

# ARKANSAS OIL AND GAS COMMISSION

Director's Office:  
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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:  
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3309 Phoenix Avenue  
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July 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 Bookout and Representative Edwards:

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: April 1, 2013 through June 30, 2013

#### 1. Inspection Staff

A. Number of Full Time Inspector Staff (Statewide) .....	13*
*(1 vacancy 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 vacancies occurred during quarter – currently being filled)	
D. Number of Part Time Inspector Staff (Fayetteville Shale Only) .....	2

#### 2. Inspection/Compliance Reviews

A. Number at Field Inspections Conducted .....	1429
B. Number of Compliance Reviews Conducted .....	1792
(1) Form 2 Drilling/ Fracture Permit.....	202
(2) Form 2A Drilling Pit Construction .....	121
(3) Form2B Drilling Pit Closure .....	103
(4) Form 3 Completion Report .....	175
(5) Form 3A Fracture Stimulation Report .....	175
(6) Form 4 Authority to Commence Production .....	176
(7) Form 12 Plugging Report.....	11
(8) Form 13 Production Test.....	167
(9) Form 14 Monthly Disposal Well Report .....	37
(10) Form 23 Well Transfer Report .....	1
(11) Form 24 Fire, Leak, Spill, Blowout Incident Report.....	44
(12) Form 25 Cross Unit Well Review .....	142
(13) Form 33 Temporary Abandonment .....	1
(14) Casing Setting Notice .....	437
(15) Form 38 Notice of Well Servicing (Disposal Wells).....	0

#### 3. Complaints Received 14

A. Resolved without Field Investigation.....	6
B. Complaints Requiring Field Investigation.....	8
C. Investigations Resulting in Enforcement Actions .....	0

#### 4. Enforcement

A. Number of Notices of Non-Compliance (NNC) Issued .....	7
(1) Operations-Related NNCs.....	1
(2) Administrative-Related NNCs.....	6
B. Number of Notices of Violation (NOV) Issued .....	6
(1) Operations-Related NOV.....	2

(2) Administrative-Related NOV.....	4
C. Number of Cessation Orders Issued.....	0
D. Number of Violations and/or Commission Orders Resulting in Civil Penalties .....	0

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

A. Number of Actions Filed (appeal of AOGC order) .....	0
B. Number of Actions Resolved or Concluded .....	0

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

**7. Detail Report / Summary**

A. Section 4D – Civil Penalties

J-Lu Ltd. ....	\$750.00
B&S Production.....	\$4,000.00

B. Section 5 – Judicial Action

None

**AOGC Fayetteville Shale Activity Report**  
**Summary & Report of Notices of Non-Compliance**  
**Reporting Period: April 1, 2013 through June 30, 2013**

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

1. BHP Billiton Petroleum (Fayetteville) LLC .....	2
2. SEECO, Inc. ....	3
3. XTO Energy, LLC.....	1
4. McCutchin Petroleum Corporation .....	1



## ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



Little Rock Office  
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2215 West Hillshore  
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### Notice of Non-Compliance

**Date Mailed:**

April 8, 2013

**Issued to:**

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

Attn: Mr. Rod Skaufel

**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 January 2013 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 January 2013.

**Action Required:**

The permit holder is hereby notified of this Non-Compliance issue and is instructed to comply with Commission Rules. The permit holder is further notified to provide the Commission with the required reports within thirty (30) days of this letter. Failure to comply with the terms of this Notice of Non-Compliance prior to the deadlines set forth within this document shall result in a Notice of Violation being issued by the Director of Production and Conservation.

