

ARKANSAS OIL AND GAS COMMISSION

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Mike Beebe
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Lawrence Bengal
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October 14, 2011

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 amended 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,


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

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AOGC Fayetteville Shale Activity Report
To Be Presented to the Arkansas Legislative Council
Reporting Period: July 1, 2011 through September 30, 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.....	1122
B. Number of Compliance Reviews Conducted	1535
(1) Form 2 Drilling/ Fracture Permit.....	236
(2) Form 3 Completion Report	205
(3) Form 3A Fracture Stimulation Report	159
(4) Form 4 Authority to Commence Production	195
(5) Form 12 Plugging Report.....	3
(6) Form 13 Production Test.....	223
(7) Form 14 Monthly Disposal Well Report	44
(8) Form 23 Well Transfer Report	1
(9) Form 25 Cross Unit Well Review.....	245
(10) Form 33 Temporary Abandonment	23
(11) Casing Setting Notice	201

3. Complaints Received.....13

A. Resolved without Field Investigation.....	8
B. Complaints Requiring Field Investigation	5
C. Investigations Resulting in Enforcement Actions	0

4. Enforcement

A. Number of Notices of Non-Compliance (NNC) Issued.....	28
(1) Operations-Related NNCs	20
(2) Administrative-Related NNCs	8
B. Number of Notices of Violation (NOV) Issued	14
(1) Operations-Related NOVs.....	14
(2) Administrative-Related NOVs.....	0
C. Number of Cessation Orders Issued	4
D. Number of Violations and/or Commission Orders Resulting in Penalties	0

5. **Judicial Actions (See Summary Page for Details)**
 - A. Number of Actions Filed0
 - B. Number of Actions Resolved.....0
6. **Inspection / Compliance Reviews Anticipated Next Quarter.....2500**
7. **Detail Report / Summary**
 - A. Section 3D – Civil Penalties
No Section 3D Civil Penalties and/or Fines Issued This Reporting Period.
 - B. Section 4 – Judicial Action
No Cases Filed During This Reporting Period.

AOGC Fayetteville Shale Activity Report
Summary & Report of Notices of Non-Compliance
Reporting Period: July 1, 2011 through September 30, 2011

Operators Receiving Notices of Non-Compliance (NNC)

1. BHP Billiton Petroleum (Fayetteville) LLC / Chesapeake Operating, Inc.	5
2. Deep Six Water Disposal Services, LLC.....	1
3. McCutchin Petroleum Corporation	1
4. Poseidon Energy Services, LLC	2
5. SEECO, Inc.....	11
6. Storm Cat Energy USA Corporation	5
7. XTO Energy, Inc.	3

AOGC Fayetteville Shale Activity Report
Summary & Report of Notices of Violations
Reporting Period: July 1, 2011 through September 30, 2011

Operators Receiving Notices of Violations (NOVs)

1. Poseidon Energy Services, LLC	6
2. SEECO, Inc.	2
3. Storm Cat Energy USA Corporation	4