

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

Before Commissioners: Mark Sievers, Chairman  
Ward Loyd  
Thomas E. Wright

In the matter of the Application of Dynasty ) Docket No. <sup>12</sup> N-CONS-199-CEXC  
Drilling, LLC for an exception to the 10-year )  
time limitation of K.A.R. 82-3-111 for its ) CONSERVATION DISTRICT  
Morehouse #3 well located in the SE NE NE )  
Section 4 – Township 21 South – Range 3 ) License No.: 34371  
West, McPherson County, Kansas. )

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**APPLICATION**

COMES NOW Dynasty Drilling, LLC in support of its Application in the captioned matter and states as follows:

1. Applicant is an LLC authorized to do business in the State of Kansas. Applicants address is P. O. Box 4720, Tulsa, Oklahoma 74159.
2. Applicant has been issued by the Kansas Corporation Commission Operator's License #34371, which expires on April 30, 2012.
3. Applicant is the owner and operator of the Morehouse #3 well, ("the subject well") API #15-113-04672, which is located in the SE NE NE of Section 4, Township 21 South, Range 3 West, McPherson County, Kansas. The subject well is located on an active oil and gas lease or unit comprising the following lands: N/2 NE/4 & SE/4 NE/4 Section 4, Township 21 South, Range 3 West, McPherson County, Kansas, containing 120 acres, more or less ("leased premises").
4. Pursuant to K.A.R. 82-3-111, the well was shut in by a previous Operator in 1986. The well was subsequently denied TA status by the following Operator in 2007. The well was then granted TA status the following year for the interval May 22, 2008 - May 22, 2009. The subject well is currently inactive. The

current Operator, Dynasty Drilling, LLC, assumed lease/ownership transfer effective March 1, 2010.

5. On May 17, 2011, Applicant submitted their initial CP-111 form requesting TA status for the subject well. On or about May 23, 2011, the Kansas Corporation Commission notified Applicant temporary abandonment status for the subject well would be denied from and after May 23, 2011, because subject well has been inactive for more than ten (10) years and no longer qualifies for TA status.

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 or before February 29, 2012, the subject well will undergo a Commission-Staff-witnessed mechanical integrity test of the casing between the surface and a point within fifty (50) feet above the uppermost perforation or open hole in the well. A packer set on tubing will be the method used for MIT/casing evaluation. Results of this test will be supplied to the Commission for consideration as part of this application.

8. Applicant wishes to continue TA status to give their staff time to evaluate the subject well for the following purposes:

A) Complete well in the more shallow Lansing-Kansas City Formation (approximately 2,500-2,550') for possible commercial production.

B) Maintain current status as a minimal Mississippi gas well for possible supply source for natural gas engines or commercial sales into an existing natural gas sales facility, located 1 ½ miles north.

C) Recomplete in the Arbuckle, Wilcox and/or Simpson formations, as was the original design of the well. The three offsetting wells are completed in these formations, making a combined 10 BOPD average.

D) Plug well according to KCC requirements and abandon location.

9. Applicant submits several enclosed exhibits to aid in the support of this application.

10. Applicant submits that, to date, during the months of October and November 2011, the total revamping of the offsetting Voshell/Morehouse #12 saltwater disposal well system was completed.

11. Applicant requests that the commission grant additional time so that the above described intended/optioned uses to be thoroughly evaluated.

12. 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.

13. 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.

14. 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).

15. 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.