**COPY**

Marcia Nicko  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission



# ARKANSAS OIL AND GAS COMMISSION

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### Notice of Non-Compliance - ALLOWABLE OVERPRODUCTION

**Date Mailed:** April 17, 2013

**Issued to:**

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

Attention: Mr. Rod Skaufel

**Location of Violation:**

Permit # 41956  
BHP – Heffner 7-10 # 1-33  
Section 33-7N-10W  
B-43 Area  
White County, Arkansas

**Rule Citation: D-16 f), g), h)**

- f) All PRUs subject to an allowable, and tested under the provisions of this rule, which produce in excess of the assigned annual production allowable, must be shut-in on the annual balancing date, until all overproduction is eliminated.
- g) All PRUs which are assessed an exceptional location penalty, and tested under the provisions of this rule, and which produce in excess of the assigned monthly production allowable, balanced quarterly, must be shut-in immediately after the Permit Holder knows or reasonably should have known that the PRU has produced in excess of the assigned quarterly production allowable, and remain shut-in until all overproduction is eliminated.
- h) All PRUs which are overproduced on the assigned balancing date and which fail to shut-in on the assigned balancing date, may be assessed a fine not to exceed two thousand five hundred (2,500) dollars per day for every day the well produced over the balancing date and may be subject to further enforcement actions in accordance with General Rule A-5, and Ark. Code Ann. § 15-72-401 through 15-72-406.

**Description of Violation:**

The allowable for the above referenced well operated by BHP Billiton Petroleum (Fayetteville), LLC (Permit Holder) has an exceptional location penalty of 80% of a normal allowable. In review of the annual balancing of reported sales for 2012/2013, the well is found to be in an oversold state for the reporting quarter of October 13, 2012 through January 12, 2013. Based on D-16 f) the Permit Holder failed to shut-in the well beginning with the ending of the balancing quarter. The Permit Holder did not provide the Commission with a notice of overproduction. For the quarter, the well is oversold by 41,132 mcf or 35 days.

**Required Abatement Action(s):**

The Permit Holder is hereby notified 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.

In accordance with General Rule D-16 and based on the assigned allowables for 2012/2013, this well is required to be shut-in for 35 days. Shut-in should commence upon receipt of this notice and remain shut-in until the well has achieved a balanced position in sales.

Please notify the Commission of the shut-in date. If you have any questions concerning this matter please contact the Ft. Smith Regional Office.

Copy

Steve Gates  
Assistant Director  
Fort Smith Regional Office



## ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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### Notice of Non-Compliance

**Date Mailed:**

April 17, 2013

**Issued to:**

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

Attn: Mr. Jack Bergeron

**Location of Non-Compliance:**

SEECO – Reed 10-07-19 Pad 02 Reserve Pit  
SEECO ID # 3001016084  
SEECO – Reed 10-07 Well #'s 2,3,4 and 8-19H  
Section 19-10N-07W  
B-43 Area  
White County, Arkansas

**Rule Citation:** B-17 f) 2) B) i)

The synthetic liner must be protected from deterioration, punctures and/or any activity which may damage the integrity of the synthetic liner.

**Description of Violation:**

The above referenced reserve pit was found to have punctures.

**Action Required:**

SEECO is hereby notified of this Notice of Non-Compliance. If the reserve pit will only be used for the drilling of the current well, no further action will be required. At the conclusion of the drilling of the current well utilizing this pit, the reserve pit is required to be drained and closed in accordance with General Rule B-17. If SEECO has further utility for this pit for use drilling another well or as part of the long term use provisions of General Rule B-17, the pit must be drained, inspected and any liner repairs witnessed by Commission Staff. The pit is not certified for further use beyond the drilling of current well and can not be used for containment of completion flowback fluids or for use in the in the long term re-use of the pit under the recycling provisions of General Rule B-17 until such time as repairs are made and inspected by Commission staff.

