATION DIVISION
located in the NW/4 of Section 30, Township	)	
24 South, Range 32 West, Finney County,	)	License No. 32446
Kansas.	)	

# APPLICATION FOR WELL LOCATION EXCEPTION AND ALLOWABLE

Merit Energy Company, LLC ("Merit") submits this Application for Well Location Exception and Allowable ("Application") with the State Corporation Commission of the State of Kansas ("Commission") requesting an order authorizing the drilling of its Napeste #3-30 well ("Subject Well") at the location specified below, and for the assignment of a full allowable to the Subject Well. In support of its Application, Applicant states and alleges as follows:

- 1. Merit is a Delaware limited liability company authorized and in good standing with the Kansas Secretary of State's office to do business in Kansas. Merit's business address is 13727 Noel Road, Suite 1200, Dallas, Texas, 75240.
- 2. The Commission has issued Merit oil and gas operator's License No. 32446, which license is in full force and effect through May 30, 2026.
- 3. Merit's affiliate, Merit Hugoton, L.P., is the owner of an oil and gas lease ("Subject Lease") covering all that land lying West of US Highway 83 in Section 30-T24S-R32W, Finney County, Kansas, which land is depicted on Exhibit A-2 attached hereto. Merit operates said leases on behalf of its affiliate, and is authorized to file this Application on its behalf.
- 4. Applicant desires to drill and complete the Subject Well on the Subject Lease at a location that is 174' from the West line and 2,139' from the North line of Section 30-T24S-R32W, Finney County, Kansas, which location is 174' from the western boundary of the Subject Lease.

The Subject Well would be drilled to a true vertical depth of approximately 6,000' measured from surface to test the Morrow and upper Mississippi formations ("Target Formations") for oil and gas reserves.

- 5. K.A.R. 82-3-108(a) prescribes a 330' setback from any lease or unit boundary for any well drilled in Finney County, Kansas. K.A.R. 82-3-108(c) provides that a well location exception may be granted to permit drilling a well within the prescribed setback if necessary to prevent waste or to protect correlative rights.
- 6. Applicant requests a well location exception pursuant to K.A.R. 82-3-108(c) because Applicant desires to drill the Subject Well at a location that is 174' from the western boundary line of the Subject Lease.
- 7. Drilling the Subject Well at the proposed location is necessary to prevent waste and will not violate correlative rights. Merit seeks to further develop the Target Formations based on the success of its other Napeste Wells drilled and completed to the East by drilling the Subject Well at the proposed location. Merit has recently completed a seismic survey across the Subject Lease and has determined that the drilling of the Subject Well at the proposed location is the optimal location to further exploit hydrocarbon reserves from the Target Formations. Notably, the geographic boundaries of the lands covered by the Subject Lease, as shown on Exhibit A-2, require that Merit encroach either the eastern or western boundary of the Subject Lease in order to test what it believes to be an east-west running reservoir channel within the Target Formations beneath the Subject lease. Moving the location of the Subject Well to the north to comport to statewide minimum setbacks, is not feasible and likely to result in a dry hole, which would cause waste. The mineral owner of the unleased land to be encroached to the west is the same as the mineral owner-lessor under the Subject Lease. Said mineral owner has provided its written consent to the drilling

of the Subject Well at the proposed location. Accordingly, correlative rights will not be violated by the drilling of the Subject Well at the proposed location because any offset drainage will be compensated through the payment of lease royalty under the Subject Lease.

- 8. Exhibit A-1 is a plat showing the proposed location of the Subject Well. Exhibit A-2 is a plat depicting the boundaries of the land covered by the Subject Lease, including the US Highway 83, which is the eastern boundary of the Subject Lease. As shown thereon, the proposed location of the Subject Well will be 355' from the eastern boundary of the Subject Lease, and will not encroach on the oil and gas leasehold or mineral estate to the east. A proposed Notice of Intent to Drill (Form C-1) is attached as Exhibit B. Exhibit C includes a plat depicting the proposed location of the Subject Well, and all completed, partially drilled and permitted wells on the Subject Lease and other adjacent property.
- 9. The following party is the unleased mineral owner of the land to west of the Subject Lease. There are no offset operators or lessees of oil and gas leases covering the lands to be encroached to the west of the Subject Lease.

