

SEP 12 2014

2014.09.15 13:12:47  
Kansas Corporation Commission  
/S/ Thomas A. Day

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 Murfin )  
Drilling Company, Inc. for an exception to the )  
10-year time limitation of K.A.R. 82-3-111 )  
for its Celia South Unit D-3 well located in )  
the SE/4 of Section 29, Township 3 South, )  
Range 36 West, Rawlins County, Kansas. )  
\_\_\_\_\_ )  
Docket No. 15-CONS-<sup>231</sup>\_\_\_\_-CEXC  
CONSERVATION DIVISION  
License No.: 30606

APPLICATION

COMES NOW Murfin Drilling Company, 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 250 N. Water, Suite 300, Wichita, Kansas, 67202.
2. Applicant has been issued by the Kansas Corporation Commission Operator's  
License 30606, which expires on December 30, 2014.
3. Applicant is the owner and operator of the Celia South Unit D-3 well, 15-167-  
20586-00-00, which is located in the Northwest of the Southeast Quarter of Section 29,  
Township 3 South, Range 36 West, Rawlins County, Kansas. The subject well is located on an  
active oil and gas lease or unit comprising the following lands:

South Half of the South Half of Section 20, Township 3 South, Range 36 West

South Half of the Southwest Quarter & Southwest Quarter of the Southeast Quarter of  
Section 21, Township 3 South, Range 36 West

North Half of the Northwest Quarter & Southeast Quarter of the Northwest Quarter &  
East Half of Section 29, Township 3 South, Range 36 West

Section 28, Township 3 South, Range 36 West

West Half of the West Half of Section 27, Township 3 South, Range 36 West

North Half of the Northeast Quarter & Southeast Quarter of the Northeast Quarter &  
Southeast Quarter of Section 32, Township 3 South, Range 36 West

North Half of the Northeast Quarter & Southwest Quarter of the Northeast Quarter &  
Northwest Quarter of the Southeast Quarter & West Half of Section 33, Township 3  
South, Range 36 West, Rawlins County, Kansas, containing 580 acres.

4. Pursuant to K.A.R. 82-3-111, the well was shut in, or Applicant obtained temporary abandonment status, for the subject well on 07-01-04. The subject well has maintained such status from 07-01-04, to the present date.

5. On or about 2-4-13, the Kansas Corporation Commission notified Applicant temporary abandonment status for the subject well would be denied from and after 6-07-14, because subject well had 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 September 3, 2014, the subject well demonstrated mechanical integrity as evidenced by its passage of a Commission staff-witnessed mechanical integrity test.

8. Applicant wishes to continue TA status for the subject well, because Applicant intends to use the well for the following purpose: It is possible to increase the remaining

reserves by sweeping other portions of the reservoir. Optimizing the flood will require to have as many wells as possible.

9. a) The Unit consists of 21 producing wells and 9 injection wells. Applicant submits the following information regarding the well in support of the Application.

b) Estimated plugging cost for this well is \$25,000.

c) Current gross production is 33 BOPD

d) Estimated economic reserves are approximately 65,000 bbls. This was estimated by utilizing an estimated annual decline of 8.3%, the current production in (c), and average lease operating expenses of \$40,000 per month.

e) On December 3<sup>rd</sup>, 2013 a cast iron plug with 2 sacks of cement was set above the producing zone because of a high fluid level in the well. The remaining fluid above plug was swabbed out, leaving the fluid level approximately 4,100' from surface. The fluid level has remained at the same level previous to date of most recent MIT, indicating no fluid ingress. On September 3, 2014, the subject well demonstrated mechanical integrity as evidenced by its passage of a Commission staff-witnessed mechanical integrity test. Future use of the well is to convert to an injection well in an effort to sweep portions of the field with remaining reserves at an estimated cost of \$50,000.

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 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 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,

Murfin Drilling Company, Inc.  
250 N. Water Suite 300  
Wichita, KS 67202  
316 267-3241

By Francis Hitschmann  
Francis Hitschmann

## **CERTIFICATE OF SERVICE**

I hereby certify on this 9<sup>th</sup> day of September, 2014, 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 12 of said Application and each party set forth in Exhibit "A" attached to said Application filed by Applicant, and the original and seven (7) copies were hand delivered to the Kansas Corporation Commission.

  
Francis Hitschmann

Exhibit "A"

NO OFFSET OPERATORS

Exhibit "B"

NO MINERAL INTEREST OWNERS WITHOUT BEING COVERED BY OIL LEASE.

4 D's, LLC  
Attn: Dave Hubbard  
P.O. Box 62  
McDonald, KS 67745

Yvonne Powell AND  
William John Powell AS  
Tenants in Common  
3460 Mulligan Dr.  
Mount Pleasant, SC 29466

35

