

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

In the matter of the petition of Daylight ) Docket No. 25-CONS-3040-CMSC  
Petroleum, LLC to open a docket pursuant to )  
K.S.A. 55-605(a). ) CONSERVATION DIVISION  
)  
\_\_\_\_\_ ) License No. 35639

**RESPONSE TO PETITION OPENING DOCKET PURSUANT TO  
K.S.A. 55-605(a)**

Comes Now Staff of the Kansas Corporation Commission (Staff and Commission, respectively), in response to the petition opening docket pursuant to K.S.A. 55-605(a) (Petition) submitted by Daylight Petroleum, LLC (Operator) on July 29, 2024, regarding an unplugged well located in Section 16, Township 30 South, Range 16 East, Wilson County, Kansas. Staff respectfully requests that Operator's Petition be denied and Operator be required to plug the well at issue. In support of its response, Staff states the following:

1. On July 29, 2024, Operator submitted its Petition requesting that the Commission open a docket pursuant to K.S.A. 55-605(a) in anticipation of a formal hearing in order to present all available evidence in order to determine whether the actions Staff is requesting constitute waste, and if so whether something different can be done to prevent waste while at the same time protecting fresh and usable water. Operator's Petition provided both a legal basis and a factual basis as to why a docket should be opened in this matter. Staff's response will address both the factual basis leading up to Operator's Petition and the legal basis presented in Operator's Petition and why the Petition should be denied and Operator should be required to plug the well at issue.

**Facts Prior to Operator's Petition**

2. On June 26, 2023, Commission Staff performed a lease inspection at the Johnson lease located in Section 16, Township 30 South, Range 16 East, Wilson County, Kansas. Staff's

inspection was due to a break out well located beneath a building on the lease (Abandoned Well). Upon inspection, Staff found produced fluids flowing through the concrete floor of a building on the lease around the pvc utility conduit lines.<sup>1</sup> Operator did use a backhoe to construct a monitoring pit next to the building in order to contain the produced fluids coming from the Abandoned Well.<sup>2</sup> Commission Staff was then able to establish a link between Operator's injection operations and the Abandoned Well on the Johnson lease. Staff determined that two injection wells belonging to Operator were located within a quarter-mile of the breakout well, the Olnhausen Farms #6, API #15-205-28509 and the Renn #LOI-1, API #15-205-28437.<sup>3</sup> Staff directed Operator to shut-in both injection wells. Once both wells were shut-in, the fluid coming from beneath the concrete floor had a noticeable decrease in flow.<sup>4</sup>

3. On July 10, 2023, Commission Staff directed Operator to restart the authorized injection wells in order to help detect where the produced fluids were coming from.<sup>5</sup> On July 14, 2023, Staff received a voicemail from Operator that fluids were flowing into the monitoring pit dug by Operator, and Staff was able to visually verify fluids flowing from the subsurface into the pit.<sup>6</sup> After visually confirming the flow of produced fluids into the monitoring pit, the decision was then made to shut-in the Olnhausen Farms #6 well again and the flow of produced fluids into the pit stopped soon thereafter. The Renn #LOI-1 continued injecting without causing produced fluids to flow into the monitoring pit once the Olnhausen Farms #6 was shut-in. This caused Staff to believe that there was a direct correlation between injection into the Olnhausen Farms #6 well and the produced fluids leaking from the Abandoned Well. Commission Staff was also able to

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<sup>1</sup> Exhibit A.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

collect a fluid sample from the pit and compare it to a sample of injected produced fluids from the Olnhausen lease. Both samples had a similar amount of chlorides which confirmed to Staff that there is direct communication between Operator's injection operations and a now known abandoned wellbore situated somewhere beneath the building's concrete floor.<sup>7</sup>

4. On August 10, 2023, Commission Staff sent a letter to Operator requiring Operator to locate and plug the Abandoned Well by September 1, 2023.<sup>8</sup> Operator thereafter requested and was granted an extension in order to locate the well. Staff has attempted to work with Operator in order to resolve this issue over the past year. On June 13, 2024, Commission Staff sent a second letter to Operator regarding the breakout well located on the Johnson Lease.<sup>9</sup> The letter provided Operator an August 1, 2024, deadline to plug the breakout well. However, Operator has expressed no desire to explore underneath the building's concrete floor,<sup>10</sup> and Operator has consistently been slow to take any meaningful action regarding the Abandoned Well and continues to do so by filing its Petition.

5. There is also an indication that Operator's injection into the Olnhausen Farms #6 is causing an impact on fresh and usable water and pollution through the Abandoned Well. Operator's Petition incorrectly states that the fluid leak is not impacting fresh and usable water.<sup>11</sup> The Table I depth for this area is 150 feet. District Staff instructed Operator to drill permanent monitoring wells to a depth of 140 feet in order to allow Staff to clearly see any impacts to the fresh and usable water table. Operator is working with GSI Engineering to sample the water from the monitoring wells. GSI Engineering has documented the sample measurements in a table which

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<sup>7</sup> *Id.*

<sup>8</sup> Exhibit B.

<sup>9</sup> Exhibit C.

<sup>10</sup> Exhibit A.

<sup>11</sup> Operator's Petition at ¶13.

has been shared with Staff.<sup>12</sup> The water samples indicate that the Abandoned Well has caused pollution to fresh and usable water. Specifically, the two shallow piezometer tests show elevated chlorides at depths of 5 and 8 feet. Additionally, the four permanent monitoring wells show more elevated chloride levels. Specifically, PMW-2 and PMW-4 have shown an increase in the amount of chlorides at every sampling.<sup>13</sup> Additionally, the amount of chlorides in PMW-1 has been as high as 916 ppm.<sup>14</sup> Operator's Petition appears to allege that a well may not exist below the building.<sup>15</sup> However, an abandoned wellbore is the only reasonable explanation of pollution of fresh and usable water and produced fluids flowing from beneath the building based upon Staff's experience. Additionally, both injection wells within a quarter-mile of the Abandoned Well have passed a mechanical integrity test (MIT) since the pollution was discovered indicating that there is no pollution coming from either injection well. Further, Operator's Petition states that Operator has not resumed injection into the Olnhausen Farms #6 well. However, Commission databases indicate the well is still permitted for injection and no temporary abandonment application has been filed for the well.

6. Operator's Petition alleges that the cost to plug the Abandoned Well ranges from hundreds of thousands of dollars to over a million dollars.<sup>16</sup> However, Operator's Petition does not provide any documentation that supports such an estimate. Further, while the price to plug this particular well may be higher than usual, District Staff estimates that the cost to plug the Abandoned Well will be much less than alleged by Operator. Further, the costs of damages to the building is a civil matter between Operator and the building owner, and should not be a

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<sup>12</sup> Exhibit D.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> Operator's Petition at ¶8.

<sup>16</sup> *Id.* at ¶11.

consideration in regard to Operator's responsibility to locate and plug the Abandoned Well. Staff's position is that the primary focus should be the protection of fresh and usable water, and the only way to ensure the protection of fresh and usable water is by requiring Operator to plug this well.

