

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

IN THE MATTER OF THE APPLICATION	)	DOCKET NO. 20-CONS- <sup>3131</sup> -CEXC
OF MERIT ENERGY COMPANY, LLC,	)	
FOR AN EXCEPTION TO THE 10-YEAR	)	
TIME LIMITATION OF K.A.R. 82-3-111	)	CONSERVATION DIVISION
FOR ITS YEAGER B-4 WELL IN THE	)	
NORTHEAST QUARTER OF THE	)	
NORTHEAST QUARTER OF THE	)	LICENSE NO. 32446
NORTHWEST QUARTER OF SECTION	)	
5, TOWNSHIP 32 SOUTH, RANGE 39	)	
WEST, MORTON COUNTY, KANSAS.	)	

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**APPLICATION**

COMES NOW, Merit Energy Company ("Merit"), by and through its attorney, Stanford J. Smith, Jr., and in support of its Application in the above captioned matter states as follows:

1. Merit is authorized to do business in the State of Kansas, and has a street address of 13727 Noel Road, Suite 1200, Dallas, Texas, 75240.
2. The Kansas Corporation Commission has issued Merit operator's license 32446, which expires on May 30, 2020.
3. Merit is the owner and operator of the Yeager B-4 well, which is located in the Northeast Quarter of the Northeast Quarter of the Northwest Quarter of Section 5, Township 32 South, Range 39 West, Morton County, Kansas, API # 15-129-21057-00-00. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Northwest Quarter of Section 5, Township 32 South, Range  
39 West, Morton County, Kansas.

4. The Yeager B-4 was originally perforated in the Morrow L Formation but was not actively produced and was shut-in as inactive.

5. Pursuant to K.A.R. 82-3-111, Merit sought and obtained temporary abandonment status for said well on or about June 1, 2009.

6. On or about October 1, 2019, the Kansas Corporation Commission notified Merit of the KCC's denial of renewal of temporary abandonment status for the well due to the limitation period of ten (10) years imposed by K.A.R. 82-3-111.

7. 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.

8. Merit wishes to continue temporary abandonment status for the subject well because Merit intends to use the well for production from new zones behind pipe (Morrow S-4 – primary target) after evaluation of recent offset production and when economic at a higher commodity price. Merit is currently evaluating this production which looks to have potential based on offset production in the Morrow S-4 (5828-5860) Formation. Estimated recovery is 1.5 BSCF at an IP of 90 mcf/d leveling off around 45 mcf/d. If the Morrow S-4 proves to be unproductive, then a recompletion in the Morrow Keyes (5880-5905) or the Chase/Council Grove will be considered.

An offset well, the Ansley A3, was recently recompleted in the Morrow S-4. This well needs approximately 9-15 months of production before the Yeager B-4 can be appropriately assessed in the same zone. Depletion in this zone is an existing concern. Decline curve analysis will be performed at that time and will allow us to determine if it

will be economic to complete another well in this zone. An IP of 105 mcf/d is the estimated economic breakeven with a capital expenditure of One Hundred Fifty Thousand Dollars (\$150,000.00) and an increase in operating expenditure of Two Hundred Dollars (\$200.00) per month. The Ansley A-3 initially produced at 150 mcf/d but has quickly declined to ~40 mcf/d.

9. On October 11, 2019, the subject well passed a Commission Staff-witnessed mechanical integrity test of the casing between the surface and a point within fifty (50) feet above the uppermost perforations.

10. There are eight wells on the lease including three producing gas wells, one shut-in well, three plugged wells and 1 temporarily abandoned well. It would cost an estimated Two Hundred Ten Thousand Dollars (\$210,000.00) to plug this well and the remaining wells on the lease. A current production rate for the lease is 46 MCFD. In order to recomplete the Yeager B-4 well from new zones behind pipe, the Morrow S-4 Formation, it would cost approximately One Hundred Fifty Thousand Dollars (\$150,000.00) based on current prices. It would cost an estimate of Six Hundred Fifty Thousand Dollars (\$650,000.00) based on current prices to drill and complete a replacement well through the Morrow Keyes Reservoir.