State of Kansas, Department of Wildlife and Parks Attn: Ryan Stucky, Director 512 SE 25<sup>th</sup> Ave. Pratt, KS 67124

- 10. Applicant requests a full allowable be assigned to the Subject Well in accordance with the provisions of K.A.R. 82-3-203 (oil allowable in non-prorated pool) and K.A.R. 82-3-312 (gas allowable in non-prorated pool), and further requests the assignment of a full attribution unit.
- 11. Pursuant to K.A.R. 82-3-108(f), notice of this Application will be provided to all those persons identified in paragraph 9, and will be published in the *Wichita Eagle* and the *Garden City Telegram*, the official newspaper of Finney County, Kansas, in accordance with K.A.R. 82-3-135a(d). Notice will therefore be lawful and proper in all respects. Each publisher's affidavit

will be provided to the Commission upon receipt. A copy of the Notice of Application will be filed in this docket.

WHEREFORE, Applicant requests that the Commission accept and docket this Application and that, if no interested party files a timely and proper protest, enter an order administratively granting this Application and authorizing the drilling of the Subject Well at the location proposed and assigning it a full oil and gas allowable without incurring the time and expense of an evidentiary hearing. In the event a valid protest is timely filed, Applicant requests that the Commission set this Application for hearing and, upon such hearing, grant the order requested, and to afford such other and further relief as the Commission deems just and proper.

Respectfully submitted,

THE MORRIS LAING LAW FIRM

Jonathan A. Schlatter, #24848

300 N. Mead, Suite 200 Wichita, KS 67202-2745

Telephone: 316-262-2671 Facsimile: 316-262-6226 ischlatter@morrislaing.com

Attorneys for Merit Energy Company, LLC

#### **VERIFICATION**

STATE OF KANSAS	)
COUNTY OF SEDGWICK	) ss: )

Jonathan A. Schlatter, being of lawful age and first duly sworn upon his oath, deposes and says:

That he is the attorney for Merit Energy Company, LLC; he has read the above and foregoing Application 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.

Sordism C (ely for:
Jonathan A. Schlatter

SIGNED AND SWORN to before me this 19<sup>th</sup> day of June, 2025. Signature affixed by Jackson C. Ely at the direction of Jonathan A. Schlatter.

