

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

July 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 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 "L Bengal".

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: April 1, 2012 through June 30, 2012

1. Inspection Staff

A. Number of Full Time Inspector Staff (Statewide)	13*
*(3 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*
*(1 of above mentioned vacancies for this category – FT Fayetteville Shale)	
D. Number of Part Time Inspector Staff (Fayetteville Shale Only)	2

2. Inspection/Compliance Reviews

A. Number at Field Inspections Conducted.....	818
B. Number of Compliance Reviews Conducted	2057
(1) Form 2 Drilling/ Fracture Permit.....	199
(2) Form 2A Drilling Pit Construction	432
(3) Form2B Drilling Pit Closure.....	170
(4) Form 3 Completion Report	233
(5) Form 3A Fracture Stimulation Report	228
(6) Form 4 Authority to Commence Production	200
(7) Form 12 Plugging Report.....	22
(8) Form 13 Production Test.....	186
(9) Form 14 Monthly Disposal Well Report	21
(10) Form 23 Well Transfer Report	7
(11) Form 24 Fire, Leak, Spill, Blowout Incident Report.....	76
(12) Form 25 Cross Unit Well Review.....	129
(13) Form 33 Temporary Abandonment	4
(14) Casing Setting Notice	142
(15) Form 38 Notice of Well Servicing (Disposal Wells)	8

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.....	12
(1) Operations-Related NNCs	6
(2) Administrative-Related NNCs	6

B. Number of Notices of Violation (NOV) Issued	22
(1) Operations-Related NOV.....	20
(2) Administrative-Related NOV.....	2
C. Number of Cessation Orders Issued	1
D. Number of Violations and/or Commission Orders Resulting in Civil Penalties.....	1
 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. <u>Section 4D – Civil Penalties</u>	
Company / Operator:	National Oilwell Varco, LP
AOGC Order Number:	111A-2012-04
Amount of Civil Penalty:	\$250.00
Nature of Violation:	Failure to Maintain Records As Required
 B. <u>Section 5 – Judicial Action</u>	
None.	

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

Operators Receiving Notices of Non-Compliance (NNC)

1. BHP Billiton Petroleum (Fayetteville) LLC	1
2. SEECO, Inc.....	6
3. Traton Operating Company.....	3
4. XTO Energy, Inc.	2



ARKANSAS OIL AND GAS COMMISSION

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:

June 26, 2012

Issued to:

Traton Operating Company
2929 Allen Parkway, Ste. 3450
Houston, TX 77019

Mr. Patrick Merritt

Location of Non-Compliance:

Permit # 40659
Traton- Files #2-12H
Section 12-11N-17W
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: _____

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 # 96281



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:

June 26, 2012

Issued to:

Traton Operating Company
2929 Allen Parkway, Ste. 3450
Houston, TX 77019

Mr. Patrick Merritt

Location of Non-Compliance:

Permit # 40660
Traton- Files #3-12H
Section 12-11N-17W
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: _____

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 # 96280



ARKANSAS OIL AND GAS COMMISSION

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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:

June 20, 2012

Issued to:

Attn: Patrick Merritt
Traton Operating Company
2929 Allen Parkway, Suite 3450
Houston, TX 77019

Location of Non-Compliance:

Permit # 40661
Traton – Kamalmaz #2-13H
Section 13-11N-17W
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 well has never produced. Production casing was set on August 1, 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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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:

May 25, 2012

Issued to:

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

Location of Non-Compliance:

Permit # 40260
XTO – Whisenhunt #6-31
Section 31-10N13W
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 well has never produced and was completed on November 30, 2007.

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

Notice of Non-Compliance

Date Mailed:

May 25, 2012

Issued to:

Attn: Mr. Rod Skaufel
BHP Billiton Petroleum (Fayetteville), LLC
1360 Post Oak Blvd., Suite 150
Fort Smith, AR 72917

Location of Non-Compliance:

Permit # 42395
BHP – Voss, Lela 7-16 #2-4H
Section 04-07N-16W
B-43 Area
Conway 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 and was completed on March 21, 2010.

