

# 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

April 15, 2013

The Honorable Paul Bookout, Chairperson  
The Honorable John Charles Edwards, Chairperson  
C/o Ms. Marty Garrity  
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 cursive script, appearing to read "Lawrence E. Bengal".

Lawrence E. Bengal  
Director

#### COMMISSION MEMBERS

Chad White, Chairman, Magnolia  
W. Frank Morledge, Vice-Chairman, Forrest City  
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: January 1, 2013 through March 31, 2013**

**1. Inspection Staff**

A. Number of Full Time Inspector Staff (Statewide) .....	13*
<b>*(2 vacancies occurred during quarter – currently being filled)</b>	
B. Number of Part Time Inspector Staff (Statewide) .....	2
C. Number of Full Time Inspector Staff (Fayetteville Shale Only) .....	5
<b>*(1 of above vacancies occurred during quarter – currently being filled)</b>	
D. Number of Part Time Inspector Staff (Fayetteville Shale Only) .....	2

**2. Inspection/Compliance Reviews**

A. Number at Field Inspections Conducted.....	1192
B. Number of Compliance Reviews Conducted .....	1238
(1) Form 2 Drilling/ Fracture Permit.....	227
(2) Form 2A Drilling Pit Construction .....	51
(3) Form2B Drilling Pit Closure .....	22
(4) Form 3 Completion Report .....	131
(5) Form 3A Fracture Stimulation Report .....	131
(6) Form 4 Authority to Commence Production .....	135
(7) Form 12 Plugging Report.....	24
(8) Form 13 Production Test.....	139
(9) Form 14 Monthly Disposal Well Report.....	30
(10) Form 23 Well Transfer Report .....	2
(11) Form 24 Fire, Leak, Spill, Blowout Incident Report.....	9
(12) Form 25 Cross Unit Well Review.....	172
(13) Form 33 Temporary Abandonment.....	7
(14) Casing Setting Notice .....	158
(15) Form 38 Notice of Well Servicing (Disposal Wells) .....	0

**3. Complaints Received.....7**

A. Resolved without Field Investigation.....	1
B. Complaints Requiring Field Investigation .....	6
C. Investigations Resulting in Enforcement Actions .....	0

**4. Enforcement**

A. Number of Notices of Non-Compliance (NNC) Issued.....	30
(1) Operations-Related NNCs.....	22
(2) Administrative-Related NNCs .....	8
B. Number of Notices of Violation (NOV) Issued .....	5
(1) Operations-Related NOV.....	0

(2) Administrative-Related NOV's .....	5
C. Number of Cessation Orders Issued .....	0
D. Number of Violations and/or Commission Orders Resulting in Civil Penalties.....	0
<b>5. Judicial Actions (See Summary Page for Details)</b>	
A. Number of Actions Filed (appeal of AOGC order) .....	0
B. Number of Actions Resolved or Concluded .....	2
<b>6. Inspection / Compliance Reviews Anticipated Next Quarter .....</b>	<b>2500</b>
<b>7. Detail Report / Summary</b>	
A. <u>Section 4D – Civil Penalties</u> None.	
B. <u>Section 5 – Judicial Action</u> None.	

**AOGC Fayetteville Shale Activity Report**  
**Summary & Report of Notices of Non-Compliance**  
**Reporting Period: January 1, 2013 through March 31, 2013**

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

1. BHP Billiton Petroleum (Fayetteville) LLC .....	2
2. SEECO, Inc.....	9
3. XTO Energy, LLC.....	16
4. Traton Operating Company.....	3



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



Little Rock Office  
301 Natural Resources Drive  
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Phone: (501) 683-5814  
Fax: (501) 683-5818

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

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

### Notice of Non-Compliance

**Date Mailed:**

January 23, 2013

**Issued to:**

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

Attn: Mr. Jack Bergeron

**Location of Non-Compliance:**

Permit # 38245  
SEECO - Bryant, J #1-12  
Section 12-08N-14W  
B-43 Area  
Faulkner 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 30, 2010. The follow-up mandatory annual fluid level test was not conducted on the subject well as required and therefore, no longer meets the minimum requirement as outlined in Rule B-7 h) 3) D) iv).

