

# ARKANSAS OIL AND GAS COMMISSION

Director's Office:  
301 Natural Resources Drive  
Suite 102  
Little Rock, AR 72205  
Phone: (501) 683-5814  
Fax: (501) 683-5818  
<http://www.aogc.state.ar.us>

Mike Beebe  
Governor



Lawrence Bengal  
Director

El Dorado Regional Office:  
2215 West Hillsboro  
El Dorado, AR 71730  
Phone: (870) 862-4965  
FAX: (870) 862-8823

Fort Smith Regional Office:  
3309 Phoenix Avenue  
Fort Smith, AR 72903  
Phone: (479) 646-6611  
FAX: (479) 649-7656

January 13, 2012

The Honorable Mary Ann Salmon, Chairperson  
The Honorable Tommy Lee Baker, Chairperson  
C/o Mr. David Ferguson  
Legislative Council  
Room 315, State Capitol  
Little Rock, AR 72201

Dear Senator Salmon and Representative Baker:

In accordance with Section 7 of the Arkansas Oil and Gas Commission FY 2011-2012 Appropriation Act requiring quarterly reporting of activity in the Fayetteville Shale, the attached summary and supporting documentation is provided to the Arkansas Legislative Council and the Legislative Joint Budget Committee.

Included in this quarterly report are the following:

- (1) Summary of Arkansas Oil & Gas Commission Activity in the "Fayetteville Shale;"
- (2) Summary of Notices of Non-Compliance issued to companies operating in the "Fayetteville Shale;" and
- (3) Summary of Notices of Violations issued to companies operating in the "Fayetteville Shale."

If you have questions or require additional information please do not hesitate to contact my office.

Sincerely,

A handwritten signature in black ink, appearing to read "LB", is written over a horizontal line.

Lawrence Bengal  
Director

## COMMISSION MEMBERS

Chad White, Chairman, Magnolia  
W. Frank Morledge, Vice-Chairman, Forrest City  
Charles Wohlford, Fort Smith • Mike Davis, Magnolia •  
William L. Dawkins, Jr., Fort Smith • Jerry Langley, Smackover  
Chris Weiser, Magnolia • Jim Phillips, Smackover •  
George Carder, Searcy

**AOGC Fayetteville Shale Activity Report**  
**To Be Presented to the Arkansas Legislative Council**  
**Reporting Period: October 1, 2011 through December 31, 2011**

**1. Inspection Staff**

A. Number of Full Time Inspector Staff (Statewide) .....	13
B. Number of Part Time Inspector Staff (Statewide) .....	2
C. Number of Full Time Inspector Staff (Fayetteville Shale Only) .....	5
D. Number of Part Time Inspector Staff (Fayetteville Shale Only) .....	2

**2. Inspection/Compliance Reviews**

A. Number at Field Inspection Conducted.....	754
B. Number of Compliance Reviews Conducted .....	1425
(1) Form 2 Drilling/ Fracture Permit.....	231
(2) Form 3 Completion Report .....	208
(3) Form 3A Fracture Stimulation Report .....	208
(4) Form 4 Authority to Commence Production .....	201
(5) Form 12 Plugging Report.....	22
(6) Form 13 Production Test.....	311
(7) Form 14 Monthly Disposal Well Report .....	28
(8) Form 23 Well Transfer Report .....	12
(9) Form 25 Cross Unit Well Review.....	150
(10) Form 33 Temporary Abandonment .....	4
(11) Casing Setting Notice .....	281

**3. Complaints Received.....11**

A. Resolved without Field Investigation.....	4
B. Complaints Requiring Field Investigation .....	7
C. Investigations Resulting in Enforcement Actions .....	0

**4. Enforcement**

A. Number of Notices of Non-Compliance (NNC) Issued.....	11
(1) Operations-Related NNCs .....	3
(2) Administrative-Related NNCs .....	8
B. Number of Notices of Violation (NOV) Issued .....	6
(1) Operations-Related NOV.....	5
(2) Administrative-Related NOV.....	1
C. Number of Cessation Orders Issued .....	5
D. Number of Violations and/or Commission Orders Resulting in Penalties .....	0

**5. Judicial Actions (See Summary Page for Details)**

A. Number of Actions Filed .....0

B. Number of Actions Resolved.....0

**6. Inspection / Compliance Reviews Anticipated Next Quarter.....2500**

**7. Detail Report / Summary**

**A. Section 3D – Civil Penalties**

Company / Operator:	Chesapeake Midstream Operating, LLC
Amount of Civil Penalty:	\$10,000.00
Nature of Violation:	AOGC General Rule B-17 Pipeline Violations.

Company / Operator:	Poseidon Energy Services, LLC
Amount of Civil Penalty:	\$250.00
Nature of Violation:	AOGC General Rule H-3: Signage Violations

Company / Operator:	Poseidon Energy Services, LLC
Amount of Civil Penalty:	\$3,000.00
Nature of Violation:	Failure to Maintain Mechanical Integrity

**B. Section 4 – Judicial Action**

No Cases Filed During This Reporting Period.

