

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

In the matter of the Application of Pantera )	Docket No. 20-CONS-3110-CEXC
Energy Company for an exception to the 10- )	
year time limitation of K.A.R. 82-3-111 for its )	CONSERVATION DIVISION
Stirrup Unit 19-2 well located in the SE/4 of )	
Section 34, Township 32 South, Range 40 )	License No.: 35681
West, Morton County, Kansas. )	

**APPLICATION**

COMES NOW Pantera Energy Company ("Applicant") in support of its Application in the captioned matter and states as follows:

1. Applicant is a Corporation authorized to do business in the State of Kansas.

Applicant's address is 817 S Polk ST STE 201, Amarillo, TX 79101.

2. Applicant has been issued by the Kansas Corporation Commission Operator's License 35681, which expires on 04/30/2020.

3. Applicant is the owner and operator of the Stirrup Unit 19-2 well, 15-129-20883 ("the subject well"), which is located in the Northeast Quarter of the Northwest Quarter of the Southeast Quarter of Section 34, Township 32 South, Range 40 West, Morton County, Kansas. The subject well is located on an active oil and gas lease or unit comprising the following lands:

All of Section 34, Township 32 South, Range 40 West, Morton County, Kansas,  
containing 640 acres, more or less ("leased premises").

4. Pursuant to K.A.R. 82-3-111, the well was shut in, or Applicant obtained temporary abandonment status, for the subject well on 09/24/2010. The subject well has maintained such status from 09/24/2010, to the present date.

5. On or about 09/10/2019, the Kansas Corporation Commission notified Applicant temporary abandonment status for the subject well would be denied from and after 10/08/2019, because subject well had been temporarily abandoned for more than ten (10) years.

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. 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.

8. Applicant wishes to continue TA status for the subject well, because Applicant intends to use the well for the following purpose: The SERU 19-2 well bore is a currently inactive shut-in producing well located in the SERU waterflood. This well will have future utility to the waterflood as a producer or injection well as the waterflooding pattern evolves. The entire SERU waterflood is located on USDA grasslands and subject to both BLM and KCC regulations.

9. Applicant submits the following information regarding the well in support of the Application. Waterfloods require constant observation of the producing and injection patterns of all wells within the unit. Over time, wells are converted from producers to injectors and vice versa as the waterflood matures. Producing wells (like the SERU 19-2) are temporarily shut in with an engineered intent to control waterflood injection and production patterns within the waterflood in order to maximize oil production, operations safety, and eliminate waste of hydrocarbon resources. All the SERU wells are being carefully studied to determine if changes in well bore usage, injection volumes and/or patterns are required to optimize production. *The SERU 19-2 well bore needs to be available for any injection or production usage for the entire remaining life of the waterflood, but this application is for 3 years as per the limit imposed by the KCC on wells that have been shut*

*in for 10+ years.* There is a total of 37 wells within the SERU waterflood. At the time of this application there are 12 active producing wells, 16 active injection wells, 2 water supply wells, and 7 inactive shut-in wells. The cost to plug and abandon any single well in the SERU waterflood will be at least \$60,000 in order to meet all KCC and BLM plugging requirements including leasehold surface reclamations. The estimated cost to plug out the entire field (37 wells) at the end of the waterflood's economic life would be just under \$2,220,000. The cost to drill a new well in the waterflood and equip it to be a producer or injector would be \$750,000 to \$950,000 per well depending on it's location and purpose. The SERU waterflood currently produces 130 BOPD and 9,000 BWPD. All produced water is recycled and used as injection water. Production decline curve and geological reservoir characterization evaluations indicated that the SERU waterflood has 177 MBO remaining to be produced, plus a potential additional recovery from a possible future conversion of the unit to a CO2 flood which is under evaluation at this time. *The availability of the SERU 19-2 well bore for use in current waterflooding and any future CO2 injection is critical to the continuing success of any type of flooding operation.* The SERU 19-2 can be returned to producing status simply by reactivating the existing pumping unit operation or installation of an electric submersible pump (ESP) depending on the optimized target well production volume. The well can be converted to an injection well by removing the existing pumping bottom hole assembly, running tubing and packer, and connection of the wellhead to the current waterflood injection system. The cost to leave the SERU 19-2 as an inactive injection is \$6,000 per year to cover cost to monitor the well bore and surface equipment. The costs to restore the well to an active pumping producing well is \$20,000. The cost to convert the well to an active producing well utilizing an ESP would be \$200,000. The cost to convert the well to an active injector would be \$120,000. The cost to re-certify the integrity of the SERU 19-2 well bore would be \$25,000.

