

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

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

RESPONDENT: KERNS OIL
OPERATOR #20673

LEGAL: NE/4 NW/4 SE/4 SECTION 29,
TOWNSHIP 27 NORTH,
RANGE 13 EAST,
WASHINGTON COUNTY, OK

RELIEF SOUGHT: MONITARY FINES) CAUSE OGC NO. 200600001T
& COMPLIANCE) CITATION # 1-0701A
WITH COMMISSION)
RULES) ORDER NO. 520039

FINAL ORDER

This cause came on for hearing before Curtis M. Johnson, Administrative Law Judge, on the Enforcement Docket on February 8, 2006, in the Commission's Courtroom, Kerr Building, 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.

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. Mr. Larry Kerns appeared pro se.

FINDINGS

1. The Commission has jurisdiction over the subject matter, and notice has been given in all respects as required by law and rules of the Commission.

2. This matter relates to the Kerns #W-1 well located in the NE/4 of the NW/4 of the SE/4 of Section 29, Township 27 North, Range 13 East, Washington County, Oklahoma. Respondent was personally served with a copy of the citation on November 28, 2005. Commission oil and gas field inspector Bill Shufeldt testified that the Respondent, Mr. Larry Kerns, dba Kerns Oil, was the owner/operator of the Kerns #W-1 well. The witness also testified that he had made a general inspection of the lease and had observed that salt-water injection pump was running and salt water was flowing to the Kerns #W-1 well. The witness testified that he determined from Commission records that the Kerns #W-1 well was not authorized as a disposal or injection well. The witness stated that, in his professional opinion, the action of the Respondent was a violation of Commission Rule OAC 165:10-5-2, failure to obtain a permit for injection or disposal well. The witness recommended that Respondent be fined the sum of Five Thousand Dollars (\$5,000.00).

3. Respondent, Mr. Larry Kerns, admitted that he had used the Kerns #W-1 well without having obtained a Commission order authorizing its use.

4. The Administrative Law Judge finds that the Respondent, Larry Kerns, dba Kerns Oil, 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) for having used the Kerns #W-1 well as a salt-water disposal well without having first obtained Commission approval. The Administrative Law Judge further recommends that a Final Order issue in this cause.

ORDER

IT IS THEREFORE THE ORDER OF THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA:

1. That the findings and recommendation of the Administrative Law Judge are incorporated herein.

2. That the Respondent, Larry Kerns, dba Kerns Oil, is found in contempt of OCC-OAC 165:10-5-2 and is assessed a monetary fine of Five Thousand Dollars (\$5,000.00) for failure to obtain a permit for injection or disposal of salt water into the Kerns #W-1 well located in the NE/4 of the NW/4 of the SE/4 of Section 29, Township 27 North, Range 13 East, Washington County, Oklahoma, as set forth in Commission Rules.

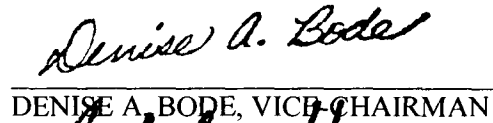
3. That the assessed monetary fine shall be paid, within thirty (30) days of the date of this Final Order, by the Respondent, Larry Kerns, dba Kerns Oil, to the Cashier, Finance Department, Corporation Commission, 2101 N. Lincoln Boulevard, P.O. Box 52000, Oklahoma City, OK 73152-2000.

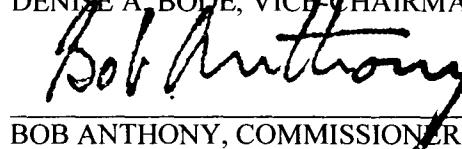
4. THAT PAYMENT OF THIS FINE IS DUE WITHIN THE TIME PROVIDED AND FAILURE TO PAY SHALL RESULT IN A STATE COURT JUDGMENT AND

**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

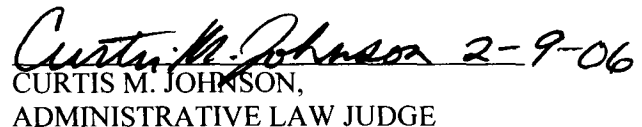

BOB ANTHONY, COMMISSIONER

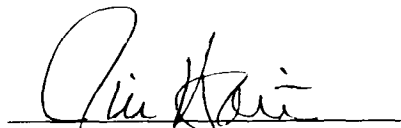
DONE AND PERFORMED this 16 day of February 2006.

BY ORDER OF THE COMMISSION:


PEGGY MITCHELL, SECRETARY

REPORT OF THE ADMINISTRATIVE LAW JUDGE

 2-9-06
CURTIS M. JOHNSON,
ADMINISTRATIVE LAW JUDGE


Jim Hamilton
Attorney for Applicant
OBA #3762