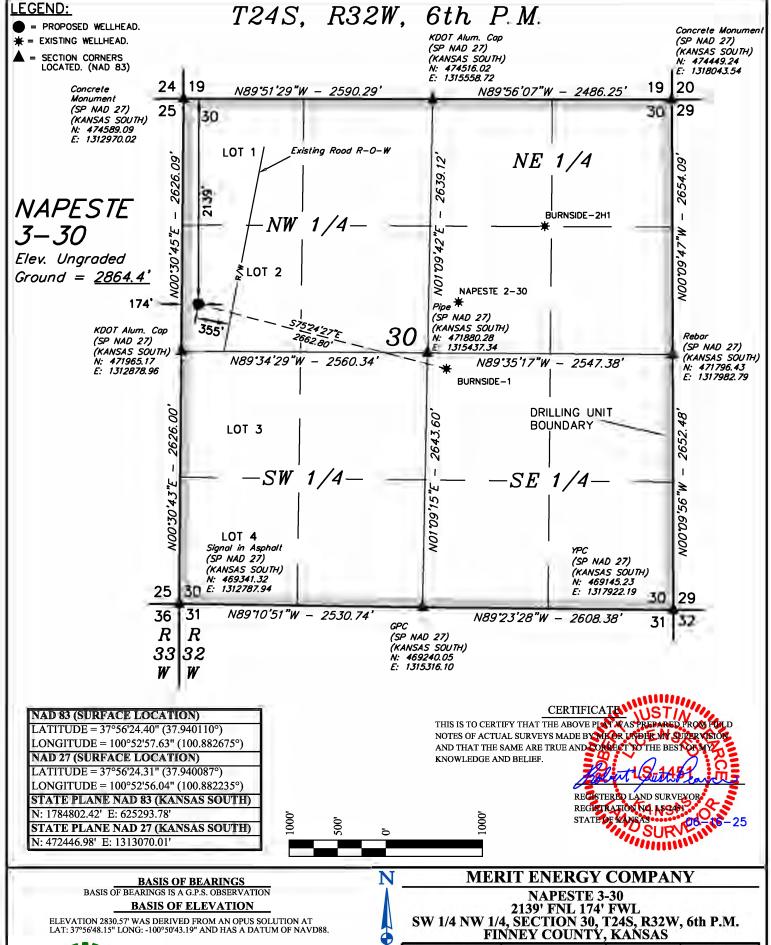
Notary Public

My Appointment expires: 11/05/2028

CAROLA. HANNON
Notary Public - State of Kansas
My Appt. Expires 11/05/2028

# **EXHIBIT A-1**

Plat



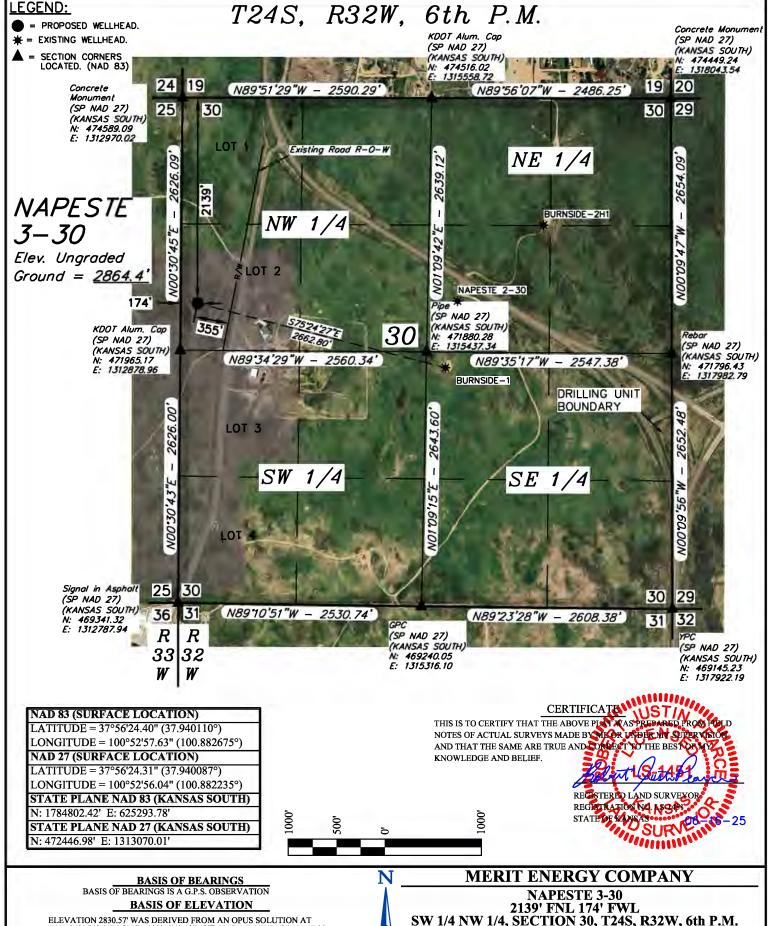


UELS, LLC Corporate Office \* 85 South 200 East Vernal, UT 84078 \* (435) 789-1017

SURVEYED BY B.L. 06-13-25 SCALE **DRAWN BY** Q.S.J. 06-16-25 1" = 1000'WELL LOCATION PLAT

# **EXHIBIT A-2**

Plat



LAT: 37°56'48.15" LONG: -100°50'43.19" AND HAS A DATUM OF NAVD88.



UELS, LLC Corporate Office \* 85 South 200 East Vernal, UT 84078 \* (435) 789-1017

SW 1/4 NW 1/4, SECTION 30, T24S, R32W, 6th P.M. FINNEY COUNTY, KANSAS

SURVEYED BY	B.L.	06-13-25	SCALE
DRAWN BY	Q.S.J.	06-16-25	1" = 1000'
WELL LOCATION DIAT			

**VELL LOCATION PLAT** 

# **EXHIBIT B**

Notice of Intent to Drill

# For KCC Use: Effective Date: District # SGA2 Yes No

Agent:

### Kansas Corporation Commission Oil & Gas Conservation Division

Form C-1

March 2010

Form must be Typed

Form must be Signed

All blanks must be Filled

#### NOTICE OF INTENT TO DRILL

Expected Spud Date:	Spot Description:	
month day year	Sec Twp	S. R   E   V
PERATOR: License#	(0/0/0/Q) - Sec. Twp.	
	feet from E	
me:	Is SECTION: Regular Irregular?	/ Line of occur
Idress 1:	is SECTION. [Integular in integular :	
ldress 2:	(Note: Locate well on the Section Plat on r	reverse side)
y:	County	
one:	Lease Name:	Well #:
	Field Name:	7.30 1.00
ONTRACTOR: License#	Is this a Prorated / Spaced Field?	Yes N
me:	Target Formation(s):	
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage):	
8 8 8 8	Ground Surface Elevation:	feet MS
Oil Enh Rec Infield Mud Rotary	Water well within one-quarter mile:	Yes N
Gas Storage Pool Ext. Air Rotary	Public water supply well within one mile:	Yes
Disposal Wildcat Cable	Depth to bottom of fresh water:	
Seismic ; # of Holes Other	Depth to bottom of fresh water:	
Other:		
If OWWO: old well information as follows:	Surface Pipe by Alternate:	
	Length of Surface Pipe Planned to be set:	
Operator:	Length of Conductor Pipe (if any):	
Well Name:	Projected Total Depth:	
Original Completion Date: Original Total Depth:	Formation at Total Depth:	
H A	Water Source for Drilling Operations:	
rectional, Deviated or Horizontal wellbore?	Well Farm Pond Other:	
Yes, true vertical depth:	DWR Permit #:	
ottom Hole Location:	(Note: Apply for Permit with DWR	
CC DKT #·		
	— Will Cores be taken?	Yes   N
70 DKI #.		
	If Yes, proposed zone:	
А	If Yes, proposed zone:	
А	If Yes, proposed zone:	
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Well will not be drilled or Permit Expired Date:

Signature of Operator or Agent:

For KCC Use ONLY	
API # 15	



#### IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

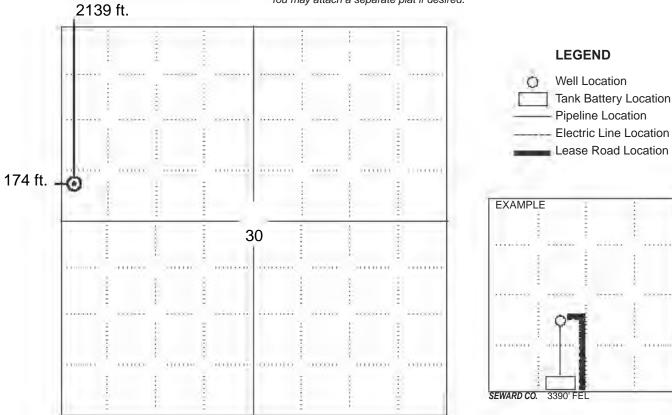
In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator:	Location of Well: County:
Lease:	feet from N / S Line of Section
Well Number:	feet from E / W Line of Section
Field:	SecTwpS. R E W
Number of Acres attributable to well:  QTR/QTR/QTR/QTR of acreage:	Is Section: Regular or Irregular
	If Section is Irregular, locate well from nearest corner boundary.  Section corner used: NE NW SE SW

#### **PLAT**

Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

You may attach a separate plat if desired.



1980' FSL

#### NOTE: In all cases locate the spot of the proposed drilling locaton.

#### In plotting the proposed location of the well, you must show:

- 1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
- 2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
- 3. The distance to the nearest lease or unit boundary line (in footage).
- 4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).
- 5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

