



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

DEP USE ONLY	
Permittee's eFACTS ID <b>213205</b>	Auth ID <b>798814</b>
Watershed Name	Quality

## WELL PERMIT

Permittee <b>PENNSYLVANIA GENERAL ENERGY COMPANY, L.L.C.</b>	OGO.# <b>OGO-63025</b>	Permit Number <b>37-105-21590-</b>	Date Issued <b>07/31/2009</b>
Address <b>120 MARKET ST</b>	Farm Name & Well Number <b>PINE HILL 2383</b>		Well Serial #
	Municipality <b>Sylvania</b>	County <b>Potter</b>	
<b>WARREN, PA 16365</b>	7 1/4' Quadrangle Name <b>Conrad</b>		Map Section # <b>1</b>
Phone <b>(814) 723-3230</b>	Project #	Latitude <b>41-35-30.9800</b>	Longitude <b>-77-58-6.3500</b>
Surf Elev at Site <b>2245 feet</b>	Anticipated Total Depth <b>6900 feet</b>	Well Type <b>GS</b>	Offset distances referenced to NE corner of map section. <b>South 12045 feet West 2760 feet</b>

This permit covering the well operator and well location shown above is evidence of permission granted to conduct activities in accordance with the Oil and Gas Act and the Oil and Gas Conservation Law, if the well is subject to that act and any rules and regulations promulgated thereunder, subject to the conditions contained herein and in accordance with the application submitted for this permit. This permit does not convey any property rights.

This permit and the permittee's authority to conduct the activities authorized by this permit are conditioned upon operator's compliance with applicable law and regulations.

Notification must be given to the district oil and gas inspector, the surface landowner and political subdivision of the date well drilling will begin at least 24 hours prior to commencement of drilling activities.

The permittee hereby authorizes and consents to allow, without delay, employees or agents of the Department to have access to and to inspect all areas upon presentation of appropriate credentials, without advance notice or a search warrant. This includes any property, facility, operation or activity governed by the Oil and Gas Act, the Oil and Gas Conservation Law, the Coal and Gas Resource Coordination Act and other statutes applicable to oil and gas activities administered by the Department. The authorization and consent shall include consent to the Department to collect samples of wastewaters or gases, to take photographs, to perform measurements, surveys, and other tests, to inspect any monitoring equipment, to inspect the methods of operation and disposal, and to inspect and copy documents required by the Department to be maintained. The authorization and consent includes consent to the Department to examine books, papers, and records pertinent to any matter under investigation pursuant to the Oil and Gas Act or pertinent to a determination of whether the operator is in compliance with the above referenced statutes. This condition in no way limits any other powers granted to the Department under the Oil and Gas Act and other statutes, rules and regulations applicable to these activities as administered by the Department.

This permit does not relieve the operator from the obligation to comply with the Clean Streams Law and all statutes, rules and regulations administered by the Department.

### Special Permit Conditions:

The permittee shall not withdraw or use water from water sources within the Commonwealth of Pennsylvania, for well fracing activities, unless the permittee does so in accordance with a Water Management Plan approved by the Department.

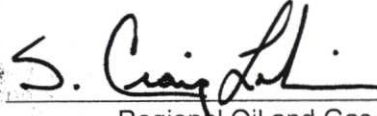
Permittee shall obtain a permit or Environmental Assessment approval from the Department prior to the construction of any dam, reservoir, water obstruction, and/or encroachment for which a permit or Environmental Assessment approval is required by 25 Pa. Code Chapter 105. Any dam embankment including centralized dam embankments utilized to impound freshwater or frac water associated with well fracing not requiring a permit pursuant to 25 Pa. Code Chapter 105 will be constructed in accordance with requirements of 25 Pa. Code §§ 78.56-78.63 and Department guidelines 5500-PM-OG0085 entitled, Design, construction and maintenance standards for dam embankments associated with impoundments for oil and gas wells.

Prior to fracturing the well, as part of its Preparedness, Prevention and Contingency Plan the permittee shall implement a Control and Disposal Plan for the control and disposal of fluids and residual wastes in accordance with 25 Pa. Code § 78.55. The Control and Disposal Plan shall identify the control and disposal methods and practices utilized to prevent pollutants from directly or indirectly reaching waters of the Commonwealth during the impoundment, production, processing and transportation of pollutants, including identification of the permitted processing or disposal facilities where residual wastes will be processed or disposed, in accordance with 25 Pa. Code §§ 78.55 and 91.34.

Prior to transport of the residual wastewater off site, chemical analysis and characterization of the waste shall be conducted and provided to the processing or disposal facility intended for acceptance of the waste in accordance with 25 Pa. Code § 287.54.

The operator shall run a complete angular deviation survey of the intentionally deviated well. The deviation survey is to be obtained by a responsible well surveying company and shall be filed with the Department within thirty (30) days after well drilling together with other regularly required reports.

