

3/14/06  
3

BEFORE THE CORPORATION COMMISSION OF THE STATE OF  
OKLAHOMA

**APPLICANT:** LORI WROTENBERY, DIRECTOR  
OIL AND GAS CONSERVATION DIVISION  
OKLAHOMA CORPORATION COMMISSION

**RESPONDENT:** NEODYNE DRILLING CORPORATION

**RELIEF SOUGHT:** MONITARY FINES )  
& COMPLIANCE ) CAUSE OGC NO. 200500078T  
WITH COMMISSION )  
RULES ) CITATION # 1-1577

**LEGAL DESCRIPTION:** )  
SOUTHWEST QUARTER) ORDER NO. **522113**  
SOUTHWEST QUARTER)  
NORTHWEST QUARTER)  
NORTHWEST QUARTER)  
SECTION 17, TOWNSHIP)  
15 NORTH, RANGE 16 )  
EAST, MUSKOGEE )  
COUNTY, OKLAHOMA )

**FINAL ORDER**

This cause came on for hearing before Curtis M. Johnson, Deputy Administrative Law Judge (hereinafter referred to as ALJ) for the Corporation Commission of the State of Oklahoma (hereinafter referred to as Commission) in the Commission's Courtroom, Robert S. Kerr Office Building, 440 S. Houston, Tulsa, Oklahoma, pursuant to notice given as required by law and the rules of the Commission for the purpose of taking testimony and reporting to the Commission.

**HEARING DATE:** January 10, 2006.

**APPEARANCES:** At the time of the hearing, Jim Hamilton, attorney for the Oil and Gas Conservation Division, appeared for the Applicant, Lori Wrotenbery, Director of the Oil and Gas Conservation Division of the Corporation Commission (hereinafter referred to as OCC); Robert L. Hodges, Jr. appeared on behalf of Neodyne Drilling Corporation (hereinafter referred to as Neodyne or Operator); and Billy Fletcher and Laura Fletcher, appeared Pro Se (hereinafter referred to as Landowner).

Upon the completion of the hearing, the ALJ took the matter under advisement and thereafter filed his report on January 27, 2006, to which the Applicant appealed.

The Oral Arguments were presented to the Commission *en banc* on March 7, 2006. After taking the cause under advisement and conducting deliberations, the Commission *en banc*, being fully advised of the premises through the Report of the ALJ dated January 27, 2006, voted 3-0 to adopt, in part, the report of the ALJ. Accordingly, the Commission issues the following findings and order:

### FINDINGS

1. That the Applicant, Lori Wrotenbery, Director, Oil and Gas Conservation Division, Oklahoma Corporation Commission, caused a Complaint, Citation ("Complaint" or "Cause") to be filed in this matter against the Respondent, Neodyne Drilling Corporation.

2. That the Commission has jurisdiction of the subject matter herein, and notice has been given in all respects as required by law and the rules of the Commission.

3. That Applicant sought a contempt order seeking a monetary fine of Five Thousand Dollars (\$5,000.00) for the injection/disposal of salt water into the Rider North #8 well ("Rider") which is located in the SW/4 SW/4 NW/4 NW/4 of Section 17, Township 15 North, Range 16 East, Muskogee County, Oklahoma, without a permit in violation of Commission Rule OCC-OAC 165:10-5-2.

4. That Neodyne is the operator of the Rider well. On May 24, 2001, Commission Order No. 452493 vacated commission Order No. 343260, which had authorized the Rider well as a disposal well.

5. That Neodyne configured its lease equipment so that water from the Green #1 well could be disposed into the Rider well and maintained all switches and connections at the Green #1 and the Ryder wells to facilitate such salt-water disposal. A Commission Oil and Gas Field Inspector witnessed the illegal disposal of salt-water into the Rider well on October 26, 2005. Neodyne illegally disposed of salt water into the Rider well or negligently failed to prevent others from doing so. As operator of the lease, Neodyne was liable for violation of Commission Rule OCC-OAC 165:10-5-2.

6. That the Commission finds that the Respondent is in contempt of OCC-OAC165:10-5-2, which provides on Schedule A for a contempt fine of Five Thousand Dollars (\$5,000.00).

7. That the recommendation of the ALJ to deny the scheduled monetary fine requested by the Citation Complaint was erroneous, because the recommendation was contrary to the provision of OCC-OAC 165:10-5-2, which

provides, in part, that "[t]he Commission *shall* fine an operator \$5,000.00 for any violation of this subsection."

**ORDER**

IT IS THEREFORE ORDERED BY THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA AS FOLLOWS:

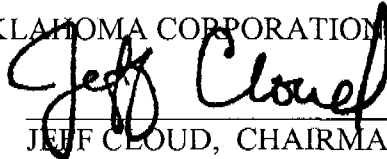
1. That the Findings contained in this Order is fully incorporated into the terms of this Order;

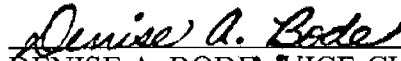
2. That the Respondent, Neodyne Drilling Corporation is found in contempt of Commission Rules for the injection/disposal of salt water into the Rider North #8 well which is located in the SW/4 SW/4 NW/4 NW/4 of Section 17, Township 15 North, Range 16 East, Muskogee County, Oklahoma, without a permit in violation of Commission Rule OCC-OAC 165:10-5-2 and is assessed a monetary fine in the amount of Five Thousand Dollars (\$5,000.00);

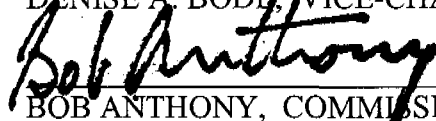
3. That the assessed monetary fine shall be paid, within thirty (30) days of the date of this Final Order, by the Respondent, Neodyne Drilling Corporation, to the Cashier, Finance Department, Corporation Commission, 2101 N. Lincoln Boulevard, P.O. Box 52000, Oklahoma City, OK 73152-2000; and

**4. THAT PAYMENT OF THIS FINE IS DUE WITHIN THE TIME PROVIDED AND FAILURE TO PAY SHALL RESULT IN A STATE COURT JUDGMENT AND COLLECTION ACTION BEING FILED AGAINST THE RESPONDENT, AND A LIEN BEING FILED AGAINST THE PROPERTIES OF THE RESPONDENT ACCORDING TO 17 O. S. SECTION 6.**

OKLAHOMA CORPORATION COMMISSION

  
JEFF CLOUD, CHAIRMAN

  
DENISE A. BODE, VICE-CHAIRMAN

  
BOB ANTHONY, COMMISSIONER

DONE AND PERFORMED this 23 day of , March 2006.

BY ORDER OF THE COMMISSION:

  
PEGGY MITCHELL, Secretary