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.

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

Notice of Non-Compliance

Date Mailed:

May 18, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

SEECO – Taylor 09-07 Pit
SWN ID # 444
Section 26-9N-7W
B-43 Area
White County, Arkansas

Rule Citation:

B-17 h) 7) requires the Operator to submit the Notice of Pit closure (Form 2B) to AOGC signed by the Operator within 30 days after Pit closure has been completed.

Description of Violation:

Commission Form 2B was filed on May 17, 2012 with approximate pit closure date of March 12, 2012 indicated on the Form 2B.

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-17 h) 7). Notice of Closure For Drilling and Reserve Pits (Form 2B) should be filed within thirty (30) days of pit closure on all future filings. Failure to comply with the terms of this Notice of Non-Compliance in future filings of the Form 2B 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



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:

May 10, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

SEECO – Freeman Trust 08-13 Pit
Section 21-8N-13W
B-43 Area
Faulkner County, Arkansas

Rule Citation:

B-17 h) 7) requires the Operator to submit the Notice of Pit closure (Form 2B) to AOGC signed by the Operator within 30 days after Pit closure has been completed.

Description of Violation:

Commission Form 2B was filed on May 3, 2012 with approximate pit closure date of February 27, 2012 indicated on the Form 2B.

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-17 h) 7). Notice of Closure For Drilling and Reserve Pits (Form 2B) should be filed within thirty (30) days of pit closure on all future filings. Failure to comply with the terms of this Notice of Non-Compliance in future filings of the Form 2B 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



ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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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:

May 1, 2012

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Non-Compliance:

Permit # 45104
XTO – McNair # 2-3H
Section 3-8N-11W
B-43 Area
Faulkner 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. Production casing was reported set on October 27, 2011.

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



ARKANSAS OIL AND GAS COMMISSION

NOTICE OF NON-COMPLIANCE



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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:

May 1, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

Permit # 45024
SEECO- Holland, Thomas Family Trust 10-9 #1-22H27
Section 22-10N-09W
B-43 Field
Clebune 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

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

Case # 96164



ARKANSAS OIL AND GAS COMMISSION

NOTICE OF NON-COMPLIANCE



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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:

May 1, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

Permit # 45025
SEECO- Holland, Thomas Family Trust 10-9 #2-22H15
Section 22-10N-09W
B-43 Field
Clebune 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 # 96163



ARKANSAS OIL AND GAS COMMISSION

NOTICE OF NON-COMPLIANCE



Little Rock Office
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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:

May 1, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

Permit # 43964
SEECO- Wood Lumber Company 10-9 #2-16H9
Section 16-10N-09W
B-43 Field
Clebune 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: Liner left on location.

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 # 96162



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:

April 18, 2012

Issued to:

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

Mr. Jack Bergeron

Location of Non-Compliance:

SEECO – Turney 10-12 # 4 – # 9 Reserve Pit
Section 11-10N-12W
B-43 Area
Cleburne County, Arkansas

Rule Citation:

B-17 e) requires that a discharge from a pit or any activity associated with the drilling or completion of a well to any surface or ground waters or in a location where it is likely to cause pollution to any surface or groundwaters is prohibited. Such discharge may subject the Operator to ADEQ enforcement actions under the provisions of the Water and Air Pollution Control Act (Act 472 of 1949, as amended, A. C. A. § 8-4-101, et seq.) and enforcement actions of AOGC under Act 105 of 1939, as amended. Any Discharge must be reported within twenty-four (24) hours to the AOGC and ADEQ. Leakage from any Pit is considered an unauthorized Discharge.

Description of Violation:

A Commission inspection conducted March 1, 2012 found the above referenced pit leaking. Remedial action was found to be underway by the Permit Holder at the time of inspection.