**COPY**

Mike Passmore  
District Oil & Gas Supervisor  
Fort Smith Regional Office  
Arkansas Oil and Gas Commission

Case # 139086



# ARKANSAS OIL AND GAS COMMISSION

## NOTICE OF ENFORCEMENT ACTION



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### NOTICE OF NON-COMPLIANCE

**Date Mailed:**

May 28, 2013

**Issued to:**

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

**Location of Violation:**

Permit # 40032  
XTO - Sullivan 9-6 #1-18  
Section 18-09N-06W  
B-43 Field  
White County, Arkansas

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

General Rule D-16) d) All existing PRUs, with an AOF in excess of 1 MMCF per day shall be tested within twelve (12) months and ten (10) days from the date of the most recent test to determine the AOF and an allowable. The Permit Holder of the gas well shall provide the Commission not less than seventy-two (72) hour notice in advance of such test, which may be witnessed by a representative of the Commission. e) All existing PRUs, except PRUs subject to an exceptional location penalty, with an AOF of less than 1 MMCF per day shall not be subject to an allowable determination as calculated in paragraph (k), but shall be tested within twelve (12) months and ten (10) days from the date of the most recent test to determine and report, on a form prescribed by the Director, a 24 hour shut-in pressure, deliverability and absolute open flow rate. The annual test for the referenced well was due on March 4, 2013.

**Required Action(s):**

The Permit Holder is hereby notified of this Notice of Non-Compliance and instructed to comply with General D-16. XTO is required to provide the Commission with the required test for the above referenced well within thirty (30) days of this letter. **If it is necessary for the test to be witnessed as per D-16, please contact me in the Fort Smith Regional office for scheduling.** Continued failure to provide the Commission with required drilling operation notifications 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 # 139129



## ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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### Notice of Non-Compliance

**Date Mailed:**

June 4, 2013

**Issued to:**

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

**Location of Non-Compliance:**

Permit # 39532  
SEECO – Tharp 10-7 #1-15  
Section 15-10N-07W  
B-43 Area  
White County, Arkansas

**Rule Citation:**

General Rule B-7 (d) All cased wells utilized for oil, gas or brine production, water supply or injection purposes, except such holes as are described in Rule B-10, shall be plugged and abandoned in accordance with applicable commission rules after the well has been idle for more than 24 months, or sooner should the Director determine that the cased well presents a risk of contamination to the environment or a risk to public safety, unless an application is filed to request temporary abandonment status for the well in accordance with subparagraph h). Upon such determination by the Director or if temporary abandonment status is denied, the Permit Holder shall commence plugging the well within 30 days after notification by the Director. Failure to commence plugging the well within 30 days after notification by the Director may result in the initiation of well abandonment proceedings in accordance with General Rule G-1.

**Description of Violation:**

The above referenced wells last date of production was May 2011.

**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



## ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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2215 West Hillsboro  
El Dorado, AR 71730  
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### Notice of Non-Compliance - ALLOWABLE OVERPRODUCTION

**Date Mailed:** June 12, 2013

**Issued to:**

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

Attention: Mr. Jack Bergeron

**Location of Violation:**

Permit # 40581  
SEECO, Inc. - Clark, Robert 10-15 #3-13  
Section 13-10N-15W  
B-43 Field  
Van Buren County, Arkansas

**Rule Citation: D-16 f), g), h)**

- f) All PRUs subject to an allowable, and tested under the provisions of this rule, which produce in excess of the assigned annual production allowable, must be shut-in on the annual balancing date, until all overproduction is eliminated.
- g) All PRUs which are assessed an exceptional location penalty, and tested under the provisions of this rule, and which produce in excess of the assigned monthly production allowable, balanced quarterly, must be shut-in immediately after the Permit Holder knows or reasonably should have known that the PRU has produced in excess of the assigned quarterly production allowable, and remain shut-in until all overproduction is eliminated, utilizing the last data from the subsequent year test to determine the length of time to be shut-in. However, any PRUs which produce less than eight (8) months during the applicable time frame specified in subparagraphs c), d) and e) above, shall be exempt from the quarterly balancing requirement of this subparagraph g), and shall balance subject to the annual balancing requirement specified in subparagraph f) above.
- h) All PRUs which are overproduced on the assigned balancing date and which fail to shut-in on the assigned balancing date, may be assessed a fine not to exceed two thousand five hundred (2,500) dollars per day for every day the well produced over the balancing date and may be subject to further enforcement actions in accordance with General Rule A-5, and Ark. Code Ann. § 15-72-401 through 15-72-406.