### **Legal Basis Alleged in Operator's Petition**

7. Operator's Petition requests to open a docket in order to see if the requirement to plug the Abandoned Well could fall under the statutory prohibition against waste. K.S.A. 55-601 provides that the production of crude oil or petroleum in the state of Kansas in such manner and under such conditions as to constitute waste is hereby prohibited and shall be unlawful.<sup>17</sup> Further, Operator's Petition only partially quotes K.S.A. 55-602. K.S.A. 55-602 provides that waste, in addition to its ordinary meaning, shall include economic waste, underground waste, surface waste, waste of reservoir energy, and the production of crude oil or petroleum in excess of transportation or marketing facilities or reasonable market demands.<sup>18</sup> The state corporation commission shall have authority to make rules and regulation for the prevention of such waste and for the protection of all fresh-water strata, and oil and gas bearing strata encountered in any well drilled for, or producing oil.<sup>19</sup> Here, waste as contemplated by K.S.A. 55-601 and 55-602 does not apply. The waste prohibited by K.S.A. 55-601 and further defined by K.S.A. 55-602 is waste in relation to the production of crude oil or petroleum, not plugging abandoned wellbores. The issue in the docket Operator proposes to open is about plugging an abandoned well located beneath a building, and is not an issue concerning the production of crude oil or petroleum. There is no statute or regulation that indicates there is a waste in plugging abandoned wells. Thus, Operator's Petition fails to provide a sufficient legal basis for why a docket should be opened regarding this matter.

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<sup>17</sup> K.S.A. 55-601.

<sup>18</sup> K.S.A. 55-602.

<sup>19</sup> *Id.*

8. K.S.A. 55-179 defines the parties responsible for the care and control of abandoned wells. Specifically, K.S.A. 55-179(b)(1) provides that any person causing pollution or loss of usable water through the well, including any operator of an injection well, disposal well, or pressure maintenance program shall be legally responsible for the proper care and control of an abandoned well.<sup>20</sup> As described by the facts above, there is a direct correlation which has been established between Operator's injection into its Olnhausen Farms #6 well, API #15-205-28509, and fluids flowing from beneath the building. This indicates that Operator is responsible for the care and control of the Abandoned Well beneath the building. Ultimately, Operator appears to be attempting to shirk its statutory obligation under Kansas law. Commission Staff's position is that Operator is clearly responsible for the care and control of the Abandoned Well, and should be required to plug the Abandoned Well in order to prevent further pollution and protect fresh and usable water of the State of Kansas. It should be noted that Operator's Petition does not dispute that it is responsible for the care and control of the Abandoned Well, but instead that it would be a waste to be required to plug the well.

WHEREFORE, for the reasons described above, Staff respectfully requests the Commission deny Operator's Petition, require Operator to locate and plug the Abandoned Well for which it is responsible and for any other relief the Commission determines to be just and equitable.

Respectfully Submitted,

/s/ Kelcey Marsh  
Kelcey A. Marsh, S. Ct. No. 28300  
Litigation Counsel | Kansas Corporation Commission  
266 N. Main, Suite 220 | Wichita, KS 67202  
Phone: 316-337-6200 | Kelcey.Marsh@ks.gov

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<sup>20</sup> K.S.A. 55-179(b)(1).

**KCC OIL/GAS REGULATORY OFFICES**

**Inspection Date:** 06/26/2023      **District:** 3      **Incident Number:** 8369

- New Situation       Lease Inspection
- Response to Request       Complaint
- Follow-up       Field Report

**Operator License No:** 35639      **API:** NA      **Q3:** SE    **Q2:** SE    **Q1:** SW  
**Operator Name:** Daylight Petroleum, LLC dba      **SEC** 16    **TWP** 30    **RGE** 16    **RGEDIR:** E  
**Address:** PO Box 52070      **FSL:** 516  
**City:** Houston      **FEL:** 3052  
**State:** TX      **Zip Code:** 77027      **Lease:** Johnson      **Well No.:** NA  
**Phone contact:** 620-754-3620      **County:** WL

**Reason for Investigation:**

Daylight Petroleum reported to the Chanute District #3 Office On 6/26/2023 a possible break out well on the Johnson lease. This report was assigned with Complaint # 8346.

**Problem:**

Possible break out well is leaking brine water and oil from beneath a commercial building's concrete floor's utility conduit. This shop is located at 147350 410 Rd. Neodesha, KS 66757. The shop is located on the Johnson lease operated by Daylight Petroleum, license # 35639.

**Persons contacted:**

Kerry Selly (620)363-0709 Daylight Petroleum employee, Rob Tidwell (580) 220-1236 Daylight Petroleum employee, Rob Tinsley (620) 875-1533 Landowner, Julie Shaffer, District Geologist (620) 212-3662.

**Findings:**

Initial inspection on 6/26/2023 found fluids (oil/brine water) flowing from beneath the concrete floor around the water and electrical conduit lines. Daylight Petroleum used their company backhoe to build a dam around the spilled fluids to keep them contained. The spill location was recorded with one (1) picture and GPS coordinates. Research done on KGS & Eastern Kansas Documents did not provide a direct abandoned well bore that falls within close proximity of the leaking fluids. Research done on KGS shows Daylight Petroleum has two (2) active authorized injections wells (identified in findings) that fall within the quarter mile area of review (AOR). Kerry Selly with Daylight Petroleum was informed that all active authorized injection wells within the quarter mile area of review (AOR) would need to be shut in immediately. Daylight Petroleum is the only operator with active authorized injection wells within a quarter mile area of review (AOR) (See Additional Page).

**Actions / Recommendations**      **Follow-up Required**       **Deadline Date:**

My recommendation is Daylight Petroleum, LLC dba license # 35639 be sent a NOV addressing the "IN" wells whose bores were located below surface with visible fluid levels and an NOV letter containing a deadline and confirming Daylight Petroleum's responsibility to locate and plug the break out well beneath or near the shop.

**Photo's Taken:** 6

- RBDMS     KGS     KOLAR    **Report Prepared By:** Levi Burnett
- District Files     Courthouse    **Position:** E.C.R.S.

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### Additional Findings:

### Additional Information:

On Monday June 26th, 2023 between 8:00am and 8:30am Kerry Selly with Daylight Petroleum, LLC dba license # 35639 contacted E.C.R.S. Levi Burnett by cellular telephone and informed him that a possible abandoned well had broke out and is leaking fluids inside a commercial building located on the Johnson lease, Sec16-T30S-R16E in Wilson County. The commercial building is owned by Rob Tinsley (620) 875-1533. The commercial building is located at 147350 410 Rd. Neodesha, KS 66757. The Johnson lease is operated by Daylight Petroleum, LLC license # 35639. My initial inspection was done at 12:53 pm and found crude oil along with grey water coming around a conduit utility line constructed inside the commercial building's concrete floor (pic #1). I informed Kerry Selly that all active authorized injection wells within the quarter mile area of review (AOR) would need to be shut in immediately. Research done on KGS shows that Daylight Petroleum, LLC license # 35639 has two (2) active authorized injection wells within a quarter (1/4) mile area of review (AOR). The Olnhausen Farms # 6, 15-205-28509-00-01, active authorized injection (EOR), N. 37.431030, W. -95.659040, 1050' FSL & 2100' FEL, NE NW SW SE, Sec.16-T30S-R16E in Wilson County. Olnhausen Farms #6 had a acceptable MIT test submitted on 9-8-2022 witnessed by KCC staff. The Renn # LOI-1, 15-205-28437-00-00, active authorized injection (EOR), N. 37.427010, W. -95.659210, 4809' FSL & 2145' FEL, NW NW NE, Sec.21-T30S-R16E in Wilson County. The Renn # LOI-1, 15-205-28437 had acceptable MIT test submitted on 8-10-2018 unwitnessed by KCC staff. After the two (2) active authorized injection wells within a quarter (1/4) mile area of review were shut in, the fluid coming from beneath of the concrete floor had noticeably decreased in flow. Research done on KGS shows three (3) inactive oil well's on the Johnson lease in close proximity of the spilled fluids that are assigned to Daylight Petroleum's license # 35639. Johnson # 106, API # 15-205-22288-00-00, 459' FSL & 2971' FEL, Lat. 37.429440, Long. -95.662060, SE SE SW, 16-30S-16E WL CO. Johnson # 106 is an inactive oil well constructed with 7" surface casing, 2.875" production casing, 1" tubing on a pump jack. The Johnson # 106 has a current approved CP-111 (TA) on file with the KCC and an expiration date of 7/20/2023. The two (2) remaining oil wells within close proximity of the commercial building, Johnson # 6, 15-205-01072-00-00 and Johnson # 7, 15-205-01073-0-00. Neither of the two (2) remaining oil wells are visible above surface. Research done on KGS shows the Johnson # 6 marked northwest of the commercial building and the Johnson # 7, 15-205-01073 marked southwest of the commercial building. A magnetic locator was used to try and locate the Johnson #6 & Johnson # 7, but was unsuccessful by the end of the work day. Research done on KGS shows that Ron Johnson (Johnson Dozer Service, License # 3960, Inactive) was the previous landowner and a previous operator of the Johnson lease. I contacted Ron Johnson (620) 423-7260 and asked him if he recalled where the Johnson # 6 & Johnson # 7 would have been on the property. Ron Johnson volunteered to stop by at the end of his work day and mark the two (2) locations in which he recalls the Johnson # 6 & Johnson # 7 being on the lease.