10. 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.

11. 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.

12. 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).

13. 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,

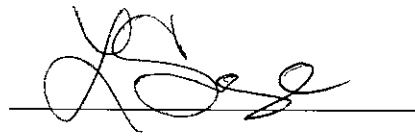
Pantera Energy Company  
817 S Polk ST Suite 201  
Amarillo, TX 79101  
(806)376-6625

By

  
Laura Savage

### **CERTIFICATE OF SERVICE**

I hereby certify on the 11<sup>th</sup> day of October, 2019, true and correct copies of the attached Notice of Filing Application were served by depositing copies of the same in the United States Mail, postage prepaid, and properly addressed to each of the operator(s) set forth in Exhibit "A" attached to said Application filed by Operator, and the above and foregoing original Application was uploaded to the Kansas Corporation Commission via E-filing Express to a new docket.

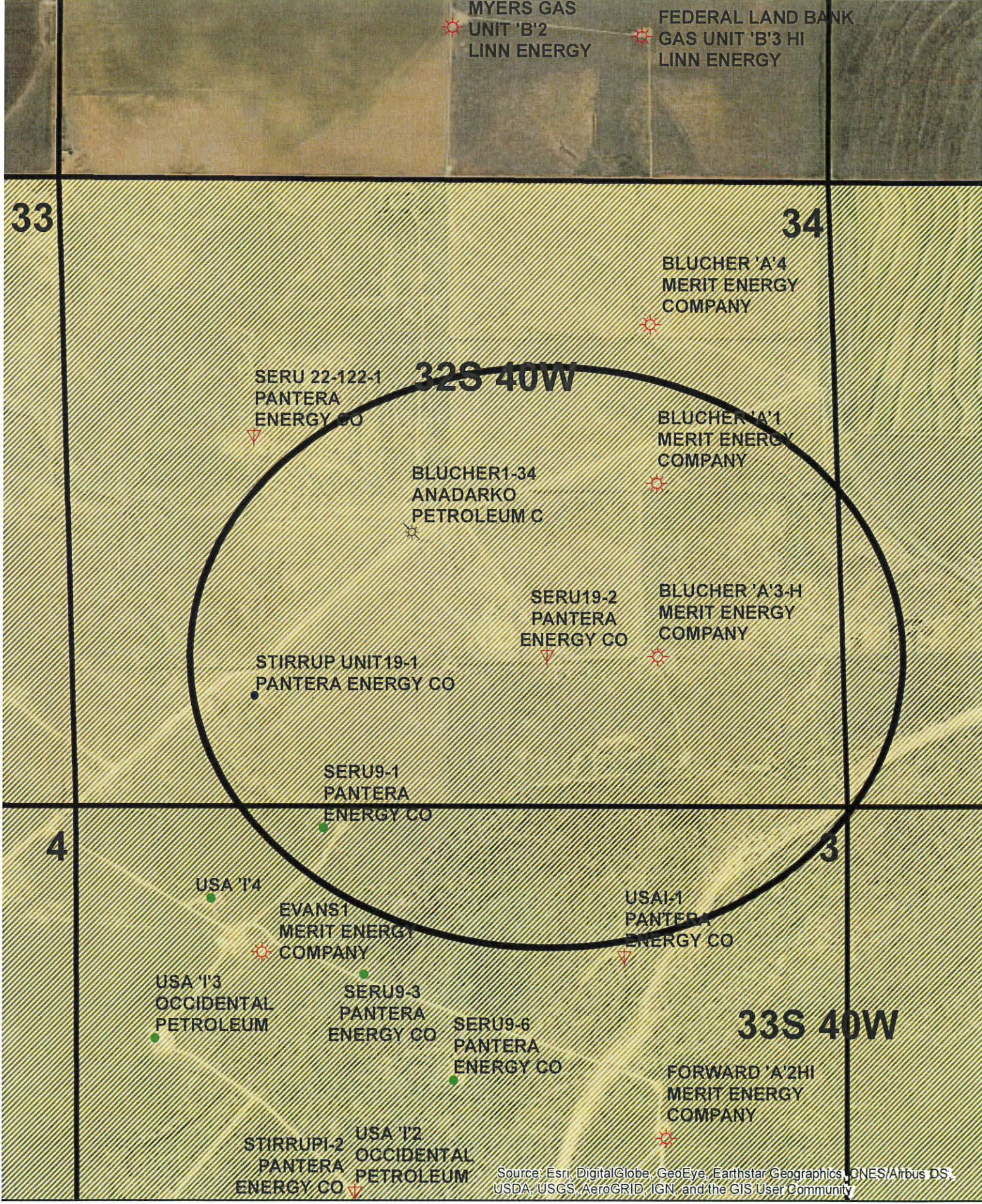
A handwritten signature in black ink, appearing to be "K. J. [unclear]", written over a horizontal line.

