BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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In the matter of the Application of Belport Oil,) Inc. for an exception to the 10-year time limitation of K.A.R. 82-3-111 for its Oscar West #202W, #204, #403, #406 and #407 Wells located in the SW/4 of Section 15, and the NW/4 of Section 22, Township 22 South, Range 14 West, Stafford County, Kansas.

Docket No. 23-CONS-3327-CEXC

CONSERVATION DIVISION

License No. 33809

FIRST AMENDED APPLICATION

Belport Oil, Inc. ("Applicant") submits this First Amended Application ("Amended Application"), requesting an exception to the ten-year temporary abandonment time limitation set forth in K.A.R. 82-3-111(b) for the following described Subject Wells pursuant to K.A.R. 82-3-100(b). In support of its Amended Application, Applicant states as follows:

1. Applicant is a Colorado corporation duly authorized to conduct business in Kansas,

whose mailing address is 1719 S. Boston Ave., Tulsa, Oklahoma, 74120.

2. The Commission has issued Applicant oil and gas operator's License No. 33809,

which license is in full force and effect through June 30, 2024.

3. Applicant is an owner and operator of the following-described wells ("Subject Wells"):

Well Name	API No.	Approx. Location (Stafford County, KS)
Oscar West #403	15-185-12881-0000	SE SE NW Sec. 22-T22S-R14W
Oscar West #406	15-185-12884-0000	N2 SE NW Sec. 22-T22S-R14W
Oscar West #407	15-185-12885-0000	NW NW NW Sec. 22-T22S-R14W
Oscar West #204	15-185-12875-0000	SW SW SW Sec. 15-T22S-R14W
Oscar West #202W	15-185-12874-0001	NE SW SW Sec. 15-T22S-R14W

The Subject Wells are located on valid and subsisting oil and gas leases which have been unitized to form the Oscar West Waterflood Unit comprised of the following lands ("Subject Lands"):

Township 22 South, Range 14 West, Stafford County, Kansas:Section 15:SW/4Section 16:SE/4Section 21:NE/4Section 22:All, less the S/2 SE/4

4. On May 15, 2023, Applicant submitted its original Application seeking an exception to the 10-year time limitations of K.A.R. 82-3-111 for the Subject Wells. Applicant submits this Amended Application in replacement of the original Application to further clarify and make a record of the reasons why an exception to said time limitations for the Subject Wells should be granted. This Amended Application is submitted pursuant to the agreement of Commission staff, who raised questions concerning the allegations set forth in the original Application.¹

5. K.A.R. 82-3-111 imposes a ten-year limitation on the amount of time during which a well may be temporarily abandoned. K.A.R. 82-3-111(b) provides that an exception to this tenyear limitation may be obtained, provided an application seeking such an exception is filed pursuant to K.A.R. 82-3-100(b). This Application seeks such an exception for the Subject Wells.

6. Applicant wishes to continue the temporary abandonment status for the Subject Well so that they may be utilized to recover additional oil reserves from the Lansing-Kansas City formations pursuant to the following described Plan.

7. If this Amended Application is approved, Applicant intends to workover the Subject Wells in the following order ("Plan"):

a) First, Applicant will workover the #202W well to clean out debris in the bottom of the wellbore. Structurally, this well is the highest well in the field at the level of the producing strata, the Lansing-Kansas City "H". Applicant believes oil banked from the ongoing waterflood formation can be recovered through this wellbore. If this well

¹ See Staff's Mot. for Designation of Presiding Officer (Aug 18, 2023).

does not produce hydrocarbons after clean-out, it will be converted to an injection well to sweep oil southward to down-dip producers.

- b) Second, Applicant would washdown the bridge plug set at approximately 1,800' TD in the #204 well to evaluate whether this well can be equipped for production. This well also is situated structurally high on the Lansing-Kansas City "H", and Applicant believes oil banked from historic and ongoing waterflood operations can be recovered through this wellbore. Furthermore, this well is a direct offset and up-dip to the #101 well located in the SE SE of Section 16, which produced 3-5 BOPD before it was plugged, and may be able to recover additional oil reserves not previously recovered by the #101 well located to the West. The #204 well previously experienced a casing leak that Applicant believes was squeezed off when the bridge plug was set. If the casing leak in this well has not and cannot be repaired, Applicant will plug and abandon this well.
- c) Third, Applicant will workover the #403 well to see if it can produce commercial quantities of oil. This well is a direct offset to the best producing well in the Unit, the #503 well located to the northeast in the N2 SW NE of Section 22. If this well is unable to recover commercial oil reserves, Applicant will convert it to an injection well to support the #503 well, which is up-dip to the #403.
- d) Fourth, Applicant will workover the #406 for the same reasons stated for the #403 well and according the same plan of action.
- e) Fifth, based on the response observed from the activities described at "a" through "d" above, Applicant would evaluate the #407 well to determine whether it could feasibly

be utilized as a producer or injector. If so, it will undertake activities to workover the well for those purposes. If not, it will plug and abandon the well.

