

# 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>

Asa Hutchinson  
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

April 15, 2015

The Honorable Bill Sample, Chairperson  
The Honorable David L. Branscum, Chairperson  
C/o Ms. Marty Garrity  
Legislative Council  
Room 315, State Capitol  
Little Rock, AR 72201

Dear Senator Sample and Representative Branscum:

In accordance with Section 7 of the Arkansas Oil and Gas Commission FY 2014-2015 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 cursive script, appearing to read "Lawrence E. Bengal".

Lawrence E. Bengal  
Director

## COMMISSION MEMBERS

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

**AOGC Fayetteville Shale Activity Report**  
**To Be Presented to the Arkansas Legislative Council**  
**Reporting Period: January 1, 2015 through March 31, 2015**

<b>1. Inspection Staff</b>	
A. Number of Full Time Inspector Staff (Statewide).....	<b>16*</b>
<b>*(1 vacancy in South Arkansas outside Fayetteville Shale area)</b>	
B. Number of Part Time Inspector Staff (Statewide).....	<b>2</b>
C. Number of Full Time Inspector Staff (Fayetteville Shale Only).....	<b>7</b>
D. Number of Part Time Inspector Staff (Fayetteville Shale Only) .....	<b>2</b>
 <b>2. Inspection/Compliance Reviews</b>	
A. Number at Field Inspections Conducted.....	<b>4966</b>
B. Number of Compliance Reviews Conducted .....	<b>4728</b>
(1) Form 2 Drilling/ Fracture Permit.....	<b>47</b>
(2) Form 2A Drilling Pit Construction .....	<b>23</b>
(3) Form2B Drilling Pit Closure .....	<b>39</b>
(4) Form 3 Completion Report .....	<b>106</b>
(5) Form 3A Fracture Stimulation Report .....	<b>86</b>
(6) Form 4 Authority to Commence Production .....	<b>100</b>
(7) Form 12 Plugging Report.....	<b>8</b>
(8) Form 13 Production Test.....	<b>82</b>
(9) Form 14 Monthly Disposal Well Report .....	<b>31</b>
(10) Form 23 Well Transfer Report .....	<b>3930</b>
(11) Form 24 Fire, Leak, Spill, Blowout Incident Report.....	<b>31</b>
(12) Form 25 Cross Unit Well Review.....	<b>49</b>
(13) Form 33 Temporary Abandonment .....	<b>8</b>
(14) Casing Setting Notice .....	<b>188</b>
(15) Form 38 Notice of Well Servicing (Disposal Wells).....	<b>0</b>
 <b>3. Complaints Received .....</b>	<b>4</b>
A. Resolved without Field Investigation.....	<b>2</b>
B. Complaints Requiring Field Investigation.....	<b>2</b>
C. Investigations Resulting in Enforcement Actions .....	<b>0</b>
 <b>4. Enforcement</b>	
A. Number of Notices of Non-Compliance (NNC) Issued .....	<b>6</b>
(1) Operations-Related NNCs.....	<b>0</b>
(2) Administrative-Related NNCs.....	<b>6</b>
 B. Number of Notices of Violation (NOV) Issued .....	<b>0</b>
(1) Operations-Related NOV.....	<b>0</b>
(2) Administrative-Related NOV.....	<b>0</b>

- C. Number of Cessation Orders Issued.....0  
D. Number of Violations and/or Commission Orders Resulting in Civil Penalties .....0

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

- A. Number of Actions Filed .....1  
B. Number of Actions Resolved or Concluded .....0

**6. Inspection / Compliance Reviews Anticipated Next Quarter.....3500**

**7. Detail Report / Summary**

A. Section 4D – Civil Penalties

*None*

B. Section 5 – Judicial Action

*Tommy Phifer v. SEECO, INC., Southwestern Energy Company, and the Arkansas Oil and Gas Commission.*

- Plaintiffs recently amended previously filed law suit to seek to include AOGC as a defendant.

**AOGC Fayetteville Shale Activity Report**  
**Summary & Report of Notices of Non-Compliance**  
**Reporting Period: January 1, 2015 through March 31, 2015**

**Operators Receiving Notices of Non-Compliance (NNC)**

1. SEECO, Inc. ....	4
2. Broman Oil & Gas LP.....	1
3. L & L Energy Company .....	1



# 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 Non-Compliance

**Date Mailed:**

January 7, 2015

**Issued to:**

Attn: Mr. Paul W. Geiger  
SEECO, Inc.  
P.O. Box 12359  
Spring, TX 77391-2359

**Location of Non-Compliance:**

Permit #40925  
SEECO – Jameson 8-14 #3-15  
Section 15-08N-15W  
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 last date of production on the above referenced well was October 2012.

**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**

Assistant Director  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

# 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>

Asa Hutchinson  
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

---

## Notice of Non-Compliance

### Date Mailed:

January 13, 2015

### Issued to:

L & L Energy Company  
P.O. Box 99  
Huntington, AR 72940

Attn: Lindell Sharp

### Location of Non-Compliance:

Permit # 40760  
L & L – Holliman #2-28  
Section 28-09N-07W  
B-43 Area  
White County, Arkansas

### Rule Citation and Description of Violation:

Rule B-7 h) 1) requires that upon the expiration of the three (3) year period the Permit Holder shall commence plugging operations within thirty (30) days, or file an application to request a hearing before the Commission in accordance with General Rules A-2, A-3 and other applicable hearing procedures to request an extension of the three (3) year period of the temporary abandonment status.

### Statement of Violation:

L & L Energy was granted an initial "Temporary Abandonment" status on October 11, 2011. The status expired October 11, 2014. The well has not been plugged or an extension granted.

