

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

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 21-CONS-3127-CWLE
OF PALOMINO PETROLEUM, INC.,)	
FOR A LOCATION EXCEPTION FOR ITS)	LICENSE NO. 30742
SPECTRE #1 WELL LOCATED IN THE NW/4)	
NW/4 OF SECTION 17-T18S-R24W, NESS)	
COUNTY, KANSAS.)	CONSERVATION DIVISION
_____)	

APPLICATION

1. Applicant herein, Palomino Petroleum, Inc. (hereinafter "Palomino"), 4924 SE 84th Street, Newton, KS, 67114, has acquired the right to drill and operate upon a valid oil and gas lease covering the NW/4 of Section 17-18S-24W, Ness County, Kansas, upon which it plans to drill its Spectre #1 well at a location that is 268 feet from the North line and 178 feet from the West line of said Section 17, which are the nearest lease lines to the intended location.

2. Applicant requests that it be granted a well location exception for said well pursuant to Section 82-3-108 of the General Rules and Regulations of the Commission, which exception is necessary to prevent waste and protect correlative rights.

3. Applicant's 3-D seismic data indicates a significant structural closure, the crest of which feature and the majority of which feature are located in the NW/4 of Section 17-T18S-R24W. Drilling on the crest requires a well location less than 330 feet from said lease lines.

4. Applicant's lease in the NW/4 of Section 17-18S-24W does not allow unitization which also provides a reason why a well location exception is needed.

5. Waste and damage to the correlative rights of Applicant's lessor will result if Applicant is not permitted to drill at the above-described location.

6. Attached hereto, marked Exhibit "A" and made a part hereof, is a plat showing the property on which the well is sought to be drilled, the location of said well, all other wells on

the property and adjacent property and the proposed location of said well.

7. There are two separate operators on lands that are less than 330 feet from the intended well location.

SW/4 8-T18S-R24W
Pickrell Drilling Co., Inc.
100 S. Main, Suite 505
Wichita KS 67202

NE/4 18-T18S-R24W
Norstar Petroleum, Inc.
88 Iverness Cir E. Unit F104
Englewood CO 80112

8. The names and addresses of all unleased mineral owners whose property is less than 330 feet from the intended well location are: None.

9. The Applicant's lessors on leases operated by Applicant that will be situated less than 330 feet from the proposed will location are:

(a) NW/4 of Section 17-T18S-R24W

Judy J. Humburg and Don M. Humburg
11242 120 Road
Ness City KS 67560

(b) SE/4 of Section 7-T18S-R24W

John Holly Williamson
10001 Venice Blvd., Apt. 109
Los Angeles CA 90034

Gloria J. Williamson, Trustee,
Williamson Revocable Living Trust
14949 Toft Drive
Lake Elsinore CA 92530

F. Alan Coombs and Marjorie W. Coombs, Trustees
Coombs Living Trust
1940 Michigan
Salt Lake City UT 84108

10. Applicant requests that said well, if productive, be granted the full and unreduced allowable provided by K. A. R. 82-3-203 and that 10 acres in the NW/4 NW/4 of said Section 17 be attributed to said well, as shown in the attachment to this Application.

11. A true and accurate copy of the Notice of this Application that will be published is attached here to, a copy of which has been mailed to the operators and mineral owners described in Paragraphs 7 and 9 above

NOW, THEREFORE, Applicant prays that the Commission grant the exception herein requested on an administrative basis and without hearing, unless timely protest is received pursuant to the rules and regulations of the Commission; that if timely and proper protest is received, the Commission set this application for hearing at the earliest possible date and that upon such hearing grant said exception and allowable; and for such other Orders as the Commission shall deem proper in the circumstances.

Respectfully submitted,


Palomino Petroleum, Inc.

By: 
Steven D. Gough #09016
Withers, Gough, Pike & Pfaff, LLC
O.W. Garvey Building
200 W. Douglas, Suite 1010
Wichita, KS 67202
sgough@withersgough.com
316-266-5021
Attorneys for Applicant

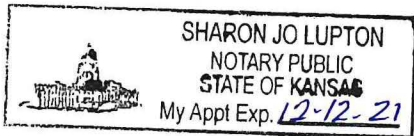
STATE OF KANSAS }
COUNTY OF SEDGWICK }

ss.