11. Merit has included a plat map, attached as Exhibit A, showing the locations of all producing, injection, temporarily abandoned, abandoned and plugged wells located on the same lease premises as the subject well.

12. Based on the foregoing, Merit requests the Commission grant an exception to the 10-year limitation, specifically to allow the Yeager B-4 well to remain eligible for temporary abandonment status for three (3) years following the expiration of

10-year limitation. Merit understands that the exception would be valid for three (3) years, but Merit would still need to apply annually to the Conservation Division District Office for approval of an Application for temporary abandonment status.

13. Listed in attached Exhibit B 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 the subject well if unleased.

14. That the Applicant has sent by regular mail a copy of this Application and Notice of Pending Application to all persons listed on the attached Exhibit B.

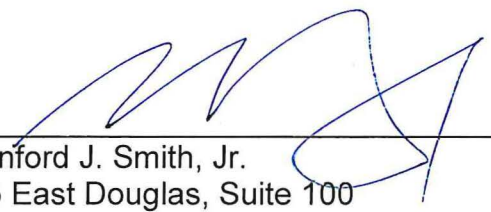
15. Notice of this Application will be published pursuant to K.A.R. 82-3-135a.

16. WHEREFORE, Merit 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 Merit's request for an exception to the K.A.R. 82-3-111 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,

MARTIN, PRINGLE, OLIVER, WALLACE  
& BAUER, L.L.P.

By



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Stanford J. Smith, Jr.

645 East Douglas, Suite 100

Wichita, KS 67202

(316) 265-9311

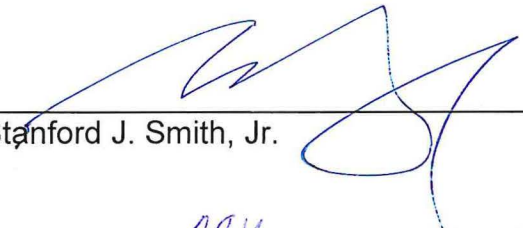
*Attorney for Merit Energy Company*

## VERIFICATION

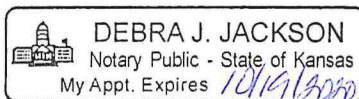
STATE OF KANSAS       )  
                                  ) ss:  
COUNTY OF SEDGWICK )

Stanford J. Smith, Jr., of lawful age, being first duly sworn, upon oath states:

That he is the attorney for Merit Energy Company, applicant herein; that he has read the above and foregoing Application of Merit Energy Company and is familiar with the contents thereof; and, that the statements made therein are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
Stanford J. Smith, Jr.

SUBSCRIBED AND SWORN to before me this 28th day of October, 2019.



