October 14, 2011

Sen. Mary Ann Salmon, Co-Chair  
Rep. Tommy Lee Baker, Co-Chair  
Arkansas Legislative Council  
Room 315, State Capitol Building  
Little Rock, AR 72261

Dear Legislators:

As required in Act 957 of 2011, Section 44, the Arkansas Department of Environmental Quality presents the following information:

The number of inspections, any hearings, findings, orders, fines, or other agency regulatory or enforcement actions or activities involving the Fayetteville Shale.

The information provided by each division covers the period July 1, 2011 through September 30, 2011. If you have any questions, please contact Karen Bassett at (501) 682-0959.

Sincerely,

Teresa Marks  
Director
ADEQ Report to Legislative Council on Fayetteville Shale
Related Activities pursuant to Section 44 of Act 957
July 1 – September 30, 2011

A. Total Complaints Received - 26

<table>
<thead>
<tr>
<th>Complaints received by county</th>
<th>Complaints received by program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleburne - 5</td>
<td>Air - 7</td>
</tr>
<tr>
<td>Conway - 5</td>
<td>Solid Waste - 1</td>
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<tr>
<td>Faulkner - 1</td>
<td>Water - 18</td>
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<tr>
<td>Hot Spring - 1</td>
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<tr>
<td>Independence - 1</td>
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<tr>
<td>Logan - 1</td>
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<td>Union - 2</td>
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<tr>
<td>Van Buren - 5</td>
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<tr>
<td>White - 5</td>
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</tbody>
</table>

B. Total Inspections Performed – 378

<table>
<thead>
<tr>
<th>Inspections performed by county</th>
<th>Inspections performed by program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleburne - 36</td>
<td>Air - 77 (20 routine inspections and 57 stack test observations)</td>
</tr>
<tr>
<td>Conway - 35</td>
<td>Mining Non-coal - 9</td>
</tr>
<tr>
<td>Faulkner - 44</td>
<td>Solid Waste - 4</td>
</tr>
<tr>
<td>Franklin - 5</td>
<td>Water - 288</td>
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<tr>
<td>Independence - 19</td>
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<td>Izard - 1</td>
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<td>Jackson - 13</td>
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<td>Johnson - 4</td>
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<td>Logan - 22</td>
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<td>Lonoke - 1</td>
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<td>Pope - 13</td>
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<td>Pulaski - 3</td>
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<tr>
<td>Randolph - 1</td>
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<td>Saline - 1</td>
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<tr>
<td>Scott - 1</td>
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<tr>
<td>Sebastian - 17</td>
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<tr>
<td>Union - 1</td>
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<tr>
<td>Van Buren - 114</td>
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</tr>
<tr>
<td>White - 47</td>
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</tbody>
</table>
C. Fayetteville Shale activity related inspections estimated for next quarter

Air – 10 routine inspections, not able to estimate stack test observations as these are based on facilities notifications

Mining – 0, inspections are complaint driven

Solid Waste – 4

Water - 175

D. Number of inspection staff in all programs at beginning of reporting quarter

Air – 22

Hazardous Waste - 14

Mining – 1

Regulated Storage Tanks - 16

Solid Waste - 9

Water - 23

E. Violation types noted in inspections reports

Air

- Awaiting results on 17 stack tests, one failed, all others passed.
- Violation of permit conditions-7
- Dust – 3
- Odors -3
- Burning - 1

Water

- Placing waste – 6
- Permitting issues – 10
- Stormwater Erosion Issues – 1
- Unpermitted discharges – 3
- Recordkeeping/Paperwork Violations – 0
- Trash/unauthorized fluid in pits – 0
- Improper closure of pit – 1
- Insufficient freeboard – 1
- Poor pit construction – 0
- Other – 1

Solid Waste –

- Leachate - 1
F. Administrative Actions taken during reporting quarter

Air – 3 Consent Administrative Orders addressing permit terms and conditions. Total assessed penalties - $6,481.25

Water – 3 Consent Administrative Orders addressing pond or pit liner, sedimentation controls measures, failure to prevent pollution to waters of the state and improper application of drilling fluids. Total assessed penalties - $30,700.00

Total Penalties Collected - $37,181.25

G. Judicial Actions taken during reporting quarter

None