Applicant intends to equip the wells for production or injection as the case may be, electrify wells currently without electricity at the wellhead, and install or repair existing flow lines to allow said wells to be utilized for their ultimate purpose as stated in the Plan. Applicant estimates the total cost to perform the foregoing activities is \$150,000 to \$275,000, depending on rig time and expense, the cost of materials and equipment, and what is ultimately done with each of the Subject Wells. Applicant believes the Plan can be fully implemented within the proposed three-year time period requested in this Amended Application to extend the time period to temporarily abandon the Subject Wells.

8. Applicant further advises the Commission that 75% of its ownership group is owned by parties who do not wish to invest the resources necessary to execute the Plan. Applicant is in the process of acquiring the ownership interest of these parties, at which time the Oscar West Waterflood Unit will be assigned to a new entity capitalized to conduct the Plan. This transaction is tentatively scheduled to close this summer, at which time the foregoing Plan will be implemented. In the event operations of the Subject Wells would need to be transferred as part of that transaction, the assignee will accept said assignment subject to any and all obligations set forth in any Order granting this Amended Application.

9. Applicant notes that all of the Subject Wells have passed staff-witnessed mechanical and casing integrity tests annually, most recently on December 28, 2023. As such, the Subject Wells present no threat to fresh and usable water resources.

10. Applicant believes that more than 50,000 additional barrels of oil can be recovered by implementing the Plan, the revenues from which far exceed even the high-end of the expected cost to implement the Plan. As such, granting the Amended Application will prevent waste and protect correlative rights. Applicant notes that the Oscar West Waterflood Unit has produced more than 3 million cumulative barrels of oil, and that the 50,000 barrels of additional oil reserves it expects to recover is realistic and constitutes less than 2% percent of the cumulative reserves already produced from the Lansing-Kansas City formations.

11. Attached as Exhibit A is a plat map showing the location of all producing, injection, temporarily abandoned, abandoned, and plugged wells located on the Oscar West Waterflood Unit. Applicant has highlighted the Subject Wells and the order of workover on the plat for convenience of reference.

12. For the foregoing reasons, Applicant requests that the Commission grant an exception to the ten-year time limitation for temporary abandonment status set forth in K.A.R. 82-3-111, and allow the Subject Wells to remain eligible for temporary abandonment status for a period of three years following the expiration of the most recent approved temporary abandonment applications for the Subject Wells. While any of the Subject Wells remains shut-in during such three-year period, Applicant will continue to annually conduct mechanical and casing integrity tests and submit temporary abandonment applications.

13. A list of each operator and owner of unleased minerals within 1/2-mile of the Subject Wells ("Offsets") was attached as Exhibit A to the original Application. Notice of the original application was provided to said Offsets, and a copy of this Amended Application will also be provided to the Offsets. Notice of this Application has already published in the *Wichita Eagle* and the *Stafford Courier*, the official newspaper for Stafford County, Kansas, in compliance with K.A.R. 82-3-135a(d) as evidenced by the Publisher's Affidavits on file in this docket. As such, notice of these proceedings is proper in all respects.

WHEREFORE Applicant requests that the Commission enter an order administratively granting this Amended Application on the terms and conditions set forth above, subject to the approval of Commission staff.

Respectfully submitted,

MORRIS LAING LAW FIRM

By:

Jonathan A. Schlatter, #24848 300 N. Mead, Suite 200 Wichita, KS 67202-2745 Telephone - (316) 262-2671 Email – jschlatter@morrislaing.com Attorneys for Belport Oil, Inc.

VERIFICATION

STATE OF KANSAS)) ss: COUNTY OF SEDGWICK

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

That he is the attorney for Belport Oil, Inc.; he has read the above and forgoing First Amended Application and is familiar with the contents, and that the statements made therein are true and correct to the best of his knowledge and belief.

Jonathan A. Schlatter

SIGNED AND SWORN to before me this 1st day of March, 2024.

Notary

My Appointment expires: 11/05/2024

A. CAROLA HANNON
A. CAROLA HANNON Notary Public - State of Kansas
My Appt. Expires 11/05/2024

<u>CERTIFICATE OF SERVICE</u>

I certify that on this 1st day of March, 2024, I caused the original of the foregoing First Amended Application for Exception and its Exhibit A to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and true and correct copies of the same to be mailed by United States Postal Service, first class mail, postage prepaid, to the persons identified on Exhibit A to the original application.

Jonathan A. Schlatter



