

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

Before Commissioners:                    Andrew J. French, Chairperson  
   Dwight D. Keen  
   Annie Kuether

In the matter of the failure of Everglow    )    Docket No.: 25-CONS-3151-CPEN  
Energy, LLC (Operator) to comply with    )  
K.A.R. 82-3-604 at the William O. Olsen    )    CONSERVATION DIVISION  
lease in Morris County, Kansas.            )  
\_\_\_\_\_ )    License No.: 35495

**PENALTY ORDER**

The Commission finds Operator has violated K.A.R. 82-3-604 regarding the captioned lease, assesses a \$750 penalty, directs Operator to come into compliance, and further rules as more fully described below.

**I.        JURISDICTION**

1.        K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority pursuant to K.S.A. 55-155.

2.        K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

3. K.A.R. 82-3-604(a) provides that each operator shall notify the appropriate district office within 24 hours of discovery or knowledge of any oil field-related discharge of five or more barrels of saltwater, oil, or refuse into an emergency pit or diked area.

4. K.A.R. 82-3-604(b) provides that each operator of an emergency pit or diked area shall remove any fluid from the pit or diked area within 48 hours after discovery or knowledge of a discharge, or as authorized by the appropriate district office.

5. K.A.R. 82-3-604(c) provides that for the purposes of the regulation, the point of “discovery or knowledge” shall mean the point when the operator knew or reasonably should have known of the discharge.

6. K.A.R. 82-3-604(d) provides that failure to timely notify the district office in accordance with subsection (a), or failure to timely remove fluids in accordance 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 operator license review for the third violation.

## **II. FINDINGS OF FACT**

7. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the William O. Olsen lease (Subject Lease), located in Section 26, Township 15 South, Range 9 East, Morris County, Kansas.

8. On September 3, 2024, Commission Staff discovered unreported discharges in excess of five barrels into two separate diked areas around tank batteries on the Subject Lease.<sup>1</sup> Commission Staff sent a Notice of Violation (NOV) letter to Operator on September 11, 2024, giving a September 16, 2024, deadline to submit an Unreported Spill Data form.<sup>2</sup>

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<sup>1</sup> Exhibit A.

<sup>2</sup> Exhibit B.

9. Staff received an Unreported Spill Data form from Operator on September 23, 2024, after the deadline in the NOV letter.<sup>3</sup> On the form, Operator indicated the discharge occurred on July 10, 2024, and was discovered the same day.

### III. CONCLUSIONS OF LAW

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

11. Operator committed two violations of K.A.R. 82-3-604(a) because Operator did not notify the appropriate District Office within 24 hours of discovery or knowledge of oil-field related discharges into the two diked areas at the Subject Lease. Under K.A.R. 82-3-604(d), a first violation of this regulation carries a \$250 penalty, and a second violation carries a \$500 penalty. Accordingly, the Commission concludes Operator should be assessed a \$750 penalty.

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

- A. Operator shall pay a \$750 penalty for two violations of K.A.R. 82-3-604(a).
- B. Operator 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, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. A request for hearing must comply with K.A.R. 82-1-219.
- C. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512

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<sup>3</sup> Exhibit C.

regarding license suspension. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).

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

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

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 10/24/2024



\_\_\_\_\_  
Lynn M. Retz  
Executive Director

Mailed Date: 10/24/2024

TSK

# KCC OIL/GAS REGULATORY OFFICES

Date: 09/03/24

District: 02

Case #: \_\_\_\_\_

New Situation

Lease Inspection

Response to Request

Complaint

Follow-Up

Field Report

Operator License No: 35495

API Well Number: \_\_\_\_\_

Op Name: Everglow Energy, LLC

Spot: SW Sec 26 Twp 16 S Rng 9  E /  W

Address 1: 6908 N.W. 112th St

Feet from  N /  S Line of Section

Address 2: \_\_\_\_\_

Feet from  E /  W Line of Section

City: Oklahoma City

GPS: Lat: 38.71555 Long: 96.38128 Date: 9/3/24

State: OK Zip Code: 73162 -

Lease Name: William O. Olsen Tank Battery Well #: \_\_\_\_\_

Operator Phone #: \_\_\_\_\_

County: Morris

## Reason for Investigation:

Routine lease inspection.

## Problem:

Found a discharge in 2 separate dikes.

## Persons Contacted:

None

## Findings:

This is a very large tank battery consisting of 2 diked areas. One area contains separators with a dike around that equipment, and the second area contains the stock tanks which also has a dike around it as well. Both dikes had discharges within them, and both contained free oil. KCC records did not show that the operator had called in the discharge which was more than 5 barrels. KCC database records showed that the wells on the lease were operated by Everglow Energy, LLC.

The lease sign was illegible and I could barely make out the lease name as WM O Olsen. I contacted an operator in the area who also operates Olsen wells to inquire if this was their tank battery and they indicated that this belongs to Everglow Energy, LLC.