**Action Required:**

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

**COPY**

Krystal Lunsford  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

**Case # 138777**



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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

### Notice of Non-Compliance

**Date Mailed:**

January 23, 2013

**Issued to:**

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

Attn: Mr. Jack Bergeron

**Location of Non-Compliance:**

Permit # 38053  
SEECO – Boy Scouts #1-2  
Section 02-08N-14W  
B-43 Area  
Faulkner 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 30, 2010. The follow-up mandatory annual fluid level test was not conducted on the subject well as required and therefore, no longer meets the minimum requirement as outlined in Rule B-7 h) 3) D) iv).

**Action Required:**

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

**COPY**

Krystal Lunsford  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

**Case # 138778**



# 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:

January 24, 2013

#### Issued to:

Seeco  
515 W. Greens Road  
Houston, TX 77067

Mr. Jack Bergeron

#### Location of Non-Compliance:

Permit # 38338  
SEECO – Green Bay Packaging #1-14  
Section 14-09N-17W  
B-43 Area  
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: Containment does not meet 1 ½ times tank capacity.

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138785



# 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:

January 24, 2013

#### Issued to:

Seeco  
515 W. Greens Road  
Houston, TX 77067

Mr. Jack Bergeron

#### Location of Non-Compliance:

Permit # 38246  
SEECO – Norwood #1-28H  
Section 28-09N-17W  
B-43 Area  
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 entry.

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138787





# ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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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 Non-Compliance

### Date Mailed:

January 25, 2013

### Issued to:

XTO  
210 Park Avenue, Suite 2350  
Oklahoma City, OK 73102

Mr. Douglas C. Schultz

### Location of Non-Compliance:

Permit # 40175  
XTO – Brown 11-13 #1-16H  
Section 16-11N-13W  
B-43 Area  
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: Wrong well name on the signs also shows that the signs are on the wrong 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

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

Case # 138789



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



Little Rock Office  
301 Natural Resources Drive  
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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:**

January 25, 2013

**Issued to:**

XTO  
210 Park Avenue, Suite 2350  
Oklahoma City, OK 73102

Mr. Douglas C. Schultz

**Location of Non-Compliance:**

Permit # 40915  
XTO – Brown 11-13 #5-16H  
Section 16-11N-13W  
B-43 Area  
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: Wrong well name on the signs also shows that the signs are on the wrong location.

**Required Action(s):**

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Copy

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

Case # 138791



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

### Notice of Non-Compliance

#### Date Mailed:

January 25, 2013

#### Issued to:

XTO  
210 Park Avenue, Suite 2350  
Oklahoma City, OK 73102

Mr. Douglas C. Schultz

#### Location of Non-Compliance:

Permit # 41212  
XTO – Brown 11-13 #6-16H17  
Section 16-11N-13W  
B-43 Area  
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: Wrong well name on the signs also shows that the signs are on the wrong location.

#### Required Action(s):

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Copy

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

Case # 138793



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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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 Non-Compliance

#### Date Mailed:

January 25, 2013

#### Issued to:

XTO  
210 Park Avenue, Suite 2350  
Oklahoma City, OK 73102

Mr. Douglas C. Schultz

#### Location of Non-Compliance:

Permit # 41211  
XTO – Brown 11-13 #3-17H16  
Section 16-11N-13W  
B-43 Area  
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 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: Latitude and Longitude at well head doesn't mat Latitude and Longitude on Form 2.

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138795



# ARKANSAS OIL AND GAS COMMISSION

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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:

January 25, 2013

#### Issued to:

XTO  
210 Park Avenue, Suite 2350  
Oklahoma City, OK 73102

Mr. Douglas C. Schultz

#### Location of Non-Compliance:

Permit # 42004  
XTO – Shier #1-36H25  
Section 36-09N-10W  
B-43 Area  
Cleburne County, Arkansas

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

- ☐ Failure to maintain proper well identification (Rule B-26 b))
- ☐ ☐ Produced fluids leaking or ☐ spilled (Rule B-26 d))
- ☒ ☐ No containment for produced fluids storage tank or ☒ improper containment (Rule B-26 e))
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- ☐ 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: Containment does not meet 1 ½ times tank capacity.

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138797



# 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:**

January 28, 2013

**Issued to:**

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

Mr. Jack Bergeron

**Location of Non-Compliance:**

Permit # 39097  
SEECO – Campbell #2-29H  
Section 29-09N-0017W  
B-43 Area  
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))
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- ☐ 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 entry.

**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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138802



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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

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

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

### Notice of Non-Compliance

#### Date Mailed:

January 28, 2013

#### Issued to:

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

Mr. Jack Bergeron

#### Location of Non-Compliance:

Permit # 45716  
SEECO – Sisson, Lester 10-14 #9-27H  
Section 27-10N-14W  
B-43 Area  
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 lease entry.