Name of Signed

## **EXHIBIT A**

Merit Energy Company, LLC  
13727 Noel Road Suite 500  
Dallas, TX 75240





BOLES F 3  
EDWARD COUNTY KANSAS

North American Datum 1927  
This map has been carefully prepared from official records, maps, and GIS data. We make no warranties as to its completeness or accuracy, whether expressed or implied.



Map Created: October 10, 2019

- Legend**
- Produced Location
  - Dry Hole
  - Producing Oil Well
  - Oil Well
  - Producing Gas Well
  - Gas Well
  - Producing Oil/Gas Well
  - Oil/Gas Well
  - Plugged Oil Well
  - Plugged Gas Well
  - Plugged Oil/Gas Well
  - Cancelled Location
  - Injection/Disposal
  - Injection/Disposal from Oil
  - Injection/Disposal from Gas
  - Injection/Disposal from Oil/Gas
  - Shut-in Oil Well
  - Shut-in Gas Well
  - Observation Well
  - Water Supply Well
  - Storage
  - Core Test
  - Bottoms Well Surface Location
  - Horizontal Driftline

PANTERA ENERGY COMPANY  
817 S POLK STREET, SUITE 20  
AMARILLO, TEXAS 79101  
(806) 376-6625





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BEFORE THE STATE CORPORATION  
COMMISSION OF THE STATE OF KANSAS  
**NOTICE OF FILINE APPLICATION**

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RE: PANTERA ENERGY COMPANY – Application for an exception to the 10-year time limitation of K.A.R. 82-3-111 for the Stirrup Unit #19-2 well, located in Morton County, Kansas.

TO: All Oil & Gas Producers and all persons whomever concerned.

You, and each of you, are hereby notified that Pantera Energy Company has filed an application for exception to the 10-year time limitation of K.A.R 82-3-111 for the Stirrup Unit #19-2 well located in the NE/4 NW/4 SE/4 of Section 34-32S-40W, Morton County, Kansas.

Any persons who object to or protest this application shall be required to file their objections or protest with the Conservation Division of the State Corporation Commission of the State of Kansas within fifteen (15) days from the date of this publication. These protests shall be filed pursuant to Commission regulations and must state specific reasons why the grant of the application may cause waste, violate correlative rights or pollute the natural resources of the State of Kansas.

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

Pantera Energy Company