

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Request to Transfer Wells ) Docket No. 25-CONS-3235-CMSC  
from Daylight Petroleum, LLC to Bluejacket ) Conservation Division  
Operating, LLC ) License Nos. 35639 and 36169

**DAYLIGHT PETROLEUM, LLC'S RESPONSE  
TO STAFF'S MOTION FOR THE DESIGNATION  
OF A PRESIDING OFFICER AND THE  
SCHEDULING OF A PREHEARING CONFERENCE**

Daylight Petroleum, LLC ("Daylight") by and through its attorney, Keith A. Brock, hereby files this Response to Staff's Motion for the Designation of a Presiding Officer and the Scheduling of a Prehearing Conference ("Staff's Motion"). In support hereof, Daylight states:

1. Staff's Motion must be denied as a matter of law. Staff has not cited to any authority for the relief requested in Staff's Motion and in addition such motion does not present any factual issues which would require a hearing thereon.

2. Bluejacket Operating, LLC ("Bluejacket") has met all statutory and regulatory criteria set forth in K.S.A. 55-150 and K.A.R. 82-3-120 to receive an operator's license and has in fact received an operator's license from the Commission. Staff's Motion essentially makes the assertion that despite Bluejacket meeting the legal criteria to operate oil and gas wells in the state of Kansas, the Commission can/should decide on an *ad hoc* basis (without applying applicable objective regulatory or statutory criteria) whether Bluejacket should in fact be permitted to actually operate wells in this state.

3. Staff expressly states two concerns in Staff's Motion,

i) The request to transfer this magnitude of wells raises several red flags to Staff. First, Bluejacket is a new operator who only just formed in Kansas last October and only just obtained a KCC

license last November. There has been no indication that Bluejacket has the resources needed to maintain its regulatory obligations regarding the 228 wells it is currently seeking to add to its license.

ii) Second, it appears possible that if the T-1 forms are processed, then Daylight could leave behind its regulatory obligations at the Johnson lease and at the Olnhausen Farms #6 well.

Neither of these concerns provides any legal justification or authority to open this Docket or to delay the approval of the T-1 forms which have been filed. First, Bluejacket has met all financial assurance requirements imposed by applicable statute and regulations, thus Staff cannot simply disregard such legal standards and subjectively determine whether Bluejacket has the resources to maintain its regulatory obligations. Second, the Johnson Lease and the Olnhausen Farm #6 well are not wells that are listed on the T-1 forms which are the subject of Staff's Motion. Moreover, Daylight voluntarily and proactively initiated Docket No. 25-CONS-3040-CMSC in order to determine what is legally required with respect to the Olnhausen Farm #6 Well and has diligently pursued such docket. Therefore, there is no evidentiary basis for Staff's assertion that Daylight is attempting to leave any unfulfilled regulatory obligations behind in the state of Kansas.

4. The relief requested in Staff's Motion would violate the equal protection clause of both the state and federal constitutions and would violate K.S.A. 55-150 and K.A.R. 82-3-120. Staff is attempting to regulate based on its own subjective standard of right or wrong rather than objectively enforcing applicable law as it is written concerning who is eligible to receive an operator's license, and who is entitled to operate wells in this State. Staff is also attempting to hold the T-1 forms which are the subject of Staff's Motion in an attempt to exercise unlawful leverage over an operator on an completely unrelated issue that is properly before the Commission in Docket No. 25-CONS-3040-CMSC. The Commission must enforce and apply the applicable law and compel its Staff to do so as well.

5. Applicable statutes and regulations create a clear and objective standard, and it is the Commission's obligation to enforce such laws not to circumvent or disregard them as Staff's Motion requests. *See* K.S.A. 77-621(c) (1), (4) and (5).

6. *In re DB Energy, LLC*, Docket No. 23-CONS-3109-CPEN, the Commission stated that it had no qualms with Staff assessing the regulatory status of the wells listed on T-1 forms, before approving the same. The Commission went on to state that in such instances prompt enforcement action through initiation of a docket proceeding is desirable and encouraged "where staff is concerned with a potential lack of regulatory compliance and such concerns are not quickly resolved." *See* Final Order, ¶34. However, in this instance, there are no allegations that any of the wells which have been transferred from Daylight to Bluejacket are out of regulatory compliance. Instead, Staff argues that it is concerned that "Daylight could leave behind its regulatory obligations at the Johnson lease and at the Olnhausen Farms #6 well" (i.e. wells that are not even contained on the T-1 Transfer that was filed). Staff ultimately states its reason for filing Staff's Motion as "Staff does not believe the T-1 forms between Daylight and Bluejacket should be processed until Daylight's statutory and regulatory obligations at the Johnson Lease and the Olnhausen Farms #6 well have been addressed." There is no legal basis for Staff's request, and thus there is no *prima facie* basis for opening a docket as requested by Staff's Motion.

7. Daylight has initiated Docket No. 25-CONS-3040-CMSC to have the Commission determine what should be done concerning a breakout that occurred beneath a commercial building. Such docket is wholly unrelated to the T-1 transfers which are at issue in this Docket as none of the wells which are involved in Docket No. 25-CONS-3040-CMSC are being transferred on the T-1 forms that are at issue in this Docket.

8. Since Staff's Motion has been filed Staff has canceled the T-1 forms that were

previously approved. Staff's Motion states that this was being done "due to concerns about the forms that have been filed" but Staff's Motion does not specify what if any concerns it had with the T-1 forms that were filed. Nor has Staff informed Daylight or Bluejacket of any concerns Staff had with the forms that were filed. Thus, in denying Staff's Motion, the Commission should further order Staff to forthwith specify what if any "concerns" it has with the T-1 forms that were filed, or alternatively to approve such transfers.

WHEREFORE, Daylight Petroleum, LLC respectfully requests the Commission deny Staff's Motion and to further order Staff to forthwith specify what if any "concerns" it has with the T-1 forms that were filed, or alternatively to approve such transfers.

*/s/ Keith A. Brock*

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### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the above and foregoing was sent via electronic mail, this 29<sup>th</sup> day of January, 2025, addressed to:

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*/s/ Keith A. Brock*

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Keith A. Brock