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138803



# 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:**

February 6, 2013

**Issued to:**

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

**Location of Non-Compliance:**

Permit # 41099  
Traton – Woodham #1-24H  
Section 24-11N-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 16, 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





# 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:**

February 7, 2013

**Issued to:**

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

Attn: Patrick Merritt

**Location of Non-Compliance:**

Permit # 41099  
Traton – Woodham #1-24H  
Section 24-11N-17W  
B-43 Area  
Van Buren County, Arkansas

**Rule Citation:**

Rule B-17 h) 6) Fluid Disposal and Earthen Pit Closure Requirements for Water –Based Drilling Fluids and encountered water.

**Statement of Violation:**

The above referenced well site has a reserve pit open and has been open since August, 2008. The pit should be closed according to General Rule B-17 h).

**Action Required:**

You are hereby notified to commence pit closure 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 both Arkansas Department of Environmental Quality and the Arkansas Oil and Gas Commission. 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  
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:** February 14, 2013

**Issued to:**

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

**Location of Non-Compliance:**

Permit #40427  
SEECO-Boy Scouts 08-14 2-3H  
Section 3-8N-14W  
B-43 Area  
Faulkner County, Arkansas

**Rule Citation and Description of Non-Compliance:** – General Rule B-5 h).

General Rule B-5 h) requires reports be filed within 30 days of the original completion, recompletion, or workover of a well. The Form 3 "Well Completion and Recompletion Report" and attachments submitted for the subject well was received in the AOGC Fort Smith Regional Office on **February 7, 2013**. The Form 3 indicates that the work was completed on **December 7, 2012**.

**Required Abatement Action(s):**

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

**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

Jay Hansen  
Petroleum Geologist  
Fort Smith Regional Office



# 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:**

March 5, 2013

**Issued to:**

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

ATTN: Rod Skaufel

**Location of Non-Compliance:**

Permit # 44747  
BHP – Rhoades 9-11 #2-24H  
Section 24-09N-11W  
B-43 Area  
Cleburne County, Arkansas

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

- ☒ Failure to maintain proper well identification (Rule B-26 b))
- ☐ ☐ Produced fluids leaking or ☐ spilled (Rule B-26 d))
- ☐ ☐ No containment for produced fluids storage tank or ☐ improper containment (Rule B-26 e))
- ☐ Containment area shall not contain ☐ excessive vegetation, ☐ storm water, ☐ produced fluids, ☐ debris, ☐ trash (Rule B-26 e))
- ☐ Improper bird netting on produced fluids storage tank (Rule B-26 d))
- ☐ ☐ Improper equipment storage ☐ excessive vegetation ☐ improperly disposed oil (Rule B-26 i))
- ☐ Leaking well (Rule B-26 k))
- ☒ Other: Sign has wrong well number 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138869



# 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  
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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:**

March 5, 2013

**Issued to:**

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

ATTN: Jack Bergeron

**Location of Non-Compliance:**

Permit # 42073  
SEECO – Acklin 10-06 #1-13H  
Section 13-10N-06W  
B-43 Area  
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: Sign has incorrect county.

**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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138871



# ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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

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

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

## Notice of Non-Compliance

### Date Mailed:

March 6, 2013

### Issued to:

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

Mr. Douglas C. Schultz

### Location of Non-Compliance:

Permit # 45546  
XTO – Gresham #4-17H  
Section 17-09N-10W  
B-43 Area  
Cleburne County, Arkansas

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

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

### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138894



# ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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

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

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

## Notice of Non-Compliance

### Date Mailed:

March 6, 2013

### Issued to:

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

Mr. Douglas C. Schultz

### Location of Non-Compliance:

Permit # 45547  
XTO – Gresham #5-17H16  
Section 17-09N-10W  
B-43 Area  
Cleburne County, Arkansas

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

- ☒ Failure to maintain proper well identification (Rule B-26 b))
- ☐ ☐ Produced fluids leaking or ☐ spilled (Rule B-26 d))
- ☐ ☐ No containment for produced fluids storage tank or ☐ improper containment (Rule B-26 e))
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- ☐ 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 entry.

### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138896



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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Little Rock, AR 72205  
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3309 Phoenix Avenue  
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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:

March 6, 2013

#### Issued to:

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

Mr. Douglas C. Schultz

#### Location of Non-Compliance:

Permit # 45562  
XTO – Gresham #6-17H16  
Section 17-09N-10W  
B-43 Area  
Cleburne County, Arkansas

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

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

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138898



# 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:

March 6, 2013

### Issued to:

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

Mr. Douglas C. Schultz

### Location of Non-Compliance:

Permit # 44558  
XTO – Jones #2-33H  
Section 33-09N-11W  
B-43 Area  
Cleburne County, Arkansas

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

- ☒ Failure to maintain proper well identification (Rule B-26 b))
- ☐ ☐ Produced fluids leaking or ☐ spilled (Rule B-26 d))
- ☐ ☐ No containment for produced fluids storage tank or ☐ improper containment (Rule B-26 e))
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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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

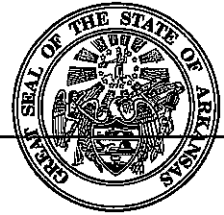
Case # 138900





# 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:**

March 7, 2013

**Issued to:**

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

Attention: Mr. Patrick Merritt

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

Arkansas Oil and Gas Commission (Commission) General Rule D-8 b) requires the permit holder to file a monthly gas report (Form 7) for any well that is not plugged and abandoned. Production reports for December 2012 are delinquent.

General Rule D-14 B) requires the person selling gas at the first point of sale, who is hereby defined to be the party initially responsible for distributing the 1/8 royalty interest shall, before paying for the production, deduct nine (9) mills for every thousand cubic feet of gas produced and removed from the lease each month, and remit the amounts so deducted to the Commission at the same time and periods as said purchasers make their regular gas payments. This gas assessment has not been paid for December 2012

**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 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:**

March 7, 2013

**Issued to:**

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

Attn: Mr. Douglas C. Schultze

**Location of Non-Compliance:**

Permit # 45796  
XTO Energy, Inc. – Thomas #3-7H6  
Section 7 – Range 10N – Township 7W  
B-43 Field  
White County, Arkansas

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

Arkansas Oil and Gas Commission (Commission) General Rule D-8 b) requires the permit holder to file a monthly gas report (Form 7) for any well that is not plugged and abandoned. The production report for December, 2012 is delinquent.

General Rule D-14 B) requires the person selling gas at the first point of sale, who is hereby defined to be the party initially responsible for distributing the 1/8 royalty interest shall, before paying for the production, deduct nine (9) mills for every thousand cubic feet of gas produced and removed from the lease each month, and remit the amounts so deducted to the Commission at the same time and periods as said purchasers make their regular gas payments. This gas assessment has not been paid for December, 2012

**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

## NOTICE OF ENFORCEMENT ACTION



**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:**

March 7, 2013

**Issued to:**

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

Attn: Mr. Douglas C. Schultze

**Location of Non-Compliance:**

Permit # 45755  
XTO Energy, Inc. – Thomas #5-7H1  
Section 7 – Range 10N – Township 7W  
B-43 Field  
White County, Arkansas

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

Arkansas Oil and Gas Commission (Commission) General Rule D-8 b) requires the permit holder to file a monthly gas report (Form 7) for any well that is not plugged and abandoned. The production report for December, 2012 is delinquent.

General Rule D-14 B) requires the person selling gas at the first point of sale, who is hereby defined to be the party initially responsible for distributing the 1/8 royalty interest shall, before paying for the production, deduct nine (9) mills for every thousand cubic feet of gas produced and removed from the lease each month, and remit the amounts so deducted to the Commission at the same time and periods as said purchasers make their regular gas payments. This gas assessment has not been paid for December, 2012

**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

## NOTICE OF ENFORCEMENT ACTION



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

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

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

### Notice of Non-Compliance

#### Date Mailed:

March 11, 2013

#### Issued to:

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

Mr. Douglas C. Schultz

#### Location of Non-Compliance:

Permit # 43377  
XTO – Sexton #1-12H  
Section 12-08N-09W  
B-43 Area  
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: Wrong S/T/R on sign.

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138921



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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

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

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

### Notice of Non-Compliance

**Date Mailed:**

March 11, 2013

**Issued to:**

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

Mr. Douglas C. Schultz

**Location of Non-Compliance:**

Permit # 42189  
XTO – Shier #2-36H  
Section 36-09N-10W  
B-43 Area  
Cleburne County, Arkansas

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

- ☐ Failure to maintain proper well identification (Rule B-26 b))
- ☐ ☐ Produced fluids leaking or ☐ spilled (Rule B-26 d))
- ☒ ☐ No containment for produced fluids storage tank or ☒ improper containment (Rule B-26 e))
- ☐ Containment area shall not contain ☐ excessive vegetation, ☐ storm water, ☐ produced fluids, ☐ debris, ☐ trash (Rule B-26 e))
- ☐ Improper bird netting on produced fluids storage tank (Rule B-26 d))
- ☐ ☐ Improper equipment storage ☐ excessive vegetation ☐ improperly disposed oil (Rule B-26 i))
- ☐ Leaking well (Rule B-26 k))
- ☒ Other: Containment does not meet 1 ½ time tank capacity.

