

**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
_____)

**PRE-FILED TESTIMONY OF
TROY RUSSELL
ON BEHALF OF COMMISSION STAFF
NOVEMBER 1, 2024**

1 **Q. What is your name and business address?**

2 A. Troy Russell, 137 West 21st Street, Chanute, Kansas 66720.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Conservation Division of the Kansas Corporation Commission,
5 District #3 Office, as the District #3 Professional Geologist (P.G.) Supervisor.

6 **Q. Would you please briefly describe your background and work experience.**

7 A. I received my Bachelor of Science degree from Kansas State University in 1989. I began
8 work with the State of Kansas as a Geologist in 1991. I received my P.G. license in 1992. I
9 came to work in the Chanute District #3 Office within the Conservation Division of the KCC
10 in 1997 as a P.G., primarily overseeing site remediation of environmental impacts to soils
11 and water resources resulting from oil & gas producing activities. I became the District #3
12 Supervisor, P.G. in 2017.

13 **Q. What duties does your position with the Conservation Division involve?**

14 A. I oversee the daily operations in District #3 as related to oil and gas activities. I supervise
15 two Public Service Administrators, twelve Environmental Compliance and Regulatory
16 Specialists (ECSR), and two District Geologists, P.G.

17 **Q. Have you previously testified before this Commission?**

18 A. Yes.

19 **Q. What is the purpose of your testimony in this matter?**

20 A. The purpose of my testimony is to discuss the petition filed by Daylight Petroleum, LLC
21 (Operator) in Docket 25-CONS-3040-CMSC (Docket 25-3040) and why Operator should be
22 required to plug the abandoned and broken out well on the Johnson lease in Section 16,
23 Township 30 South, Range 16 East, Wilson County, Kansas. Specifically, my testimony will

1 discuss Operator's actions after Staff's initial investigation and why Operator should be
2 required to plug the abandoned well.

3 **Q. Please provide a brief overview of this docket.**

4 A. On June 26, 2023, Commission Staff was notified of a possible breakout well and spill at the
5 Johnson lease. Commission Staff's initial investigation is documented in the testimony which
6 is being filed by Levi Burnett. Staff was able to confirm communication between the breakout
7 well to injection operations at Operator's Olnhausen Farms #6 well. Staff then worked with
8 Operator for over a year in order to attempt to locate and plug the breakout well. On July 29,
9 2024, Operator filed a petition requesting the Commission open a docket to determine if it
10 would be a waste to plug the breakout well.

11 **Q. After Staff's initial investigation, was a letter sent to Operator regarding the abandoned
12 well?**

13 A. Yes. I was cc'd on a letter that was sent from Commission Legal Staff to Operator on August
14 10, 2023. The letter stated that Operator's injection operations had caused an abandoned well
15 to begin leaking fluids underneath infrastructure on the Johnson lease and that Operator
16 appeared to be responsible for plugging the well pursuant to K.S.A. 55-179. The letter
17 required Operator to locate and plug the breakout well by September 1, 2023, unless Staff had
18 granted an extension. I have attached a copy of the letter to my testimony as *Exhibit TR-1*.

19 **Q. Did operator locate and plug the abandoned well by that September 1, 2023 deadline?**

20 A. No. However, Staff did receive a request for a 30-day extension of the September 1, 2023,
21 deadline from Rolando Moreno, a HSER manager for Operator. I have attached a copy of
22 Mr. Moreno's email to my testimony as *Exhibit TR-2*. Mr. Moreno requested a 30-day
23 extension in order for Operator to take steps forward in locating the leak. He proposed for

1 Operator to backfill the monitoring pit previously dug and installing a 5 foot deep monitoring
2 well. He also proposed for Operator to use ground penetrating radar to locate all utilities
3 entering the building and to conduct a full scan of the interior floor to see if any anomalies
4 could be identified. However, the well was not located or plugged within the extended 30-day
5 deadline. Mr. Moreno did provide Staff notes from the use of the ground penetrating radar on
6 September 7, 2023, which did detect an anomaly beneath the building.

7 On September 29, 2023, Mr. Moreno requested another 60-day extension in order to take
8 additional steps in locating the source of the lease. I have attached Mr. Moreno's email to my
9 testimony as *Exhibit TR-3*. However, Operator was unable to locate or plug the breakout well
10 within that timeframe. During the additional 60-day extension Operator unilaterally closed
11 the monitoring pit without Staff's permission. Operator also failed to install the 5 foot deep
12 monitoring well they previously stated they would implement.

13 **Q. Did Operator install any monitoring wells around the property?**

14 A. Eventually. In order to give Operator more time to locate and plug the breakout well, Staff
15 required Operator to install monitoring wells around the building through Table I in order to
16 determine what impacts the abandoned well was having on fresh and usable water. Initially,
17 Operator only wanted to place one monitoring well near the source area to a depth of 72 feet.
18 The issue was that only one monitoring well near the source area would not show the extent
19 of any pollution that was occurring based on the abandoned wellbore. Further, a well to that
20 depth would not cover the entirety of Table I. Table I provides the minimum surface casing
21 depths needed across Kansas counties in order to protect fresh and usable water. The Table I
22 depth in this area is 150 feet. In order to test for pollution a monitoring well would need to
23 cover the entirety of Table I to ensure all fresh and usable water is being protected.

