



Pennsylvania Department of Environmental Protection

230 Chestnut Street
Meadville, PA 16335-3481
February 27, 2009

Northwest Regional Office

814-332-6860
Fax: 814-332-6121

NOTICE OF VIOLATION

CERTIFIED MAIL NO. 7008 1830 0000 6962 9595

Mr. Thomas Liberatore
Vice President
Cabot Oil & Gas Corporation
900 Lee Street, Suite 500
Charleston, WV 25301

Re: Gas Migration Investigation
Dimock Township, Susquehanna County

Dear Mr. Liberatore:

As you are aware, the Department has been conducting a gas migration investigation in the vicinity of your drilling activities in Dimock Township, Susquehanna County. During the course of our investigation, the Department has documented that Cabot Oil and Gas Corporation is responsible for the following violations of the Clean Streams Law, 35 P.S. §691.1, *et seq.*; the Oil and Gas Act, 58 P.S. §601.101, *et seq.*; and the rules and regulations promulgated under these statutes:

1. **Unpermitted discharge of polluting substances.**

Our investigation revealed that Cabot has caused or allowed the unpermitted discharge of natural gas, a polluting substance, to waters of the Commonwealth. This is a violation of Section 401 of the Clean Streams Law, 35 P.S. §691.401, which provides:

“It shall be unlawful for any person or municipality to put or place into any of the waters of the Commonwealth, or allow or permit to be discharged from property owned or occupied by such person into any waters of the Commonwealth, any substance of any kind or character resulting in pollution as herein defined.”

2. **Failure to prevent gas from entering fresh groundwater.**

Our investigation revealed that Cabot had caused or allowed gas from lower formations to enter fresh groundwater. This is a violation of 25 Pa. Code §78.73, which provides:

“The operator shall prevent gas and other fluids from lower formations from entering fresh groundwater.”

3. **Failure to submit well record and completion reports.**

An in-office review of our records documented that Cabot had failed to submit well records and/or completion reports to the Department within 30 days of cessation of drilling for the following wells:

Not submitted within 30 days:

115-20026	Baker 1	115-20019	Gesford 3S
115-20048	Black 1H	115-20019	Gesford 3
115-20056	Black 2H	115-20008	Greenwood 1
115-20051	Brooks 1H	115-20050	Heitsman 1H
115-20036	Costello 1	115-20039	Hubbard 1
115-20043	Costello 2	115-20035	Lewis 1
115-20049	Ely 1H	115-20030	Lewis 2
115-20015	Ely 2	115-20007	Teel 1
115-20034	Ely 4	115-20010	Teel 2
115-20041	Ely 6H	115-20024	Teel 5
115-20033	Gesford 2	115-20011	Teel 6
115-20023	Teel 7		

Not yet submitted:

115-20029 Ely 1

Cabot's failure to submit well records and/or completion reports for the above-listed wells within 30 days of cessation of drilling is in violation of 25 Pa. Code §78.122.

4. **Failure to submit plugging certificate.**

An in-office review of our records documented that Cabot had failed to submit the certificate of plugging within 30 days for the following well:

115-20019 Gesford 3A

Cabot's failure to submit the certificate of plugging within 30 days after the above-listed well had been plugged is a violation of 25 Pa. Code §78.124.

Additionally, due to continuing safety concerns for residents in the area of the subject gas migration as evidenced by elevated levels of free methane and/or dissolved methane gas, the Department is requesting that Cabot take the following actions:

1. Install methane gas detectors in appropriate living spaces of the following residences:
 - William and Sheila Ely
 - Michael Ely
 - Nolan (Scott) Ely
 - Victoria Hubert
 - Craig and Julie Sautner
 - Ronald and Jean Carter Sr.
 - Timothy and Debborah Maye
 - Norma Fiorentino
 - Ed and Becky Burke

2. Continue to provide alternate sources of water to the following residences until the Department determines that the alternate water supplies are no longer necessary to assure residents' safety:
 - William and Sheila Ely
 - Michael Ely
 - Nolan (Scott) Ely
 - Victoria Hubert

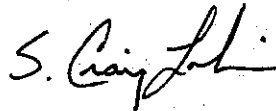
3. Provide to the Department all analytical results for samples taken by Cabot from area water supplies in conjunction with the gas migration investigation. Please note that it is the Department's intent to also provide Cabot with all related sample results gathered by the Department during the course of its investigation. Moreover, some residents have indicated that Cabot has not provided any of their sample results to them. If this is the case, copies of appropriate results should be furnished to owners of water supplies where samples have been taken.