**AOGC Fayetteville Shale Activity Report  
Summary & Report of Notices of Violations  
Reporting Period: October 1, 2011 through December 31, 2011**

**Operators Receiving Notices of Violations (NOVs)**

1. McCutchin Petroleum Corporation .....	1
2. Peak Water Systems, LLC. ....	1
3. Poseidon Energy Services, LLC .....	4



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## NOTICE OF ENFORCEMENT ACTION



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El Dorado Regional Office  
2215 West Hillsboro  
El Dorado, AR 71730  
Phone: (870) 862-4965  
FAX: (870) 862-8823

### Notice of Non-Compliance

**Date Mailed:**

November 1, 2011

**Issued to:**

XTO Energy, Inc.  
210 Park Avenue, Suite 2350  
Oklahoma City, OK 73102

Attn: Mr. Douglas C. Schultze

**Location of Non-Compliance:**

Permit # 44389  
XTO – Kaufman #1-1H36  
Section 1-7N-17W  
B-43 Area  
Conway County, Arkansas

**Rule Citation and Description of Violation:** General Rule B-5 h)

If completion activities are not completed within 90 days of the setting of the production casing or other production related casing, the required information specified in (f) (1), (2) and (3) are required to be submitted. Documents under B-5 have not been filed.

**Statement of Violation:**

The permit holder is hereby notified of this Notice of Non-Compliance and is instructed to comply with the requirements of General Rule B-5 h).

**Action Required:**

All required actions above shall be completed within (30) calendar days of the mailing or personal delivery of this Notice of Non-Compliance. Failure to comply with the terms of this Notice of Non-Compliance or receive an extension of time prior to the deadlines set forth within this document may result in a Notice of Violation being issued by the Director of Production and Conservation.

**COPY**

Steve Gates  
Assistant Director  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

Cc: Lawrence E. Bengal, Director



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### Notice of Non-Compliance

**Date Mailed:**

November 1, 2011

**Issued to:**

Attn: Mr. Douglas C. Schultze  
XTO Energy, Inc.  
210 Park Avenue, Suite 2350  
Oklahoma City, OK 73102

**Location of Non-Compliance:**

Permit # 42017  
XTO – Deltic Timber 12-12 1-11H  
Section 11-12N-12W  
B-43 Area  
Cleburne County, Arkansas

**Rule Citation:**

General Rule B-7 (d) All cased wells utilized for oil, gas or brine production, water supply or injection purposes, except such holes as are described in Rule B-10, shall be plugged and abandoned in accordance with applicable commission rules after the well has been idle for more than 24 months, or sooner should the Director determine that the cased well presents a risk of contamination to the environment or a risk to public safety, unless an application is filed to request temporary abandonment status for the well in accordance with subparagraph h). Upon such determination by the Director or if temporary abandonment status is denied, the Permit Holder shall commence plugging the well within 30 days after notification by the Director. Failure to commence plugging the well within 30 days after notification by the Director may result in the initiation of well abandonment proceedings in accordance with General Rule G-1.

**Description of Violation:**

The above referenced well has never produced. Production casing was set on April 15, 2009.

**Action Required:**

The Permit Holder is hereby notified of this Notice of Non-Compliance and is instructed to comply with the requirements of General Rule B-7. B-7 (d) requires the Permit Holder to commence plugging within thirty (30) days. B-7 (h) allows the temporary abandonment of the well for a period not to exceed three (3) years from the date of approval by the Director. The Permit Holder is required to submit a Form 33 "Application for Temporary Abandoned Well Status" or commence plugging operations. Failure to comply with the terms of this Notice of Non-Compliance or receive an extension of time prior to the deadlines set forth within this document may result in a Notice of Violation being issued by the Director of Production and Conservation.

# COPY

Steve Gates  
Assistant Director  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

Cc: Lawrence E. Bengal, Director



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### Notice of Non-Compliance

**Date Mailed:**

November 1, 2011

**Issued to:**

XTO Energy, Inc.  
210 Park Avenue, Suite 2350  
Oklahoma City, OK 73102

Attn: Mr. Douglas C. Schultze

**Location of Non-Compliance:**

Permit # 42017  
XTO – Deltic Timber 12-12 #1-11H  
Section 11-12N-12W  
B-43 Area  
Cleburne County, Arkansas

**Rule Citation and Description of Violation:** General Rule B-5 h)

If completion activities are not completed within 90 days of the setting of the production casing or other production related casing, the required information specified in (f) (1), (2) and (3) are required to be submitted. Documents under B-5 have not been filed.

**Statement of Violation:**

The permit holder is hereby notified of this Notice of Non-Compliance and is instructed to comply with the requirements of General Rule B-5 h).

**Action Required:**

All required actions above shall be completed within (30) calendar days of the mailing or personal delivery of this Notice of Non-Compliance. Failure to comply with the terms of this Notice of Non-Compliance or receive an extension of time prior to the deadlines set forth within this document may result in a Notice of Violation being issued by the Director of Production and Conservation.