Form CDP-1

May 2010

Form must be Typed

#### APPLICATION FOR SURFACE PIT

Submit in Duplicate

License Number: Operator Name: Operator Address: Contact Person: Phone Number: Lease Name & Well No.: Pit Location (QQQQ): Type of Pit: Pit is: Emergency Pit Burn Pit Proposed Existing East West Settling Pit **Drilling Pit** If Existing, date constructed: Feet from North / South Line of Section | Workover Pit Haul-Off Pit Feet from East / West Line of Section (If WP Supply API No. or Year Drilled) Pit capacity: (bbls) County Is the pit located in a Sensitive Ground Water Area? Yes No Chloride concentration: (For Emergency Pits and Settling Pits only) Artificial Liner? Is the bottom below ground level? How is the pit lined if a plastic liner is not used? Yes No Yes N/A: Steel Pits Length (feet) Width (feet) Pit dimensions (all but working pits): Depth from ground level to deepest point: No Pit If the pit is lined give a brief description of the liner Describe procedures for periodic maintenance and determining material, thickness and installation procedure. liner integrity, including any special monitoring. Depth to shallowest fresh water \_\_\_ Distance to nearest water well within one-mile of pit: Source of information: well owner electric log Depth of water well Emergency, Settling and Burn Pits ONLY: Drilling, Workover and Haul-Off Pits ONLY: Producing Formation: Type of material utilized in drilling/workover: Number of producing wells on lease: \_\_\_ Number of working pits to be utilized: Barrels of fluid produced daily: Abandonment procedure: Does the slope from the tank battery allow all spilled fluids to Drill pits must be closed within 365 days of spud date. flow into the pit? Yes No I hereby certify that the above statements are true and correct to the best of my knowledge and belief. Date Signature of Applicant or Agent KCC OFFICE USE ONLY Steel Pit RFAC RFAS Date Received: Permit Number: Permit Date: Lease Inspection: Yes No

# Kansas Corporation Commission Oil & Gas Conservation Division

Form KSONA-1 July 2021 Form Must Be Typed Form must be Signed All blanks must be Filled

# CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

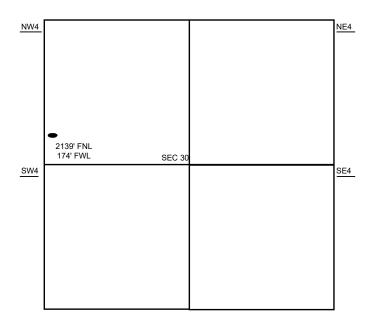
This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application).

Any such form submitted without an accompanying Form KSONA-1 will be returned.

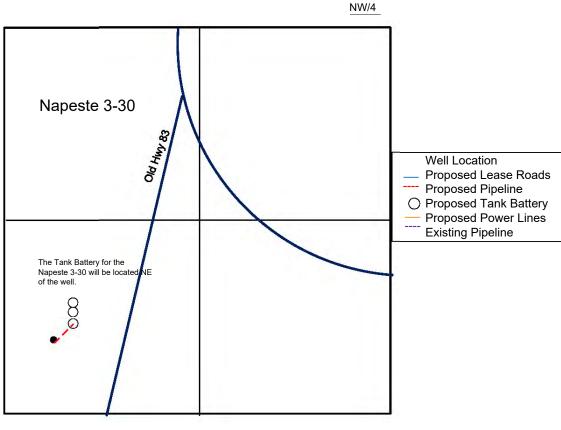
Select the corresponding form being filed: C-1 (Intent) CB-1 (	Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)
OPERATOR: License #	Well Location:
Name:	SecTwpS. REast West
Address 1:	County:
Address 2:	Lease Name: Well #:
City:	If filing a Form T-1 for multiple wells on a lease, enter the legal description of
Contact Person:	the lease below:
Phone: () Fax: ()	
Email Address:	
Surface Owner Information:	
Name:	When filing a Form T-1 involving multiple surface owners, attach an additional
Address 1:	sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the
Address 2:	county, and in the real estate property tax records of the county treasurer.
City:	
Select one of the following:  I certify that, pursuant to the Kansas Surface Owner Notice provided the following to the surface owner(s) of the land up Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filling C-1 or Form CB-1, the plat(s) required by this form; and 3) my  I have not provided this information to the surface owner(s). the KCC will be required to send this information to the surface.	e Act (see Chapter 55 of the Kansas Statutes Annotated), I have pon which the subject well is or will be located: 1) a copy of the ng in connection with this form; 2) if the form being filed is a Form operator name, address, phone number, fax, and email address.  I acknowledge that, because I have not provided this information, e owner(s). To mitigate the additional cost of the KCC performing dress of the surface owner by filling out the top section of this form the KCC, which is enclosed with this form.
If choosing the second option, submit payment of the \$30.00 handling form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-	fee with this form. If the fee is not received with this form, the KSONA-1
	-1 will be returned.
I hereby certify that the statements made herein are true and correct to	