1 **Q. Have samples taken from the monitoring wells indicated that pollution of fresh and**
2 **usable water is occurring?**

3 A. Yes. Ms. Shaffer discusses this in more detail in her testimony, but the chloride samples taken
4 from the monitoring wells continue to show increasingly elevated amounts of chlorides
5 throughout Table I in this area. The increasing level of chlorides taken from the monitoring
6 wells directly contradicts the statement in Operator's Petition Opening Docket that the fluid
7 leak has been stopped and that it is not impacting fresh and usable water.

8 **Q. Did Staff still seek to have Operator plug the abandoned well?**

9 A. Yes. On June 11, 2024, I sent an email to Mr. Moreno requesting a status update as to
10 Operator's efforts to enter and plug the abandoned wellbore on the Johnson lease. In our
11 previous discussions with Operator, we indicated that the timeframe to address and plug the
12 abandoned well could be extended to late spring or early summer 2024 after the monitoring
13 wells were implemented. The email stated that we were working with Legal Staff to construct
14 a NOV letter providing Operator a deadline to have the abandoned wellbore plugged. I have
15 attached that email to my testimony as *Exhibit TR-4*. I did not receive any response to my
16 email.

17 **Q. Was another NOV letter sent?**

18 A. Yes. I was copied on a second NOV letter sent by Legal Staff on June 13, 2024. I have attached
19 a copy of the letter to my testimony as *Exhibit TR-5*. The letter required Operator to locate
20 and plug the abandoned well by August 1, 2024. Failure to meet the deadline would result in
21 Staff filing a Show Cause Motion requiring Operator to appear before the Commission to
22 explain why it is not responsible for plugging the abandoned well. However, just prior to the

1 deadline passing Operator filed its petition in Docket 25-3040. To date, the abandoned well
2 beneath the building remains unplugged.

3 **Q. In Mr. Burnett's testimony, he states that he was not able to find any well beneath the**
4 **building after searching through KGS and Eastern Kansas Documents. Does that mean**
5 **there is no well beneath the building?**

6 A. No. That testimony simply indicates that the exact location of the well bore has not been
7 discovered yet. There are a number of historical wells in Eastern Kansas which are either
8 undocumented or have poor records of their location.

9 **Q. Has Operator plugged other wells that have broken out based on its operations?**

10 A. Yes. Operator has plugged at least two wells that have broken out around the same Olnhausen
11 Farms lease water flood. The Olnhausen Farms #5-BOW, API# 15-205-01512, was plugged
12 on January 10, 2022, when an abandoned wellbore was discovered shortly after Daylight
13 Petroleum fracked its Olnhausen Farms #5 well, API# 15-205-28508. I have attached the field
14 report for this incident to my testimony as *Exhibit TR-6*. The Well Plugging Application
15 (CP1) form submitted by Operator states that the fracking of Olnhausen Farms #5 caused the
16 communication with the abandoned wellbore. Additionally, the Reem #1, API#15-205-01562
17 was plugged by Operator on October 28, 2022. The CP-1 form submitted by Operator for this
18 well states that their water flood on the Olnhausen lease communicated with the Reem #1 well
19 and caused the well to break out. These forms are attached to Mr. Burnett's testimony as part
20 of Exhibit LB-4.

21 **Q. What factors indicate that there is an abandoned well beneath the building?**

22 A. I believe that it is clear that we are dealing with an abandoned wellbore based upon the
23 investigation conducted by Mr. Burnett which identified a connection between the fluids

1 introduced into the Olnhausen Farms #6 injection well and observance of produced fluids
2 flowing into the monitoring pit at the building on the Johnson lease. Further, as Ms. Shaffer
3 discusses in her testimony, there are maps available that show discoloration of the surface in
4 this area. Additionally, the samples collected from the pit had a similar chloride
5 concentrations as the produced water being injected into Operator's Olnhausen wells.

6 **Q. Has there been sufficient time to locate the abandoned well?**

7 A. Yes. I believe having over a year is plenty of time to not only locate this well, but also have
8 it plugged.

9 **Q. Operator's Petition Opening Docket states that it would be a waste to plug the breakout
10 well. Are there various factors that can make it more expensive to plug a well?**

11 A. Yes. There are a wide variety of factors that can cause a well to be more expensive to plug.
12 There can be lost equipment, as well as issues with the casing and/or tubing within a wellbore
13 that require specialty tools and or drill rigs. There can also be other downhole factors such as
14 formation pressures, high fluid/porosity formations that require additional steps to
15 successfully isolate those zones, and sometimes just the location of the abandoned wellbore
16 can cause considerable added expense. While working around a building may add to the
17 expense of plugging a well, that expense is not a reason to allow an open wellbore or a
18 wellbore with compromised casing integrity to remain unplugged. Especially when we can
19 determine that there is pollution occurring to fresh and usable water. Allowing operators the
20 ability to not plug wells based on expense would set a detrimental precedent to the
21 Conservation Division's directive to protect the fresh and usable waters of the State of Kansas.

