

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

October 15, 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 2012-2013 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: July 1, 2012 through September 30, 2012

1. Inspection Staff

A. Number of Full Time Inspector Staff (Statewide)	13*
*(2 vacancies occurred during quarter - currently being filled)	
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 Inspections Conducted.....	1294
B. Number of Compliance Reviews Conducted	1471
(1) Form 2 Drilling/ Fracture Permit.....	174
(2) Form 2A Drilling Pit Construction	140
(3) Form2B Drilling Pit Closure	63
(4) Form 3 Completion Report	199
(5) Form 3A Fracture Stimulation Report	180
(6) Form 4 Authority to Commence Production	170
(7) Form 12 Plugging Report.....	13
(8) Form 13 Production Test.....	166
(9) Form 14 Monthly Disposal Well Report	21
(10) Form 23 Well Transfer Report	1
(11) Form 24 Fire, Leak, Spill, Blowout Incident Report.....	71
(12) Form 25 Cross Unit Well Review	128
(13) Form 33 Temporary Abandonment	2
(14) Casing Setting Notice	134
(15) Form 38 Notice of Well Servicing (Disposal Wells).....	9

3. Complaints Received.....10

A. Resolved without Field Investigation.....	7
B. Complaints Requiring Field Investigation	3
C. Investigations Resulting in Enforcement Actions	0

4. Enforcement

A. Number of Notices of Non-Compliance (NNC) Issued.....	12
(1) Operations-Related NNCs.....	3
(2) Administrative-Related NNCs	9

- B. Number of Notices of Violation (NOV) Issued5
 - (1) Operations-Related NOV..... 1
 - (2) Administrative-Related NOV.....4
- C. Number of Cessation Orders Issued0
- 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 (appeal of AOGC orders)1
 - B. Number of Actions Resolved.....0

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

- 7. **Detail Report / Summary**
 - A. Section 4D – Civil Penalties
None.

 - B. Section 5 – Judicial Action

Company:	XTO Energy, Inc.
Jurisdiction:	Cleburne County Circuit Court
Nature of Action:	Petition for Judicial Review of AOGC Orders - <i>MERRILL LOGAN AND SHIRLEY LOGAN, individually and as TRUSTEES of the LOGAN FAMILY TRUST v. ARKANSAS OIL & GAS COMMISSION and XTO Energy, Inc.</i>

AOGC Fayetteville Shale Activity Report
Summary & Report of Notices of Non-Compliance
Reporting Period: July 1, 2012 through September 30, 2012

Operators Receiving Notices of Non-Compliance (NNC)

1. Hall Phoenix Energy, LLC	1
2. Galaxy Energy, Incorporated.....	1
3. SEECO, Inc.	9
4. McCutchin Petroleum Corporation.....	1



ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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El Dorado Regional Office
2215 West Hillsboro
El Dorado, AR 71730
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A

Notice of Non-Compliance

Date Mailed:

July 9, 2012

Issued to:

Hall Phoenix Energy, LLC
6801 Gaylord Parkway, Ste. 100
Frisco, Texas 75034

Attn: Mr. Donald Louis Braun

Rule Citation and Description of Violation: General Rule D-8 b)

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 reports for April, 2012 are delinquent.

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:

August 14, 2012

Issued to:

Mr. Charles D. Roye
Galaxy Energy, Incorporated
P.O. Box 733
Stigler, Oklahoma 74462

Location of Non-Compliance:

Permit # 41358
Galaxy – U.S. Forest # 1-33
Section 33-10N-17W
B-43 Area
Van Buren County, Arkansas

Rule Citation and Description of Violation:

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). Temporary abandonment status was granted by Order Reference # 175-2009-03.

Statement of Violation:

The subject well has never produced and the three year term of temporary abandoned status has expired.