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-17 e). The Permit Holder is required to properly repair the above referenced pit in accordance with Commission rules and regulations or close the pit. 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

**AOGC Fayetteville Shale Activity Report
Summary & Report of Notices of Violations
Reporting Period: April 1, 2012 through June 30, 2012**

Operators Receiving Notices of Violations (NOVs)

1. BHP Billiton Petroleum (Fayetteville) LLC	1
2. Foxborough Energy Corporation, LLC	1
3. R & J Trucking Company	1
4. SEECO, Inc.	1
5. Typhoon Energy, LLC	1
6. XTO Energy, Inc.	17



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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: June 28, 2012

Certified Mail #: 91 7199 9991 7030 5171 2600

Issued to:

R & J Trucking Company
608 Vonda Drive
Sulphur Springs, Texas 75482

Attn: Mr. John Russell

Location of Violation:

Permit # 44129
XTO Energy, Incorporated – O.B. Moss # 1-32H
Section 32-11N-9W
B-43 Area
Cleburne County, Arkansas

Rule Citation and Description of Violation: E-3 i) 2)

Exploration and Production Fluid Transporters shall only transport Exploration and Production Fluid to a permitted well for re-use in the well drilling or well completion process, a permitted off-site temporary storage facility, a permitted surface disposal facility or a permitted injection well disposal facility. Exploration and Production Fluid shall not be released or discharged onto the ground surface or into Waters of the State, unless otherwise authorized by the Arkansas Department of Environmental Quality.

Based on a Cleburne County Sheriff's Office Incident Report # 12-00688, R & J Trucking (R & J) dumped approximately 3,780 gallons of Exploration and Production Fluids at the above referenced site. Manifest tickets from R & J indicated the tank load of Exploration and Production fluid was delivered to the XTO Spier's well site for reuse, however, XTO records indicate the load of fluid was never received at that site. Commission inspections of the O.B. Moss #1-32H well site confirmed fluids had been dumped at the site.

Required Abatement Action(s):

The permit holder is hereby issued a Notice of Violation (NOV) for an improper discharge of Exploration and Production Fluids and a Cessation Order (CO) requiring an immediate State-wide cessation of all transportation of Exploration and Production Fluid activities in Arkansas by R & J Trucking Company.

Enforcement Action:

The required action above shall be completed immediately upon delivery of this Notice of Violation. Per General Rule A-5 4), the Director shall request, after notice and hearing, a civil penalty assessment in the amount of \$2,000.00 for failure to comply with the General Rules and Regulations of the Commission and request the revocation of the permit to transport Exploration and Production fluids issued by the Commission to R & J Trucking Company. 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 this NOV and the Commission General Rules and Regulations.

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



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



NOTICE OF VIOLATION

Date Mailed: June 21, 2012

Certified Mail: # 91 7199 9991 7030 5171 2754

Issued to:

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

Location of Violation:

Permit #39811
SEECO-Wood, Charles 09-13 1-6H
Section 6-9N-13W
B-43 Area
Van Buren County, Arkansas

Rule Citation and Description of Violation: – Operating Violation - General Rule B-5 h).

General Rule B-5 h) requires issuance of a Certificate of Compliance prior to commencement of production. SEECO commenced production of the subject well on **April 6, 2012** according to the date listed on the Form 4a "Notice of Commencement of Production". The Certificate of Compliance was not issued until **April 9, 2012**.

Required Abatement Action(s):

SEECO is hereby issued this Notice of Violation and is required to comply with the rules and regulations related to the outlined violations described above. Failure to comply with the terms of this Notice of Violation may result in a Director's request, after notice and hearing, for an order to compel compliance and the assessment of a civil penalty for future violations.

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.