1 **Q. Is there any question in your mind that Operator is responsible for locating and plugging**
2 **the abandoned well?**

3 A. No. Operator is clearly responsible for plugging the well. K.S.A 55-179 describes the factors
4 that can make an operator responsible for the proper care and control of an abandoned well.
5 One of those factors is any person causing pollution or loss of usable water through the well,
6 including any operator of an injection well, disposal well, or pressure maintenance program.
7 Here, Operator's injection operations are clearly connected to the breakout well located
8 beneath the building on the Johnson lease.

9 **Q. Please summarize your recommendations.**

10 A. I would recommend that Operator be required to plug the abandoned well located beneath
11 the building on the Johnson lease. Operator's injection operations have clearly made it
12 responsible for the care and control of plugging the well. Failure to plug this abandoned well
13 will lead to further pollution of fresh and usable water beneath the lease. Operator has not
14 provided any credible reason why the Commission should neglect its duty to protect fresh and
15 usable water.

16 **Q. Does this conclude your testimony?**

17 A. Yes.

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

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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 Olnhaus Farm # 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. Olnhaus Farm #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 out 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

KCC OIL/GAS REGULATORY OFFICES

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: [x] 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 [x] East [] West
1050 Feet from [] North / [x] South Line of Section
2100 Feet from [x] East / [] West Line of Section
Lease: OLNHAUSEN FARMS Well No.: 6
County: Wilson

Well Construction Details: [x] 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

Table with 7 columns: Conductor, Surface, Intermediate, Production, Liner, Tubing, and Size. Rows include Set at, Sacks of Cement, Cement Top, and Cement Bottom.

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 [x] No

If Dual Completion - Injection is: [] Above Production [] Below Production

FIELD DATA

GPS Location: Datum: [] NAD27 [x] 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 65 65 65
Set up 2
Set up 3
Tested: [x] 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

KCC Office Use Only
State Agent: Levi Burnett Title: E.C.R.S. Witness: [x] Yes [] No
Remarks: 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
Next MIT: 09/07/2027

CASING MECHANICAL INTEGRITY TEST

Disposal Well Enhanced Recovery:
 Repressuring
 Flood
 Tertiary

NW NP

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
 Name & Address 23-1/2 E Madison Ave, Ste A
Iola, KS 66749

Operator License# 35122
 Contact Person Wesley Ketcham
 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		<u>7"</u>	<u>2.875"</u>			Size _____
Set at		<u>40'</u>	<u>917'</u>			Set at _____
Cement Top		<u>Surface</u>	<u>Surface</u>			Type _____
" Bottom		<u>40'</u>	<u>917'</u>			
DV/Perf.				<u>922'</u>		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 Set up 2 Annular Pres. during test _____
 D Set up 3 Fluid loss during test _____ bbls.

D

A

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 R. Peters Compliance Director
 Signature Title

The results were Satisfactory Marginal _____ Not Satisfactory _____

State Agent: Alan M. Ludwig 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 0 to 0 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

Date: _____ Signature: _____ Title: _____

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: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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

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.

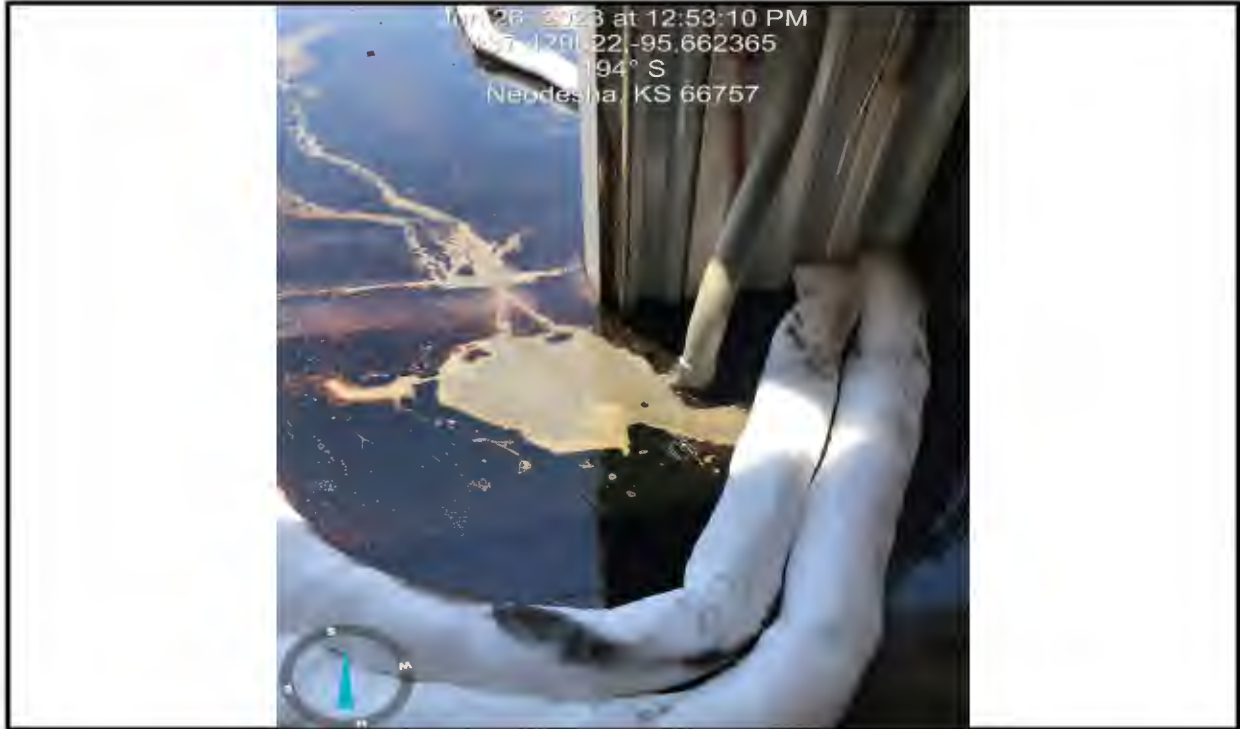
- * If you return this well to service or plug it, please notify the District Office.**
- * If you sell this well you are required to file a Transfer of Operator form, T-1.**
- * If the well will remain temporarily abandoned, you must submit a new TA application, CP-111, before 07/20/2023.**

