

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Lario)	
Oil & Gas Company for an Order)	Docket No. 17-CONS-3516-CUNI
Authorizing the Unitization and Unit)	Conservation Division
Operations of the Feiertag Unit in Scott)	Operator No. 5214
County, Kansas.)	

PROTEST AND PETITION TO INTERVENE BY
CHOLLA PRODUCTION LLC

COMES NOW Cholla Production, LLC. (“Cholla”), and enters its protest and petition to intervene against the above-captioned Application (the “Application”) for statutory unitization of certain lands in Scott County, Kansas. In support of its protest and intervention, Cholla states the following:

1. Cholla is an oil and gas exploration and production company that holds Kansas Operator’s license number 31819 issued by the Commission.
2. Cholla owns and operates producing oil and gas properties located both within and adjacent to the proposed Unit boundary. Specifically, Cholla operates all of Section 16 and the NW/4 of Section 21, Township 19 South, Range 33 West.
3. According to the proposed Unit plat Applicant has filed as Exhibit D to the Application, the Unit boundary would cut through Cholla’s contiguous producing acreage, and take over two of Cholla’s wells.
4. Properties operated by Cholla are identified as ‘Tracts 7A, 7B, 8 and 9’, in the proposed Unit plat. *However*, Tracts 7A, 7B, and 8 are not listed in Paragraph 5 of the Application, or in Exhibit F, the ‘Notice of Application’, where Applicant has listed the lands to be included in the proposed Unit. Cholla seeks clarification as to which of its leases and wells are specifically proposed to be included in the Unit.

5. Cholla brings this Protest on behalf of itself and the other working interest owners in the leases Cholla operates on the lands described in Paragraph 2 above.

6. The Kansas Unitization Act at K.S.A. 55-1304 specifies the findings the Commission must make before a unit application can be granted:

“The commission may make an order providing for the unitization and unit operation of such pool or part thereof sought to be unitized, if, upon application of any working interest owner and after notice and hearing in accordance with the provisions of the Kansas administrative procedure act, the commission finds all of the following conditions exist:

(a) (1) The primary production from a pool or a part thereof sought to be unitized has reached a low economic level and, without introduction of artificial energy, abandonment of oil or gas wells is imminent; or (2) the unitized management, operation and further development of the pool or the part thereof sought to be unitized is economically feasible and reasonably necessary to prevent waste within the reservoir and thereby increase substantially the ultimate recovery of oil or gas;

(b) the value of the estimated additional recovery of oil or gas substantially exceeds the estimated additional cost incident to conducting such operations; and

(c) the proposed operation is fair and equitable to all interest owners.” K.S.A. 55-1304.

Accordingly, Applicant has the burden of meeting the requirements of subsections (a)(2), (b) and (c) above.

7. Cholla disputes the assertions in Paragraph 9 of the Application. To the contrary, Cholla states that the Applicant’s proposed Unit does not meet the requirements of K.S.A. 55-1304(a)(2), (b), or (c); in that the proposed Unit plan is flawed

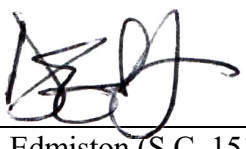
geologically, and that the allocations to property owners, including Cholla are unfair and inequitable.

8. Cholla's correlative rights, and the rights of the associated working interest and mineral owners, will be substantially and irreparably harmed if the Application is granted and the Unit is formed as described.
9. The proposed Unit operations will cause waste, in violation of K.S.A. 55-601.
10. Granting the Application would unduly violate Cholla's property rights, in violation of the Kansas and United States Constitutions.
11. Accordingly, the above-captioned unit Application as submitted, must be denied.
12. Cholla's interests threatened by the Application and proposed Unit, can only be protected through Cholla's intervention in this case. Accordingly, Cholla seeks and is entitled to intervene, pursuant to K.A.R. 82-1-225.

BASED ON THE FOREGOING, Cholla Production LLC., requests to participate in this case as a protestant and intervenor; and requests that the Commission summarily dismiss the above-captioned Application of Lario Oil and Gas Company, and if not dismissed, that this matter be set for evidentiary hearing before the Commission, and for such other; and further relief as the Commission may deem just and proper.

Respectfully submitted,

EDMISTON LAW OFFICE, LLC

By: 
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Attorney for Cholla Production, LLC

VERIFICATION

STATE OF COLORADO)
) SS:
COUNTY OF Jefferson)

Emily M. Hundley-Goff, of lawful age and being first duly sworn upon his oath, deposes and states:

That she is the Owner/Manager for the Protestant/Intervenor in the above-captioned action; that she has read the above and foregoing, knows and understands the contents thereof, and states that the statements and allegations therein contained are true and correct according to her knowledge, information, and belief.

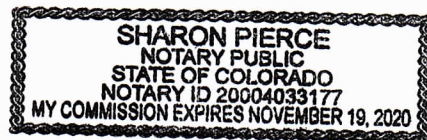
Emily M. Hundley-Goff
Emily M. Hundley-Goff

SUBSCRIBED AND SWORN TO before me, the undersigned authority, this 4th day of April, 2017.

My commission expires:

November 19, 2020

Name Sharon Pierce
Notary Public



CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on this 4th day of **April, 2017**, she caused the above and foregoing **Protest** to be filed with the Kansas Corporation Commission, Conservation Division, in accordance with the Commission's e-filing rules, and that she caused a true and correct copy of the same to be served via US Mail, postage prepaid, to the following persons at the addresses shown:

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Diana Edmiston