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Steve Gates  
Assistant Director  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

Cc: Lawrence E. Bengal, Director



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---

### Notice of Non-Compliance

**Date Mailed:**

October 24, 2011

**Issued to:**

XTO Energy, Inc.  
210 Park Avenue, Ste. 2350  
Oklahoma City, OK 73102

Attn: Mr. Douglas C. Schultze

**Location of Non-Compliance:**

Permit # 38789  
XTO Energy, Inc.: Carter, B #2-35H  
Section 35 - 9N - 10W  
B-43 Field  
Cleburne County, Arkansas

**Rule Citation and Description of Violation:** General Rule D-8

Arkansas Oil and Gas Commission (Commission) General Rule D-8 b), states "Monthly reports specifying the amount of natural gas produced and sold are required to be filed for each individual producing zone or approved commingled producing zones within a well, regardless of whether or not there was natural gas produced and sold during the month. The reports shall be filed on a form prescribed by the Director and shall be filed with the commission sixty (60) days after the end of each month. Reports for inactive wells shall continue to be submitted until such time as the commission determines monthly reports are no longer required in accordance with applicable commission rules and regulations."

Since this rule was revised August 21, 2009, production reports for March, April, May and July 2011 are delinquent. A well in Temporarily Abandoned status must still file a Form 7. Please file a Form 7 for each of these missing months and continue to file a Form 7 on this well through the reporting month that the well is plugged. Please also file a Form 7 for August 2011.

**Action Required:**

The permit holder is hereby notified of this Non-Compliance issue and is instructed to comply with Commission Rules. The permit holder is further notified to provide the Commission with the required reports within thirty (30) days of this letter. Failure to comply with the terms of this Notice of Non-Compliance prior to the deadlines set forth within this document shall result in a Notice of Violation being issued by the Director of Production and Conservation.

COPY

Marcia Nicko  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission





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2215 West Hillsboro  
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## Notice of Non-Compliance

### Date Mailed:

December 13, 2011

### Issued to:

XTO Energy, Inc  
810 Houston Street  
Fort Worth, TX 76102

Mr. Douglas C. Schultze

### Location of Non-Compliance:

Permit # 39118  
XTO- Wright Living Trust 9-9 # 2-26H  
Section 26-09N-09W  
B-43 Field  
Cleburne County, Arkansas

### Rule Citation and Description of Non-Compliance: General Rule B-26

- ☐ Failure to maintain proper well identification (Rule B-26 b))
- ☐ ☐ Produced fluids leaking or ☐ spilled (Rule B-26 d))
- ☒ ☐ No containment for produced fluids storage tank or ☒ improper containment (Rule B-26 e))
- ☐ Containment area shall not contain ☐ excessive vegetation, ☐ storm water, ☐ produced fluids, ☐ debris, ☐ trash (Rule B-26 e))
- ☐ Improper bird netting on produced fluids storage tank (Rule B-26 d))
- ☐ ☐ Improper equipment storage ☐ excessive vegetation ☐ improperly disposed oil (Rule B-26 i))
- ☐ Leaking well (Rule B-26 k))
- ☐ Other: \_\_\_\_\_

### Required Action(s):

Please have this site remediated within thirty (30) days from the date of this Notice and notify the Fort Smith Regional Office in writing upon completion of remediation of the referenced site. Failure to comply with the terms of this Notice of Non-Compliance or receive an extension of time prior to the deadlines set forth within this document may result in a Notice of Violation being issued by the Director of Production and Conservation.

Copy

Randy Young  
District Petroleum Supervisor  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

Case # 95986



## ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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---

### Notice of Non-Compliance

**Date Mailed:**

October 24, 2011

**Issued to:**

SEECO, Inc  
515 W. Greens Road  
Houston, TX 77067

Attn: Mr. Jack Bergeron

**Location of Non-Compliance:**

Permit #41762  
SEECO, Inc. Green Bay Packaging 09-16 #1-19  
Section 19-9N-16W  
B-43 Field  
Conway County, Arkansas

**Rule Citation and Description of Violation:** General Rule D-8

Arkansas Oil and Gas Commission (Commission) General Rule D-8 b), states "Monthly reports specifying the amount of natural gas produced and sold are required to be filed for each individual producing zone or approved commingled producing zones within a well, regardless of whether or not there was natural gas produced and sold during the month. The reports shall be filed on a form prescribed by the Director and shall be filed with the commission sixty (60) days after the end of each month. Reports for inactive wells shall continue to be submitted until such time as the commission determines monthly reports are no longer required in accordance with applicable commission rules and regulations."

Since this rule was revised August 21, 2009, Monthly Gas Sales Reports (Form 7) for August, September, October, November and December, 2009; January, February, March, April, May, June, July, August, September, October, November and December 2010; and January, February, March, April, May, June, July and August 2011 are delinquent. A well in Temporarily Abandoned status must still file a Form 7. Please file a Form 7 for each of these missing months and continue to file a Form 7 on this well through the reporting month that the well is plugged.

