

STATE OF KANSAS

CORPORATION COMMISSION  
CONSERVATION DIVISION  
266 N. MAIN ST., STE. 220  
WICHITA, KS 67202-1513



PHONE: 316-337-6200  
FAX: 316-337-6211  
<http://kcc.ks.gov/>

GOVERNOR JEFF COLYER, M.D.

SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

**NOTICE OF PENALTY ASSESSMENT**

19-CONS-3013-CPEN

July 12, 2018

James VanRoyen, Managing Member  
VanRoyen Oil and Gas L.L.C.  
3519 W. 44<sup>th</sup> S  
Wichita, KS 67217-3963

This is a notice of a penalty assessment for violation(s) of Kansas Oil and Gas Conservation Statutes, Rules, and Regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

**IF YOU ACCEPT THE PENALTY:**

You have been assessed a \$250 penalty. You have 30 days from the service date of this Penalty Order to pay the fine amount. Check or money order must be made payable to the Kansas Corporation Commission and mailed to the Conservation Division of the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Payment by credit card may be made by calling the Conservation Division at 316-337-6200.

**IF YOU CONTEST THE PENALTY:**

You have the right to request a hearing. A written request for hearing must be made within 30 days after service of the Penalty Order setting forth the specific grounds upon which relief is sought. Respondent must submit the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The Commission shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act within 30 days after receipt of such request. K.S.A. 55-164; K.S.A. 77-542; K.A.R. 82-1-215.

**IF YOU FAIL TO ACT:**

Failure to pay the fine amount, or in the alternative, provide a written request for a hearing, within thirty (30) days of service of the Penalty Order, will result in the attached Penalty Order becoming a Final Order and may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained. K.S.A. 55-164; K.S.A. 77-537.

Respectfully,

Lauren N. Wright  
Litigation Counsel  
316-337-6200

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

Before Commissioners:           Shari Feist Albrecht, Chair  
   Jay Scott Emler  
   Dwight D. Keen

In the matter of the failure of VanRoyen Oil	)	Docket No.: 19-CONS-3013-CPEN
and Gas, LLC ("Operator") to comply with	)	
K.A.R. 82-3-603 at the Kimzey lease in Elk	)	CONSERVATION DIVISION
County, Kansas.	)	
_____	)	License No.: 33126

**PENALTY ORDER**

The above captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

**I. JURISDICTION**

1.       The Commission has the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.<sup>1</sup> The Commission has jurisdiction to regulate the "construction, operation, and abandonment of any well and the protection of the usable water of this state from any actual or potential pollution from any well."<sup>2</sup> Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.<sup>3</sup>

2.       The Commission has the authority to issue a Penalty Order for violation of any provision of K.S.A. 55-101 *et seq.*, rule, regulation, or order of the Commission.<sup>4</sup> The Commission shall take appropriate action which may include, but not be limited to, imposing a monetary penalty "not to exceed \$10,000, which shall constitute an actual and substantial

---

<sup>1</sup> K.S.A. 74-623.

<sup>2</sup> K.S.A. 55-152.

<sup>3</sup> K.S.A. 55-155.

<sup>4</sup> K.S.A. 55-162; K.S.A. 55-164.

economic deterrent to the violation for which the penalty is assessed.”<sup>5</sup> “In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”<sup>6</sup>

3. K. A.R. 82-3-101(a)(69) defines “spill” as any escape of saltwater, oil, or refuse by overflow, seepage, or other means from the vicinity of oil, gas, injection, service, or gas storage wells, or from tanks, pipelines, dikes, or pits, if the wells, tanks, pipelines, dikes, or pits are involved in or related to any of the following:

- a. the exploration or drilling for oil or gas;
- b. the lease storage, treatment, or gathering of oil or gas; or
- c. the drilling, operating, abandonment, or postabandonment of wells. For purposes of this regulation, “vicinity” means the area within six feet of the wellhead.

4. K.A.R. 82-3-603(b) provides that the operator shall notify the appropriate district office of any escape of saltwater, oil, or refuse that meets the definition of “spill” in K.A.R. 82-3-101. This notification shall be made no later than the next business day following the date of discovery or knowledge of the spill.<sup>7</sup> The point of discovery or knowledge means that point when the operator knew or reasonably should have known of the spill.<sup>8</sup>

5. K.A.R. 82-3-603(d) provides that failure to comply with subsection (b) shall be punishable by a \$250 penalty for the first violation, a \$500 penalty for the second violation, and a \$1,000 penalty and an operator license review for the third violation.

## II. FINDINGS OF FACT

6. The Operator conducts oil and gas activities in Kansas under active license number 33126.

---

<sup>5</sup> K.S.A. 55-164.