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	KLN: 35639
Lease: Johnson	Legal: 16-30-16E SE SE SW
County: WL	PIC ID#: 6
Subject: Monitor Pit with produced water	PIC Orientation: Looking North
FSL: 516'	Latitude: 37.429598
FEL: 3052'	Longitude: -95.662341
API#: NA	
Date: 7/14/2023	Time: 12:57 pm
Staff: Levi Burnett	

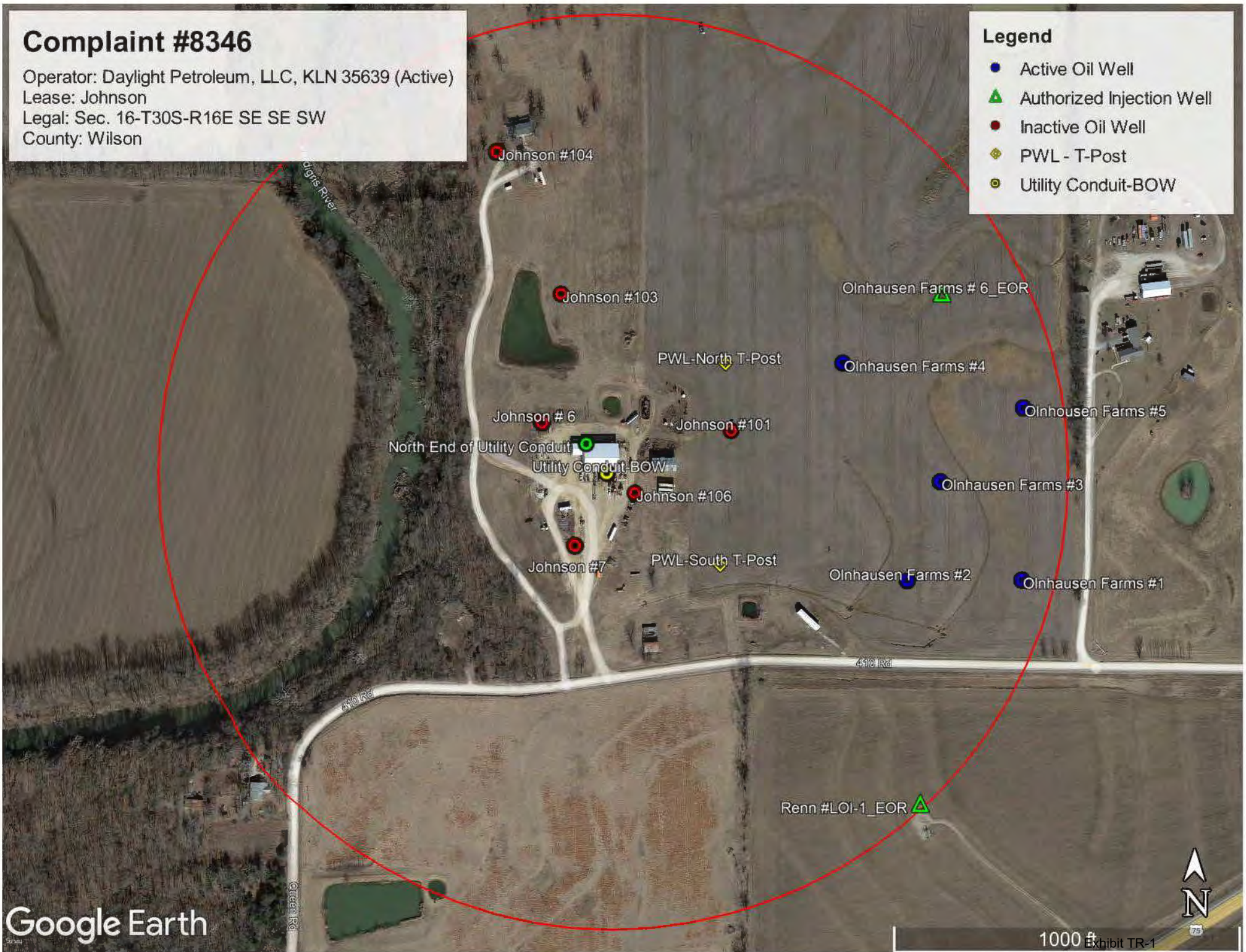
Additional Information: This picture shows water has puddled up in the bottom of the monitor pit. The brine water has been seeping through the subsurface soil. A sample of this water was taken into the Chanute District #3 Lab and tested. The water sample came back with 41,000 ppm.