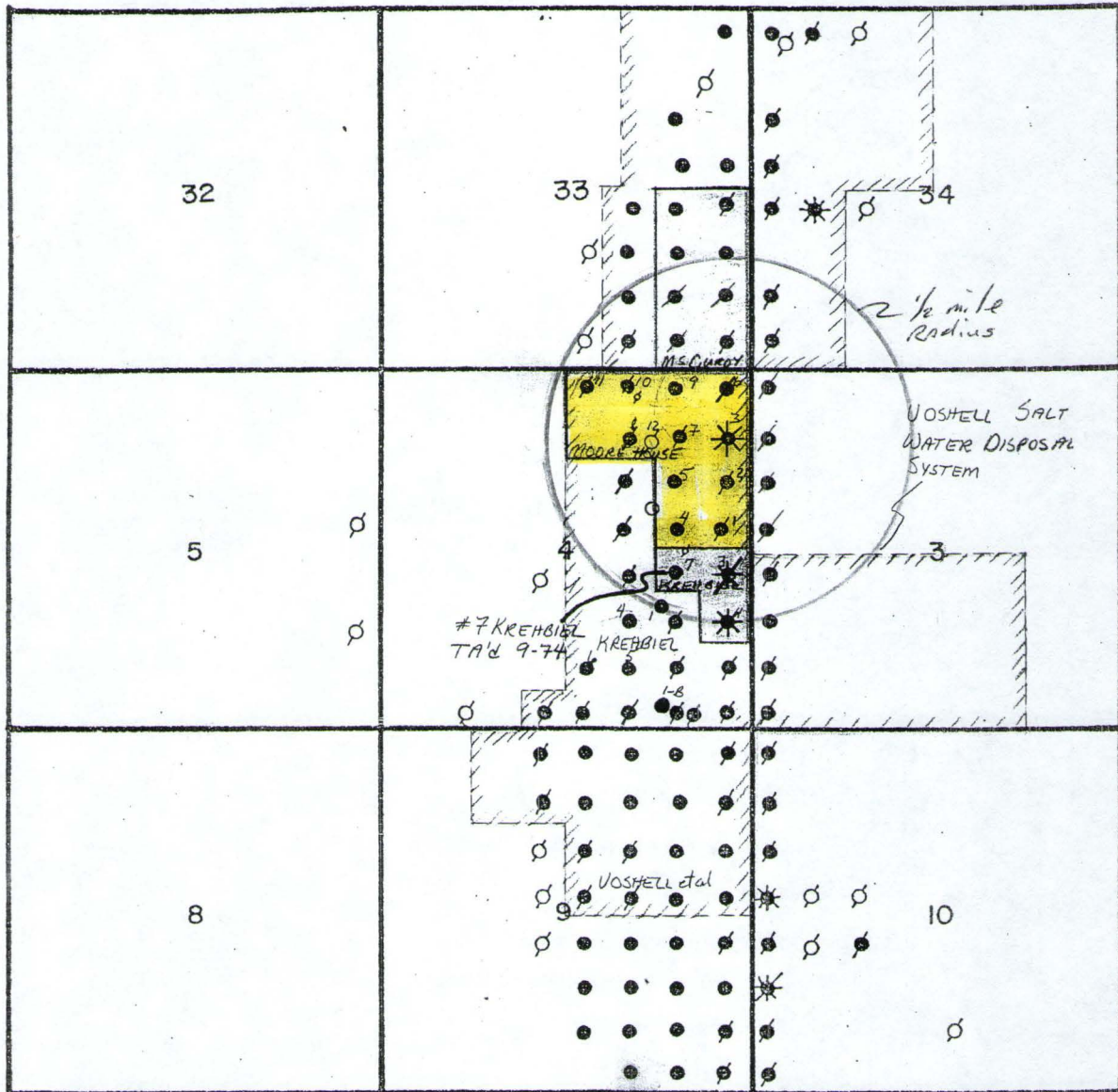
Respectfully Submitted,

A handwritten signature in black ink, appearing to read "T. H. Oast". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Thomas H. Oast  
Area Manager  
Phone (620) 725-3200  
Fax (620) 725-3211

