



west virginia department of environmental protection

Office of Oil and Gas
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Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
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**ORDER TO CEASE OPERATIONS
ISSUED UNDER
WEST VIRGINIA CODE, CHAPTER 22, ARTICLE 6**

TO: Jay-Bee Oil & Gas
Rt. 1 Box 5
Cairo, WV 26337

DATE: January 7, 2014

ORDER NO.: 2014-05

INTRODUCTION

This Order (hereinafter "Order") is issued by the Office of Oil and Gas (hereinafter "OOG"), by and through its Chief, pursuant to the authority of W. Va. Code §§ 22-1-1, 22-6-1 and 22-6A-1 *et seq.* to Jay Bee Oil & Gas (hereinafter "JAY BEE" or "Operator"), collectively the "Parties."

FINDINGS OF FACT

In support of this Order, the Chief hereby finds the following:

1. OOG, an office within the West Virginia Department of Environmental Protection, is the agency with the duty and authority to execute and enforce W. Va. Code §§ 22-6-1 and 22-6A-1 *et seq.*, and the rules and regulations promulgated thereunder.
2. JAY BEE is a "person" as defined by W. Va. Code § 22-6-1(n), with a corporate address as Rt. 1 Box 5, Cairo, WV 26337.
3. JAY BEE is the "owner" as defined by W. Va. Code § 22-6-1(l) of a gas well identified as API # 47-095-02091, also known as the T1-03-8, located on the Lisby pad in McElroy District, Tyler County, West Virginia, which was authorized by a well work permit issued by OOG to JAY BEE on May 24, 2013.
4. On January 2, 2014, JAY BEE encountered an incident during operations that created a tank rupture and line leaks on the Lisby pad during fracturing operations.
5. On January 7, 2014, OOG issued Jay Bee Notice of Violation ("NOV") 8953 for a violation of W. Va. Code § 22-6-7(b) which states, "[i]t shall be unlawful for any person conducting activities which are subject to the requirements of this article, unless that

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person holds a water pollution control permit therefor from the director, which is in full force and effect to: (1) Allow pollutants or the effluent therefrom, produced by or emanating from any point source, to flow into the water of this state..." OOG personnel conducted inspections January 3, 2014 with the following findings "Due to the incidental tank rupture on January 2, 2014, tank fluids were found in the dike and sprayed on surrounding grounds of the well site and outside the boundary of the limit of disturbance (LOD) to the Lisby well pad." Such contaminants and findings of pollutants outside containments are considered a potential threat to surface waters, ground waters, and water sources and supplies.

CONCLUSIONS OF LAW

West Virginia Code § 22-1-6(d) requires, in part, that "[i]n addition to other powers, duties and responsibilities granted and assigned to the secretary by this chapter, the secretary is authorized and empowered to...(3) Enter private lands to make surveys and inspections for environmental protection purposes; to investigate for violations of statutes or rules which the department is charged with enforcing; to serve and execute warrants and processes; to make arrests; issue orders, which for the purposes of this chapter include consent agreements; and to otherwise enforce the statutes or rules which the department is charged with enforcing"

ORDER

The OOG hereby ORDERS JAY BEE to CEASE any and all well work operations not necessary as part of gaining control of the activities on the Lisby well pad in Tyler County, West Virginia. For the purposes of this order, the Lisby well pad shall be defined as the permitted site for well API # 47-095-02091. The OOG, hereby **ORDERS** that JAY BEE shall:

1. Gain control of the activities on the Lisby pad;
2. Submit to OOG a report on or before January 14, 2014 that:
 - a. Demonstrates a knowledge and understanding as to the cause of the incident on the Lisby pad. This report shall include all information that was used by JAY BEE to come to such conclusion and how JAY BEE made this final determination as to the cause of the incident;
 - b. Demonstrates JAY BEE's ability to safely resume operations on the well pad; and
 - c. Outlines future preventive measures to be employed that will safeguard against similar future incidents.
3. On or before February 7, 2014 Jay Bee shall provide an analysis of the tank fluids from the incident, using OOG approved parameters;
4. On or before January 14, 2014, submit to OOG for approval, a proposal for soil sampling and a remediation plan to remove and dispose of any contaminated soil from the impacted areas;
5. On or before January 14, 2014, submit to OOG for approval, a proposal for surface water sampling, including plans for containment and removal of any pollutants found;
6. On or before January 14, 2014, JAY BEE shall devise and submit to OOG, then implement, best management practices ("BMPs") for flow-back tank systems for all its operations in West Virginia; and

7. Within thirty (30) days of the conclusion of all sampling and remediation activities, JAY BEE shall provide an after-action report to OOG which details JAY BEE's testing and remediation activity on the pad, including all sampling data, undertaken as a result of this Order.

Any and all proposals required as part of this Order to Cease Operations shall be subject to approval by the OOG. Furthermore, abatement of this Order may be conditioned on the implementation of such proposals.

This order does not alleviate JAY BEE from any safety or environmental obligations on the Lisby well pad. The OOG reserves the right under this Order to authorize or demand any such activity to ensure these obligations are met as it deems necessary.

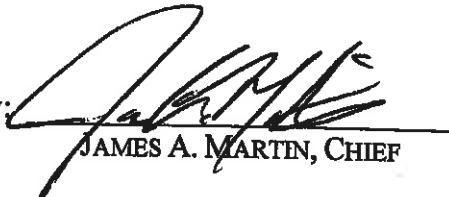
JAY BEE shall not mobilize any completion/fracturing equipment or otherwise initiate any fracturing operations on the Lisby well pad without written, prior approval from the OOG.

Thus ORDERED, the 7th day of January 2014.

IN THE NAME OF THE STATE OF WEST VIRGINIA:

OFFICE OF OIL AND GAS
DEPARTMENT OF ENVIRONMENTAL PROTECTION
STATE OF WEST VIRGINIA

By:



JAMES A. MARTIN, CHIEF