**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

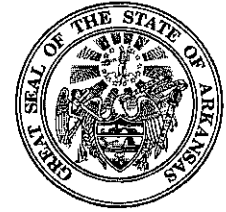
Steve Gates  
Assistant Director  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 138923



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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

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

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

### Notice of Non-Compliance

#### Date Mailed:

March 25, 2013

#### Issued to:

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

Mr. Douglas C. Schultz

#### Location of Non-Compliance:

Permit # 38321  
XTO – Martin #1-34  
Section 34-09N-10W  
B-43 Area  
Cleburne County, Arkansas

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

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

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 139009



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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

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

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

### Notice of Non-Compliance

#### Date Mailed:

March 25, 2013

#### Issued to:

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

Mr. Douglas C. Schultz

#### Location of Non-Compliance:

Permit # 39598  
XTO – Neiheisel #1-10H  
Section 10-10N-06W  
B-43 Area  
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: Containment does not meet 1 ½ times and water in containment.

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 139013



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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

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

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

### Notice of Non-Compliance

#### Date Mailed:

March 25, 2013

#### Issued to:

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

Mr. Jack Bergeron

#### Location of Non-Compliance:

Permit # 38096  
SEECO – Green Bay Packaging #2-23  
Section 23-09N-17W  
B-43 Area  
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 entry.

#### 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 139016





# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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

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

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

### Notice of Non-Compliance

#### Date Mailed:

March 27, 2013

#### Issued to:

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

Mr. Rod Skaufel

#### Location of Non-Compliance:

Permit # 44746  
BHP – Rhoades 9-11 #1-24H  
Section 24-09N-11W  
B-43 Area  
Cleburne County, Arkansas

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

- ☒ Failure to maintain proper well identification (Rule B-26 b))
- ☐ ☐ Produced fluids leaking or ☐ spilled (Rule B-26 d))
- ☐ ☐ No containment for produced fluids storage tank or ☐ improper containment (Rule B-26 e))
- ☐ Containment area shall not contain ☐ excessive vegetation, ☐ storm water, ☐ produced fluids, ☐ debris, ☐ trash (Rule B-26 e))
- ☐ Improper bird netting on produced fluids storage tank (Rule B-26 d))
- ☐ ☐ Improper equipment storage ☐ excessive vegetation ☐ improperly disposed oil (Rule B-26 i))
- ☐ Leaking well (Rule B-26 k))
- ☒ Other: Sign has wrong well number 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  
Arkansas Oil and Gas Commission  
Fort Smith Regional Office

Case # 139039



# 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

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### Notice of Non-Compliance

#### **Date Mailed:**

February 12, 2013

#### **Issued to:**

XTO Energy, Inc.  
810 Houston Street  
Fort Worth, TX 76102-6298

**Via US Mail and Email to: Alan Cody; Lynn Ramert; David Sonnen**

#### **Statute Citation and Description of Violation:**

Ark. Code Ann. § 15-72-305 A)5)D)ii) "Upon the filing of the complaint form, the commission shall issue an order requiring the party making the payments to appear at the next regularly scheduled hearing and to show cause for its failure to respond to the royalty interest owner's request for information or answers."

On or about December 18, 2012 the Arkansas Oil and Gas Commission ("AOGC") provided copies of a Royalty Owner Complaint filed by Arthur Dakesian to XTO Energy, Inc. ("XTO") in order to investigate the allegations therein prior to filing for hearing as required under Ark. Code Ann § 15-72-305. The correspondence requested a written response for the AOGC's investigation within 15 business days.

On December 27, 2012, an email from David Sonnen stating that a response will come from XTO's accounting department regarding Mr. Dakesian's allegations, was received by the AOGC.

On January 18, 2013, the AOGC sent an email request to David Sonnen with XTO requesting an update regarding the Dakesian complaint. On January 18, 2013 David Sonnen with XTO replied to the AOGC's January 18, 2013 email with an email string which included correspondence from Bonnie Brown stating that "We just finished close. I will have something today."