6/27/2023 I arrived at the Johnson lease in Sec.16-T30S-R16E WL CO. Previous lease operator and landowner Ron Johnson had marked the two (2) locations for the Johnson # 6, API # 15-205-01072-00-00 & Johnson # 7, 15-205-01073-00-00. The current tenant of the commercial building owned by Rob Tinsley had exposed the Johnson # 6 with a shovel. The Johnson # 6, 15-205-01072-00-00 was found with a steel plate over the top of the 12" surface casing and 2" production casing. Fluid was found inside the wells casings roughly 20' below surface. The Johnson #7, API # 15-205-01073-00-00 marked location I used the KCC provided magnetic locator to pin point the well casings and marked with utility paint. An active Atmos Energy gas line was marked within 2 feet of the Johnson #7 well. I contacted Damage Prevention Specialist Brea Pierce (620) 313-0877 and requested that she could be on site while excavating the Johnson # 7 well bore. Brea Pierce arrived and Daylight Petroleum used their company backhoe to dig up the marked location for the Johnson # 7, 15-205-01073-00-00. The Johnson # 7, 15-205-01073-00-00 was found with a piece of steel plate over the top of the casings. The steel plate was removed and the Johnson # 7, 15-205-01073-00-00 was found with 8" surface casing and 2" production casing. The backside (between 2" pc & 8" sc) had standing fluid roughly 20' below surface. The Johnson # 7, 15-205-01073-00-00 is located in a busy commercial parking lot, the steel plate is going to be placed back over the wells casings and the well is being marked with orange painted PVC pipe. The Johnson # 6, 15-205-01072-00-00 and Johnson # 7, 15-205-01073-00-00 are listed as Inactive with no temporary abandonment forms (CP-111's) on file with KCC District # 3. The Johnson #6, 15-205-01072-00-00 and Johnson # 7, 15-205-01073-00-00 will be required to have CP-111's filed and submitted for review. I will recommended that the Johnson # 6, 15-205-01072-00-00 & Johnson # 7, 15-205-01073-00-00 located in Sec.16-T30S-R16E in Wilson County will be required to have Casing Integrity Test done before a Temporary Abandonment form can be processed by District # 3 staff. At this time the Johnson # 6 & Johnson # 7 will need to be addressed promptly after the possible abandoned leaking well bore is located and addressed according to KCC rules and regulations. There does not appear to be any fluids pushing up to the surface on the surrounding inactive oil wells. Kerry Selly and I spoke about digging a ditch on the outer perimeter of the south and east concrete slabs of the commercial property. This was all figured due to the two



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(2) active injection wells are located South & East of the commercial building where the spilled fluids were originally located. Kerry Selly began digging a ditch along the outside perimeter of the concrete slab roughly 3' below surface. No oil/water was intercepted within the open ditches. The next step discussed was to remove the outside concrete slab closest to the area in which the spilled oil/water was found coming from beneath the commercial building's floor.

6/30/2023 I arrived to the commercial building located on the Johnson lease. Daylight Petroleum had hired Big K services to cut and remove the outside drive slab of concrete south of where the leak was originally identified (pic # 2). Daylight Petroleum will use their company backhoe to dig a monitor pit and try to expose an abandoned well bore where the concrete slab was. Next discussion was the possibility of the leak traveling through the commercial building's utility line trench that was made during construction. Kerry Selly scheduled to have Tom's Ditching & Backhoe utility company would arrive 7/3/2023 to expose the utility line with their hydro-vac.

7/3/2023 Tom's Ditching and Backhoe used their hydro-vac to expose the utility lines on the north side of the building. There was no oil/water found coming from the soil within the utility lines. I contacted KCC Geologist, Julie Shaffer and informed her of the ongoing situation underneath the commercial building at the Johnson lease. Julie Shaffer began working on finding historical maps of the property to help identify if there had been a well bore where the commercial building currently stands.

7/6/2023 KCC District #3 Geologist, Julie Shaffer emailed me two (2) historical maps of where the commercial building currently stands. Map one (1) was from 1958 and map two (2) was from 1977. Both maps show discoloration on the northern side of where the commercial building currently stands. I contacted Kerry Selly with Daylight Petroleum and informed him of the information I received and emailed him the two (2) historical maps. Kerry Selly responded that Tom's Ditching and Backhoe would be back on 7/10/2023 to expose the two (2) possible locations marked on the historical maps provided. Inspection of the monitor pit on the south side of the shop shows water & oil puddled on the bottom (Picture # 3).

7/7/2023 Inspection of the monitor pit found two separate spots of oil on the subsurface (picture # 4). Daylight Petroleum has the two (2) authorized injection wells within quarter mile area of review still shut in.

7/10/2023 Tom's Ditching and Backhoe arrived to hydro-vac the two (2) possible locations marked on the historical maps. Kerry Selly with Daylight Petroleum contacted me later that day and stated they did not intercept any fluids or abandoned well bores. The hydro-vac was also used to explore a little further underneath the concrete floor through the monitor pit to help detect where the fluids were coming from. At this time the decision was made to allow Daylight Petroleum to restart the authorized injection wells within quarter mile area of review (AOR). Kerry stated that the oil wells on the Olmhausen Farms lease had been producing and there was 400 barrels of produced water to start injection with. I discussed with Kerry Selly my concerns of while they were allowed to begin injection of produced water, that the monitor pit on the Southside of the commercial building would need to be checked multiple times each day during working hours and the monitor pit would need to be kept empty. Kerry Selly said he would have someone with Daylight Petroleum, LLC visually check the monitor pit during injection and that Daylight Petroleum had a vac-truck to keep the monitor pit empty.

7/12/2023 I contacted Kerry Selly by phone and asked if any signs of fluid were noticed coming from the subsurface soil inside the monitor pit. Kerry Selly stated the injection pump at the Olmhausen Farms tank battery site had not been performing at regular volume and pressure the last two (2) days. Kerry stated that Daylight Petroleum was in the process of getting the injection pump repaired/replaced and injection should be started by the end of the day. I reminded Kerry the importance of having the monitor pit inspected multiple times after the pump problem was resolved.