## Action/Recommendations:

Follow Up Required  Yes  No

Date: \_\_\_\_\_

An unreported spill letter went out to Everglow Energy, LLC on September 11, 2024, and as of September 18, 2024, Everglow has failed to contact the District 2 Office to report the spill / discharges, or return the Unreported Spill Data Sheet that was mailed to them. A sign N.O.V. letter was also sent to Everglow giving them a 30 day grace period to post a new lease sign. Due to the fact there are 2 separate diked areas that both had discharges into them, staff is recommending a \$500 penalty per K.A.R. 82-3-604.

## Verification Sources:

Photos Taken: Yes

RBDMS  KGS  TA Program  
 T-I Database  District Files  Courthouse  
 Other: \_\_\_\_\_

By: Jeff Klock, District 2 Supervisor

Retain 1 Copy District Office  
Send 1 Copy to Conservation Division

Form: \_\_\_\_\_

Everglow Energy, LLC KCC #35495  
William O. Olsen Tank Battery  
SW/4 Sec. 26-15-9E, Morris Co., KS  
Discharge around the stock tanks  
Date: September 3, 2024





Everglow Energy, LLC KCC #35495  
William O. Olsen Tank Battery  
SW/4 Sec. 26-15-9E, Morris Co., KS  
Date: September 3, 2024



Everglow Energy, LLC KCC #35495  
William O. Olsen Tank Battery  
SW/4 Sec. 26-15-9E, Morris Co., KS  
Discharge around the separating  
equipment.  
Date: September 3, 2024



Conservation Division  
District Office No. 2  
3450 N. Rock Road  
Building 600, Suite 601  
Wichita, KS 67226



9030

Phone: 316-337-7400  
<http://kcc.ks.gov/>

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

Laura Kelly, Governor

Spill FD #  
31055

## NOTICE OF VIOLATION

**September 11, 2024**

Everglow Energy, LLC  
Attn: Tom Castelli  
6908 NW 112<sup>th</sup> St.  
Oklahoma City, Ok 73162

SIGN NOW

**RE: UNREPORTED SPILL**  
**Well Name: WM O Olsen**  
**Legal: SW 26-15-9E**  
**County: Morris**  
**License: 35495**

Dear Sir:

09/03

Following a recent lease inspection conducted on 08/02/2024, it has been determined that you are currently in violation of the General Rules and Regulations of the Kansas Corporation Commission regarding the conservation of crude oil and natural gas. Specifically, you are in violation of K.A.R. 82-3-603 (b) (2):

The Operator shall notify the appropriate district of any escape of saltwater, oil, or refuse that meets the definition of "spill" in K.A.R. 82-3-101. This notification shall meet the requirements of K.A.R. 82-3-603 (c) and shall be made no later than the next business day following the date of discovery or knowledge of the spill.

Enclosed is an Unreported Spill Data Form to be completed by the operator and returned to the District #2 office within **five (5) days of the date of this letter**. A self-addressed envelope is enclosed for your convenience.

Prior to commencing remediation of the affected area, contact the District #2 office for approval of your remediation plan. Failure to remediate the contaminated soil according to KCC requirements, and in a time frame acceptable to the KCC, will result in this matter being referred to our legal staff with a recommendation for an additional penalty and other possible actions.

Your cooperation in this matter is appreciated. If you have any questions, please contact me at this number 316-337-7400.

Sincerely,  
Jeff Klock  
KCC District #2

SEP 23 2024

Wichita, KS

UNREPORTED SPILL DATA  
(TO BE COMPLETED BY SPILLER)

Operator: EVERGLOW ENERGY LLC

Approximate Spill Date: JULY 10th 2024 Approximate Time: 12:00 noon

Spill Discovery Date: JULY 18th Time: 2:00 pm

Person to Contact Regarding Spill: BRUCE BLAYLOCK

SPECIFIC INFORMATION REGARDING SPILL

Lease: WO OLSEN TANK BATTERY Legal: \_\_\_\_\_

Location of Spill: TANK BATTERY County: MONROE

Type of Material Spilled: OIL

Amount of Material Spilled: 1 BL

Amount of Spill Recovered: 3/4 BL

Cause of Spillage: DUMP VALVE LEAK

Did spill material enter any waterway? No

Name of waterway involved: -

How was spilled material contained and cleaned up? VALVE TRUCK

Extent of damages caused by spill: DIKE

Was the spill reported to the KCC or any other regulatory agency? No

Why wasn't the spill reported? SMALL CONTAINED

Date: 9/17/24

Signature of Thomas P. Castor  
Person Filing Report THOMAS P. CASTOR

8/99

## **CERTIFICATE OF SERVICE**

25-CONS-3151-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 10/24/2024.

TOM CASTELLI  
EVERGLOW ENERGY, LLC  
6908 NW 112th ST  
OKLAHOMA CITY, OK 73162-2976  
tom.castelli@ceiokc.com

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 2  
3450 N. ROCK RD BLDG 600 STE 601  
WICHITA, KS 67226  
dan.fox@ks.gov

TRISTAN KIMBRELL, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
tristan.kimbrell@ks.gov

JEFF KLOCK  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 2  
3450 N. ROCK RD BLDG 600 STE 601  
WICHITA, KS 67226  
jeff.klock@ks.gov

KRAIG STOLL, EP&R SUPERVISOR  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
kraig.stoll@ks.gov

/S/ KCC Docket Room  
KCC Docket Room