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Pennsylvania Department of Environmental Protection

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Pittsburgh, PA 15222-4745  
March 27, 2008

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Southwest Regional Office  
Certified Mail No. 7000 1670 0004 1446 1274

Dominion Exploration & Production, Inc.  
1380 Route 286 Highway East, Suite 303  
Indiana, PA 15701-9241

RE: Water Supply Replacement  
[REDACTED]  
West Pike Run Township  
Washington County

Gentlemen:

Enclosed is a Department Order for the replacement/restoration of the [REDACTED] water supply, which we have determined has been polluted by Dominion's drilling activities at gas well Permit number [REDACTED] in West Pike Run Township, Washington County. If you have any questions, please contact this office (412) 442-4077.

Sincerely,

Jack Crook  
Compliance Chief  
Oil and Gas Management

Enclosures

cc: Company file  
Ed Renwick  
Gail Myers  
[REDACTED]

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In The Matter Of:

Dominion Exploration &	:	Oil and Gas Act
Production, Inc.	:	Water Supply Replacement
1380 Rt. 286 Hwy. East	:	[REDACTED]
Suite 303	:	West Pike Township
Indiana, PA 15701-9241	:	Washington County

ORDER

Now, this 27 day of March, 2008, the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department"), has found and determined the following:

A. The Department is the agency with the duty and authority to administer and enforce the Oil and Gas Act, Act of December 19, 1984, P.L. 1140, *as amended*, 58 P.S. §§ 601.101-601.605 ("Oil and Gas Act"); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. § 510-17 ("Administrative Code"); and the rules and regulation ("rules and regulations") promulgated thereunder.

**Dominion Exploration & Production, Inc.**

B. Dominion Exploration & Production, Inc. ("Dominion") is a Delaware corporation engaged in the exploration and production of oil and gas resources in Pennsylvania. Dominion's mailing address is 1380 Rt. 286 Hwy. East, Suite 303, Indiana, PA 15701.

The [REDACTED] Water Supply

C. [REDACTED] resides with his family in West Pike Run Township, Washington County, and has a mailing address of [REDACTED]

██████████ A water well provides the water supply for drinking and cooking purposes at the ██████████ residence ("Water Well" and "Water Well Supply"). A spring provides the water supply for all other domestic purposes at the ██████████ residence ("Spring" and "Spring Water Supply").

#### The Gas Well

D. On October 30, 2007, the Department issued well Permit No. ██████████ to Dominion authorizing Dominion to drill the ██████████ Gas Well in West Pike Run Township, Washington County, Pennsylvania ("Gas Well").

E. On or about December 11, 2007, Dominion commenced drilling operations at the Gas Well site. Drilling of the Gas Well was completed on December 20, 2007.

#### Water Supply Pollution Investigation

F. On or about January 29, 2008, ██████████ notified the Department that following the commencement of drilling operations at the Gas Well site, the water from the Water Well Supply turned cloudy and discolored and contained sediment. ██████████ requested that the Department conduct an investigation.

G. On January 30, 2008, the Department initiated an investigation of the alleged pollution of the Water Well Supply.

H. The surface of the Gas Well is approximately twenty feet lower in elevation than the surface of the Water Well and is roughly 440 feet from the Water Well, measured horizontally.

I. Prior to commencing drilling operations at the Gas Well site, Dominion conducted a pre-drilling survey of the Water Well and the Spring on November 20, 2007 ("Pre-Drilling Survey").

J. The analytical sampling results from the Pre-Drilling Survey show that iron and manganese were present in the Water Well at 0.106 milligrams per liter (mg/l) and less than 0.005 mg/l, respectively. These concentrations are within established drinking water standards set forth at 25 Pa. Code § 109.202. The drinking water standards for iron and manganese set forth at 25 Pa. Code § 109.202 are 0.3 mg/l and 0.05 mg/l, respectively.

K. Analysis of a sample of the Water Well Supply taken by the Department on January 30, 2008, shows that iron and manganese were present in the Water Well Supply at 6.781 mg/l and 0.193 mg/l, respectively. These concentrations exceed the concentrations of iron and manganese present in Dominion's Pre-Drilling Survey and exceed the drinking water standards for iron and manganese.

L. The analytical sampling results of the Spring from the Pre-Drilling Sample and the Department's January 30, 2008 sample show that the concentrations of iron and manganese are within the drinking water standards for iron and manganese.

M. The water from the Water Well Supply continues to be cloudy and discolored and cannot be used for the drinking and cooking purposes served by the Water Well Supply.

N. The Water Well Supply is polluted.

O. Dominion currently provides bottled water to [REDACTED] for drinking and cooking purposes.

P. Well operators who affect a private or public water supply by pollution or diminution are required to restore or replace the affected water supply with an alternate water supply adequate in quantity and quality for the purposes served by the supply. 58 P.S. § 601.208(a) and 25 Pa. Code § 78.51(a).