### Action Required:

You are hereby notified to commence plugging operations in accordance with applicable rules and regulations within thirty (30) days of this Notice or request an extension of time to be granted by the Commission after a public notice and hearing. Failure to comply with the terms of this Notice of Non-Compliance prior to the deadline set forth within this document shall result in a Notice of Violation being issued by the Director of Production and Conservation.

**COPY**

Krystal Lunsford  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

# 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>

Asa Hutchinson  
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

---

## Notice of Non-Compliance

### Date Mailed:

January 13, 2015

### Issued to:

SEECO, Inc.  
10000 Energy Drive  
Spring, TX 77389

Attn: Doug Van Slambrouck

### Location of Non-Compliance:

Permit # 39908  
SEECO – Love 10-12 #2-17H  
Section 17-10N-12W  
B-43 Area  
Van Buren County, Arkansas

### Rule Citation and Description of Violation:

Rule B-7 h) 1) requires that upon the expiration of the three (3) year period the Permit Holder shall commence plugging operations within thirty (30) days, or file an application to request a hearing before the Commission in accordance with General Rules A-2, A-3 and other applicable hearing procedures to request an extension of the three (3) year period of the temporary abandonment status.

### Statement of Violation:

SEECO was granted an initial "Temporary Abandonment" status on October 19, 2011. The status expired October 19, 2014. The well has not been plugged or an extension granted.

### Action Required:

You are hereby notified to commence plugging operations in accordance with applicable rules and regulations within thirty (30) days of this Notice or request an extension of time to be granted by the Commission after a public notice and hearing. Failure to comply with the terms of this Notice of Non-Compliance prior to the deadline set forth within this document shall result in a Notice of Violation being issued by the Director of Production and Conservation.

**COPY**

Krystal Lunsford  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission



# 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 NON-COMPLIANCE

**Date Mailed:**

January 21, 2015

**Issued to:**

SEECO, Inc.  
P.O. Box 12359  
Spring, Texas 77391-2359

Attention: Mr. Doug Van Slambrouck

**Location of Violation:**

Permit # 47351  
SEECO, Inc.: Aldridge, Walter 09-10 #3-10H3  
Section 10 – 09N – 10W  
B-43 Field  
Cleburne County, Arkansas

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

General Rule B-43 I) states "Wells completed in and producing from only unconventional sources of supply, within the covered lands, shall report on a form prescribed by the Director, the highest twenty-four (24) hour production rate during the first forty (40) days of production, which form shall be filed within sixty (60) days of the date of first production from the well." The date of commencement of production for the above referenced well was November 21, 2014. The well should have been tested by December 31, 2014 and received in the Fort Smith office by January 20, 2015.

**Required Action(s):**

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

## 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 Non-Compliance

#### Date Mailed:

March 12, 2015

#### Issued to:

Broman Oil & Gas LP  
309 W. 7th Street, Ste. 500  
Fort Worth, Texas 76102

Attn: Mr. Hunter Allen

B-43 Field

#### Rule Citation and Description of Violation: General Rule D-8 and D-14

Arkansas Oil and Gas Commission (Commission) General Rule D-8 b) requires the permit holder to file a monthly gas report (Form 7) for any well that is not plugged and abandoned. Production report for December 2014 is delinquent.

General Rule D-14 B) requires the person selling gas at the first point of sale, who is hereby defined to be the party initially responsible for distributing the 1/8 royalty interest shall, before paying for the production, deduct nine (9) mills for every thousand cubic feet of gas produced and removed from the lease each month, and remit the amounts so deducted to the Commission at the same time and periods as said purchasers make their regular gas payments. This gas assessment has not been paid for December 2014.

#### 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.

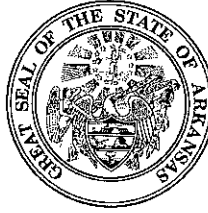
COPY

Marcia Nicko  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

# ARKANSAS OIL AND GAS COMMISSION

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>

Asa Hutchinson  
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

## Notice of Non-Compliance

### Date Mailed:

March 17, 2015

### Issued to:

SEECO  
10000 Energy Drive  
Spring, TX 77389  
Attn: Doug Van Slambrouck

### Location of Non-Compliance:

Permit # 39947  
SEECO – Green Bay Packaging 09-16 1-15H  
Section 15-09N-16W  
B-43 Field  
Conway County, Arkansas

### Rule Citation and Description of Violation:

Rule B-7 h) 3) D) iv)

Conduct a fluid level test by wireline or other approved electronic or mechanical means, which determines that the static fluid level is at least 150 feet below the base of the lowest usable groundwater in the area, and which must be witnessed by commission staff upon no less than 48 hours notice prior to conducting the fluid level test. **The fluid level test shall be conducted annually, on the anniversary date of the temporary abandonment during each year of the three (3) year temporary abandonment period.**

Rule B-7 h) 4)

Failure to maintain any of the above conditions (Rule B-7 h) 3) D) iv) will result in revocation of the temporary abandonment status and require the well to be plugged in thirty (30) days, **unless an extension of time to plug is granted after notice and hearing.**

### Statement of Violation:

SEECO was granted an initial "Temporary Abandonment" status on September 9, 2013. The follow-up mandatory annual fluid level test was not conducted on the subject well as required and therefore, no longer meets the minimum requirement as outlined in Rule B-7 h) 3) D) iv).

### Action Required:

**You are hereby notified to commence plugging operations in accordance with applicable rules and regulations within thirty (30) day of this Notice or request an extension of time to be granted by the Full Commission after a public notice and hearing.** Failure to comply with the terms of this Notice of Non-Compliance prior to the deadline set forth within this document shall result in a Notice of Violation being issued by the Director of Production and Conservation.

**COPY**

Krystal Lunsford  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission