

Division of Water Resources; App. No.

KSA 82a-1212



October 26, 2016

Kenny Sullivan
Kansas Corporation Commission
Conservation Division
210 E. Frontview, Suite A
Dodge City, KS 67801

Re: Smith B5 SWD Well (Smith Finn Site Project)

On August 23, 2016, Anadarko E&P Onshore LLC and its affiliates (collectively, "Anadarko") entered into a purchase and sale agreement with Merit Hugoton II, LLC, an affiliate of Merit Energy Company ("Merit"). Pursuant to that agreement, Merit has agreed to acquire all of Anadarko's interest in certain upstream and midstream assets in southwest Kansas, northwest Oklahoma and southeast Colorado. Consequently, Anadarko is requesting Kansas Corporation Commission (KCC) to transfer our remediation obligations for the Smith B5 SWD Well (Smith Finn Site) to Merit.

In connection with the acquisition, Merit has agreed to assume responsibility for Anadarko's obligations with respect to the Smith Finn Site located in Morton County, Kansas, regardless of whether such obligations arose prior to or after the acquisition of the assets by Merit. This acquisition includes the assumption of responsibility by Merit for the existing remediation system, associated infrastructure, such as piping, flow meters, pumping wells, and monitoring wells, and permits. A complete list of the Smith Finn Site monitoring and pumping wells is included as Attachment 1 for reference.

Merit will be submitting a Form T-1 to KCC in support of their request for a change in operator for the Smith B5 SWD well injection permit (# D-0770). Anadarko and Merit will also be working with the Kansas Department of Agriculture to transfer Anadarko's water appropriation Term Permit (File No. 20099078), which is necessary to operate the groundwater extraction wells, to Merit.

Please be advised that Anadarko further requests the refund of any regulatory oversight deposit that remains once this transfer is complete. The sale to Merit, and the assumption of such obligations by Merit, is expected to occur on October 31, 2016. Merit's contact information is as follows:

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Merit Hugoton II, LLC
13727 Noel Road, Suite 1200
Tower 2
Dallas, Texas 75240
Facsimile: (972) 960-1252
Attn: Mark Savoy

If you have any questions or comments you can contact me at (832) 636-2879.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Feege". The signature is fluid and cursive, with the first name "Greg" and last name "Feege" clearly distinguishable.

Greg Feege, P.E.
Anadarko Petroleum Corp

cc: Mark Savoy, Merit Energy
Pam Chaffee, Kansas Department of Health and Environment

Attachment 1: Smith Finn Site Well List

Attachment 1.

Smith Finn Well List

Inventory of Wells Originally Installed by Anadarko Petroleum in support of remediation at the Smith Finn Site

Well ID	Well Type	Installation Date	GPS Location		County	Ownership Status, Effective Oct. 31, 2016
			Latitude (degrees north)	Longitude (degrees west)		
PW-1	Pumping	4/3/2006	37.09802	-102.01149	Morton	Merit Energy
PW-2	Pumping	4/4/2006	37.09958	-102.01255	Morton	Merit Energy
PW-3	Pumping	7/20/2009	37.10047	-102.01477	Morton	Merit Energy
PW-4	Pumping	6/5/2012	37.09830	-102.01182	Morton	Merit Energy
MW10-8	Monitoring	3/26/2003	37.10212	-102.01354	Morton	Merit Energy
MW11-8	Monitoring	3/17/2003	37.10213	-102.01375	Morton	Merit Energy
MW12-8	Monitoring	3/15/2003	37.10196	-102.01367	Morton	Merit Energy
MW13-8	Monitoring	3/29/2003	37.09848	-102.01200	Morton	Merit Energy
MW14-8	Monitoring	3/28/2003	37.09849	-102.01184	Morton	Merit Energy
MW15-8	Monitoring	3/27/2003	37.09835	-102.01185	Morton	Merit Energy
MW16-8	Monitoring	8/17/2005	37.09769	-102.01104	Morton	Merit Energy
MW17-8	Monitoring	8/18/2005	37.09762	-102.01098	Morton	Merit Energy
MW18-8	Monitoring	8/18/2005	37.09768	-102.01092	Morton	Merit Energy

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