Dynasty Drilling, LLC  
P.O. Box 4720  
Tulsa, OK 74159  
Phone (918) 287-8945

R 3 W



T 21 S

**Dynasty Drilling, LLC**

**Morehouse Lease**

**Well #3**



INDICATES LEASE

**ARCO Oil and Gas Company**

Division of AtlanticRichfield Company  
Mid-Continent District

**VOSHELL FIELD**

**McPHERSON**

**CO.,**

**KANSAS**

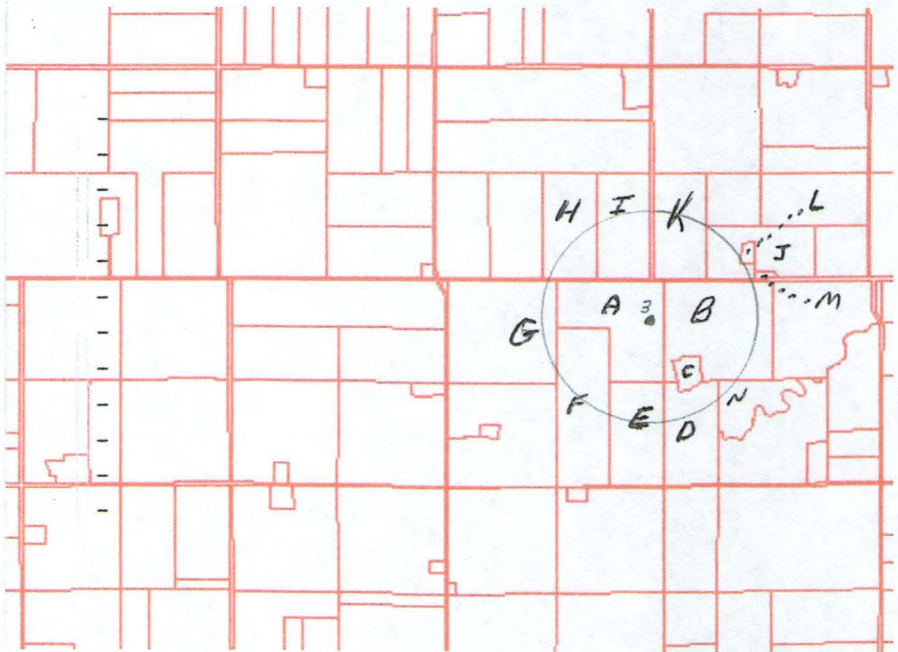
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**McPherson County  
Property Data**

**Dynasty Drilling, LLC  
Morehouse Lease  
Well #3  
Application for an exception to the 10  
Year time limitation of K.A.R. 82-3-111**

**Map**



**“EXHIBIT A”**

*Names and Addresses of each Oil and/or Gas Lease Operator OR Individuals who own any mineral interest of record within a one-half (1/2) mile radius of subject well*

- A, I, K) Paul R. & Connie Krehbiel, 505 S. Estates Dr., Salina, KS 67401 (Landowner)
- B, D) Clarene Stucky Trust, 532 Park Court, Moundridge, KS 67107
- C, N) Jeffery W. & Rebecca Koller, 2537 Chisholm Rd, McPherson, KS 67460
- E) Terry D. & Annette J. Elder, 416 Liberty Drive, McPherson, KS 67460
- F) James E. & Terry S. Stucky, 1460 Cheyenne Rd., McPherson, KS 67460
- G) G & D Trust (Galen & David), 681 14<sup>th</sup> Ave., McPherson, KS 67460
- H) Warren G. & Diane Gering, 269 Weber Rd, Ritzville, WA 99169
- J) Darrell K. & Mary Krehbiel, 26002 Rose Lane, Chantilly, VA 20152
- L) Robert L. & Jolene Kaufman, 1842 Iron Horse, Rd, McPherson, KS 67460
- M) Stacy L. & Tonya Kaufman, 1556 Chisholm Rd, McPherson, KS 67460
- A, I, K, J) Ray Peterson, 505 South Estates Drive, Salina, KS 67401
- I) Calgary Energy, LLC, P.O. Box 37, Collinsville, OK 74021 (Lease Operator)
- D, E, F) Kermit Schmidt, 308 Westlane Road, McPherson, KS 67460 (Lease Operator)