Q. Section 208(c) of the Oil and Gas Act, 58 P.S. § 601.208(c), provides that as a matter of law, a well operator is presumed to be responsible for the pollution of a water supply that is within 1,000 feet of an oil and gas well, where the pollution occurred within six months after completion of drilling or alteration activities of such well, unless the presumption is rebutted by one of the five defenses as set forth in 58 P.S. § 601.208(d).

R. The Department advised Dominion of the pollution of the [REDACTED] Water Well Supply. Dominion provided no information as to the cause of the pollution of the Water Well Supply, or any evidence that would establish any of the five defenses to the presumption of responsibility for the pollution of the Water Well Supply.

S. Section 78.51(d) of the Department's rules and regulations, 25 Pa. Code § 78.51(d), requires that the operator shall affirmatively demonstrate to the Department's satisfaction that the quality of the restored or replaced water supply to be used for human consumption is at least equal to the quality of the supply before it was affected by the operator. However, if the quality of the water supply before it was affected by the operator cannot be affirmatively established, the operator shall demonstrate that the concentration of substances in the restored or replaced water supply does not exceed the primary and secondary maximum contaminant levels ("MCLs") established under 25 Pa. Code § 109.202 (relating to state MCLs and treatment technique requirements).

T. The pollution of the Water Well Supply constitutes a public nuisance and unlawful conduct pursuant to Sections 502 and 509(2) of the Oil and Gas Act, 58 P.S. §§ 601.502 and 601.509(2).

NOW, THEREFORE, pursuant to Sections 208 and 503 of the Oil and Gas Act, 58 P.S. §§ 601.208 and 601.503; and Section 1917-A of the Administrative Code, 71 P.S. § 510-17, the Department hereby orders that:

1. Dominion shall continue to provide a temporary water supply to [REDACTED] adequate in quality and quantity for the purposes served by the Water Well Supply until Dominion completes the permanent restoration or replacement of the Water Well Supply as required in Paragraph 2 hereof.

2. a. Within thirty (30) days of receipt of this Order, Dominion shall provide the Department with a written plan and schedule which describes in detail the methods and/or techniques proposed to restore or replace permanently the Water Well Supply and when it will do so ("Plan and Schedule"). The proposed Plan and Schedule shall include, at a minimum:

i. A proposed schedule for completing the permanent replacement or restoration of the Water Well Supply. However, the proposed replacement or restoration of the Water Well Supply shall be constructed, installed and operating no later than thirty (30) days after the Department's approval or approval with modifications of the Plan and Schedule;

ii. A method of demonstrating to the satisfaction of the Department that the quantity and quality of the permanently restored or replaced water supply meet the requirements of 25 Pa. Code §§ 78.51(a), (d), (e), (f), and (g);

iii. A description of how Dominion will compensate [REDACTED] on a permanent basis for any increased operation and maintenance costs associated with the restored or replaced water well supply which exceeds those associated with the Water Well Supply. A copy of any signed agreements between Dominion and [REDACTED] in this regard should be submitted with the proposed Plan and Schedule.

b. Dominion shall commence implementation of the Plan and Schedule as approved by the Department upon the Department's approval or approval with modifications.

c. Dominion shall respond to any Department requests for additional information concerning the Plan and Schedule or comments concerning the Plan and Schedule within ten (10) days of such request for comments.

3. In complying with this Order, Dominion shall not affect by pollution or diminution any other water supply.

Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. § 7514, and the Administrative Agency Law, 2 Pa.C.S. Chapter 5A, to the Environmental Hearing Board, Second Floor, Rachel Carson State Office Building, 400 Market Street, P.O. Box 8457, Harrisburg, PA 17105-8457, 717-787-3483. TDD users may contact the Board through the Pennsylvania Relay Service, 800-654-5984. Appeals must be filed with the Environmental Hearing Board within 30 days of receipt of written notice of this action unless the appropriate statute provides a different time period. Copies of the appeal form and the Board's rules of practice and procedure may be obtained from the Board. The appeal form and the Board's rules of practice and procedure are also available in braille or on audiotape from the Secretary to the Board at 717-787-3483. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST REACH THE BOARD WITHIN 30 DAYS. YOU DO NOT NEED A LAWYER TO FILE AN APPEAL WITH THE BOARD.

IMPORTANT LEGAL RIGHTS ARE AT STAKE, HOWEVER, SO YOU SHOULD  
SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A  
LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE  
SECRETARY TO THE BOARD (717-787-3483) FOR MORE INFORMATION.

*Kenneth Bowman*  
*General Director for*  
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Alan J. Eichler  
Regional Manager  
Oil and Gas Management  
Southwest Region