7/14/2023 I had received a voicemail from Rob Tidwell at 9:36 am stating that water was found trickling from underneath the shop (commercial building) into the monitoring pit located on the Johnson lease. I returned the phone call to Rob Tidwell and informed him that I did receive his voicemail and I would visit the commercial building to inspect the monitor pit. I arrived on location and found that the bottom of the monitor pit had standing fluids, picture five (picture # 5). I climbed down into the monitor pit to find fluids (oil/water) was seeping through the subsurface soil. I caught a sample of the water coming through the subsurface soil roughly 2' below the concrete slab. The water sample was tested on site with a chloride strip. The chloride strip pegged out at 9.0, which indicates Cl- ppm of +6,000 ppm. I told Kerry Selly that I would take the water sample into the Chanute District #3 Lab and get a more accurate chloride test. I followed up with asking Kerry Selly what Daylight Petroleum's next plan would be for locating the possible abandoned well bore underneath the commercial buildings concrete floor. Kerry Selly stated he would need to contact his boss to verify. I contacted

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Rob Tidwell with Daylight Petroleum (580) 220-1236 and asked him what Daylight Petroleum's next steps were in locating & resolving the leaking fluids. Rob Tidwell stated that at this time, Daylight Petroleum has no desire to explore underneath the commercial buildings concrete floor. Daylight Petroleum's proposal is to plug the closest surrounding inactive oil wells with cement and to convert the Olnhausen Farms #6, 15-205-28509-00-01 EOR well into a Producing Oil well. I told Rob Tidwell that Daylight Petroleum could continue to inject water as long as they were working towards resolving the leak underneath the commercial building. Rob Tidwell stated at this time, Daylight Petroleum is going to shut in the Olnhausen Farms # 6, 15-205-28509-00-01 EOR well. I confirmed that they had shut this well in.

7/17/2023 The subsurface water sample taken from the monitor pit was taken into the Chanute District #3 Lab and tested for Chlorides under the supervision of District Geologist Julie Shaffer. The water sample test results came out with 41,000 ppm. The water sample information was recorded in the Chanute District #3 Lab.

7/19/2023 I contacted Kerry Selly to request for his assistance on getting a produced water sample from the Olnhausen Farms #4, 15-205-28507-00-00 located in Sec.16-T30S-R16E in Wilson County. Kerry Selly met me on site and I collected a produced water sample. The produced water sample was taken to the Chanute District #3 Lab and tested under the supervision of District Geologist Julie Shaffer. The water sample shows 45,000 ppm. The produced water sample from the Olnhausen #4, 15-205-28507-00-00 was recorded in the District #3 Lab.

### In Conclusion:

On 6/26/2023 Daylight Petroleum reported to the KCC District #3 office that a possible abandoned well had broke out and was leaking fluids inside the commercial building located at 147350 410 Rd.Neodesha, KS 66757 (Picture #1). This building is located on the Johnson lease in Sec.16-T30S-R16E, Wilson County. Daylight Petroleum license #35639 (Operator) has two (2) authorized injection wells within the quarter mile of the area of review (AOR).The Olnhausen Farms #6, 15-205-28509-00-01, active authorized injection (EOR), 1050' FSL & 2100' FEL,NE NW SW SE, Sec.16-T30S-R16E and the Renn # LOI-1, 15-205-28437-00-00, active authorized injection (EOR), 4809' FSL & 2145' FEL, NW NW NE, Sec.21-T30S-R16E. Operator was notified to shut in the two (2) authorized injection wells and the fluids leaking through the concrete floor had decreased noticeably. The closest known well bores to the commercial building are three (3) inactive oil wells assigned to Operator's license #35639. Johnson #106, API # 15-205-22288-00-00, Johnson #6, 15-205-01072-00-00 and the Johnson #7, 15-205-01073-00-00. The Johnson #6 & Johnson #7 were both located roughly 2' below surface with steel plate over the top of the casings. The previous operator Ron Johnson admitted to cutting them off and burying them below surface. The three (3) closest inactive oil wells are not currently leaking fluids to surface. On 6/30/2023 Operator hired a contractor to cut and remove the outside drive slab directly south of where the leaking fluids were found (Picture # 2) and a monitoring pit was dug directly underneath where the concrete slab was removed. On 7/6/2023 I inspected the monitor pit and found water & oil standing on the bottom of the pit (see picture # 3). 7/7/2023 I found the two (2) separate subsurface oil spots(Picture # 4). On 7/10/2023, the decision was made to allow Operator to restart the two (2) closest authorized injection wells. 7/14/2023 Rob Tidwell with Daylight Petroleum called, stating the subsurface soil beneath the commercial building's slab floor was found with fluid leeching through and the monitoring pit had water and oil standing (Picture # 5). A water sample was collected that day and the sample tested showed chlorides to be 41,000 ppm. I contacted Rob Tidwell and discussed what the Operator's next steps in resolving the issue and Rob Tidwell stated that at this time Operator has no intentions to explore further underneath the commercial building's concrete slab floor. Operator proposed to plug the nearest surrounding oil wells with cement and to convert the Olnhausen Farms #6 from an EOR well to an actively producing oil well. I informed Rob Tidwell that the fluids seeping into the buildings' floor were the company's responsibility and the Operator chose to shut the Olnhausen Farms #6 EOR well in and stop further exploration into the leak. On 7/19/2023 a produced water sample was taken from the Olnhausen Farms #4, 15-205-28507-00-00 and the test showed chlorides to be 45,000 ppm.

Additionally, the Operator has continued injecting into the Renn #LOI-1 EOR since 7/12/2023 as instructed; however, the leaked fluids have stopped arriving to the monitoring pit since the Operator shut in the Olnhausen Farms #6 well on 7/14/2023. At this time I find there is a direct correlation between Operator's Olnhausen Farms #6 EOR well (~1075' to the Northeast of the building) and the leaking fluids underneath the commercial building's concrete floor.

To summarize, there are three (3) inactive oil wells on the property (all of which are less than 250' to the center of the building which produced fluids are leaking) are recommended to be plugged. Once these wells have been plugged or returned to service with successful CIT or meet criteria for an approved TA, the

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Olnhausen Farms #6 EOR well should be returned to active injection status to determine if any of the 3 inactive oil wells had provided a conduit for the produced fluids to reach the area beneath the shop. If produced fluids continue to migrate beneath the shop floor after addressing the three inactive wells then the search for an abandoned well bore beneath the shop floor will proceed.

I will include one (1) Google earth map, five (5) word photo templates, two (2) Satisfactory Mechanical Integrity Test (MIT) and one (1) approved temporary abandonment form in this field report.

**KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
CASING MECHANICAL INTEGRITY TEST**

Form U-7  
August 2019

Disposal:  Enhanced Recovery:  KCC District No.: 3  
 Operator License No.: 35639 Name: Daylight Petroleum, LLC  
 Address 1: PO BOX 52070  
 Address 2: \_\_\_\_\_  
 City: HOUSTON State: TX Zip: 77027 + 2952  
 Contact Person: Jackie Windisch Phone: (620) 754-3620

API No.: 15-205-28509-00-01 Permit No.: E34200.1  
 NE NW SW SE Sec. 16 Twp. 30 S. R. 16  East  West  
1050 Feet from  North /  South Line of Section  
2100 Feet from  East /  West Line of Section  
 Lease: OLNHAUSEN FARMS Well No.: 6  
 County: Wilson

Well Construction Details:  New well  Existing well with changes to construction  Existing well with no changes to construction

Maximum Authorized Injection Pressure: \_\_\_\_\_ psi Maximum Injection Rate: \_\_\_\_\_ bbl/d

|                  | Conductor | Surface | Intermediate | Production | Liner |         | Tubing |
|------------------|-----------|---------|--------------|------------|-------|---------|--------|
| Size:            | NA        | 7       | NA           | 2.875      | NA    | Size:   | NA     |
| Set at:          |           | 30      |              | 939        |       | Set at: |        |
| Sacks of Cement: |           | 10      |              | 110        |       | Type:   |        |
| Cement Top:      |           | 0       |              | 0          |       |         |        |
| Cement Bottom:   |           | 30      |              | 939        |       |         |        |

Packer Type: NA Set at: \_\_\_\_\_  
 DV Tool  Port Collar Depth of: \_\_\_\_\_ feet with \_\_\_\_\_ sacks of cement TD (and plug back): 944 (939) feet depth  
 Zone of Injection Formation: BARTLESVILLE Top Feet: 824 Bottom Feet: 892 Perf. or Open Hole: Perf