**Description of Violation:**

The allowable for the above referenced well operated by SEECO, Inc. (Permit Holder) has an exceptional location penalty of 66% of a normal allowable. In review of the annual balancing of reported sales for May 3, 2012 through March 31, 2013, the well is found to be in an oversold state. Based on D-16 f) the Permit Holder failed to shut-in the well beginning with the end of the balancing quarter for August 2012. For May 3, 2012 through March, 2013, the well is oversold by 11,843 mcf or 94 days.

**Required Abatement Action(s):**

The Permit Holder is hereby notified 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.

In accordance with General Rule D-16 and based on the assigned allowables for 2012, this well is required to be shut-in for 94 days. Shut-in should commence upon receipt of this notice and remain shut-in until the well has achieved a balanced position in sales.

Please notify the Commission of the shut-in date. If you have any questions concerning this matter please contact the Ft. Smith Regional Office.

**Copy**

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 NON-COMPLIANCE

### Date Mailed:

June 25, 2013

### Issued to:

McCutchin Petroleum Corporation  
8343 Douglas Avenue, Ste. 370  
Dallas, TX 75225  
Attn: Mr. Jerry McCutchin, Jr.

### Location of Violation:

Permit # 42980  
McCutchin - Nolen #1-3  
Section 03-06N-10W  
B-43 Field  
White County, Arkansas

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

General Rule D-16) d) All existing PRUs, with an AOF in excess of 1 MMCF per day shall be tested within twelve (12) months and ten (10) days from the date of the most recent test to determine the AOF and an allowable. The Permit Holder of the gas well shall provide the Commission not less than seventy-two (72) hour notice in advance of such test, which may be witnessed by a representative of the Commission. e) All existing PRUs, except PRUs subject to an exceptional location penalty, with an AOF of less than 1 MMCF per day shall not be subject to an allowable determination as calculated in paragraph (k), but shall be tested within twelve (12) months and ten (10) days from the date of the most recent test to determine and report, on a form prescribed by the Director, a 24 hour shut-in pressure, deliverability and absolute open flow rate. The annual test for the referenced well was due on May 25, 2013.

### Required Action(s):

The Permit Holder is hereby notified of this Notice of Non-Compliance and instructed to comply with General D-16. McCutchin is required to provide the Commission with the required test for the above referenced well within thirty (30) days of this letter. **If it is necessary for the test to be witnessed as per D-16, please contact me in the Fort Smith Regional office for scheduling.** Continued failure to provide the Commission with required drilling operation notifications 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 # 139297

**AOGC Fayetteville Shale Activity Report**  
**Summary & Report of Notices of Violations**  
**Reporting Period: April 1, 2013 through June 30, 2013**

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

1. Traton Operating Company.....	2
2. SEECO, Inc.....	1
3. Typhoon Energy, LLC .....	3



## ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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El Dorado, AR 71730  
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### Notice of Violation

**Date Issued:** April 24, 2013

**Certified Mail:** # 91 7108 2133 3939 2362 4815

**Issued to:**

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

**Location of Violation:**

Permit # 42505  
Typhoon - J & L Berry 13-12 #1-22  
Section 22-13N-12W  
B-43 Area  
Stone County, Arkansas

**Rule Citation:**

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.

**Description of Violation:**

Typhoon Energy was granted an initial "Temporary Abandonment" status on July 12, 2011. The follow-up mandatory annual fluid level test was not conducted on the subject well as required and therefore, no longer meets the minimum requirement as outlined in Rule B-7 h) 3) D) IV).

**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 October 8, 2012.

**Enforcement Action:**

Failure to complete all required action or file an application for the May 29<sup>th</sup>, 2013 Commission Hearing 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 an 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 from the date of this Notice of Violation.

