

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

Before Commissioners: Shari Feist Albrecht, Chairman  
Jay Scott Emler  
Pat Apple

|   |   |                             |
|---|---|-----------------------------|
| In the matter of the application of Cholla        | ) | Docket No. 14-CONS-364-CHOR |
| Production, LLC for an order permitting the       | ) |                             |
| drilling of a horizontal well in the Pawnee       | ) | CONSERVATION DIVISION       |
| formation, pursuant to K.A.R. 82-3-103a, upon     | ) |                             |
| <u>certain lands located in Trego County, KS.</u> | ) | License No. 31819           |

**ORDER GRANTING AMENDED APPLICATION**

The above captioned matter comes before the State Corporation Commission of the State of Kansas for consideration and determination. Having examined its files and records, and being duly advised in the premises, the Commission makes the following findings:

**I. JURISDICTION**

1. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities.
2. K.S.A. 55-155 provides licensing authority to the Commission.
3. K.A.R. 82-3-103a provides that any hole drilled horizontally into a formation for production may only be permitted after application and notice under K.A.R. 82-3-135a.

**II. FINDINGS OF FACT**

4. Commission records indicate that Cholla Production, LLC ("Operator") is currently licensed to conduct oil and gas activities in Kansas under K.S.A. 55-155.
5. On December 6, 2013, Operator filed an application requesting permission to drill its proposed Kohl #1-33H well ("the subject well") in Trego County, Kansas. Operator proposed a surface location at 75' FSL and 2,260' FWL and a bottom-hole location at 330' FNL and 2,260' FWL, in Section 33, Township 11 South, Range 22 West.

6. On January 9, 2014, the Commission approved Operator's December 6, 2013, application.

7. On July 10, 2014, Operator filed an amended application, with a surface location for the proposed subject well at 150' FSL and 1,785' FWL. The proposed bottom-hole location remained the same.

8. Operator has verified that notice of the amended application was properly served and published, as required under K.A.R. 82-3-135a, at least 15 days before the issuance of this Order.

9. No protests have been filed pursuant to K.A.R. 82-3-135(b).

10. The operator has verified that the entire completion interval of the horizontal wellbore will comply with the applicable setback requirements of K.A.R. 82-3-108.

### **III. CONCLUSIONS OF LAW**

11. The Commission has jurisdiction over Operator and this matter.

12. The amended application was filed in accordance with the Commission's rules and regulations and in accordance with Kansas statutes.

13. Notice was properly served and published.

14. Based on the available facts, the Commission finds that the approval granted in the Commission's January 9, 2014, Order should be rescinded, and that the amended application should be granted to prevent waste and protect correlative rights.

#### **THEREFORE, THE COMMISSION ORDERS:**

A. The approval granted in the Commission's January 9, 2014, Order in this docket is rescinded. However, Operator's amended application for a horizontal well is granted.

B. Applicant shall ensure that each drilling rig is equipped with a blowout preventer.

C. This Order is a summary proceeding pursuant to K.S.A. 77-537, which provides in paragraph (b)(4) that summary proceedings are not effective until the time for requesting a hearing has expired. K.S.A. 77-542 provides that a request for hearing shall be filed within 15 days of any agency notice resulting in a right to request a hearing. If service of this Order is by mail, three days are added to the deadline. Any party taking an action permitted by this summary proceeding before the deadline for requesting a hearing has expired shall be deemed to have waived their right to a hearing pursuant to K.S.A. 77-504.

D. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Suite 220, Wichita, Kansas 67202. Pursuant to K.S.A. 55-606, K.S.A. 66-118b, and K.S.A. 77-529(a), reconsideration is prerequisite for judicial review of this Order. Any party taking an action permitted by this summary proceeding before the deadline for a petition for reconsideration does so at their own risk of further proceedings.

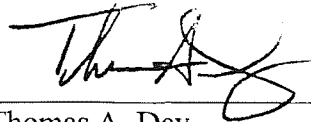
E. The Commission retains jurisdiction of the subject matter and the parties and may enter additional orders as it deems appropriate.

**BY THE COMMISSION IT IS SO ORDERED.**

Albrecht, Chair; Emler, Com.; Apple, Com.

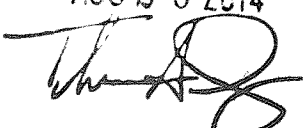
Date: AUG 28 2014

Date Mailed: 9/2/14

  
\_\_\_\_\_  
Thomas A. Day  
Acting Executive Director

JRM

I CERTIFY THE ORIGINAL  
COPY IS ON FILE WITH  
The State Corporation Commission

AUG 28 2014  


**CERTIFICATE OF SERVICE**

I certify that on 9/2/14, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Steven D. Gough  
Joseph A. Schremmer  
Withers, Gough, Pike, et al.  
O.W. Garvey Building  
200 W. Douglas, Suite 1010  
Wichita, Kansas 67202  
*Attorneys for Cholla Production, LLC*

And delivered by hand to:

Rene Stucky  
Conservation Division Central Office

/s/ Jonathan R. Myers  
Jonathan R. Myers  
Litigation Counsel  
Kansas Corporation Commission