This permit expires unless drilling is commenced on or before that date and prosecuted with due diligence.



Regional Oil and Gas Program Manager

HERBERT S KARLINSEY

600 GATEWAY DRIVE  
MANSFIELD PA 16933

570-662-0832

Oil & Gas Inspector

Address

Phone Number





COMMONWEALTH OF PENNSYLVANIA  
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OIL & GAS MANAGEMENT PROGRAM

DEP USE ONLY		AUTH #	Check # <u>190386</u>	Amount \$ <u>3,150.00</u>	NC	2900 + 250 = 3150

PERMIT APPLICATION FOR DRILLING OR ALTERING A WELL

Notes: <u>SUSQUEHANNOCK STATE FOREST</u> <u>M</u>		OGO # <u>63025</u>	Objection Date - Do not issue before: <u>7/9/09</u>	Well Permit # <u>105-21590</u>
Bond # <u>9307</u>		C: <u>7/7/09</u> G: <u>7/9/09</u> JLS	Date Approved: <u>[Signature]</u>	Special Cond. A B C D E F
Watershed Name: <u>BIRCH RUN</u>		Designation: HQ EV		

Please read instructions before you begin filling in this form.

Applicant (Operator) Name Pennsylvania General Energy Company L. L. C.		DEP Client ID# 213205	Phone (814) 723-3230	FAX (814) 723-4746	Check if new address. <input type="checkbox"/>
Mailing Address (Street or PO Box) 120 Market Street		City Warren	State Pa	Zip +4 16365	Country (if not USA)
(Well) Farm Name Pine Hill	Well # 2383	Serial #	<b>PERMIT TYPE</b> Check one.	<b>TYPE OF WELL</b> Check one.	<b>APPLICATION FEE</b> Check one.
County Potter	Municipality Sylvania	Project # (from DEP)	Application is to: <input checked="" type="checkbox"/> Drill a new well <input type="checkbox"/> Deepen a well <input type="checkbox"/> Redrill a well <input type="checkbox"/> Alter a well <input type="checkbox"/> Other (specify)	<input checked="" type="checkbox"/> Gas <input type="checkbox"/> Oil <input type="checkbox"/> Comb. (gas & oil) <input type="checkbox"/> Injection, recovery <input type="checkbox"/> Disposal <input type="checkbox"/> Coalbed Methane <input type="checkbox"/> Gas Storage <input type="checkbox"/> Other (specify)	<input type="checkbox"/> \$ 350 (Gas; Comb.; Coal Meth; Storage) <input type="checkbox"/> \$ 250 (Oil; Inj-Rec) <input type="checkbox"/> \$ 150 (Injection - Waste Disposal) <input type="checkbox"/> \$ 100 (Redrill, Drill Deeper, Alter a Well, or Change Use) <input type="checkbox"/> \$ 500 E & S Fee <input type="checkbox"/> \$ 0 (Rehab orphan) <input checked="" type="checkbox"/> Horizontal <input checked="" type="checkbox"/> Marcellus: Length 11,273 ft Total Application Fee \$ 3,150
If you are applying for a permit to redrill, drill deeper, or alter a well that was previously permitted or registered, or for a well site that was previously permitted but not drilled, check this box <input type="checkbox"/> and enter the permit or registration number here:					
If applying for a permit to rework an existing well not registered or permitted, check this box <input type="checkbox"/> and enter date drilled, if known: _____ (see instructions)					
PNDI Attached: <input checked="" type="checkbox"/> Any "hit" must include accepted mitigation plan from applicable agency.					