**Action Required:**

The permit holder is hereby notified of this Non-Compliance issue and is instructed to comply with Commission Rules. The permit holder is further notified to provide the Commission with the required reports within thirty (30) days of this letter. Failure to comply with the terms of this Notice of Non-Compliance prior to the deadlines set forth within this document shall result in a Notice of Violation being issued by the Director of Production and Conservation.

COPY

Marcia Nicko  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission



# ARKANSAS OIL AND GAS COMMISSION

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---

### NOTICE OF NON-COMPLIANCE

#### **Date Mailed:**

October 5, 2011

#### **Issued to:**

SEECO, Inc.  
515 W. Greens Road  
Suite 127  
Houston, TX 77067  
ATTN: J. Alan Stubblefield

#### **Location of Violation:**

Permit # 43781  
SEECO – Criswell 08-14 9-29H32  
Section 29-08N-14W  
B-43 Area  
Conway County, Arkansas

#### **Rule or Procedure Violation and Description of Non-Compliance:**

General Rule B-5 h) requires reports be filed within 30 days of the original completion, recompletion, or workover of a well. The Form 3 "Well Completion and Recompletion Report" and attachments submitted for the subject well was received in the AOGC Fort Smith Regional Office on September 9, 2011. The Form 3 indicates that the work was completed on June 23, 2011.

#### **Required Action(s):**

The Permit Holder is hereby notified of this Notice Non-Compliance and instructed to comply with General Rule B-5. Continued failure to provide required reports to the Commission within the required timeline may result in a Notice of Violation being issued by the Director of Production and Conservation.

Copy

Jay T. Hansen  
Petroleum Geologist  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

Case # 95814



## ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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2215 West Hillsboro  
El Dorado, AR 71730  
Phone: (870) 862-4965  
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---

### Notice of Non-Compliance

**Date Mailed:**

October 24, 2011

**Issued to:**

SEECO, Inc  
515 W. Greens Road  
Houston, TX 77067

Attn: Mr. Jack Bergeron

**Location of Non-Compliance:**

Permit #39639  
SEECO, Inc. Golden 08-16 #1-10H  
Section 10-8N-16W  
B-43 Field  
Conway County, Arkansas

**Rule Citation and Description of Violation:** General Rule D-8

Arkansas Oil and Gas Commission (Commission) General Rule D-8 b), states "Monthly reports specifying the amount of natural gas produced and sold are required to be filed for each individual producing zone or approved commingled producing zones within a well, regardless of whether or not there was natural gas produced and sold during the month. The reports shall be filed on a form prescribed by the Director and shall be filed with the commission sixty (60) days after the end of each month. Reports for inactive wells shall continue to be submitted until such time as the commission determines monthly reports are no longer required in accordance with applicable commission rules and regulations."

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**Action Required:**

The permit holder is hereby notified of this Non-Compliance issue and is instructed to comply with Commission Rules. The permit holder is further notified to provide the Commission with the required reports within thirty (30) days of this letter. Failure to comply with the terms of this Notice of Non-Compliance prior to the deadlines set forth within this document shall result in a Notice of Violation being issued by the Director of Production and Conservation.

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Marcia Nicko  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission



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### Notice of Non-Compliance

**Date Mailed:**

October 24, 2011

**Issued to:**

SEECO, Inc  
515 W. Greens Road  
Houston, TX 77067

Attn: Mr. Jack Bergeron

**Location of Non-Compliance:**

Permit #38729  
SEECO, Inc: Hickory Ridge Rice Farms #1-32H  
Section 32-10N-8W  
B-43 Field  
Cleburne County, Arkansas

**Rule Citation and Description of Violation:** General Rule D-8

Arkansas Oil and Gas Commission (Commission) General Rule D-8 b), states "Monthly reports specifying the amount of natural gas produced and sold are required to be filed for each individual producing zone or approved commingled producing zones within a well, regardless of whether or not there was natural gas produced and sold during the month. The reports shall be filed on a form prescribed by the Director and shall be filed with the commission sixty (60) days after the end of each month. Reports for inactive wells shall continue to be submitted until such time as the commission determines monthly reports are no longer required in accordance with applicable commission rules and regulations."

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### Notice of Non-Compliance

**Date Mailed:**

October 24, 2011

**Issued to:**

SEECO, Inc  
515 W. Greens Road  
Houston, TX 77067

Attn: Mr. Jack Bergeron

**Location of Non-Compliance:**

Permit #41305  
SEECO, Inc: Briggs 08-14 #4-8  
Section 8-8N-14W  
B-43 Field  
Conway County, Arkansas

**Rule Citation and Description of Violation:** General Rule D-8

Arkansas Oil and Gas Commission (Commission) General Rule D-8 b), states "Monthly reports specifying the amount of natural gas produced and sold are required to be filed for each individual producing zone or approved commingled producing zones within a well, regardless of whether or not there was natural gas produced and sold during the month. The reports shall be filed on a form prescribed by the Director and shall be filed with the commission sixty (60) days after the end of each month. Reports for inactive wells shall continue to be submitted until such time as the commission determines monthly reports are no longer required in accordance with applicable commission rules and regulations."