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

<sup>7</sup> K.A.R. 82-3-603(b)(2).

<sup>8</sup> K.A.R. 82-3-603(b)(4).

7. The Operator is responsible for the care and control of the Kimzey Lease, located in Section 26, Township 31 South, Range 12 East, Elk County, Kansas.

8. On March 30, 2018, the Operator called Commission District #3 Staff to report a spill that occurred 28 days prior. The Operator reported that on March 2, 2018 he discovered that an injection line had broken, spilling 1,800 barrels of saltwater into a nearby stock pond. The Operator stated that the spill happened on a weekend and he forgot to call it in on the following Monday.<sup>9</sup>

### **III. CONCLUSIONS OF LAW**

9. The Commission finds and concludes that it has jurisdiction over the Operator and this matter under K.S.A. 55-152 and K.S.A. 74-623.

10. The Commission finds and concludes the Operator committed one violation of K.A.R. 82-3-603(b) because the Operator did not notify the appropriate District office of the spill in a timely manner.

#### **THEREFORE, THE COMMISSION ORDERS:**

A. Operator shall pay a \$250 penalty.

B. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days, then Operator's license shall be suspended without further notice. The notice and opportunity for a hearing on this order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.

C. Checks and money orders shall be payable to the Kansas Corporation Commission. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220,

---

<sup>9</sup> Exhibit A.

Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Credit card payments may be made by calling the Conservation Division at 316-337-6200.

D. Any party may request a hearing on the above issues by submitting a written request, pursuant to K.S.A. 55-164, K.S.A. 77-537, and K.S.A. 77-542, setting forth the specific grounds upon which relief is sought, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.


E. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. K.A.R. 82-1-228(d). Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

F. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

**BY THE COMMISSION IT IS SO ORDERED.**

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 07/12/2018

  
\_\_\_\_\_  
Lynn M. Retz  
Secretary to the Commission

Mailed Date: 07/13/2018

LW

# TELEPHONE SPILL AND DISCHARGE SHEET

(TO BE USED AT TIME OF INITIAL REPORT TO GATHER INFORMATION FOR SPILL AND DISCHARGE REPORT)

1. CALLER'S NAME: Jim Van Royen PHONE # 620-688-2619  
2. DATE OF CALL: 3-30-2018 TIME: 1:15 pm RECEIVED BY: M. Finley  
3. DATE REFERRED: 3-30-2018 TIME: \_\_\_\_\_ REFERRED TO: J. Hammond  
4. OPERATOR LICENSE # Van Royen OPERATOR: Van Royen Oil & Gas  
5. LEASE NAME: Kimkey LEGAL LOCATION: \_\_\_\_\_ 26 31 12 E  
QTR QTR SEC TWP RNG

COUNTY: Elk DIRECTIONS: \_\_\_\_\_

6. WAS ALL FLUID CONTAINED IN BERM OR PIT: \_\_\_\_\_ YES X NO

IF ALL FLUID WAS CONTAINED IN BERM OR PIT, SKIP DOWN TO ITEM # 20 FOR (DISCHARGE)

7. WHEN DID SPILL OCCUR: DATE: 3-2-2018 ? TIME: ?  
8. WHEN WAS SPILL FOUND: DATE: 3-2-2018 TIME: morning  
9. WHAT WAS SPILLED: \_\_\_\_\_ OIL X BRINE \_\_\_\_\_ OTHER \_\_\_\_\_  
10. HOW MUCH FLUID WAS SPILLED: \_\_\_\_\_ OIL 1800 barrels BRINE \_\_\_\_\_ OTHER \_\_\_\_\_  
11. DID SPILL REACH WATERWAY OR POND: X YES \_\_\_\_\_ NO  
12. DID SPILL GO OFF LEASE: \_\_\_\_\_ YES X NO

14. CAUSE OF SPILL: Break at lead line - right at pond - saltwater went directly into pond. Happened on weekend + he forgot to call it in on Monday. Contacted his broker today.  
15. WHAT HAS BEEN DONE TO CONTAIN, CONTROL OR CLEANUP SPILL AREA: about spill.

(Duane Sims) - putting fence around pond & then will pump out pond.