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

Date Issued: June 21, 2012

Certified Mail: # 91 7199 9991 7030 5171 2983

Issued to:

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

Attn: Mr. Douglas C. Schultz

Location of Violation:

Permit #45523
XTO-Hazelwood 4-22H
Section 22-9N-10W
B-43 Area
Cleburne County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on November 10, 2011. The Permit to Drill was not issued until February 13, 2012.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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 # 96262



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
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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 Violation

Date Issued: June 21, 2012

Certified Mail: # 91 7199 9991 7030 5171 2969

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45522
XTO-Hazelwood 3-22H
Section 22-9N-10W
B-43 Area
Cleburne County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on November 11, 2011. The Permit to Drill was not issued until February 13, 2012.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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 # 96261



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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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 Issued: June 21, 2012

Certified Mail: # 91 7199 9991 7030 5171 2969

Issued to:

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

Attn: Mr. Douglas C. Schultz

Location of Violation:

Permit #45521
XTO-Hazelwood 2-22H
Section 22-9N-10W
B-43 Area
Cleburne County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on November 10, 2011. The Permit to Drill was not issued until February 13, 2012.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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 # 96260



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
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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 Violation

Date Issued: June 21, 2012

Certified Mail: # 91 7199 9991 7030 5171 2952

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45106
XTO-McNair 4-3H
Section 3-8N-11W
B-43 Area
Faulkner County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on September 7, 2011. The Permit to Drill was not issued until September 22, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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 # 96259



ARKANSAS OIL AND GAS COMMISSION

NOTICE OF ENFORCEMENT ACTION



Little Rock Office
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Suite 102
Little Rock, AR 72205
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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

Date Issued: June 21, 2012

Certified Mail: # 91 7199 9991 7030 5171 2945

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45388
XTO-Dipert 2-33H
Section 33-9N-13W
B-43 Area
Van Buren County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on September 23, 2011. The Permit to Drill was not issued until January 3, 2012.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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 # 96258



ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



Little Rock Office
301 Natural Resources Drive
Suite 102
Little Rock, AR 72205
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Fort Smith Regional Office
3309 Phoenix Avenue
Fort Smith, AR 72903
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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: June 5, 2012

Certified Mail #: 91 7199 9991 7030 5171 2525

Issued to:

Foxborough Energy Company, LLC
6501 North Broadway Extension, Suite 220
Oklahoma City, Oklahoma 73116

Attn: Robert S. May

Location of Violation:

Permit # 42165
Foxborough – Bennett SWD # 1
Section 24-10N-14W
Van Buren County, Arkansas

Rule Citation and Description of Violation:

Foxborough Energy Company, LLC (permit holder) is in violation of General Rule H-3(h) for exceeding the maximum allowable surface injection pressure. Commission Staff conducted an inspection of the above referenced injection well several times between June 1, 2012 and June 3, 2012. During the inspections, the well was found to be exceeding the maximum permitted injection pressure upon each inspection with the largest injection pressure recorded at 2250 psig which exceeds the current permitted limit of 2144 psig.

Required Abatement Action(s):

The permit holder 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 2144 psig.

Enforcement Action:

The required action above shall be completed immediately upon delivery of this Notice of Violation. If the permit holder 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 # 96229



ARKANSAS OIL AND GAS COMMISSION 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 Violation

Date Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5877

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45350
XTO-Williams 1-33H28
Section 33-8N-15W
B-43 Area
Conway County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on August 8, 2011. The Permit to Drill was not issued until December 19, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

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Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96219



ARKANSAS OIL AND GAS COMMISSION

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 Violation

Date Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5860

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45524
XTO-Hooten 5-18H17
Section 18-10N-8W
B-43 Area
Cleburne County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on August 17, 2011. The Permit to Drill was not issued until February 16, 2012.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96217



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 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 Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5891

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45231
XTO-Spier 2-36H
Section 36-11N-9W
B-43 Area
Cleburne County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on October 11, 2011. The Permit to Drill was not issued until November 7, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96213



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 Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5907

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45232
XTO-Spier 3-36H
Section 36-11N-9W
B-43 Area
Cleburne County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on October 11, 2011. The Permit to Drill was not issued until November 7, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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 # 96210



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 Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5846

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45234
XTO-Spier 5-36H
Section 36-11N-9W
B-43 Area
Cleburne County, Arkansas