Steven D. Gough, of lawful age, and being first duly sworn upon oath, deposes and says: that he is an attorney for Palomino Petroleum, Inc.; that he has read the within and foregoing Application; and the statements and contents thereof are true to the best of his knowledge and belief.

By: 
Steven D. Gough

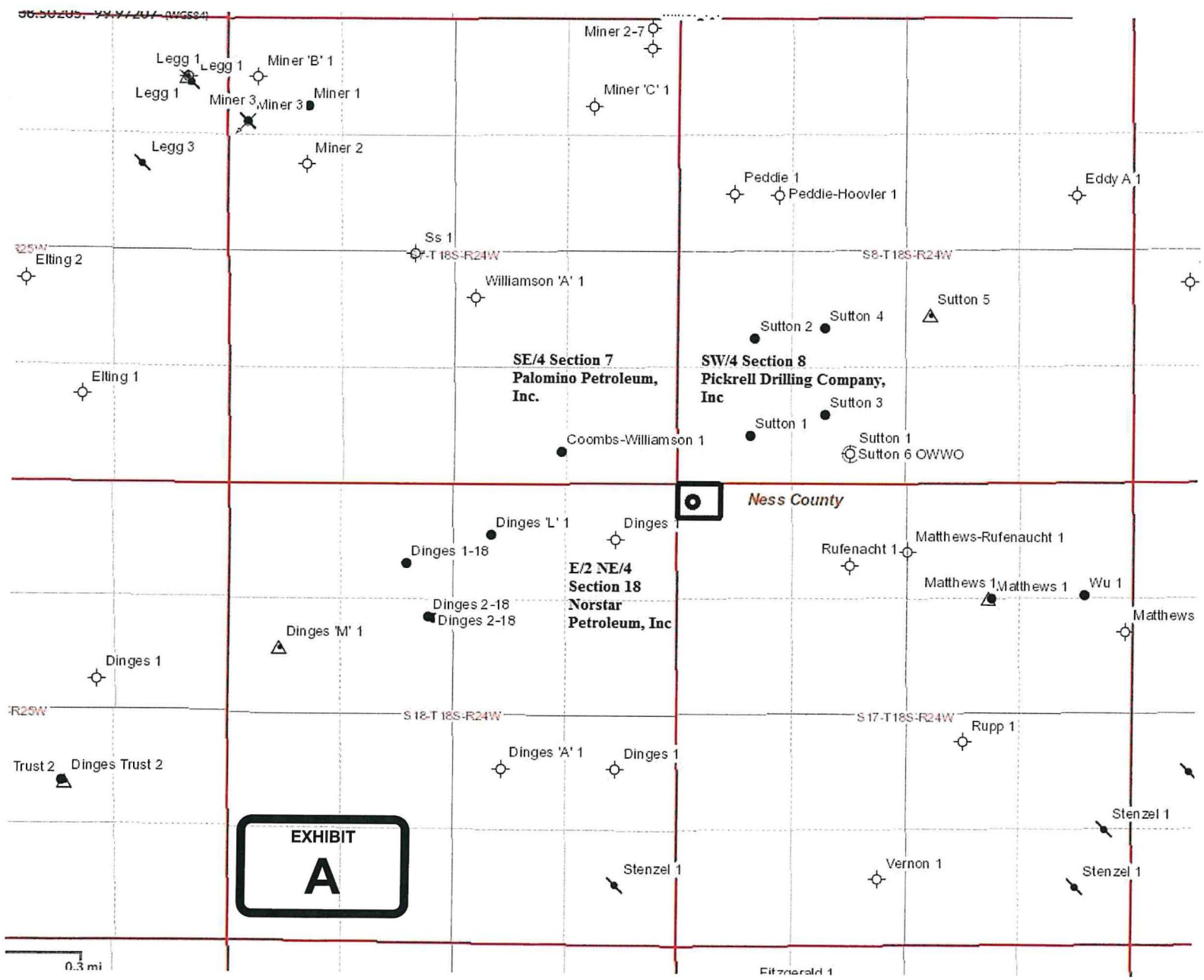
Subscribed and sworn to before me this 30th day of December 2020.