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**Action Required:**

The permit holder is hereby notified of this Non-Compliance issue and is instructed to comply with Commission Rules. The permit holder is further notified to provide the Commission with the required reports within thirty (30) days of this letter. Failure to comply with the terms of this Notice of Non-Compliance prior to the deadlines set forth within this document shall result in a Notice of Violation being issued by the Director of Production and Conservation.

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FAX: (870) 862-8823

### Notice of Non-Compliance

**Date Mailed:**

December 1, 2011

**Issued to:**

BHP Billiton Petroleum (Fayetteville), LLC  
1360 Post Oak Blvd, Ste. 150  
Houston, Texas 77056-3030

Attn: Mr. Rod Skaufel

**Location of Non-Compliance:**

Permit # 40980  
BHP – Bowie 7-12 # 1-22  
Section 22-7N-12W  
B-43 Area  
Faulkner County, Arkansas

**Rule Citation:**

General Rule B-7 (d) All cased wells utilized for oil, gas or brine production, water supply or injection purposes, except such holes as are described in Rule B-10, shall be plugged and abandoned in accordance with applicable commission rules after the well has been idle for more than 24 months, or sooner should the Director determine that the cased well presents a risk of contamination to the environment or a risk to public safety, unless an application is filed to request temporary abandonment status for the well in accordance with subparagraph h). Upon such determination by the Director or if temporary abandonment status is denied, the Permit Holder shall commence plugging the well within 30 days after notification by the Director. Failure to commence plugging the well within 30 days after notification by the Director may result in the initiation of well abandonment proceedings in accordance with General Rule G-1.

**Description of Violation:**

The above referenced well has never produced. The well was completed September 21, 2008.

**Action Required:**

The Permit Holder is hereby notified of this Notice of Non-Compliance and is instructed to comply with the requirements of General Rule B-7. B-7 (d) requires the Permit Holder to commence plugging within thirty (30) days. B-7 (h) allows the temporary abandonment of the well for a period not to exceed three (3) years from the date of approval by the Director. The Permit Holder is required to submit a Form 33 "Application for Temporary Abandoned Well Status" or commence plugging operations. Failure to comply with the terms of this Notice of Non-Compliance or receive an extension of time prior to the deadlines set forth within this document may result in a Notice of Violation being issued by the Director of Production and Conservation.

**COPY**

Steve Gates  
Assistant Director  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

Cc: Lawrence E. Bengal, Director  
Well File



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



Little Rock Office  
301 Natural Resources Drive  
Suite 102  
Little Rock, AR 72205  
Phone: (501) 683-5814  
Fax: (501) 683-5818

Fort Smith Regional Office  
3309 Phoenix Avenue  
Fort Smith, AR 72903  
Phone: (479) 646-6611  
FAX: (479) 649-7656

El Dorado Regional Office  
2215 West Hillsboro  
El Dorado, AR 71730  
Phone: (870) 862-4965  
FAX: (870) 862-8823

### NOTICE OF VIOLATION

**Date Mailed:** December 8, 2011

**Certified Mail:** # 91 7108 2133 3939 2326 3786

**Issued to:**

Mr. Jerry McCutchin, Jr.  
McCutchin Petroleum Corporation  
8343 Douglas Avenue, Ste. 370  
Dallas, Texas 75225

Permit # 42980, Nolen #1-3  
Section 3 – Township 6N – Range 10W  
B-43 Field  
White County, Arkansas

**Rule Citation and Description of Violation:**

General Rule D-8 b) states that "Monthly reports specifying the amount of natural gas produced and sold are required to be filed for each individual producing zone or approved commingled producing zones within a well, regardless of whether or not there was natural gas produced and sold during the month. The reports shall be filed on a form prescribed by the Director and shall be filed with the commission sixty (60) days after the end of each month. Reports for inactive wells shall continue to be submitted until such time as the commission determines monthly reports are no longer required in accordance with applicable commission rules and regulations." Report for September 2011 is delinquent.

**Required Abatement Action(s):**

The permit holder is hereby notified of this Notice of Violation and is instructed to comply with the requirements of General Rule D-8 b).

**Enforcement Action:**

All required actions above shall be completed within thirty (30) calendar days of the mailing or personal delivery of this Notice of Violation. Failure to complete all required action may result in a Director's request, after notice and hearing, for an order to compel compliance and the assessment of a civil penalty up to the amount of \$2500.00 for failure to complete all required actions. The Director may also request the assessment of additional civil penalties up to the amount of \$2500.00 per day for each and every day of continued failure to complete all required actions.

**Upon completion of all required actions, permit holder shall notify the appropriate AOGC Office:**

☐ El Dorado Regional Office      ☒ Fort Smith Regional Office      ☐ Little Rock Office

In accordance with General Rule A-5, you may request a Director's Review of this Notice of Violation by notifying the Director within 30 calendar days of the mailing or personal delivery of this Notice of Violation. The request must be in writing, and include any information in mitigation of the violation, and may include a proposed alternative to the required action needed to abate the violation. Failure to request a Director's review within 30 days shall result in the Notice of Violation becoming a final administrative decision of the Commission.

