

15-175-21442-00-00

CORR

KAISER-FRANCIS OIL COMPANY

P.O. BOX 21468

TULSA, OKLAHOMA 74121-1468

6733 South Yale Ave.  
(918) 494-0000

April 19, 1996

Mr. Jim Hemmen  
Kansas Corporation Commission  
Conservation Division  
130 S. Market, Room 2078  
Wichita, KS 67202-3802

Re: Wiles #2-3  
Sec. 3-34S-34W  
Seward County, KS

Dear Sir:

Per your letter of February 21, 1996, I wanted to respond to your request that Kaiser-Francis restrict gas production from the subject well due to over-production. As of the end of January 1996, this well is no longer over-produced and is in fact in an under-produced state. I have attached a schedule showing how this came about.

Should you have any further questions regarding this, please feel free to contact me.

Sincerely,

  
Charlotte Van Valkenburg  
Technical Coordinator

Attachment

RECEIVED  
KANSAS CORP COMM  
1996 APR 22 A 10:41

Mr. Jim Hemmen  
Kansas Corporation Commission  
Wiles #2-3  
April 19, 1996  
Attachment

<u>Mo/Yr</u>	<u>Allowable</u>	<u>Sales</u>	<u>Over/(Under)</u>	<u>Cum Over/(Under)</u>
10/95	49693	66233	16540	16540
11/95	48090	47826	(264)	16276
12/95	49693	38817	(10876)	5400
1/96	49693	37294	(12399)	(6999)
2/96	46487	30967	(15520)	(22519)



## Kansas Corporation Commission

Bill Graves, Governor Susan M. Seltsam, Chair F.S. Jack Alexander, Commissioner Timothy E. McKee, Commissioner  
Judith McConnell, Executive Director David J. Heinemann, General Counsel

February 21, 1996

Charlotte Van Valkenburg  
Kaiser-Francis Oil Company  
P.O. Box 21468  
Tulsa, OK. 74121-1468

RE: Unfinished Business Involving  
The Brensing #1 Oil Well and  
Apparent Overproduction Of A  
Gas Well

Dear Charlotte:

I received your letter of February 14th. The attached ACO-1's will be processed as per our normal procedure.

However, your letter left some loose ends that need to be resolved.

I've enclosed with this letter a blank, standard Commission acreage-attribution form (Form No. CO-7) for your use. Could you fill it out to show the acreage being held with production from the Brensing #1?

Also, do Kaiser-Francis' engineers have any estimates of the Brensing well's current gas/oil ratio (GOR)? The Commission classifies producing wells as either oil wells or gas wells on the basis of a 15,000 ft<sup>3</sup>. per barrel defining ratio. The staff would just like some verification from Kaiser-Francis that the Brensing #1 does fit the KCC's definition of an oil well, given the current state of reservoir depletion.

The fact that the Brensing #1 produces only minimal volumes of natural gas exempts Kaiser-Francis from paying any Severance Tax, but it doesn't exempt Kaiser-Francis from having to file monthly tax returns with the state tax agency in Topeka, as long as the gas from the Brensing #1 (or some portion of the gas) is transported and consumed off of the lease where it's being produced. For further information about the liability for filing a monthly tax return, even when there's no tax owed, please talk to Marlene Brandenburgh at (913)-296-5447. She is with the Mineral Tax Bureau in Topeka, Kansas.

~~On an unrelated matter, the Commission staff was concerned by the reported level of gas sales from your Wiles #2-3 for the month of October (the latest month for which we have production statistics). It appears that the allowable allotted to this gas well for October was exceeded by a total of 16,540 Mcf.~~

~~We would like for Kaiser-Francis Oil Company to "make up" this October overproduction (and any additional overproduction that was accrued during any of the months after October) by curtailing or else shutting in the gas production from the Wiles #2-3 well.~~

Please be aware of the fact that we don't calculate the allowable for a gas well from the absolute wellhead open flow potential reported on the multi-point backpressure test report (which, in the case of the Wiles #2-3, I believe was in the neighborhood of 11,174 Mcf/Day). We figure the allowable off of the wellhead open flow potential that gets reported on the initial one-point open flow test report (i.e. 6412 Mcf/Day for the Wiles #2-3).

Thank you for your cooperation and assistance in resolving these matters in a satisfactory manner.

I'll look forward to receiving the completed CO-7 form along with your reply.

Sincerely,

Jim Hemmen  
Research Analyst

jlp

cc: John McCannon  
Assistant General Counsel

Richard Lacey  
Compliance Officer  
District 1 Field Office