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. 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
Operator File

Case # 96303



ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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A

Notice of Non-Compliance

Date Mailed:

August 17, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

SEECO – Green Bay Packaging 09-15 # 10-21H Pit
Section 21-9N-15W
B-43 Area
Van Buren County, Arkansas

Rule Citation and Description of Non-Compliance: General Rule B-17

- ☒ Failure to notify Commission of commencement of pit construction (B-17 d))
- ☐ Unauthorized discharge from pit (B-17 e))
- ☐ Failure to meet or maintain construction requirements for pit (B-17 f)) _____
- ☐ Failure to maintain operating requirements for pit (B-17 g)) _____
- ☐ Failure to properly dispose of water based fluids (B-17 h)) _____
- ☐ Failure to properly close pit or return pad to grade (B-17 h), i) or j)) _____
- ☐ Failure to submit Notice of Pit Closure (B-17 h) or i))
- ☐ Failure to properly dispose of oil based fluids (B-17 i)) _____
- ☐ Produced water, workover flow-back water, waste oil any other non-hazardous oilfield wastes (NOW) found in workover, emergency or test pit (B-7j)) _____
- ☐ Failure to maintain stormwater erosion or sediment controls (B-17 l)) _____
- ☒ Other or remarks: Form 2A originally filed for the # 10. Well # 8 and # 9 were drilled. Original pit was closed. New pit was opened for the drilling of the # 10. No Form 2A was filed.

Required Action(s):

Please file a Form 2A for this pit. Failure to comply with the terms of this Notice of Non-Compliance will 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

Case # 96305



ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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El Dorado, AR 71730
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FAX: (870) 862-8823

A

Notice of Non-Compliance

Date Mailed:

August 23, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

Permit # 45425
SEECO- Merryman 10-14 #6-19H18
Section 19-10N-14W
B-43 Field
Van Buren 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: **No sign at wellhead.**

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.

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

Case #96312



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

A

Notice of Non-Compliance

Date Mailed:

August 23, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

Permit # 45426
SEECO- Merryman 10-14 #7-19H18
Section 19-10N-14W
B-43 Field
Van Buren 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: **No sign at wellhead.**

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.

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

Case #96313



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

A

Notice of Non-Compliance

Date Mailed:

August 23, 2012

Issued to:

Location of Non-Compliance:

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

Mr. Jack Bergeron

Permit # 45427
SEECO- Merryman 10-14 #8-19H24
Section 19-10N-14W
B-43 Field
Van Buren 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: **No sign at wellhead. Sign at lease entrance does not match AOGC records. Lease entrance sign shows the well lateral was drilled into section 18. AOGC records indicate well lateral was drilled into section 24.**

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.

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

Case #96314



ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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A

Notice of Non-Compliance

Date Mailed:

August 23, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

Permit # 45428
SEECO- Merryman 10-14 #9-19H24
Section 19-10N-14W
B-43 Field
Van Buren 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: **No sign at wellhead. Sign at lease entrance does not match AOGC records. Lease entrance sign shows the well lateral was drilled into section 18. AOGC records indicate well lateral was drilled into section 24.**

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.

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

Case #96315



ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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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:

September 4, 2012

Issued to:

Attn: Mr. Jack Bergeron
SEECO, Inc.
515 W. Greens Road
Houston, TX 77067

Location of Non-Compliance:

Permit # 42073
SEECO – Acklin 10-6 #1-13H
Section 13-10N-06W
B-43 Area
White 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 August 2, 2011. 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

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



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 Non-Compliance

Date Mailed:

September 11, 2012

Issued to:

Attn: Mr. Jack Bergeron
SEECO, Inc.
515 W. Greens Road
Houston, TX 77067

Location of Non-Compliance:

Permit # 40012
SEECO – Hall, Charles 9-13 #2-30H
Section 30-09N-13W
B-43 Area
Van Buren 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 wells last date of production was June 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



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Notice of Non-Compliance

Date Mailed:

September 19, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

Permit # 43936
SEECO- Deltic Timber 9-16 #5-36H
Section 36-09N-16W
B-43 Field
Conway 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: **No sign at lease entrance.**

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.