COPY

Steve Gates  
Assistant Director  
Fort Smith Regional Office





# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



Little Rock Office  
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2215 West Hillboro  
El Dorado, AR 71730  
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FAX: (870) 862-8823

### NOTICE OF VIOLATION/CESSATION ORDER

**Date Mailed:** October 19, 2011

**Certified Mail #:** 91 7108 2133 3936 6494 3442

**Issued to:**

Mr. Richard Freeman  
Peak Water Systems, LLC  
26058 N.C.R. 3249  
Wynnewood, Oklahoma 73098

**Location of Violation:**

Permit # 43177  
Peak – Peak Water Systems # 1 SWD  
Section 30-10N-13W  
B-43 Area  
Van Buren County, Arkansas

**Rule Citation and Description of Violation:**

Peak Water Systems, LLC (Peak) is in violation of General Rule H-3(h) for exceeding the maximum allowable surface injection pressure. Commission Staff conducted an inspection of the Peak Water Systems # 1 injection well operated October 5, 2011. During that inspection, the injection pressure was recorded at approximately 3500 psig which exceeds the current permitted limit of 3078 psig.

**Required Abatement Action(s):**

Peak is hereby issued a Notice of Violation (NOV) for exceeding the permitted maximum injection pressure and a Cessation Order (CO) requiring an immediate cessation of disposal operations that result in a surface injection pressure above 3078 psig.

**Enforcement Action:**

All required actions above shall be completed immediately upon delivery of this Notice of Violation. If Peak fails to comply with this NOV/CO, the Director shall request, after notice and hearing, a civil penalty assessment in the amount of up to \$2,500.00 for failure to comply with the General Rules and Regulations of the Commission. The Director may also request the assessment of additional civil penalties in the amount of up to \$2500.00 per day for each and every day of continued failure to comply with Commission General Rules and Regulations for exceeding maximum injection pressure.

**Upon completion of all required actions, permit holder shall notify the appropriate AOGC Office:**

☐ El Dorado Regional Office ☒ Fort Smith Regional Office ☐ Little Rock Office

In accordance with General Rule A-5, you may request a Director's Review of this Notice of Violation by notifying the Director within 30 calendar days of the mailing or personal delivery of this Notice of Violation. The request must be in writing, and include any information in mitigation of the violation, and may include a proposed alternative to the required action needed to abate the violation. Failure to request a Director's review within 30 days shall result in the Notice of Violation becoming a final administrative decision of the Commission.

Copy

Steve Gates  
Assistant Director  
Fort Smith Regional Office

Case # 95855



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



Little Rock Office  
301 Natural Resources Drive  
Suite 102  
Little Rock, AR 72205  
Phone: (501) 683-5814  
Fax: (501) 683-5818

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El Dorado Regional Office  
2215 West Hillsboro  
El Dorado, AR 71730  
Phone: (870) 862-4965  
FAX: (870) 862-8823

### NOTICE OF VIOLATION/CESSATION ORDER

**Date Mailed:** October 19, 2011

**Certified Mail #** 91 7108 2133 3936 6494 3459

**Issued to:**

Mr. Marcus C. Devine  
Poseidon Energy Services, LLC  
P. O. Box 241958  
Little Rock, Arkansas 72223

**Location of Violation:**

Permit # 41072  
Poseidon SWDW # 1  
Section 6-9N-7W  
White County, Arkansas

**Rule Citation and Description of Violation:**

Poseidon Energy Services, LLC (PES) is in violation of Commission Order 233A-2011-08 for failure to install a weekly chart recorder as close to the disposal well as possible in a tamper-proof box that encloses both the chart-recorder and associated piping, and which is locked and controlled by the Staff of the AOGC. Staff of the AOGC shall be informed of the date and time of the installation of the required equipment. Also, PES was required to install a 1/2" female connection and shut-off valve on tubing at the well head for Commission gauge to be used for actual well injection pressure measurements. Commission Staff conducted an inspection of the PES SWDW # 1 injection well on October 19, 2011. During that inspection, no indication that PES has made any effort to comply with the Order.

**Required Abatement Action(s):**

PES is hereby issued a Notice of Violation (NOV) for violations of Commission 233A-2011-08. Also, a Cessation Order (CO) is hereby issued to immediately cease disposal operations until the Order is complied with.

**Enforcement Action:**

A hearing will be scheduled for this violation at the next regularly scheduled hearing on December 6, 2011. The Director shall request, after notice and hearing, a civil penalty assessment in an amount up to \$2500.00 for failure to comply with a Commission order. The Director may also request the assessment of additional civil penalties in an amount up to \$2500.00 per day for each and every day of well continues to operate in violation of this NOV/CO until the matter is heard by the Commission at the December hearing.