Notary Public

My Commission Expires:

December 12, 2021



For KCC Use:

Effective Date: _____

District # 1

SGA? ☒ Yes ☐ No

DRAFT
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Form C-1

March 2010

Form must be Typed

Form must be Signed

All blanks must be Filled

Expected Spud Date: 2/15/2021
month day year

OPERATOR: License# 30742

Name: Palomino Petroleum, Inc.

Address 1: 4924 SE 84TH ST

Address 2: _____

City: NEWTON State: KS Zip: 67114 + 8827

Contact Person: Klee Robert Watchous

Phone: 316-799-1000

CONTRACTOR: License# 30606

Name: Murfin Drilling Co., Inc.

Well Drilled For:

Well Class:

Type Equipment:

☒ Oil ☐ Enh Rec ☐ Infield ☒ Mud Rotary

☐ Gas ☐ Storage ☐ Pool Ext. ☐ Air Rotary

☐ Disposal ☒ Wildcat ☐ Cable

☐ Seismic ; _____ # of Holes ☐ Other

☐ Other: _____

☐ If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? ☐ Yes ☒ No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

Spot Description: _____

NW - NW - NW - NW Sec. 17 Twp. 18 S. R. 24 ☐ E ☒ W
(Q/Q/Q/Q) 268 feet from ☒ N / ☐ S Line of Section

178 feet from ☐ E / ☒ W Line of Section

Is SECTION: ☒ Regular ☐ Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: Ness

Lease Name: Spectre Well #: 1

Field Name: None (Wildcat)

Is this a Prorated / Spaced Field? ☐ Yes ☒ No

Target Formation(s): Mississippian

Nearest Lease or unit boundary line (in footage): 178

Ground Surface Elevation: 2322 Surveyed feet MSL

Water well within one-quarter mile: ☐ Yes ☒ No

Public water supply well within one mile: ☐ Yes ☒ No

Depth to bottom of fresh water: 180

Depth to bottom of usable water: 980

Surface Pipe by Alternate: ☐ I ☒ II

Length of Surface Pipe Planned to be set: 200

Length of Conductor Pipe (if any): _____

Projected Total Depth: 4600

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

☐ Well ☒ Farm Pond ☐ Other: _____

DWR Permit #: _____

(Note: Apply for Permit with DWR ☐)

Will Cores be taken? ☐ Yes ☒ No

If Yes, proposed zone: _____

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date.
Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: _____ Signature of Operator or Agent: _____ Title: _____

For KCC Use ONLY

API # 15 - _____

Conductor pipe required _____ feet

Minimum surface pipe required _____ feet per ALT. ☐ I ☒ II

Approved by: _____

This authorization expires: _____

(This authorization void if drilling not started within 12 months of approval date.)

Spud date: _____ Agent: _____

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

☐ Well will not be drilled or Permit Expired Date: _____

Signature of Operator or Agent: _____

17
18
24
☐ E
☒ W

Side Two
DRAFT

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: Palomino Petroleum, Inc.

Lease: Spectre

Well Number: 1

Field: None (Wildcat)