### Proposed Plan of Construction

Napeste 3-30 Sec 30 T24S-R32W Finney County, KS

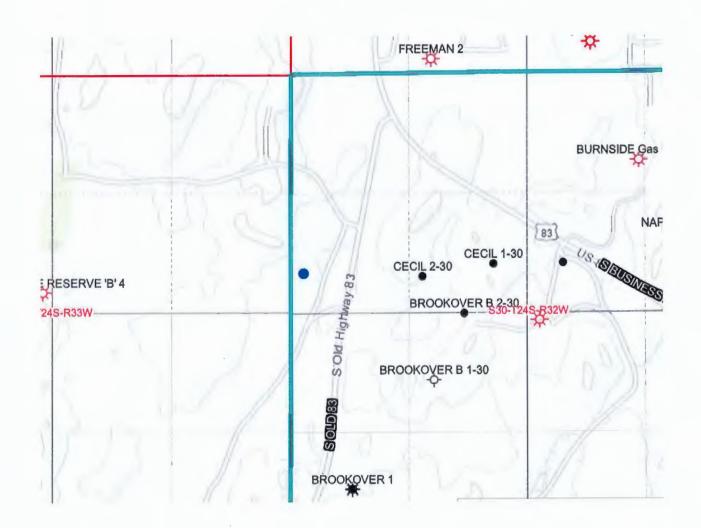


Sec 30 - T24S - R32W



Proposed Details of NW/4 Sec 30 – T24S – R32W

### **EXHIBIT C**



# BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

In the Matter of the Application of Merit	)	Docket No. 25-CONS-3437-CWLE
Energy Company, LLC for a well location	)	
exception for its Napeste #3-30 well, to be	)	CONSERVATION DIVISION
located in the NW/4 of Section 30, Township	)	
24 South, Range 32 West, Finney County,	)	License No. 32446
Kansas	)	

#### NOTICE OF APPLICATION

TO ALL: OIL AND GAS OPERATORS, PRODUCERS AND LESSEES, OIL AND GAS LESSORS AND ROYALTY OWNERS, UNLEASED AND OFFSETTING MINERAL INTEREST OWNERS, LANDOWNERS, AND ALL PERSONS CONCERNED:

You are hereby notified that Merit Energy Company, LLC ("Applicant"), has filed with the Kansas Corporation Commission an application requesting a well location exception and full oil and gas allowable for its Napeste #3-30 well to be located 174' from the West line and 2,139' from the North line of Section 30-T24S-R32W, Finney County, Kansas, which location is 174' from the western boundary of the lease line. Applicant plans to drill the well to a depth of 6,000' measured from surface to test the Morrow and upper Mississippi formations for oil and gas reserves.

The application is pending with the Commission. Any persons who object or protest to such application shall be required to file their objections or protests in writing with the Commission within 15 days from the date of this publication. If a written protest is not timely filed, the application may be determined administratively by the Commission and may thereby be granted without hearing or further notice to any interested party. All objections and protests shall clearly state the reasons why granting the application will violate correlative rights, cause waste or pollution. Objections or protests shall be mailed to the Kansas Corporation Commission, Conservation Division, 266 N. Main St., Ste. 220, Wichita, KS 67202, with a copy to applicant's attorneys listed below. All parties in any way interested or concerned shall take notice of the foregoing and govern themselves accordingly.

Jonathan A. Schlatter, #24848 MORRIS LAING LAW FIRM 300 N. Mead, Suite 200 Wichita, KS 67202-2745 Office (316) 262-2671 Attorneys for Merit Energy Company, LLC

#### **CERTIFICATE OF SERVICE**

I certify that on this 19<sup>th</sup> day of June, 2025, I caused the original of the foregoing Application, Exhibits A-1, A-2, B and C, and the Notice of Application to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and caused true and correct copies of the same to be deposited in the United States Mail, postage prepaid, and properly addressed to the individuals identified paragraph 9 of the Application.

Backen C Cy fori
Jonathan A. Schlatter