**Upon completion of all required actions, permit holder shall notify the appropriate AOGC Office:**

☐ El Dorado Regional Office      ☒ Fort Smith Regional Office      ☐ Little Rock Office

In accordance with General Rule A-5, you may request a Director's Review of this Notice of Violation by notifying the Director within 30 calendar days of the mailing or personal delivery of this Notice of Violation. The request must be in writing, and include any information in mitigation of the violation, and may include a proposed alternative to the required action needed to abate the violation. Failure to request a Director's review within 30 days shall result in the Notice of Violation becoming a final administrative decision of the Commission.

Copy

Steve Gates  
Assistant Director  
Fort Smith Regional Office



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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2215 West Hillsboro  
El Dorado, AR 71730  
Phone: (870) 862-4965  
FAX: (870) 862-8823

### NOTICE OF VIOLATION/CESSATION ORDER

**Date Mailed:** October 10, 2011

**Certified Mail #** 91 7108 2133 3936 6494 3428

**Issued to:**

Mr. Marcus C. Devine  
Poseidon Energy Services, LLC  
P. O. Box 241958  
Little Rock, Arkansas 72223

**Location of Violation:**

Permit # 41072  
Poseidon SWDW # 1  
Section 6-9N-7W  
White County, Arkansas

**Rule Citation and Description of Violation:**

Poseidon Energy Services, LLC (PES) is in violation of Commission Orders 557-2009-08, 774-2009-10, 176A-2011-06 and 233A-2011-08 for failure to maintain an automatic injection well governor to prohibit injection into the well at any pressure which exceeds 924 psig. Commission Staff conducted an inspection of the PES SWDW # 1 injection well on October 2, 2011. During that inspection, the switch that controls the automatic governor was not functional and therefore allowing the injection pump to run when injection pressure exceeds 924 psig.

**Required Abatement Action(s):**

PES is hereby issued a Notice of Violation (NOV) for violations of Commission Orders 557-2009-08 and 774-2009-10, 176A-2011-06 and 233A-2011-08. Also, a Cessation Order (CO) is hereby issued to immediately cease disposal operations until the proper automatic injection well governor is functional. PES is required to make necessary repairs to the automatic injection well governor switch in order for the switch to shut-off the pump when the pressure exceeds the maximum permitted injection pressure. PES is required to submit documentation of the installation or repair of the governor and provide written explanation as to why this equipment failed to operate as required and what future prevention methods which will be put in place to insure proper operation of the governor. All written documentation and explanations shall be submitted no later than thirty (30) days after receipt of this Notice of Violation.

**Enforcement Action:**

All required actions above shall be completed immediately upon delivery of this NOV/CO. A hearing will be scheduled for this violation at the next regularly scheduled hearing on December 6, 2011. The Director shall request, after notice and hearing, a civil penalty assessment in an amount up to \$2500.00 for failure to comply with Commission orders. The Director may also request the assessment of additional civil penalties in an amount up to \$2500.00 per day for each and every day of well continues to operate in violation of this NOV/CO until the matter is heard by the Commission at the December hearing.

**Upon completion of all required actions, permit holder shall notify the appropriate AOGC Office:**

☐ El Dorado Regional Office      ☒ Fort Smith Regional Office      ☐ Little Rock Office

In accordance with General Rule A-5, you may request a Director's Review of this Notice of Violation by notifying the Director within 30 calendar days of the mailing or personal delivery of this Notice of Violation. The request must be in writing, and include any information in mitigation of the violation, and may include a proposed alternative to the required action needed to abate the violation. Failure to request a Director's review within 30 days shall result in the Notice of Violation becoming a final administrative decision of the Commission.

Copy

Steve Gates  
Assistant Director  
Fort Smith Regional Office

Case # 95824



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



Little Rock Office  
301 Natural Resources Drive  
Suite 102  
Little Rock, AR 72205  
Phone: (501) 683-5814  
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Fort Smith, AR 72903  
Phone: (479) 646-6611  
FAX: (479) 649-7656

El Dorado Regional Office  
2215 West Hillsboro  
El Dorado, AR 71730  
Phone: (870) 862-4965  
FAX: (870) 862-8823

### NOTICE OF VIOLATION/CESSATION ORDER

**Date Mailed:** October 10, 2011

**Certified Mail #** 91 7108 2133 3936 6494 3435

**Issued to:**

Mr. Marcus C. Devine  
Poseidon Energy Services, LLC  
P. O. Box 241958  
Little Rock, Arkansas 72223

**Location of Violation:**

Permit # 41072  
Poseidon SWDW # 1  
Section 6-9N-7W  
White County, Arkansas

**Rule Citation and Description of Violation:**

Poseidon Energy Services, LLC (PES) is in violation of Commission Orders 557-2009-08, 774-2009-10, 176A-2011-06 and 233A-2011-08 for failure to maintain an automatic injection well governor to prohibit injection into the well at any pressure which exceeds 924 psig. Commission Staff conducted an inspection of the PES SWDW # 1 injection well on September 26, 2011. During that inspection, the switch that controls the automatic governor was not functional and therefore allowing the injection pump to run when injection pressure exceeds 924 psig.