On February 4, 2013, the AOGC communicated that a response had not been received in this matter and requested an update from David Sonnen. On February 4, 2013, again David Sonnen responded with an email string which included correspondence from Bonnie Brown stating "I am sorry I have not gotten to this. In the middle of a huge project. I will try to get something out in the next day or 2."

As of February 11, 2013, the written response from XTO to the allegations contained in Mr. Dakesian's complaint have not been received by the AOGC.

**Case No.  
LR 01-2013**

**Statement of Violation:**

XTO Energy, Inc. has failed to respond to the investigation request of a Royalty Owner Complaint received by the AOGC within the time periods set forth therein.

**Action Required:**

You are hereby notified to fully respond to the allegations contained in the Royalty Owner Complaint referenced above within TEN (10) days of this Notice. Failure to comply with the terms of this Notice of Non-Compliance prior to the deadline set forth within this document may result in a Notice of Violation being issued by the Director of Production and Conservation.

Alan J. York  
Assistant General Counsel  
Arkansas Oil and Gas Commission

Cc: Arthur Dakesian

**AOGC Fayetteville Shale Activity Report  
Summary & Report of Notices of Violations  
Reporting Period: January 1, 2013 through March 31, 2013**

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

1. Traton Operating Company.....	2
2. Hall-Phoenix, LLC.....	1
3. Typhoon Energy, LLC .....	2



# 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:** March 12, 2013

**Certified Mail:** # 91 7108 2133 3939 2362 4778

**Issued to:**

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

Mr. Patrick Merritt

**Location of Violation:**

Permit # 41099  
Traton – Woodham 1-24H  
Section 24-11N-17W  
B-43 Area  
Van Buren 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 **February 6, 2013 for General Rule B-7 d)** 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 February 6, 2013.

**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**

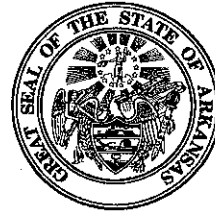
Steve Gates  
Assistant Director  
Fort Smith Regional Office

Case # 138834



# 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:** March 12, 2013

**Certified Mail:** # 91 7108 2133 3939 2362 4785

**Issued to:**

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

Mr. Patrick Merritt

**Location of Violation:**

Permit # 41099  
Traton – Woodham 1-24H  
Section 24-11N-17W  
B-43 Area  
Van Buren 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 **February 7, 2013 for General Rule B-17 h) 6)** 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 February 7, 2013.

**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 # 138839



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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

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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 Mailed:** January 3, 2013

**Certified Mail:** # 91 7199 9991 7030 5168 5300

**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 and D-14**

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 are now delinquent for September 2012.

General Rule D-14 B) requires the person selling gas at the first point of sale, who is hereby defined to be the party initially responsible for distributing the 1/8 royalty interest shall, before paying for the production, deduct nine (9) mills for every thousand cubic feet of gas produced and removed from the lease each month, and remit the amounts so deducted to the Commission at the same time and periods as said purchasers make their regular gas payments. This gas assessment has not been paid for September 2012.

**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) and D-14 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. If the Permit Holder fails to comply, the Director shall 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 # 138742



# 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:** January 3, 2013

**Certified Mail:** # 91 7199 9991 7030 5168 5317

**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 and D-14**

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 are now delinquent for October 2012.

General Rule D-14 B) requires the person selling gas at the first point of sale, who is hereby defined to be the party initially responsible for distributing the 1/8 royalty interest shall, before paying for the production, deduct nine (9) mills for every thousand cubic feet of gas produced and removed from the lease each month, and remit the amounts so deducted to the Commission at the same time and periods as said purchasers make their regular gas payments. This gas assessment has not been paid for October 2012.

**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) and D-14 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. If the Permit Holder fails to comply, the Director shall 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 # 138743





# 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:** February 4, 2013

**Certified Mail:** # 91 7199 9991 7030 5168 5416

**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 and D-14**

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 is now delinquent for November, 2012.

General Rule D-14 B) requires the person selling gas at the first point of sale, who is hereby defined to be the party initially responsible for distributing the 1/8 royalty interest shall, before paying for the production, deduct nine (9) mills for every thousand cubic feet of gas produced and removed from the lease each month, and remit the amounts so deducted to the Commission at the same time and periods as said purchasers make their regular gas payments. This gas assessment has not been paid for November, 2012.

**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) and D-14 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. If the Permit Holder fails to comply, the Director shall 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