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: NW - NW - NW - NW

Location of Well: County: Ness

268 feet from ☒ N / ☐ S Line of Section

178 feet from ☐ E / ☒ W Line of Section

Sec. 17 Twp. 18 S. R. 24 ☐ E ☒ W

Is Section: ☒ Regular or ☐ Irregular

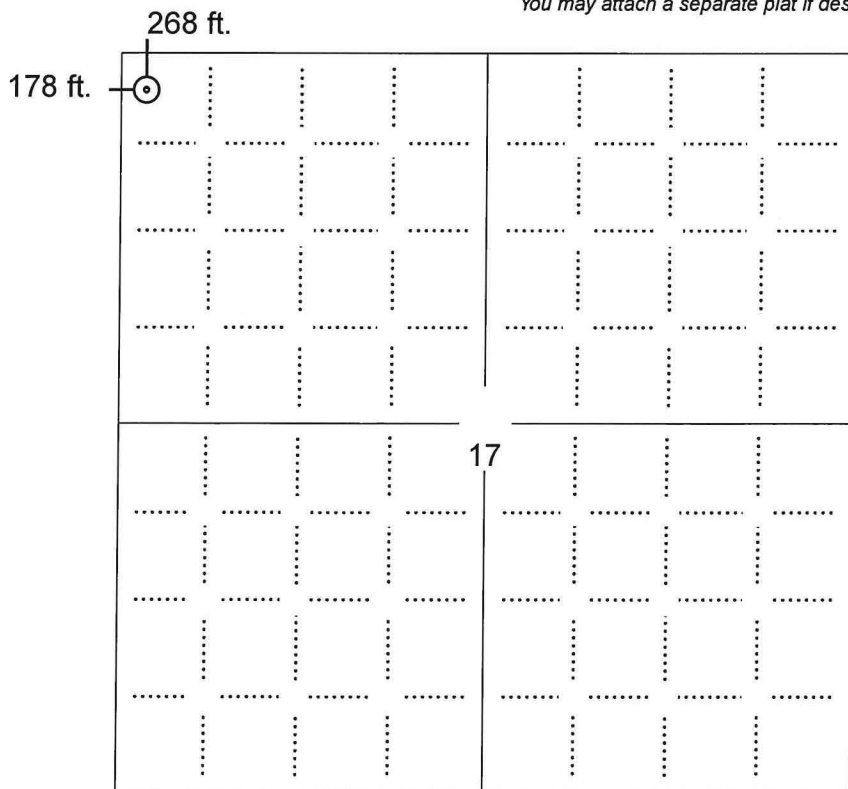
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: ☐ NE ☐ NW ☐ SE ☐ SW

PLAT

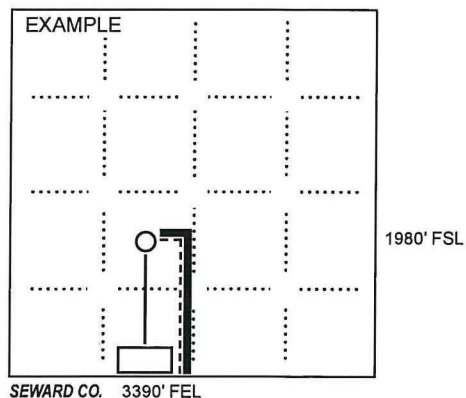
Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032).

You may attach a separate plat if desired.



LEGEND

- ☐ Well Location
- ☐ Tank Battery Location
- ☐ Pipeline Location
- ☐ Electric Line Location
- ☐ Lease Road Location



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

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.

DRAFT

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

APPLICATION FOR SURFACE PIT

Form CDP-1
May 2010
Form must be Typed

Submit in Duplicate

Operator Name: Palomino Petroleum, Inc.		License Number: 30742	
Operator Address: 4924 SE 84TH ST		NEWTON KS 67114	
Contact Person: Klee Robert Watchous		Phone Number: 316-799-1000	
Lease Name & Well No.: Spectre 1		Pit Location (QQQQ): NW - NW - NW - NW Sec. 17 Twp. 18 R. 24 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 268 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 178 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Ness County	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 3420 (bbls)		
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>	
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Drilling mud and shale from wellbore	
Pit dimensions (all but working pits): 80 Length (feet) 80 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 3 (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: 3986 feet Depth of water well 74 feet		Depth to shallowest fresh water 26 feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Fresh Number of working pits to be utilized: 2 Abandonment procedure: Evaporate and backfill Drill pits must be closed within 365 days of spud date.	
I hereby certify that the above statements are true and correct to the best of my knowledge and belief. <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 30%; text-align: center;"> _____ Date </div> <div style="width: 60%; text-align: center;"> _____ Signature of Applicant or Agent </div> </div>			

KCC OFFICE USE ONLY			
<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS			
Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

DRAFT
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
January 2014
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 # 30742
Name: Palomino Petroleum, Inc.
Address 1: 4924 SE 84TH ST
Address 2: _____
City: NEWTON State: KS Zip: 67114 + 8827 _____
Contact Person: Klee Robert Watchous
Phone: (316) 7991000 Fax: (316) 7992728
Email Address: krw@ppiks.com

Well Location:
NW NW NW NW Sec. 17 Twp. 18 S. R. 24 ☐ East ☒ West
County: Ness
Lease Name: Spectre Well #: 1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: John Holly Williamson
Address 1: 10001 Venice Blvd.
Address 2: Apt. 109
City: Los Angeles State: CA Zip: 90034 + _____

When filing a Form T-1 involving multiple surface owners, attach an additional 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 county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

☒ I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.

☐ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: _____ Signature of Operator or Agent: _____ Title: _____



23-18s-24w-bar-usgs
CRD NO.