Is there a Chemical Sealant or a Mechanical Casing patch in the annular space?  Yes  No

If Dual Completion - Injection is:  Above Production  Below Production

**FIELD DATA**

GPS Location: Datum:  NAD27  NAD83  WGS84 Lat: 37.431030 Long: -095.659040 Date Acquired: 09/08/2022  
 MIT Type: Fluid Depression Test MIT Reason: INITIAL TEST

| Time in Minute(s):  | 20        | 40        | 60        |  |  |  |
|---------------------|-----------|-----------|-----------|--|--|--|
| Pressures: Set up 1 | <u>65</u> | <u>65</u> | <u>65</u> |  |  |  |
| Set up 2            |           |           |           |  |  |  |
| Set up 3            |           |           |           |  |  |  |

Tested:  Casing  or Casing - Tubing Annulus System Pressure during test: \_\_\_\_\_ Bbls. to load annulus: \_\_\_\_\_  
 Test Date: 09/08/2022 Using: Midwest Surveys, Inc, Company's Equipment \_\_\_\_\_  
 The zone tested for this well is between 0 feet and 824 feet.

The test results were verified by operator's representative:  
 Name: Gary Windisch Title: Contractor Phone: (913) 285-0222

|                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>KCC Office Use Only</b><br>The results were:<br><input checked="" type="checkbox"/> Satisfactory<br><input type="checkbox"/> Not Satisfactory<br>Next MIT: <u>09/07/2027</u> | State Agent: <u>Levi Burnett</u> Title: <u>E.C.R.S.</u> Witness: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br>Remarks:<br>Updated GPS information in RBDMS, 1049' FSL & 2091' FEL, NW SW SE. All information was checked off the ACO-1. Top Perforation: 824' Fluid Level: 693' 824-693=131X.43=56.33psi. Operator was contacted by Wichita UIC department about the plug back depth. ACO-1 shows plug back depth of 935". Operator stated plug back depth is actually 939". Operator to file corrected ACO-1 to reflect this plug back depth. DAS |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**CASING MECHANICAL INTEGRITY TEST**

Disposal Well  Enhanced Recovery:  
 NW NP Repressuring   
 Flood   
 Tertiary

Date injection started \_\_\_\_\_  
 API #15- 205-28437-00-00

DOCKET# E32696

NWNWSENE, Sec 21, T 30, S, R 16 E/W

3782' Feet from South Section Line  
 1254' Feet from East Section Line

Lease Renn Well # LOI-1  
 County Wilson

Operator: Lakeshore Operating, LLC Operator License# 35122  
 Name & Address 23-1/2 E Madison Ave, Ste A Contact Person Wesley Ketcham  
 Iola, KS 66749 Phone 773.754.6242

Max. Auth. Injection Press \_\_\_\_\_ Psi; Max Inj. Rate \_\_\_\_\_ bbl/d;  
 If Dual Completion - Injection above production \_\_\_\_\_ Injection below production \_\_\_\_\_

|                   | Conductor        | Surface            | Production               | Liner | Tubing          |
|-------------------|------------------|--------------------|--------------------------|-------|-----------------|
| Size              | _____            | 7"                 | 2.875"                   | _____ | Size _____      |
| Set at            | _____            | 40'                | 917'                     | _____ | Set at _____    |
| Cement Top        | _____            | Surface            | Surface                  | _____ | Type _____      |
| " Bottom          | _____            | 40'                | 917'                     | _____ |                 |
| DV/Perf.          | _____            | TD (and plug back) | 922'                     | _____ | ft. depth _____ |
| Packer type       | _____            | Size _____         | Set at _____             | _____ |                 |
| Zone of injection | ft. to ft. _____ |                    | Perf. or open hole _____ |       |                 |

Type MIT: Pressure:  Radioactive Tracer Survey:  Temperature Survey:

F Time: Start 10 Min 20 Min 30 Min  
 I  
 E Pressures: 800 800 800 Set up 1 System Pres. during test \_\_\_\_\_  
 L  
 D \_\_\_\_\_ Set up 2 Annular Pres. during test \_\_\_\_\_  
 D  
 A \_\_\_\_\_ Set up 3 Fluid loss during test \_\_\_\_\_ bbls.

T Tested: Casing  or Casing - Tubing Annulus   
 A

The bottom of the tested zone in shut in with Pressure Test (Rubber Plug)  
 Test Date 8/10/2018 Using Consolidated Oil Well Services Company's Equipment  
 The operator hereby certifies that the zone between 0' feet and 917' feet  
 was the zone tested Jennifer B. Peters Compliance Director  
 Signature Title

The results were Satisfactory  Marginal \_\_\_\_\_ Not Satisfactory \_\_\_\_\_  
 State Agent: Alan M. Downing Title: ECRS Witness: YES \_\_\_\_\_ NO

REMARKS: \_\_\_\_\_

Origin. Conservation Div.:  KDHE/T:  Dist. Office  
 Computer Update **Is there Chemical Sealant or a Mechanical Casing patch in the annular space? (Y/N)**

GPS Lat 37.426999 GPS Long -95.6589504 (If YES please describe in REMARKS)  
 KCC Form U-7

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CP-111

July 2017

Form must be Typed

Form must be signed

All blanks must be complete

TEMPORARY ABANDONMENT WELL APPLICATION

OPERATOR: License# \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address 1: \_\_\_\_\_  
 Address 2: \_\_\_\_\_  
 City: \_\_\_\_\_ State: TX Zip: \_\_\_\_\_ + \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: ( 620 ) \_\_\_\_\_  
 Contact Person Email: \_\_\_\_\_  
 Field Contact Person: \_\_\_\_\_  
 Field Contact Person Phone: ( \_\_\_\_\_ ) \_\_\_\_\_

API No. 15- \_\_\_\_\_  
 Spot Description:  
NE NW SW SE Sec. 16 Twp. 30 S. R. 16  E  W  
1050 feet from  N /  S Line of Section  
2100 feet from  E /  W Line of Section  
 GPS Location: Lat: \_\_\_\_\_, Long: \_\_\_\_\_  
 Datum:  NAD27  NAD83  WGS84  
 County: Wilson Elevation: \_\_\_\_\_  GL  KB  
 Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_  
 Well Type: (check one)  Oil  Gas  OG  WSW  Other: \_\_\_\_\_  
 SWD Permit #: \_\_\_\_\_  ENHR Permit #: \_\_\_\_\_  
 Gas Storage Permit #: \_\_\_\_\_  
 Spud Date: \_\_\_\_\_ Date Shut-In: 07/31/2016

|                  | Conductor | Surface | Production | Intermediate | Liner | Tubing |
|------------------|-----------|---------|------------|--------------|-------|--------|
| Size             | N/A       | 7       | 2.875      | N/A          | N/A   |        |
| Setting Depth    |           | 20      | 820        |              |       |        |
| Amount of Cement |           | 9       | 120        |              |       |        |
| Top of Cement    |           | 0       | 0          |              |       |        |
| Bottom of Cement |           | 20      | 820        |              |       |        |

Casing Fluid Level from Surface: 350 How Determined? ECHOMETER Date: 06/16/2022

Casing Squeeze(s): \_\_\_\_\_ to \_\_\_\_\_ w / \_\_\_\_\_ sacks of cement, \_\_\_\_\_ to \_\_\_\_\_ w / \_\_\_\_\_ sacks of cement. Date: \_\_\_\_\_

Do you have a valid Oil & Gas Lease?  Yes  No

Depth and Type:  Junk in Hole at \_\_\_\_\_  Tools in Hole at \_\_\_\_\_ Casing Leaks:  Yes  No Depth of casing leak(s): \_\_\_\_\_