  
\_\_\_\_\_  
Notary Public

My Appointment Expires:  
10/19/2020



Yeager B-4  
15-129-21057-00  
½ Mile AOR Map

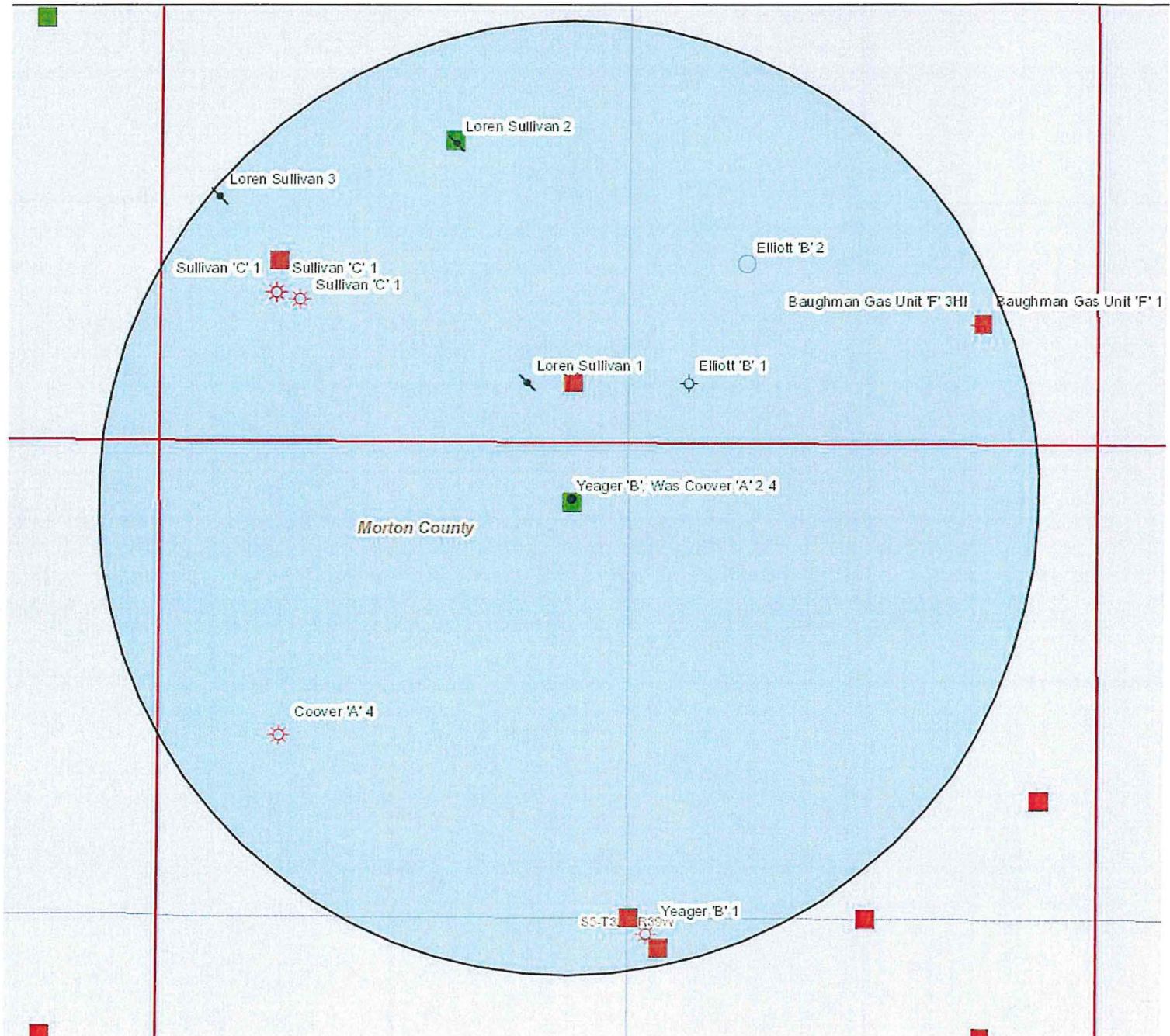


EXHIBIT A

## **EXHIBIT B**

BP America Production Company  
501 Westlake Park Boulevard  
Houston, TX 77079-2604



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**NOTICE OF PENDING APPLICATION**

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

TO: ALL OIL AND GAS PRODUCERS, UNLEASED MINERAL INTEREST OWNERS, LANDOWNERS, AND ALL PERSONS WHOMSOEVER CONCERNED:

YOU, and each of you, are hereby notified that Merit Energy Company has filed an Application for an exception to the ten-year time limitation of K.A.R. 82-3-111 for the Yeager B-4 well, located in the Northeast Quarter of the Northeast Quarter of the Northwest Quarter of Section 5, Township 32 South, Range 39 West, Morton County, Kansas, API # 15-129-21057-00-00.

YOU are further notified that unless written protest is received by the State Corporation Commission within fifteen (15) days after publication of this Notice, the Application in this matter will be granted by administrative approval after said 15 day period. Any such protest should be mailed to the State Corporation Commission of the State of Kansas, Conservation Division, 266 North Main, Suite 220, Wichita, Kansas, 67202, and to the Applicant at the address shown.

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

Merit Energy Company.  
By: Katherine McClurkan  
Regulatory Analyst  
13727 Noel Road, Suite 1200  
Dallas, Texas 75240  
(972) 628-1660