00-18s-24w
DMT NO.

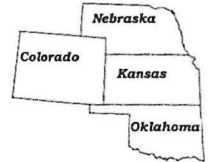
PRO-STAKE

LLC

Construction Site Staking

P.O. Box 2324 Garden City, Kansas 67846
Office/Fax: (620) 276-6159 – Cell: (620) 272-1499
burt@prostakellc.com

14589A
INVOICE NO.



Palomino Petroleum, Inc.
OPERATOR

Ness County, KS
COUNTY

Spectre #1
LEASE NAME

268' FNL - 178' FWL
LOCATION SPOT

2321.8'
GR ELEVATION

38.492519134
NAD 83 LAT

100.008947769
NAD 83 LONG

17 18s 24w
Sec. Twp. Rng.

SCALE: 1" = 1000'
DATE STAKED: November 20th, 2020
MEASURED BY: Pierce R.
DRAWN BY: Pierce R.
AUTHORIZED BY: Nick G.
DATE REVISED:



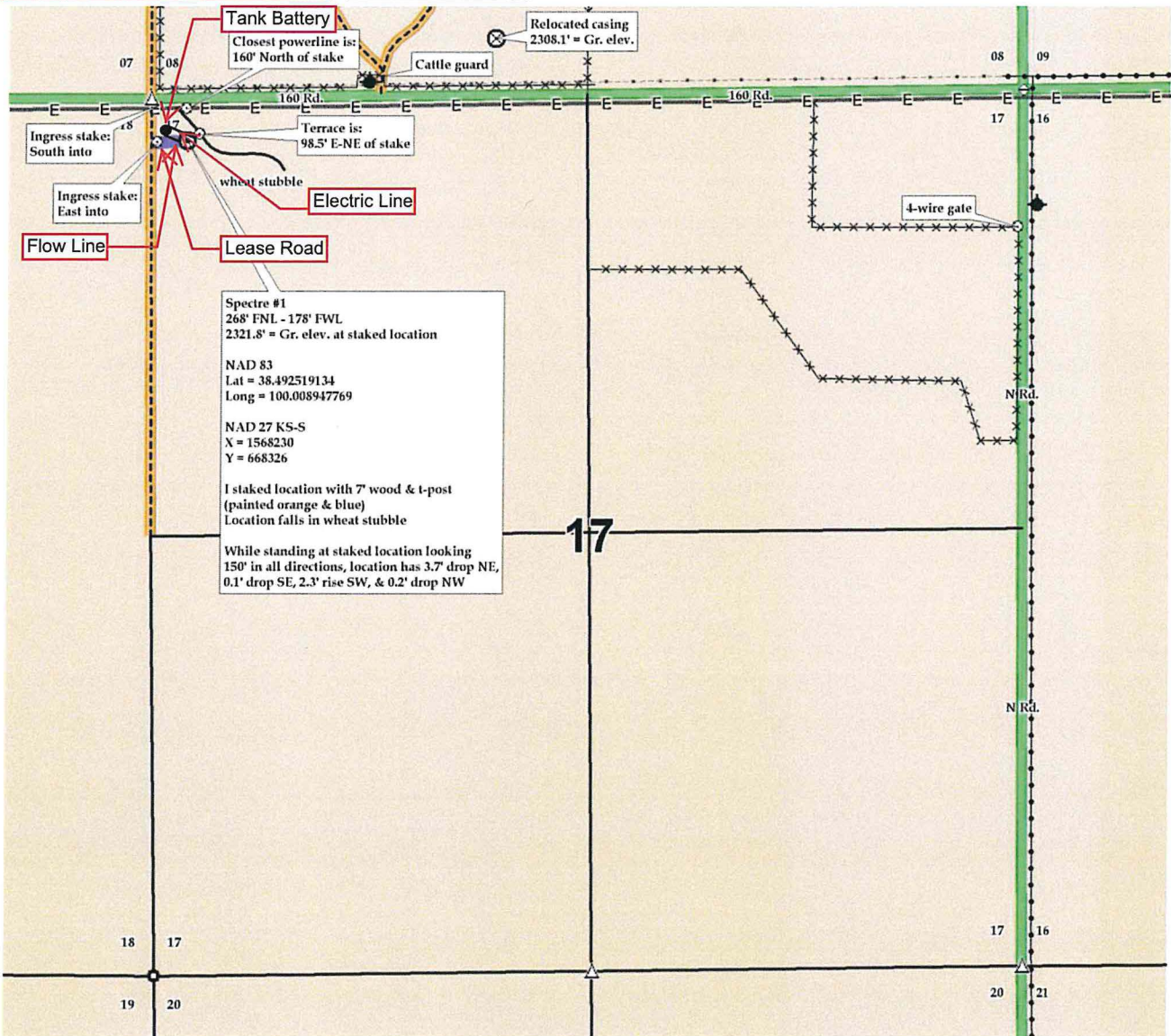
LEGEND

- | | | |
|---------------------------|----------------------------|---------------------------|
| ⊙ irr. well | —G— gas line | ▬ gravel/ sand rd. |
| ⊕ water hydrant | —W— water line | ▬ gravel trail/ lease rd. |
| ⊕ tank battery | —E— transmission powerline | ▬ dirt rd. |
| ⊙ staked loc. | —3— 3 phase powerline | ▬ dirt trail/ lease rd. |
| ⊕ prod. well/ aband. well | —1— single phase powerline | ▬ Hwy/ blacktop rd. |
| ⊕ house | —x—x— fence | |
| □ building | | |

DIRECTIONS: From Ness City, KS at the intersection of Hwy. 96 & Hwy. 283 – Now go 4.6 miles West on Hwy. 96 – Now go 3 miles North on N Rd – Now go 1 mile West on 160 Rd. to ingress stake South into at the NW corner of section 17-18s-24w – Now go approx. 250' South on trail to ingress stake East into – Now go 175' East through wheat stubble into staked location

Final ingress must be verified with landowner or operator.
This drawing does not constitute a monumented survey or a land survey plat.
This drawing is for construction purposes only.

LANDOWNER/CONTACT: Don Humburg: 785-798-2751



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

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 21-CONS-3127-CWLE
OF PALOMINO PETROLEUM, INC.,)	
FOR A LOCATION EXCEPTION FOR ITS)	LICENSE NO. 30742
SPECTRE #1 WELL LOCATED IN THE NW/4)	
NW/4 OF SECTION 17-T18S-R24W, NESS)	
COUNTY, KANSAS.)	CONSERVATION DIVISION

NOTICE OF APPLICATION AND HEARING