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

Johnson #6

Johnson #101

PWL-Spot seen from 1977 Aerial

Utility Conduit-BOW

Johnson #106

Johnson #7

PWL-South T-Post

410 Rd

410 Rd

Google Earth



400 ft

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

Johnson #6

Johnson #101

PWL-Spot seen from 1977 Aerial

Utility Conduit-BOW

Johnson #106

Johnson #7

PWL-South T-Post

410 Rd

410 Rd

Google Earth



400 ft

From: Rolando Moreno [rmoreno@daylightpetroleum.com]
Sent: Tuesday, August 29, 2023 2:02 PM
To: Troy Russell [t.russell@kcc.ks.gov]; Ryan Duling [r.duling@kcc.ks.gov]; Kelcey Marsh [k.marsh@kcc.ks.gov]
CC: Art Benjamin [abenjamin@daylightpetroleum.com]; Rob Tidwell [rtidwell@daylightpetroleum.com]; Kyle Malia [Kmalia@daylightpetroleum.com]
Subject: Daylight Petroleum, LLC #35639- August 10th Letter, Extension Request
Attachments: Johnson lease_081423.pdf

This is an EXTERNAL EMAIL. Think before clicking a link or opening attachments.

Troy,

In reference to the attached letter from Kelcey Marsh dated August 10th, Daylight Petroleum requests a 30-day extension from the stated deadline of September 1st. Daylight operations continues to take steps forward in locating the source of the leak. In the past month we hired GSI Engineering and have performed a multi-day injection test on our Olnhausens Farms #6 (15-205-28509) well while monitoring fluid levels in multiple wells surrounding the leak area. The injection test proved no communication between the injector and the wells surrounding the leak (Johnson #6 (15-205-01072), Johnson #7 (15-205-01073), Johnson #101 (15-205-21986), Johnson #106 (15-205-22288)). We are moving forward with plugging the Johnson #6 (15-205-01072-00-00) and Johnson #7 (15-205-01073-00-00) as requested in the 8/3/23 NOV.

Water was observed entering the observation pit on the south end of the building during the injection test. Daylight plans to backfill the observation pit so that the business owner can utilize this building to full capacity. When backfilling, the installation of a 2-inch monitoring well will be constructed of 5 feet of screen, and riser to the surface would be completed with a vault and concrete pad. The monitoring well would be utilized to measure the change in head of water at this location.

Additionally, Daylight will complete a scan of the outside of the building to locate all utilities entering the building using a 300-350 Hyperstack GPR. Once those utilities have been documented, a full scan of the interior floor of the building would be completed. The rebar mapping tool will be utilized to identify all rebar, and the spacing of the rebar. Our goal is that with the low frequency GPR, the thick concrete can be penetrated and an anomaly such as an unplugged well can be identified. Thermal imaging is also another method that Daylight is looking to use as an additional locating method.

Daylight will continue to notify the KCC of any progress made during the above operations.

Thank you.

Rolando Moreno, CSP
HSER Manager

Daylight Petroleum

1221 McKinney St, Suite 2880 | Houston, Tx 77010
rmoreno@daylightpetroleum.com | (956)960-3070



From: Rolando Moreno [rmoreno@daylightpetroleum.com]
Sent: Friday, September 29, 2023 3:33 PM
To: Troy Russell [t.russell@kcc.ks.gov]; Ryan Duling [r.duling@kcc.ks.gov]; Kelcey Marsh [k.marsh@kcc.ks.gov]
CC: Art Benjamin [abenjamin@daylightpetroleum.com]; Kyle Malia [Kmalia@daylightpetroleum.com]; Logan Lowenstein [lloenstein@daylightpetroleum.com]; Rob Tidwell [rtidwell@daylightpetroleum.com]
Subject: Daylight Petroleum, LLC #35639- August 3rd NOV & August 10th Letter, Extension Request
Attachments: Johnson lease_081423.pdf; Daylight Petroleum_Notice of Violation 82-3-111_Signed_8-3-2023.pdf; Olnhausen-Cement work on pit 9-21-23.jpg

This is an EXTERNAL EMAIL. Think before clicking a link or opening attachments.

Troy,

I hope you and the team have done well since our last email correspondence.

All deliverables have been completed from the attached notice of violation dated August 3rd, 2023. Both the (Johnson #6 (15-205-01072), Johnson #7 (15-205-01073)) wells have been plugged and the documents were filed on 9/20/23.

In reference to the attached letter from Kelcey Marsh dated August 10th, Daylight Petroleum requests a 60-day extension from the previous extension deadline of September 29th to continue to take steps forward in locating the source of the leak.

Daylight hired GSI Engineering and have performed a multi-day injection test on our Olnhausen Farms #6 (15-205-28509) well while monitoring fluid levels in multiple wells surrounding the leak area. The injection test proved no communication between the injector and the wells surrounding the leak (Johnson #6 (15-205-01072), Johnson #7 (15-205-01073), Johnson #101 (15-205-21986), Johnson #106 (15-205-22288)). Daylight has completed the ground penetrating radar (GPR) scan of the shop and operations to plug and abandon the Johnson #6 and #7 wells were successful. The results from the GPR study and anomaly area were sent for review 9/7/23. Additionally, the surface observation pit in the shop driveway was backfilled and cemented to restore full surface access to the shop on 9/21/23.