**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 # 138436



## ARKANSAS OIL AND GAS COMMISSION NOTICE OF ENFORCEMENT ACTION



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FAX: (870) 862-8823

### Notice of Violation

**Date Issued:** April 24, 2013

**Certified Mail:** # 91 7108 2133 3939 2362 4808

**Issued to:**

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

**Location of Violation:**

Permit # 43142  
Typhoon – Rushing 13-12 #2-32  
Section 32-13N-12W  
B-43 Area  
Stone County, Arkansas

**Rule Citation:**

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.

**Description of Violation:**

Typhoon Energy was granted an initial "Temporary Abandonment" status on July 12, 2011. The follow-up mandatory annual fluid level test was not conducted on the subject well as required and therefore, no longer meets the minimum requirement as outlined in Rule B-7 h) 3) D) iv).

**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 October 8, 2012.

**Enforcement Action:**

Failure to complete all required action or file an application for the May 29<sup>th</sup>, 2013 Commission Hearing 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 an 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 from the date of this Notice of Violation.

**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 # 138437



## 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, 2013

**Certified Mail:** # 91 7108 2133 3939 2362 4792

**Issued to:**

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

**Location of Violation:**

Permit # 42489  
Typhoon – Rushing 13-12 #1-32  
Section 32-13N-12W  
B-43 Area  
Stone County, Arkansas

**Rule Citation:**

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.

**Description of Violation:**

Typhoon Energy was granted an initial "Temporary Abandonment" status on July 12, 2011. The follow-up mandatory annual fluid level test was not conducted on the subject well as required and therefore, no longer meets the minimum requirement as outlined in Rule B-7 h) 3) D) IV).

**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 October 8, 2012.

**Enforcement Action:**

Failure to complete all required action or file an application for the May 29<sup>th</sup>, 2013 Commission Hearing 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 an 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 from the date of this Notice of Violation.

**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 # 138438



## 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) 862-4963  
FAX: (870) 862-8823

### Notice of Violation

**Date Issued:** April 22, 2013

**Certified Mail:** # 91 7108 2133 3939 2362 4969

**Issued to:**

Mr. Patrick Merritt  
Traton Operating Company  
2929 Allen Parkway, Suite 3450  
Houston, TX 77019

**Location of Violation:**

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.

**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 or file an application for the May 29<sup>th</sup>, 2013 Commission Hearing 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 an 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 from the date of this Notice of Violation.

**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) 649-7636

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

## Notice of Violation

**Date Issued:** April 22, 2013

**Certified Mail:** # 91 7108 2133 3939 2362 4952

**Issued to:**

Mr. Patrick Merritt  
Traton Operating Company  
2929 Allen Parkway, Suite 3450  
Houston, TX 77019

**Location of Violation:**

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.

**Description 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).

**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 or file an application for the May 29<sup>th</sup>, 2013 Commission Hearing 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 an 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 from the date of this Notice of Violation.

**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  
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:** June 12, 2013

**Certified Mail:** # 91 7108 2133 3939 2362 4877

**Issued to:**

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

**Location of Violation:**

Permit # 38096  
SEECO – Green Bay Packaging #2-23  
Section 23-09N-17W  
B-43 Area  
Conway County, Arkansas

**Rule Citation:**

Rule B-26 b) 1) Each oil or gas well shall have a legible sign placed at the well showing the Permit Holder and the well name and number as shown on the permit as listed in the Commission records. If the lease is a single well lease, the well sign may be placed at the associated tank battery or lease entrance.

**Description of Violation:**

A Notice of Non-Compliance was sent to the above listed operator on March 25, 2013. A re-inspection of the well site was completed on June 12, 2013 and was found to still have no sign at the lease entrance.

**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 March 25, 2013.

**Enforcement Action:**

Failure to complete all required action or file an application for the July 23rd, 2013 Commission Hearing 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 an 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 from the date of this Notice of Violation.

**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