SCANNED
JUN 27 2012

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on October 11, 2011. The Permit to Drill was not issued until November 7, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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 # 96208



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 Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5839

Issued to:

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

Attn: Mr. Douglas C. Schultz

Location of Violation:

Permit #45233
XTO-Spier 4-36H
Section 36-11N-9W
B-43 Area
Cleburne County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on October 11, 2011. The Permit to Drill was not issued until November 7, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96206



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 Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5822

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45389
XTO-Dipert 3-33H
Section 33-9N-13W
B-43 Area
Van Buren County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on September 23, 2011. The Permit to Drill was not issued until January 3, 2012.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96204



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 Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5815

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45391
XTO-Dipert 5-33H
Section 33-9N-13W
B-43 Area
Van Buren County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on September 23, 2011. The Permit to Drill was not issued until January 3, 2012.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96202



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 Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5914

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45390
XTO-Dipert 4-33H
Section 33-9N-13W
B-43 Area
Van Buren County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on September 23, 2011. The Permit to Drill was not issued until January 3, 2012.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96200



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 Issued: May 30, 2012

Certified Mail: # 91 7199 9991 7030 6773 5808

Issued to:

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

Attn: Mr. Douglas C. Schultz

Location of Violation:

Permit #45105
XTO-McNair 3-3H
Section 3-8N-11W
B-43 Area
Faulkner County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on September 7, 2011. The Permit to Drill was not issued until September 22, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96198



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 Issued: May 30 2012

Certified Mail: # 91 7199 9991 7030 6773 5792

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45104
XTO-McNair 2-3H
Section 3-8N-11W
B-43 Area
Faulkner County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on September 7, 2011. The Permit to Drill was not issued until September 22, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96196



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 Issued: April 24, 2012

Certified Mail: # 91 7199 9991 7030 6773 5976

Issued to:

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

Attn: Mr. Douglas C. Schultze

Location of Violation:

Permit #45107
XTO-McNair 5-3H
Section 3-8N-11W
B-43 Area
Faulkner County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in of a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on September 7, 2011. The Permit to Drill was not issued until September 22, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 96149



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 Issued: April 23, 2012

Certified Mail: # 91 7199 9991 7030 6773 5969

Issued to:

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

Mr. Rod Skaufel

Location of Violation:

Permit #45125
BHP – AKC 11-13 1-13H14
Section 13-11N-13W
B-43 Area
Van Buren County, Arkansas

Rule Citation:

General Rule B-1 b)1) states that "No person shall drill, deepen, or re-enter a plugged production well, without a permit", where "drill" is defined in General Rule B-1 a)3) as "the commencement of an operation to either **set conductor pipe** or the moving in a drilling rig capable of drilling to a depth to set the requisite amount of surface casing and spudding the well, if conductor pipe is not used."

Description of Violation:

According to the service ticket attached to completion paperwork, conductor pipe was set on September 28, 2011. The Permit to Drill was not issued until September 30, 2011.

Required Abatement Action(s):

The Permit Holder is hereby notified of this Notice of Violation and is required to comply with the requirements of General Rule B-1 on all future wells.

Enforcement Action:

Failure to adhere to required actions 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 \$2500.00 for failure to adhere to 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.

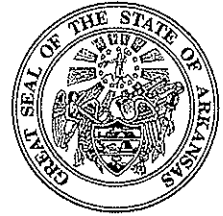
Copy

Steve Gates
Assistant Director
Fort Smith Regional Office

Case # 94146



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: April 9, 2012

Certified Mail: # 91 7108 2133 3939 2326 3915

Issued to:

Mr. Gordon H. Deen
Typhoon Energy, LLC
510 Hearn Street
Austin, TX 78703

Location of Violation:

Permit # 42489
Typhoon Energy, LLC: Rushing 13-12 #1-32
Section 32 - 13N - 12W
B-43 Field, Stone 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." Report for January 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 # 96126