Our next step in this process is to locate the potential wellbore with precision to further develop a plan for intervention. This has led us to work with a company that specializes in magnetic ranging technology to locate "ghost" wellbores from offset surface locations when surface access is limited. We have had three meetings in the last two weeks to quickly learn and understand how to implement the ranging tools for success in our scenario. Due to the complexity of the situation, we have not had enough time to develop a full procedure for this effort to locate the wellbore. For this reason, we are requesting an additional 60-day extension to solidify a plan around the use of this technology for our unique case. After the potential wellbore is confirmed and located, our intervention plan will seek to strategically enter the shop floor to limit surface damages and ensure successful plugging operations.

Our plan surrounding the use of the ranging tools will be communicated when fully understood. Further intervention plans will remain unknown until the wellbore has been confirmed and located with precision.

Thank you.

Rolando Moreno, CSP
HSER Manager

Daylight Petroleum

1221 McKinney St, Suite 2880 | Houston, Tx 77010
rmoreno@daylightpetroleum.com | (956)960-3070



From: Troy Russell [KCC] [t.russell@kcc.ks.gov]
Sent: Tuesday, June 11, 2024 9:13 AM
To: Rolando Moreno [rmoreno@daylightpetroleum.com]; Julie Shaffer [KCC] [j.shaffer@kcc.ks.gov]; Ryan Duling [KCC] [r.duling@kcc.ks.gov]
CC: Kelcey Marsh [KCC] [k.marsh@kcc.ks.gov]; Art Benjamin [abenjamin@daylightpetroleum.com]; Rob Tidwell [rtidwell@daylightpetroleum.com]; Kelsee Wheeler, P.G.* [KWheeler@teamues.com]; Kristen Luebs [kluebs@daylightpetroleum.com]; Kyle Malia [Kmalia@daylightpetroleum.com]
Subject: RE: Daylight - MW Installation

Rolando,

Please provide a status update as to the efforts to enter and plug the abandoned well bore located beneath the commercial structure located on the Johnson Lease. Initial discussions with Daylight had indicated that the timeframe to address the abandoned wellbore could be extended to late spring / early summer 2024 with the implementation of monitoring wells. That time frame has elapsed. The monitoring well test results do not support extending the failure to plug the well indefinitely. District is working with Legal Staff to construct an NOV Letter providing a deadline for Daylight to have the abandoned well bore plugged. I look forward to your status update.

Regards,



Troy A. Russell
District #3 Supervisor, P.G.
Kansas Corporation Commission
Conservation Division, District III
137 E. 21st Street, Chanute Ks 66720
Office: 620-902-6451
Cell: 620-432-6509

From: Rolando Moreno <rmoreno@daylightpetroleum.com>
Sent: Monday, May 13, 2024 3:26 PM
To: Julie Shaffer [KCC] <j.shaffer@kcc.ks.gov>
Cc: Troy Russell [KCC] <t.russell@kcc.ks.gov>; Kelcey Marsh [KCC] <k.marsh@kcc.ks.gov>; Art Benjamin <abenjamin@daylightpetroleum.com>; Rob Tidwell <rtidwell@daylightpetroleum.com>; Kelsee Wheeler, P.G.* <KWheeler@teamues.com>; Kristen Luebs <kluebs@daylightpetroleum.com>; Kyle Malia <Kmalia@daylightpetroleum.com>
Subject: RE: Daylight - MW Installation

This is an EXTERNAL EMAIL. Think before clicking a link or opening attachments.

Julie,

Attached is the Letter Report summarizing the groundwater monitoring event completed 4/29/24.

If you have any questions, please do not hesitate to reach out.

Thank you.

Rolando Moreno, CSP
HSER Manager

Daylight Petroleum

1221 McKinney St, Suite 2880 | Houston, Tx 77010
rmoreno@daylightpetroleum.com |(956)960-3070



From: Julie Shaffer [KCC] <j.shaffer@kcc.ks.gov>
Sent: Wednesday, April 24, 2024 10:41 AM
To: Rolando Moreno <rmoreno@daylightpetroleum.com>
Cc: Troy Russell [KCC] <t.russell@kcc.ks.gov>; Kelcey Marsh [KCC] <k.marsh@kcc.ks.gov>
Subject: RE: Daylight - MW Installation

Rolando,

We have reviewed Daylight Petroleum's summary report for the Johnson lease monitoring well project and first round of sampling. While we understand the reference documents published in KGS Bulletins indicate chloride content above acceptable levels, we also understand that these are not naturally occurring chloride (Cl-) levels in these formations at these depths. The discovery of oil in this area was 1894 and drilling magnified the comingling of produced fluids with fresh and usable water reservoirs due to poor practices for the protection of these formations in both the drilling and completion methods and also in the storage of those produced fluids for many decades. In 1962, when those water samples were collected and tested (Jungmann, 1966, KGS Survey Bulletin 183), the presence of Cl- indicates there are lingering affects to that unconfined water reservoir and the most plausible explanation of the elevated levels of Cl- would include unknown, abandoned wellbores, which we still find today. If you look at the well density in Neosho County alone and for reference, nearby Chanute, the main Humboldt-Chanute Oil Field closely followed the Neosho River channel and corresponding alluvial floodplain with many nearby pools. The production from the oil field would correlate to nearby water wells due to the placement of those municipal wells in alluvial valleys. The same can be applied to the Neodesha area in Wilson County, the discovery of oil in 1890, and the oil fields along the river basins and in alluvial areas.