Type Completion:  ALT. I  ALT. II Depth of:  DV Tool: \_\_\_\_\_ w / \_\_\_\_\_ sacks of cement  Port Collar: \_\_\_\_\_ w / \_\_\_\_\_ sack of cement

Packer Type: \_\_\_\_\_ Size: \_\_\_\_\_ Inch Set at: \_\_\_\_\_ Feet

Total Depth: 820 Plug Back Depth: 944 (939) Plug Back Method: \_\_\_\_\_

Geological Data:

| Formation Name | Formation Top | Formation Base | Completion Information                                                                   |
|----------------|---------------|----------------|------------------------------------------------------------------------------------------|
| 1. _____       | At: _____     | to _____ Feet  | Perforation Interval _____ to _____ Feet or Open Hole Interval <u>0</u> to <u>0</u> Feet |
| 2. _____       | At: _____     | to _____ Feet  | Perforation Interval _____ to _____ Feet or Open Hole Interval _____ to _____ Feet       |

UNDER PENALTY OF PERJURY, I HEREBY ATTEST THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE

Submitted Electronically

**Do NOT Write in This Space - KCC USE ONLY**

Date Tested: \_\_\_\_\_ Results: \_\_\_\_\_ Date Plugged: \_\_\_\_\_ Date Repaired: \_\_\_\_\_ Date Put Back in Service: \_\_\_\_\_

Review Completed by: Levi Burnett ECRS Comments: \_\_\_\_\_

TA Approved:  Yes  Denied Date: 07/20/2022

Mail to the Appropriate KCC Conservation Office:


|                                                                                    |                                                                                        |                    |
|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------|
|  | KCC District Office #1 - 210 E. Frontview, Suite A, Dodge City, KS 67801               | Phone 620.682.7933 |
|                                                                                    | KCC District Office #2 - 3450 N. Rock Road, Building 600, Suite 601, Wichita, KS 67226 | Phone 316.337.7400 |
|                                                                                    | KCC District Office #3 - 137 E. 21st St., Chanute, KS 66720                            | Phone 620.902.6450 |
|                                                                                    | KCC District Office #4 - 2301 E. 13th Street, Hays, KS 67601-2651                      | Phone 785.261.6250 |

Exhibit A

Conservation Division  
District Office No. 3  
137 E. 21st Street  
Chanute, KS 66720



Phone: 620-902-6450  
<http://kcc.ks.gov/>

Dwight D. Keen, Chair  
Susan K. Duffy, Commissioner  
Andrew J. French, Commissioner

Laura Kelly, Governor

July 20, 2022

JENNIFER PETERS  
Daylight Petroleum, LLC  
PO BOX 52070  
HOUSTON, TX 77027-2952

Re: Temporary Abandonment  
API 15-205-22288-00-00  
JOHNSON 106  
SW/4 Sec.16-30S-16E  
Wilson County, Kansas

Dear JENNIFER PETERS:

"Your temporary abandonment (TA) application for the well listed above has been approved. In accordance with K.A.R. 82-3-111 the TA status of this well will expire 07/20/2023.

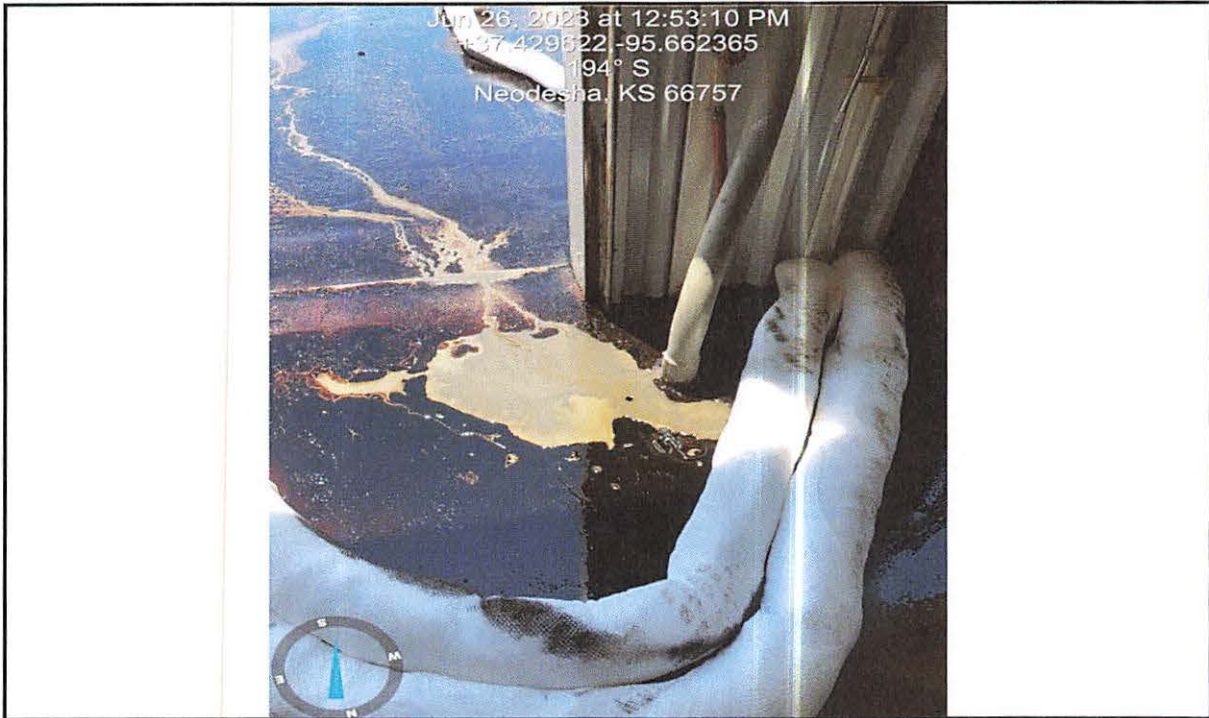
- \* If you return this well to service or plug it, please notify the District Office.
- \* If you sell this well you are required to file a Transfer of Operator form, T-1.
- \* If the well will remain temporarily abandoned, you must submit a new TA application, CP-111, before 07/20/2023.

You may contact me at the number above if you have questions.

Very truly yours,

Levi Burnett ECRS"

## KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                                   |                                |
|-----------------------------------|--------------------------------|
| Operator: Daylight Petroleum, LLC | KLN: 35639                     |
| Lease: Johnson                    | Legal: 16-30-16E SE SE SW      |
| County: WL                        | PIC ID#: 1                     |
| Subject: Complaint # 8346 Source  | PIC Orientation: Looking South |
| FSL: 516'                         | Latitude: 37.429598            |
| FEL: 3052'                        | Longitude: -95.662341          |
| API#: NA                          |                                |
| Date: 6/26/2023                   | Time: 12:53 pm                 |
| Staff: Levi Burnett               |                                |

**Additional Information:** This picture shows the leaking fluids (crude oil/produced water) called in for Complaint #8346. Daylight Petroleum reported fluids leaking up through commercial building's concrete floor around conduit utility line. Daylight Petroleum set oil absorbent booms to containment spilled fluids.



## KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                                   |                                |
|-----------------------------------|--------------------------------|
| Operator: Daylight Petroleum, LLC | KLN: 35639                     |
| Lease: Johnson                    | Legal: 16-30-16E SE SE SW      |
| County: WL                        | PIC ID#: 2                     |
| Subject: Complaint # 8346 Source  | PIC Orientation: Looking North |
| FSL: 516'                         | Latitude: 37.429598            |
| FEL: 3052'                        | Longitude: -95.662341          |
| API#: NA                          |                                |
| Date: 6/30/2023                   | Time: 9:57 am                  |
| Staff: Levi Burnett               |                                |

Additional Information: This picture shows after the exterior concrete drive slab was removed trying to locate a possible abandoned well bore.

## KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                                   |                                |
|-----------------------------------|--------------------------------|
| Operator: Daylight Petroleum, LLC | KLN: 35639                     |
| Lease: Johnson                    | Legal: 16-30-16E SE SE SW      |
| County: WL                        | PIC ID#: 3                     |
| Subject: Complaint # 8346 Source  | PIC Orientation: Looking North |
| FSL: 516'                         | Latitude: 37.429598            |
| FEL: 3052'                        | Longitude: -95.662341          |
| API#: NA                          |                                |
| Date: 7/6/2023                    | Time: 8:34 am                  |
| Staff: Levi Burnett               |                                |

**Additional Information:** This picture the monitor pit dug after the concrete slab was removed the commercial building's south exterior wall. The monitor pit is roughly 6' deep. The picture shows two (2) oil spots on coming through the subsurface soil.

## KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                                   |                                |
|-----------------------------------|--------------------------------|
| Operator: Daylight Petroleum, LLC | KLN: 35639                     |
| Lease: Johnson                    | Legal: 16-30-16E SE SE SW      |
| County: WL                        | PIC ID#: 4 & 5                 |
| Subject: Monitor Pit              | PIC Orientation: Looking North |
| FSL: 516'                         | Latitude: 37.429598            |
| FEL: 3052'                        | Longitude: -95.662341          |
| API#: NA                          |                                |
| Date: 7/7/2023                    | Time: 2:25 pm                  |
| Staff: Levi Burnett               |                                |

Additional Information: The picture on the left shows the monitor pit and the two (2) oil spots on the subsurface soil have increased since 7/6/2023. The picture on the right is a close up of the two (2) increased size subsurface oil spots.

# KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                                          |
|------------------------------------------|
| Operator: Daylight Petroleum, LLC        |
| Lease: Johnson                           |
| County: WL                               |
| Subject: Monitor Pit with produced water |
| FSL: 516'                                |
| FEL: 3052'                               |
| API#: NA                                 |
| Date: 7/14/2023                          |
| Staff: Levi Burnett                      |

|                                |
|--------------------------------|
| KLN: 35639                     |
| Legal: 16-30-16E SE SE SW      |
| PIC ID#: 6                     |
| PIC Orientation: Looking North |
| Latitude: 37.429598            |
| Longitude: -95.662341          |

|                |
|----------------|
| Time: 12:57 pm |
|----------------|

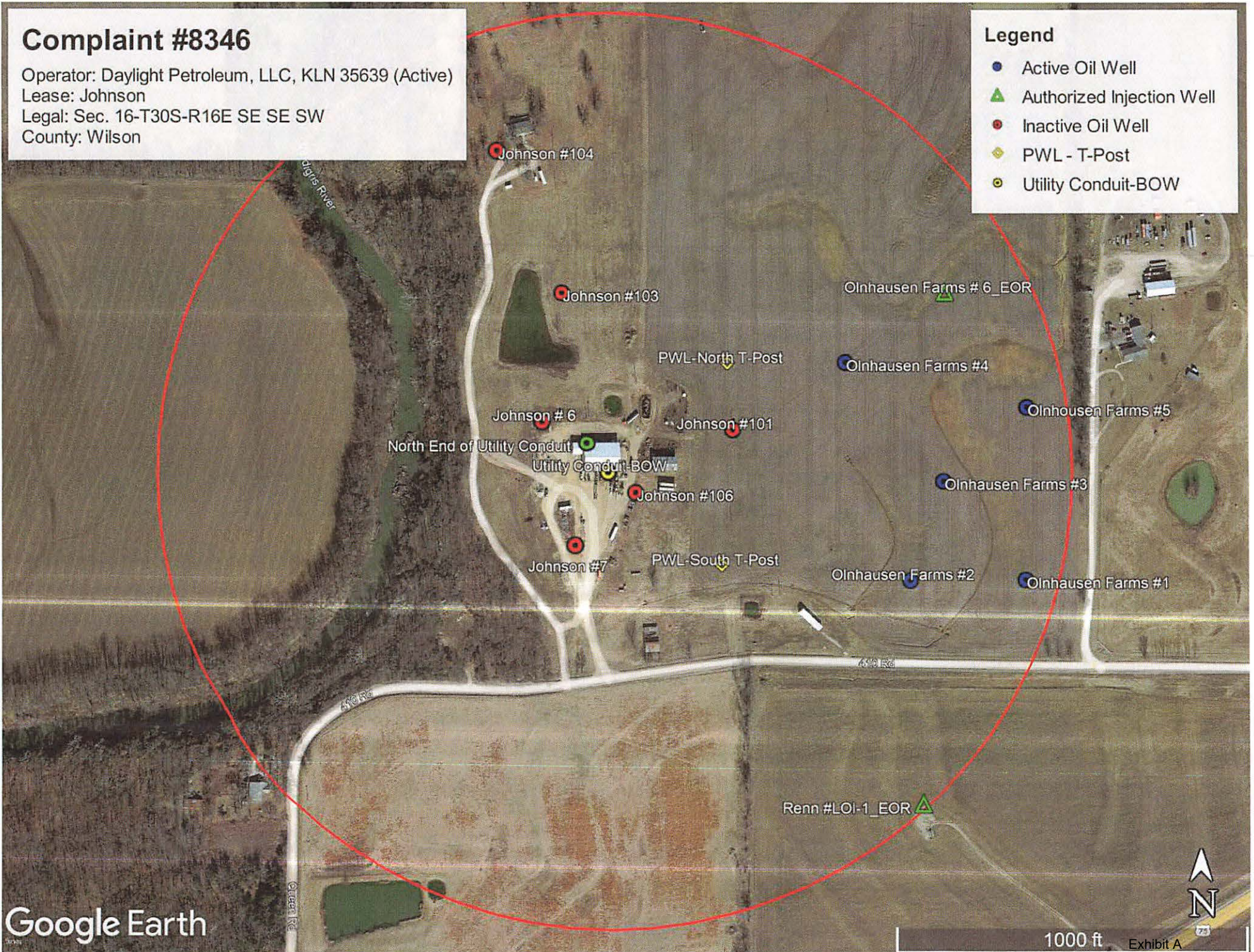
Additional Information: This picture shows water has puddled up in the bottom of the monitor pit. The brine water has been seeping through the subsurface soil. A sample of this water was taken into the Chanute District #3 Lab and tested. The water sample came back with 41,000 ppm.

# Complaint #8346

Operator: Daylight Petroleum, LLC, KLN 35639 (Active)  
Lease: Johnson  
Legal: Sec. 16-T30S-R16E SE SE SW  
County: Wilson

## Legend





- Active Oil Well
- ▲ Authorized Injection Well
- Inactive Oil Well
- ◆ PWL - T-Post
- Utility Conduit-BOW



# Complaint #8346

Operator: Daylight Petroleum, LLC, KLN 35639 (Active)  
Lease: Johnson  
Legal: Sec. 16-T30S-R16E SE SE SW  
County: Wilson

## Legend





-  Inactive Oil Well
-  Outlined Spot seen from 1977 Aerial
-  PWL-Spot seen from 1977 Aerial
-  Utility Conduit-BOW Leaking Fluids



# Complaint #8346

Operator: Daylight Petroleum, LLC, KLN 35639 (Active)  
Lease: Johnson  
Legal: Sec. 16-T30S-R16E SE SE SW  
County: Wilson

## Legend

-  Inactive Oil Well
-  Outlined Spot seen from 1977 Aerial
-  PWL-Spot seen from 1977 Aerial
-  Utility Conduit-BOW Leaking Fluids



# Complaint #8346

Operator: Daylight Petroleum, LLC, KLN 35639 (Active)  
Lease: Johnson  
Legal: Sec. 16-T30S-R16E SE SE SW  
County: Wilson