Please notify me in writing within 10 days of your receipt of this notice, as to your intentions in this matter. The Department further requests that Cabot submit to the Department a plan that it intends to implement to resolve the violations identified above by March 13, 2009. Additionally, the plan should include dates by when Cabot intends to implement the Department's request for actions identified above. As previously conveyed to Cabot, the Department would also like to convene a meeting with Cabot representatives at our Northwest Regional Office to discuss Cabot's current and future drilling program in Pennsylvania. Please contact me with dates that Cabot will be available in the near future to meet.

This Notice of Violation and request for actions is neither an order nor any other final action of the Department of Environmental Protection. It neither imposes nor waives any enforcement action available to the Department under any of its statutes. If the Department determines that an enforcement action is appropriate, you will be notified of the action.

If you have any questions concerning the above, please contact me.

Sincerely,



S. Craig Lobins
Regional Manager
Oil and Gas Management

cc: Mike O'Donnell
Paul Kucsma
Tony Oprendeck
Doug Welsh
Herb Karlinsey
Michael Braymer
Jennifer Means – NCRO File
NWRO File

SCL:jb



Pennsylvania Department of Environmental Protection

230 Chestnut Street
Meadville, PA 16335-3481

January 22, 2009

Northwest Regional Office

814-332-6860
Fax: 814-332-6121

Mr. Thomas S. Liberatore
Vice President and General Manager
Cabot Oil and Gas Corporation
900 Lee Street East Suite 500
Charleston, WV 25301

Dear Mr. Liberatore:

This letter will serve to summarize our phone conversation of January 20, 2009.

Pennsylvania DEP has concerns about gas migration into water supplies in the vicinity of Dimmock in Susquehanna County, PA. Your company operates wells in the area and as part of our investigation, we are asking your company to take the following steps.

- Gage the pressure on the 4 ½ production string and the annulus of the 4 ½ x 7 casing in the presence of Department personnel for the following list of wells:

115-20039 Hubbard 1
115-20026 Baker 1
115-20049 Ely 1-H
115-20015 Ely No. 2
115-20034 Ely 4-H
115-20041 Ely 6-H
115-20008 Greenwood 1
115-20035 Lewis 1
115-20030 Lewis 2
115-20036 Costello 1

115-20043 Costello 2
115-20033 Gesford 2
115-20007 Teel 1
115-20024 Teel 5
115-20011 Teel 6
115-20023 Teel 7
115-20014 Brooks 1
115-20050 Heitsman 1H
115-20057 Rozanski 1

- Submit complete well record/completion reports for the above wells if you have not already done so.
- Submit electric/radioactive logs for the above wells.
- After reviewing the pressures on the 4 ½ x 7 annulus, begin a program of venting the annulus to atmosphere on select wells. Note: after reviewing pressures taken on January 21, 2009, we would like to see the Baker 1 and Ely 4H backside vented to atmosphere.

Mr. Thomas S. Liberatore

-2-

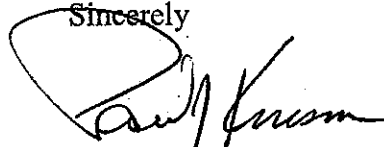
January 22, 2009

- Submit a plan to correct the defective cement on the Gesford No. 3, 115-20019.
- Submit all of the required paperwork on the Gesford No. 3A; well record, Notice of Intent to Plug, and plugging certificate.
- At the Fiorentino residence, remove the concrete cover to the water well pit and vent the water well above grade so the well can be used and the vent used as a monitoring point, and re-cover the well pit.

The Department has asked for a meeting in the near future with Cabot personnel to discuss your casing and cementing plans on wells going forward.

Thank you for your cooperation and if you have any questions, please feel free to call me at any time. My direct number is 814 332-6863.

Sincerely



Paul J. Kucsma, P.G.
Environmental Group Manager
Oil and Gas Management

cc: Mike Sherman
Kelly Burch
Craig Lobins
Doug Welsh
Tony Oprendeck

PJK:ls1