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

Case # 138411



ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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Notice of Non-Compliance

Date Mailed:

September 19, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

Permit # 40956
SEECO- Hutto 10-13 #2-32H5
Section 32-10N-13W
B-43 Field
Van Buren 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))
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- ☐ ☐ Improper equipment storage ☐ excessive vegetation ☐ improperly disposed oil (Rule B-26 i))
- ☐ Leaking well (Rule B-26 k))
- ☒ Other: **No sign at well head.**

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

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

Case # 138412



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

A

Notice of Non-Compliance

Date Mailed:

September 19, 2012

Issued to:

McCutchin Petroleum Corporation
8343 Douglas Avenue, Ste. 370
Dallas, TX 75225

Mr. Jerry McCutchin, Jr.

Location of Non-Compliance:

Permit # 42980
McCutchin- Nolen #1-3
Section 03-06N-10W
B-43 Field
White 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: **No sign at well head or lease entrance.**

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

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

Case # 138413

AOGC Fayetteville Shale Activity Report
Summary & Report of Notices of Violations
Reporting Period: July 1, 2012 through September 30, 2012

Operators Receiving Notices of Violations (NOVs)

1. Traton Operating Company	1
2. Petroleum Development Company.....	2
3. SEECO, Inc.	1
4. Hall Phoenix Energy, LLC.....	1



ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



Little Rock Office
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Suite 102
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2215 West Hillsboro
El Dorado, AR 71730
Phone: (870) 862-4965
FAX: (870) 862-8823

Notice of Violation

Date Issued: August 21, 2012

Certified Mail: # 91 7108 2133 3939 2362 4518

Issued to:

Traton Operating Company
2929 Allen Parkway, Suite 3450
Houston, Texas 77019

Mr. Patrick Merritt

Location of Violation:

Permit # 40661
Traton – Kamalmaz 11-17 #2-13H
Section 13-11N-17W
B-43 Area
Conway County, Arkansas

Rule Citation:

General Rule A-5(d) requires that if abatement was not completed as specified in the written notification by a Notice of Non-Compliance, the Director, or his or her designee, may issue a formal Notice of Violation.

Description of Violation:

A Notice of Non-Compliance was issued June 20, 2012 and the permit holder has not performed the required abatement.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of the Notice of Non-Compliance issued on June 20, 2012.

Enforcement Action:

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 in the amount of up to \$2500.00 for failure to complete all required actions. The Director may also request the assessment of additional civil penalties in 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

Case # 96257



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

A

NOTICE OF VIOLATION

Date Mailed: July 9, 2012

Certified Mail: # 91 7199 9991 7030 5168 5157

Issued to:

Mr. Wm. Dennis Ingram
Petroleum Development Company
401 S Boston, Ste. 1850
Tulsa, Oklahoma 74103

Permit # 20346
Petroleum Development Co.: Carr, J L #1-4
Sec. 4 – Township 8N – Range 16W
B-43 Field, Conway County, AR

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." The report for April 2012 was 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

Case # 96285



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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3309 Phoenix Avenue
Fort Smith, AR 72903
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FAX: (479) 649-7656

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

A

NOTICE OF VIOLATION

Date Mailed: September 6, 2012

Certified Mail: # 91 7199 9991 7030 5168 5225

Issued to:

Mr. Wm. Dennis Ingram
Petroleum Development Company
401 S Boston, Ste. 1850
Tulsa, Oklahoma 74103

Permit # 20346
Petroleum Development Co.: Carr, J L #1-4
Sec. 4 - Township 8N - Range 16W
B-43 Field, Conway County, AR

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." The report for June 2012 was 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

Case # 138389



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
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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

A

NOTICE OF VIOLATION

Date Mailed: September 6, 2012

Certified Mail: # 91 7199 9991 7030 5168 5218

Issued to:

Mr. Donald Louis Braun
Hall Phoenix Energy, LLC
6801 Gaylord Parkway, Ste. 100
Frisco, Texas 75034

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." Reports for June 2012 were 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

Case # 138387



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

A

NOTICE OF VIOLATION

Date Mailed: July 9, 2012

Certified Mail: # 91 7199 9991 7030 5168 5188

Issued to:

Mr. Jack Bergeron
SEECO, Inc.
515 W. Greens Road
Houston, Texas 77067

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." Reports for April 2012 were 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

Case # 96288