## Legend

- Inactive Oil Well
- ◻ Outlined Spot seen from 1977 Aerial
- 📍 PWL-Spot seen from 1977 Aerial
- ⦿ Utility Conduit-BOW Leaking Fluids



Google Earth

400 ft Exhibit A



Conservation Division  
266 N. Main St., Ste. 220  
Wichita, KS 67202-1513



Phone: 316-337-6200  
Fax: 316-337-6211  
<http://kcc.ks.gov/>

Susan K. Duffy, Chair  
Dwight D. Keen, Commissioner  
Andrew J. French, Commissioner

Laura Kelly, Governor

August 10, 2023

Donnan Steele  
Daylight Petroleum, LLC  
PO Box 52070  
Houston, TX 77027

**Re: Johnson Lease, Section 16, Township 30 South, Range 16 East Wilson County, Kansas**

To Whom It May Concern,

On June 26, 2023, it was brought to Commission Staff's attention that an abandoned well was leaking produced fluids underneath infrastructure on the referenced lease due to Daylight Petroleum's water flood operations on the lease. I have attached a copy of Staff's lease inspection report to this letter. Commission Staff have determined that Daylight Petroleum appears to be a responsible party for plugging this abandoned well pursuant to K.S.A. 55-179.

Specifically, K.S.A. 55-179(b)(1) states that a person legally responsible for the proper care and control of an abandoned well includes any person causing pollution or loss of usable water through the well, including any operator of an injection well, disposal well or pressure maintenance program. It is Staff's position that Daylight Petroleum is responsible for plugging the well since the water flood operations appear to be causing pollution and potentially the loss of usable water at the abandoned well.

I am hopeful we can resolve this matter without the Commission taking formal enforcement action. To prevent formal action, please locate and plug the breakout well by September 1, 2023, unless Staff has granted an extension. Failure to meet this deadline will result in Staff filing a Motion to Show Cause, asking the Commission to require your attendance at a formal hearing where you will be required to present evidence indicating why Daylight Petroleum is not responsible for locating and plugging the abandoned well.

You are welcome to contact me directly to discuss this matter in further detail. Again, I am hopeful that we can resolve this matter short of the Commission taking formation enforcement action.

Sincerely,

/s/ Kelcey Marsh  
Kelcey A. Marsh, #28300  
Litigation Counsel | Conservation Division  
Kansas Corporation Commission

cc: Troy Russell, Ryan Duling, Julie Shaffer, Levi Burnett

June 13, 2024

Donnan Steele  
Daylight Petroleum, LLC  
PO Box 52070  
Houston, TX 77027

Re: Johnson Lease, Section 16, Township 30 South, Range 16 East Wilson County, Kansas

To Whom It May Concern,

On June 26, 2023, it was brought to Commission Staff's attention that an abandoned well was leaking produced fluids from underneath a building on the referenced lease due to Daylight Petroleum's water flood operations from the adjacent Olnhausen lease. Commission Staff have determined Daylight Petroleum to be a responsible party for plugging this abandoned well pursuant to K.S.A. 55-179.

Specifically, K.S.A. 55-179(b)(1) states that a person legally responsible for the proper care and control of an abandoned well includes any person causing pollution or loss of usable water through the well, including any operator of an injection well, disposal well or pressure maintenance program. It is Staff's position that Daylight Petroleum is responsible for plugging the well as its water flood operations communicated with an abandoned well bore causing formation fluids to negatively impact fresh and usable water zones within Table I.

As we near the one year mark for the discovery of this matter, it is our intent to pursue formal action in the event Daylight Petroleum does not take action in locating and plugging this breakout well by August 1, 2024. Failure to plug the well by this deadline will result in Staff filing a Show Cause Motion, asking the Commission to require your attendance at a formal hearing. At the hearing you will be required to present evidence showing why Daylight Petroleum is not responsible for locating and plugging the abandoned well.

You are welcome to contact me directly to discuss this matter in further detail. I am hopeful that we can resolve this matter short of the Commission taking formation enforcement action.

Sincerely,

/s/ Kelcey Marsh  
Kelcey A. Marsh, #28300  
Litigation Counsel | Conservation Division  
Kansas Corporation Commission

cc: Troy Russell, Ryan Duling, Julie Shaffer



Table 1. Historical Groundwater Levels and Analytical Data  
 Daylight Petroleum - Olnhausen Injection 6 Neodesha, Kansas

| Well    | Date     | Total Depth (ft. btoc) | Depth to Groundwater (ft. btoc) | Sampling Method      | Chloride Concentration (mg/L) |
|---------|----------|------------------------|---------------------------------|----------------------|-------------------------------|
| PMW-1GP | 12/18/23 | 12.25                  | 8.55                            | Tubing and Ck. Valve | 71.9                          |
| PMW-2GP | 12/18/23 | 12.25                  | 5.10                            | Tubing and Ck. Valve | 260                           |
| PMW-3GP | 12/18/23 | 10.00                  | DRY                             | DRY                  | DRY                           |
| PMW-4GP | 12/18/23 | 10.00                  | DRY                             | DRY                  | DRY                           |
| PMW-1   | 12/07/23 | 140.00                 | 53.43                           | Hydrasleeve (85')    | 34.9                          |
|         | 12/07/23 | 140.00                 |                                 | Hydrasleeve (139')   | 848                           |
|         | 04/29/24 | 140.00                 | 41.65                           | Bailer               | 916                           |
|         | 06/17/24 | 140.00                 | 35.85                           | Bailer               | 492                           |
| PMW-2   | 12/07/23 | 140.00                 | 129.34                          | Hydrasleeve (139')   | 416                           |
|         | 04/29/24 | 139.00                 | 46.60                           | Bailer               | 1720                          |
|         | 06/17/24 | 140.00                 | 63.73                           | Bailer               | 2060                          |
| PMW-3   | 12/07/23 | 140.00                 | 35.45                           | Hydrasleeve (85')    | 60                            |
|         | 12/07/23 | 140.00                 |                                 | Hydrasleeve (139')   | 262                           |
|         | 04/29/24 | 139.00                 | 27.05                           | Bailer               | 130                           |
|         | 06/17/24 | 139.50                 | 31.18                           | Bailer               | 59.9                          |
| PMW-4   | 12/18/23 | 140.00                 | 19.35                           | Hydrasleeve (25')    | 523                           |
|         | 12/18/23 |                        |                                 | Hydrasleeve (85')    | 680                           |
|         | 12/18/23 |                        |                                 | Hydrasleeve (139')   | 546                           |
|         | 04/29/24 | 139.00                 | 18.90                           | Bailer               | 615                           |
|         | 06/17/24 | 139.00                 | 21.48                           | Bailer               | 745                           |

## **CERTIFICATE OF SERVICE**

25-CONS-3040-CMSC

I, the undersigned, certify that a true and correct copy of the attached Response to Petition Opening Docket Pursuant to K.S.A. 55-065(a) has been served to the following by means of first class mail and electronic service on August 13, 2024.

KEITH A. BROCK, ATTORNEY  
ANDERSON & BYRD, L.L.P.  
216 S HICKORY  
PO BOX 17  
OTTAWA, KS 66067  
kbrock@andersonbyrd.com

KELCEY MARSH, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
kelcey.marsh@ks.gov

JONATHAN R. MYERS, ASSISTANT GENERAL COUNSEL  
KANSAS CORPORATION COMMISSION  
266 N. Main St., Ste. 220  
WICHITA, KS 67202-1513  
jon.myers@ks.gov

TROY RUSSELL  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 3  
137 E. 21ST STREET  
CHANUTE, KS 66720  
troy.russell@ks.gov

/s/ Paula J. Murray  
Paula J. Murray

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