At this time, the KCC will have you continue to monitor the chloride levels quarterly due to the fact that the current analytical results indicate elevated chloride concentrations in groundwater within the Table I interval. Although some of the levels exceed minimum levels for municipalities and irrigation, the

discontinued injection of produced fluids into the Olnhausen Farms #6 should continue to dilute the Cl- levels within the reservoir. Unfortunately, other nearby injection wells could eventually communicate with this open pathway to surface that is the now known abandoned well bore beneath the footprint of the building on the Johnson lease. Therefore, the **quarterly** sampling requirement will remain in place until the abandoned well is plugged. Due to the timeline of this letter, the 1st Quarter 2024 analytical sample results will need to be submitted to the KCC District #3 office by May 15, 2024. The district office in Chanute, KS will need to be notified no less than 24 hours prior to sampling operations. The phone number for the district office is 620-902-6450. The continued chloride sampling plan should include the proper notification and analytical results submission to the KCC District #3 office by the weeks end following each calendar quarters date (i.e. 2nd Quarter 2024 ending June 30; results submitted by July 5).

Please reach out with any questions you may have and provide an update on Daylight's plan moving forward to plug the broke out abandoned well.

Thank you,
Julie

Julie Shaffer, P.G.
District 3 Geologist



Conservation Division
Kansas Corporation Commission
137 E 21st St | Chanute, KS | 66720
Phone: 620-212-3662 | Email: j.shaffer@kcc.ks.gov
<http://kcc.ks.gov/>

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From: Rolando Moreno <rmoreno@daylightpetroleum.com>
Sent: Wednesday, January 3, 2024 12:33 PM
To: Julie Shaffer [KCC] <j.shaffer@kcc.ks.gov>
Cc: Troy Russell [KCC] <t.russell@kcc.ks.gov>; Kelcey Marsh [KCC] <k.marsh@kcc.ks.gov>
Subject: RE: Daylight - MW Installation

This is an EXTERNAL EMAIL. Think before clicking a link or opening attachments.

Julie,

Attached is the Summary Report with all the documentation of what was done during our monitoring well installation at the site.

At this time, it does not appear that the release occurring beneath the building is impacting groundwater within the Table 1 interval. A detailed explanation can be found starting on page 7 section 4.0 Conclusions.

Thank you!

Rolando Moreno, CSP
HSER Manager

Daylight Petroleum

1221 McKinney St, Suite 2880 | Houston, Tx 77010
rmoreno@daylightpetroleum.com | (956)960-3070



From: Julie Shaffer [KCC] <j.shaffer@kcc.ks.gov>
Sent: Wednesday, January 3, 2024 10:01 AM
To: Rolando Moreno <rmoreno@daylightpetroleum.com>
Cc: Troy Russell [KCC] <t.russell@kcc.ks.gov>; Kelcey Marsh [KCC] <k.marsh@kcc.ks.gov>
Subject: FW: Daylight - MW Installation

Mr. Moreno,

Good morning, I am looking to obtain the results from the first round of sampling from the newly installed monitoring wells on the Johnson lease. It was my understanding from GSI that the sampling was to be completed on December 14th or 15th. Please reach out to District 3 staff with results and any updates at your earliest convenience.

Thank you,
Julie

Julie Shaffer, P.G.
District 3 Geologist



Conservation Division
Kansas Corporation Commission
137 E 21st St | Chanute, KS | 66720
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From: Julie Shaffer [KCC]
Sent: Tuesday, December 19, 2023 8:51 AM
To: 'Kelsee Wheeler, P.G.*' <KWHEELER@teamues.com>; 'Alexandra Richards, P.G.*' <arichards@teamues.com>
Subject: RE: Daylight - MW Installation

Kelsee and Alex,

Good morning, I just wanted to reach out to you both to inquire about the status of the first round of chloride analysis of water samples from the monitoring wells on the Johnson lease in Wilson county. It was my understanding that they would be sampled that Thursday the week of drilling. Please let us know the results of sampling at your earliest convenience.

Hope you all have a very Merry Christmas!

Thank you,
Julie

Julie Shaffer, P.G.
District 3 Geologist



Conservation Division
Kansas Corporation Commission
137 E 21st St | Chanute, KS | 66720
Phone: 620-212-3662 | Email: j.shaffer@kcc.ks.gov
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From: Kelsee Wheeler, P.G.* <KWHEELER@teamues.com>
Sent: Monday, December 4, 2023 5:25 PM
To: Troy Russell [KCC] <t.russell@kcc.ks.gov>; Julie Shaffer [KCC] <j.shaffer@kcc.ks.gov>; Rolando

Moreno <rmoreno@daylightpetroleum.com>; Alexandra Richards, P.G.* <arichards@teamues.com>
Subject: Daylight - MW Installation

This is an EXTERNAL EMAIL. Think before clicking a link or opening attachments.

