

COMMONWEALTH OF PENNSYLVANIA

Dept. of Environmental Protection

Commonwealth News Bureau
Room 308, Main Capitol Building
Harrisburg PA., 17120

FOR IMMEDIATE RELEASE

04/15/2010

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DEP Takes Aggressive Action Against Cabot Oil & Gas Corp to Enforce Environmental Laws Protect
Public in Susquehanna County
Suspend Review of Cabot's New Drilling Permit Applications Orders Company to Plug Wells Install
Residential Water Systems Pay \$240,000 in Fines

HARRISBURG -- The Department of Environmental Protection today issued a sweeping order requiring Cabot Oil & Gas Corp. to take extensive actions and help the residents of Dimock Township, Susquehanna County, who have been affected by the company's drilling activities.

Under the consent order and agreement, Cabot must plug three wells within 40 days that are believed to be the source of migrating gas that has contaminated groundwater and the drinking water supplies of 14 homes in the region. It must also install permanent treatment systems in those homes within 30 days.

Additionally, DEP Secretary John Hanger said his agency is immediately suspending its review of Cabot's pending permit applications for new drilling activities statewide until it fulfills its obligations under the order issued today. Cabot also is barred from drilling any new wells for at least one year in the Dimock Township area.

Today's action follows Cabot's failure to abide by the terms of a November 2009 consent order and agreement with DEP.

"Cabot had every opportunity to correct these violations, but failed to do so. Instead, it chose to ignore its responsibility to safeguard the citizens of this community and to protect the natural resources there," said Hanger. "I have ordered that all of Cabot's permit applications for further drilling in any region of the state be put on-hold, indefinitely, until the region's homeowners receive their new water treatment systems, the fines are paid, and the wells are plugged.

"Gas migration is a serious issue that can have dire consequences to affected communities and we will not allow Pennsylvania's citizens to be put in harms way by companies that chose not to follow the law."

During recent inspections, DEP identified five additional defective Cabot gas wells and another home water supply that has been affected by gas migration, bringing to 14 the number of impacted water supplies in the Dimock area.

Hanger said DEP also will continue to investigate another 10 Cabot gas wells in the Dimock area over the next 85 days that could be sources of migrating gas and determine whether Cabot should be ordered to plug some or all of those wells.

The original November 2009 consent order and agreement directed Cabot to meet a March 31 deadline to fix defective cement and well casings on certain wells and to prevent the unpermitted natural gas discharge into groundwater that violated the state's Clean Streams Law and the Oil and Gas Act. The company did not meet this deadline, while the migrating gas continues to impact water supplies at homes in a nine-square-mile area near Carter Road.

As part of today's order, Cabot has also paid a \$240,000 fine to the commonwealth, which has been deposited into the state's well-plugging account. It also must pay \$30,000 per month beginning in May until DEP has determined that the company has met its obligations under the 2009 order.

"Companies drilling in the Marcellus Shale have the legal responsibility to design and construct their wells to keep all gas contained within the wells and to prevent gas from moving into fresh groundwater. These standards are not mere suggestions or recommendations," Hanger said. "Oil and gas companies doing business in Pennsylvania will follow the environmental rules and regulations put in place to protect citizens and our natural resources or face aggressive action by this department."

Cabot Oil & Gas Corp. is headquartered in Houston, Texas with a mailing address in Pittsburgh.

For more information on oil and gas wells, visit www.depweb.state.pa.us, keyword: Oil and gas.