16. KDHE NOTIFIED: RECEIVED BY \_\_\_\_\_ DATE \_\_\_\_\_ TIME \_\_\_\_\_

17. OPERATOR MUST REPORT SPILL TO LANDOWNER WITHIN FIVE DAYS!!

K.A.R. 82-3-603a

18. OPERATOR MUST NOTIFY "NATIONAL RESPONSE CENTER HOTLINE" AT:

**1-800-424-8802**

19. ADDITIONAL INFORMATION: \_\_\_\_\_

20. WHEN DID DISCHARGE OCCUR: DATE: \_\_\_\_\_ TIME: \_\_\_\_\_

21. TYPE OF DISCHARGE: \_\_\_\_\_ OIL \_\_\_\_\_ BRINE \_\_\_\_\_ OTHER \_\_\_\_\_

22. AMOUNT OF DISCHARGE: \_\_\_\_\_ BERM OR PIT EMPTIED \_\_\_\_\_ YES \_\_\_\_\_ NO

23. BERM OR PIT MUST BE EMPTIED WITHIN 48 HOURS!!

K.A.R. 82-3-604(b)

RBDMS SPILL IDENTIFICATION # 25165



## SPILL REPORT

Modified by: dsims

Date: 5/24/2018 4:20:22 PM

Spill ID **25165** State ID **NA**Type of Report **UPDATE**

(KCC staff) who  
Who received the call: **Michelle Finley** investigated: **DUANE SIMS** hrs **38**  
Date reported: **3/30/2018** Time: **1315** Date received in Central Office: DIST. **3**  
Date referred: **3/30/2018** Time: **1330** Date resolved: Dist. incident#

### Reporting Party

Name: **Jim VanRoyen** Agency Affiliation: **Operator**  
Phone: **6206882619** Surface owner notified: ☐ Operator Reported **Y** NRC notified: ☐

### Spiller Information

Lease Name: **Kimzey** Off Lease ☐ Quarter **SEC TWP RNG DIR FTNS N/S FTE E/W**  
Well No.: API#: SGA: **SWSWSW 26 31 12 E 466 S 4708 E**  
Individual associated with company who operates the lease where the spill occurred: **Jim VanRoyen** Lat. **37.3158** Long. **-96.07121** Datum **NAD83** GPS Date **03/30/2018**  
License **33126** **VanRoyen Oil and Gas, L.L.C.** General Loc: **South of Longton, Kansas**  
County **ELK**

### Spill Details

Spill Date: **3/2/2018** Time: **AM** Discovery Date: **3/2/2018** Time: **AM**  
Control Method: **Will put fence around aprox. two (2) acre pond, will repair line and pump out pond.**

Material	Amount Spilled	Recovered	Volume
<b>Saltwater</b>	<b>17000</b>	<b>17000</b>	<b>Barrels</b>

Incident Description:  
Type of Spill **Oil Lease**  
Media Affected **Soil**  
Waterway Affected **Pond**  
**Line break near stock pond, operator reported on March 30, 2018 that 1,800 barrels saltwater went directly into the pond, forgot to call in spill that occurred on March 02, 2018. Duane Sims collecting water samples from pond.**

Agency who conducted the field investigation: **KCC** 1st Inspection Date **03/30/2018** 2nd Inspection Final Inspection  
Cleanup Method(s): **Physical Removal**  
Cleanup Description: Compliance Officer ☒ Supervisor ☐

Operator repaired line and started removing fluids from pond. Operator finished removing brine from pond on May 04, 2018. Approximately 34,000 barrels were removed and hauled to disposal site. The water samples ranged from 26,000 to 30,000 ppm chlorides.

Was SPILL a result of either a Storm or Lightening? ☐ Storm ☐ Lightening ☐ SPILL clean-up complete but additional remediation required

Comments:

**jalmond**  
**3/30/2018 1:34:16 PM** **Jim VanRoyen reported 1,800 barrel saltwater spill into a pond to the District #3 Office on March 30, 2018 that he found on March 02, 2018. It happened on Friday March 02, 2018 and he forgot to call it in the next Monday, March 03, 2018. Duane was on location today and collected water samples, the samples will be tested at the Chanute lab. Staff will review the spill and develop a plan for cleanup and remediation.** Exhibit A

**CERTIFICATE OF SERVICE**

19-CONS-3013-CPEN

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail and electronic service on 07/12/2018.

JOHN ALMOND  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 3  
137 E. 21ST STREET  
CHANUTE, KS 66720  
Fax: 785-271-3354  
j.almond@kcc.ks.gov

JAMES VANROYEN, MANAGING MEMBER  
VANROYEN OIL AND GAS, LLC  
3519 W. 44th S  
Wichita, KS 67217-3963

LAUREN WRIGHT, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
Conservation Division  
266 N. Main St. Ste. 220  
WICHITA, KS 67202-1513  
Fax: 316-337-6211  
l.wright@kcc.ks.gov

/s/ DeeAnn Shupe  
DeeAnn Shupe