Good evening,

GSI has completed the installation of the four shallow piezometers, and two of the deep monitoring wells.

Julie contacted me late this afternoon, and requested that one of the 2 remaining wells be installed with the screened interval extending from bottom of the well to 10 fee bgs.

Although not included in the approved scope of work, with approval of Daylight, GSI will complete the installation of the deep monitoring well located 150 feet east of the source area with a screened interval extending from 10 feet bgs to the total depth of the well.

Please let me know if you have any questions.

Julie plans to be onsite tomorrow, drilling will begin around 10 AM. Alex Richard's is the onsite Geologist logging the wells and has been cc'd on the email.

Thank you,
Kelsee

Sent from my Verizon, Samsung Galaxy smartphone
Get [Outlook for Android](#)

Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Laura Kelly, Governor

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

KCC OIL/GAS REGULATORY OFFICES

Inspection Date: 10/22/2021 **District:** 3 **Incident Number:** 7597

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

Operator License No: 35639 **API:** 15-205-01215-00-00 **Q3:** SW **Q2:** SW **Q1:** SE
Operator Name: Daylight Petroleum **SEC** 16 **TWP** 30 **RGE** 16 **RGDIR:** E
Address: P.O. Box 52070 **FSL:** 527
City: Houston **FEL:** 2177
State: TX **Zip Code:** 77027 **Lease:** Olnhausen **Well No.:** 5-BOW
Phone contact: Colin McCully **County:** WL

Reason for Investigation:

Kyle Malia with Daylight Petroleum sent an email to Levi Burnett stating that a possible abandoned well was located.

Problem:

Daylight Petroleum fracked the Olnhausen Farms #5 (15-205-28508-00-00) well. After the frack job was performed, oil on the surface was found originating from the soil along the lease road.

Persons contacted:

Kyle Malia

Findings:

My initial investigation found that Daylight Petroleum had dug up the abandoned well location and exposed what looks to be 10" or 12" surface casing with standing fluid (oil/water) roughly 6' below the ground surface. I researched KGS & Eastern Kansas Documents and I could not locate any information about this specific well. I have requested an API# through Russell Hine, KCC Abandoned Well Coordinator. There are two (2) wells that fall with in the quarter (1/4) mile area of review. The wells are operated by Daylight Petroleum. The wells are: Renn LO I-2, API# 15-205-28437, Sec.21T-30S-R16E & the Renn LO -13, API# 15-205-28438, Sec.21-T30S-R16E in WL Co. I will include a Word Photo Template & Google Earth aerial map along with this field report. (See Additional Page)

Actions / Recommendations

Follow-up Required

Deadline Date:

My recommendation is that this field report be forwarded to Ryan Duling and John Almond, District 3 Compliance Officers.

Photo's Taken: 2

RBDMS KGS KOLAR **Report Prepared By:** LEVI BURNETT
 District Files Courthouse **Position:** E.C.R.S.

KCC OIL/GAS REGULATORY OFFICES

Additional Findings:

10/28/2021 I spoke with Kyle Malia (Daylight Petroleum Production Engineer) about their plugging proposal for this well in the near future. Kyle stated that Daylight Petroleum plans to stub the surface casing up to ground level and then run 2-3/8" tubing down the well bore trying to find a total depth of the well. Followed with pumping water to establish circulation and pumping cement from TD to surface. Removing the 2-3/8" and topping the well off with cement. I find this to be an acceptable plugging proposal.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Daylight Petroleum	KLN: 35639
Lease: Olnhausen	Legal: Sec.16-T30S-R16E
County: WL	PIC ID#: #1
Subject: Abandoned well Surface Casing exposed	PIC Orientation: Facing North looking at well
FSL: 527'	Latitude: 37.42961
FEL: 2177'	Longitude: -095.65933
API#: 15-205-01512-00-00	
Date: 10/22/2021	Time: 1:25:05 PM
Staff: Levi Burnett	

Additional Information: This picture shows the abandoned well that Daylight Petroleum Production Engineer, Kyle Malia sent Levi Burnett an email about. This well was located after Daylight Petroleum had performed a frac job on the Olnhausen #5 well. Daylight Petroleum noticed oil coming from the soil along the lease road and dug up this well. It appears to be 10" or 12" surface casing set roughly 6' below ground surface. The surface casing is full of fluid and has no surface control. Daylight Petroleum plans to plug this well in the near future.

Olhausen #5-BOW

Operator: Daylight Petroleum
License#: 35639
Sec. 16-T30S-R16E WL Co.
527' FSL & 2177' FEL NE SW SW SE

Legend

- OLNHAUSEN #5-BOW w/ 10" SC

COLNHAUSEN #5-BOW



CERTIFICATE OF SERVICE

25-CONS-3040-CMSC

I, the undersigned, certify that a true copy of the attached Pre-Filed Testimony of Troy Russell has been served to the following by means of electronic service on November 1, 2024.

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troy.russell@ks.gov

/S/ Paula J Murray

Paula J Murray