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS, TO:

ALL OIL AND GAS PRODUCERS AND OIL AND GAS PURCHASERS, ROYALTY
OWNERS, LANDOWNERS, AND ALL PERSONS WHOMSOEVER CONCERNED

You, and each of you, are hereby notified that Palomino Petroleum, Inc. has filed an Application for a location exception for its Spectre #1 well located in the NW/4 NW/4 of Section 17-T18S-R24W, Ness County, Kansas.

This Application is pending before the Commission and may be granted within fifteen (15) days from the date of publication of this notice without hearing, unless a written protest is received by the State Corporation Commission within said fifteen (15) day period.

Any protest to the Application must be written and shall clearly state the grounds of objection. The written protest should be mailed to the Kansas Corporation Commission, Conservation Division, 266 N. Main St., Ste. 220, Wichita, Kansas, 67202-1513.

If a written protest is filed with the Commission within fifteen (15) days from the date of publication of this Notice, this matter will be set for hearing by the Commission. The hearing will be held in the Hearing Room, Corporation Commission, Conservation Division, 266 N. Main St., Ste. 220, Wichita, Kansas, 67202-1513.

You are further notified that the name of such well, its location, and the acres that will be attributed to this well are as follows:

<u>Well</u>	<u>Location and acreage attributed</u>
Spectre #1 well	268 feet from the North line and 178 feet from the West line of said Section 17, T18S, R24W, Ness County, Kansas, which are the nearest lease lines to the proposed location. The acreage to be attributed to said well is 10 acres in the NW/4 NW/4 of said Section 17, T18S-R24W, Ness County, Kansas.

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

PALOMINO PETROLEUM, INC.

/s/ Steven D. Gough

Steven D. Gough

WITHERS GOUGH PIKE & PFAFF LLC

O.W. Garvey Building

200 W. Douglas, Suite 1010

Wichita, KS 67202

316-266-5021 (direct line)

sgough@withersgough.com

Attorneys for Applicant