**Required Abatement Action(s):**

PES is hereby issued a Notice of Violation (NOV) for violations of Commission Orders 557-2009-08 and 774-2009-10, 176A-2011-06 and 233A-2011-08. Also, a Cessation Order (CO) is hereby issued to immediately cease disposal operations until the proper automatic injection well governor is functional. PES is required to make necessary repairs to the automatic injection well governor switch in order for the switch to shut-off the pump when the pressure exceeds the maximum permitted injection pressure. PES is required to submit documentation of the installation or repair of the governor and provide written explanation as to why this equipment failed to operate as required and what future prevention methods which will be put in place to insure proper operation of the governor. All written documentation and explanations shall be submitted no later than thirty (30) days after receipt of this Notice of Violation.

**Enforcement Action:**

All required actions above shall be completed immediately upon delivery of this NOV/CO. A hearing will be scheduled for this violation at the next regularly scheduled hearing on December 6, 2011. The Director shall request, after notice and hearing, a civil penalty assessment in an amount up to \$2500.00 for failure to comply with Commission orders. The Director may also request the assessment of additional civil penalties in an amount up to \$2500.00 per day for each and every day of well continues to operate in violation of this NOV/CO until the matter is heard by the Commission at the December hearing.

**Upon completion of all required actions, permit holder shall notify the appropriate AOGC Office:**

☐ El Dorado Regional Office      ☒ Fort Smith Regional Office      ☐ Little Rock Office

In accordance with General Rule A-5, you may request a Director's Review of this Notice of Violation by notifying the Director within 30 calendar days of the mailing or personal delivery of this Notice of Violation. The request must be in writing, and include any information in mitigation of the violation, and may include a proposed alternative to the required action needed to abate the violation. Failure to request a Director's review within 30 days shall result in the Notice of Violation becoming a final administrative decision of the Commission.

Copy

Steve Gates  
Assistant Director  
Fort Smith Regional Office

Case # 95825



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



Little Rock Office  
301 Natural Resources Drive  
Suite 102  
Little Rock, AR 72205  
Phone: (501) 683-5814  
Fax: (501) 683-5818

Fort Smith Regional Office  
3309 Phoenix Avenue  
Fort Smith, AR 72903  
Phone: (479) 646-6611  
FAX: (479) 649-7656

El Dorado Regional Office  
2215 West Hillsboro  
El Dorado, AR 71730  
Phone: (870) 862-4965  
FAX: (870) 862-8823

### NOTICE OF VIOLATION/CESSATION ORDER

**Date Mailed:** October 4, 2011

**Certified Mail #** 91 7108 2133 3936 6494 3374

**Issued to:**

Mr. Marcus C. Devine  
Poseidon Energy Services, LLC  
P. O. Box 241958  
Little Rock, Arkansas 72223

**Location of Violation:**

Permit # 41072  
Poseidon SWDW # 1  
Section 6-9N-7W  
White County, Arkansas

**Rule Citation and Description of Violation:** General Rule H-3 o) 1)

o) 1) Internal mechanical integrity must be maintained at all times. If internal mechanical integrity is lost, the Permit Holder shall shut-in the well immediately and notify the Regional Office where the well is located, of loss of internal mechanical integrity. The well shall remain shut-in until the necessary remedial action necessary to restore internal mechanical integrity is completed and a new internal mechanical integrity test run and successfully passed. Poseidon was issued a Notice of Violation/Cessation Order on September 30, 2011 and acknowledged receipt said notice on Saturday, October 1, 2011. An inspection conducted October 2, 2011 found Poseidon continuing to operate the well without authority.

**Required Action(s):**

Poseidon is also hereby notified that the above referenced well must be shut immediately and may not be used for injection operations until a Mechanical Integrity Test (MIT) is performed. The MIT must be witnessed and approved by Commission Staff prior to any further injection.

**Enforcement Action:**

A hearing will be scheduled for this violation at the next regularly scheduled hearing on October 25, 2011. The Director shall request, after notice and hearing, a civil penalty assessment in the amount of up to \$2500.00 for failure to comply with Commission rules and regulations. The Director may also request the assessment of additional civil penalties in the amount of up to \$2500.00 per day for each and every day of well operations in violation of the CO following the issuance of this NOV/CO until the matter is heard by the Commission at the October hearing.

**Upon completion of all required actions, permit holder shall notify the appropriate AOGC Office:**

☐ El Dorado Regional Office      ☒ Fort Smith Regional Office      ☐ Little Rock Office

In accordance with General Rule A-5, you may request a Director's Review of this Notice of Violation by notifying the Director within 30 calendar days of the mailing or personal delivery of this Notice of Violation. The request must be in writing, and include any information in mitigation of the violation, and may include a proposed alternative to the required action needed to abate the violation. Failure to request a Director's review within 30 days shall result in the Notice of Violation becoming a final administrative decision of the Commission.

**COPY**

Steve Gates  
Assistant Director  
Fort Smith Regional Office

Case # 95810