

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

In the matter of the request to transfer wells ) Docket No.: 25-CONS-3235-CMSC  
from Daylight Petroleum, LLC to Bluejacket )  
Operating, LLC. ) CONSERVATION DIVISION  
)  
\_\_\_\_\_ ) License No.: 35639 & 36169

**REPLY TO RESPONSE FILINGS**

Staff of the Kansas Corporation Commission (Staff and Commission, respectively) submits its reply to Bluejacket Operating, LLC's Response to Staff Withdrawal of Motion (Bluejacket's Response) and the Response of Daylight Petroleum, LLC to Staff Withdrawal of Motion (Daylight's Response). In support of its Reply, Staff states the following:

1. On June 20, 2025, Commission Staff withdrew its motion requesting a hearing in the captioned docket. In Staff's withdrawal, Staff stated its intention to process the Request for Change of Operator (T-1) forms between Daylight and Bluejacket once they are resubmitted, as long as they meet the requirements of K.A.R. 82-3-136.<sup>1</sup> Further, Staff will not transfer injection authority for any currently permitted injection wells if Staff finds an abandoned well or any of the wells remaining under Daylight's license within a quarter mile area of review pursuant to K.A.R. 82-3-410.<sup>2</sup>

2. On June 26 and June 27, 2025, Daylight Petroleum, LLC (Daylight) and Bluejacket Operating, LLC (Bluejacket) filed responses regarding Staff's withdrawal. Information contained in those responses generated the need for this Reply.

3. In Daylight's Response, Daylight alleges that the issue is not resolved until Staff approves all of the T-1 transfers which have been submitted.<sup>3</sup> Bluejacket's Response echoes the position taken in Daylight's response.<sup>4</sup> However, there are currently no pending T-1 transfers for

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<sup>1</sup> Withdrawal of Motion, ¶3 (June 20, 2025).

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

<sup>3</sup> Response of Daylight Petroleum, LLC to Staff Withdrawal of Motion, ¶8 (June 26, 2025).

<sup>4</sup> See Bluejacket Operating, LLC's Response to Staff Withdrawal of Motion, ¶10 (June 27, 2025).

Staff to review and approve.<sup>5</sup> As Staff indicated in its withdrawal, the T-1 forms will need to be resubmitted before they can be reviewed and approved by Staff. The T-1 forms which were incidentally approved have been cancelled in the Kansas On-Line Automated Reporting (KOLAR) system. Once the forms have been cancelled in KOLAR which is reflected on the forms published on the KGS website, there is no way for Staff to reinstate or reapprove the forms, which is why Staff indicated in its withdrawal that the T-1 forms would need to be resubmitted. Based on that information, it appears the concerns raised in Daylight's Response and Bluejacket's Response are premature.

4. As stated above, once the T-1 forms between Daylight and Bluejacket have been resubmitted, Staff will work to process the forms as described in paragraph 1. Staff would note that it is concerning that both Daylight and Bluejacket want Staff to rubber stamp and process the T-1 forms as a matter of law without ensuring the T-1 forms are in compliance. Staff believes that such a suggestion is inappropriate and inconsistent with the Commission's rules and regulations. Further, Staff has already referenced one T-1 in the captioned matter that does not appear to comply with K.A.R. 82-3-136.<sup>6</sup> If a T-1 form does not comply with the Commission's rules or regulations, then Staff has every right not to process the form until the issues with the form have been addressed.

5. Bluejacket's Response alleges that there are no specific regulatory or statutory provisions that allow Staff to deny transfer of the injection wells simply because one of the parties is retaining wells that are in proximity to injection wells.<sup>7</sup> Staff has previously communicated to Bluejacket that the injection wells would be transferred, but the injection authority for the wells would not pursuant to K.A.R. 82-3-410 until the wells at issue had been addressed. K.A.R. 82-3-

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<sup>5</sup> Staff requests the Commission take administrative notice of its records. *See* K.A.R. 82-1-230(h).

<sup>6</sup> *See* Response to Motions to Dismiss / Motion for Summary Judgment, ¶21 (Apr. 11, 2025).

<sup>7</sup> Bluejacket's Response ¶17.

410 provides that authority to operate an injection well shall not be transferred from one operator to another without the approval of the Conservation Division. Thus, Staff is unsure of what Bluejacket's allegation is based upon as there is a distinction between transferring the wells and transferring injection authority. Therefore, Staff has a legal basis for how it plans to proceed based on the language in K.A.R. 82-3-136 and K.A.R. 82-3-410.

6. Lastly, Bluejacket's Response also alleges there is no factual or legal basis for denial and that Staff must approve all the Subject Wells, including the injection wells.<sup>8</sup> Along with the legal basis provided above, Staff has a factual basis not to transfer injection authority for the wells. At hearing, Daylight indicated that it no longer has a lease for the wells on the Johnson lease, which was not transferred to Bluejacket.<sup>9</sup> Additionally, Daylight indicated that it is only keeping liabilities and has no current production in Kansas or plans to operate wells in Kansas in the immediate future.<sup>10</sup> Based on that information, Staff believes there is a factual basis to not transfer injection authority until these wells and any other abandoned wells that fall within the area of review of an injection well have been addressed.

WHEREFORE, Staff respectfully submits its Reply to Daylight's Response and Bluejacket's Response in the captioned matter and respectfully requests the Commission close this docket for the reasons described in Staff's withdrawal and the reasons described above.

Respectfully submitted,

/s/ Kelcey Marsh

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<sup>8</sup> *Id.* at ¶18.

<sup>9</sup> KCC Docket 25-CONS-3040-CMSC, *Evidentiary Hearing Transcript*, p. 17:5-13 (Mar. 6, 2025).

<sup>10</sup> *Id.* at p. 316:17 - 317:1.

## **CERTIFICATE OF SERVICE**

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I, the undersigned, certify that a true and correct copy of the attached Reply has been served to the following by means of electronic service on July 9, 2025.

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