COORDINATION WITH REGULATIONS AND OTHER PERMITS		Yes	No	DEP USE ONLY
1.	Will the well be subject to the Oil and Gas Conservation Law? If "No," go to 2).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Date Stamps/Notes
a.	If "Yes" to #1, is the well at least 330 feet from outside lease or unit boundary?	<input type="checkbox"/>	<input type="checkbox"/>	Auth <u>798814</u>
b.	Does the location fall within an area covered by a spacing order?	<input type="checkbox"/>	<input type="checkbox"/>	Site <u>723135</u>
2.	Will the well penetrate a workable coal seam? If "No," include justification and supporting documentation.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Clnt <u>213205</u>
3.	If the well will penetrate a workable coal seam, and the well is a "non-conservation" gas well, does the location comply with the distance requirements of Section 7 of the Coal and Gas Resource Coordination Act? (At least 1,000 feet from all existing wells).	<input type="checkbox"/>	<input type="checkbox"/>	APS <u>697283</u>
a.	If "No," is the required exception request attached? (Check here if re-working an existing well: <input type="checkbox"/> N/A)	<input type="checkbox"/>	<input type="checkbox"/>	Acct <u>660709</u>
4.	Will the well be drilled at a location where the coal has been removed?	<input type="checkbox"/>	<input type="checkbox"/>	PF <u>721198</u>
5.	Will the well be drilled through an active (operating or projected) coalmine, or within 1,000 feet of the boundary?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SF <u>995584</u>
a.	If "Yes," print the names of: Mine: _____ Operator: _____			
6.	Will the well penetrate or be within 2,000 feet of an active gas storage reservoir boundary?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
a.	If Yes, print the names of: Storage Field: _____ Operator: _____			
7.	Is the proposed well location within the permitted area of a landfill?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
8.	Will the well site be within 100 feet (measured horizontally) of a stream, spring or body of water identified on the most current 7 1/2' topographic map?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
a.	If "Yes," is a request for a waiver (form 5500-FM-OG0057), and E&S control plan attached?	<input type="checkbox"/>	<input type="checkbox"/>	
9.	Will the well site be within 100 feet of a wetland or in a wetland?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
a.	Is the well site within 100 feet of a wetland greater than one acre in size? If yes, is a waiver request (form 5500-FM-OG0057) and E&S control plan attached?	<input type="checkbox"/>	<input type="checkbox"/>	
10.	Will the well be drilled within 200 feet (horizontally) from any existing building or an existing water supply?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
a.	If "Yes," is written consent from the owner attached?	<input type="checkbox"/>	<input type="checkbox"/>	
b.	If written consent is not attached, is a variance request (form 5500-FM-OG0058) attached?	<input type="checkbox"/>	<input type="checkbox"/>	
11.	Will the well be located where it may impact a public resource as outlined in the 'Coordination of a Well Location with Public Resources' form 5500-PM-OG0076? If yes, attach a completed copy of the form.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
12.	Is the well site in a Special Protection High Quality (HQ) or Exceptional Value (EV) watershed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
13.	Is this well part of a development where you need an Earth Disturbance Permit for Oil and Gas Activities disturbing more than 5 acres?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

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Signature of Applicant	The person signing this form attests that they have the authority to submit this application on behalf of the applicant, and that the information, including all related submissions, is true and accurate to the best of their knowledge.		
Signature of Person Authorized to Submit Application	(Print or Type)	Name of Signer: Douglas E. Kuntz	Date
<u>[Signature]</u>		Title: President & CEO	6/29/09
Application Preparer/Contact: Chauncey Taylor		Phone: (814) 723-3230	



Within 1,000 feet

**Notification**

Note the means and attach proof.

**PERMIT APPLICATION FOR DRILLING OR ALTERING A WELL**

**Page 2 --- Record of Notification / Written Consent**

Farm Name - Well # Pine Hill 2383
Applicant Name: Pennsylvania General Energy Co. L.L.C. DEP ID# 213205
<b>DEP USE ONLY</b>
APS #

Name:	Address:	Surface Landowner	Coal Owner	Coal Lessee	Coal Mine Operator	Gas Storage Operator	Surf Owner	Water with Water	Water Purveyor	Coal Mine Operator	Certified Mail Dates		Address Affidavit	Written Consent
											Sent	Return Receipt		
Mr. Christian Nicholas District 15 Forester	3150 E. Second P.O. Box 673 Coudersport, Pa. 16915-0673	X										05/28/09	06/01/09	
Name:	Address:													
Name:	Address:													
Name:	Address:													
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**Optional: Signature below indicates the party's approval of the well location, and waives the 15-day objection period. Check applicable box.**

<input type="checkbox"/> Water Purveyor or <input type="checkbox"/> Landowner with water supply within 1,000 ft.	Date	Coal <input type="checkbox"/> Operator, <input type="checkbox"/> Owner, or <input type="checkbox"/> Lessee	Date
<input type="checkbox"/> Water Purveyor or <input type="checkbox"/> Landowner with water supply within 1,000 ft.	Date	Coal <input type="checkbox"/> Operator, <input type="checkbox"/> Owner, or <input type="checkbox"/> Lessee	Date
<input type="checkbox"/> Water Purveyor or <input type="checkbox"/> Landowner with water supply within 1,000 ft.	Date	Coal <input type="checkbox"/> Operator, <input type="checkbox"/> Owner, or <input type="checkbox"/> Lessee	Date
<input type="checkbox"/> Water Purveyor or <input type="checkbox"/> Landowner with water supply within 1,000 ft.	Date	Coal <input type="checkbox"/> Operator, <input type="checkbox"/> Owner, or <input type="checkbox"/> Lessee	Date
Surface Landowner at proposed location	Date	Coal Operator within 1,000 feet of proposed location	Date
Surface Landowner at proposed location	Date	Gas Storage Operator within 2,000 feet	Date

Signature below indicates written consent. Check applicable box.  
Owner of:  water supply, or  building within 200 feet Date  
Address (of above)  
Owner of:  water supply, or  building within 200 feet Date  
Address (of above)

105-21590

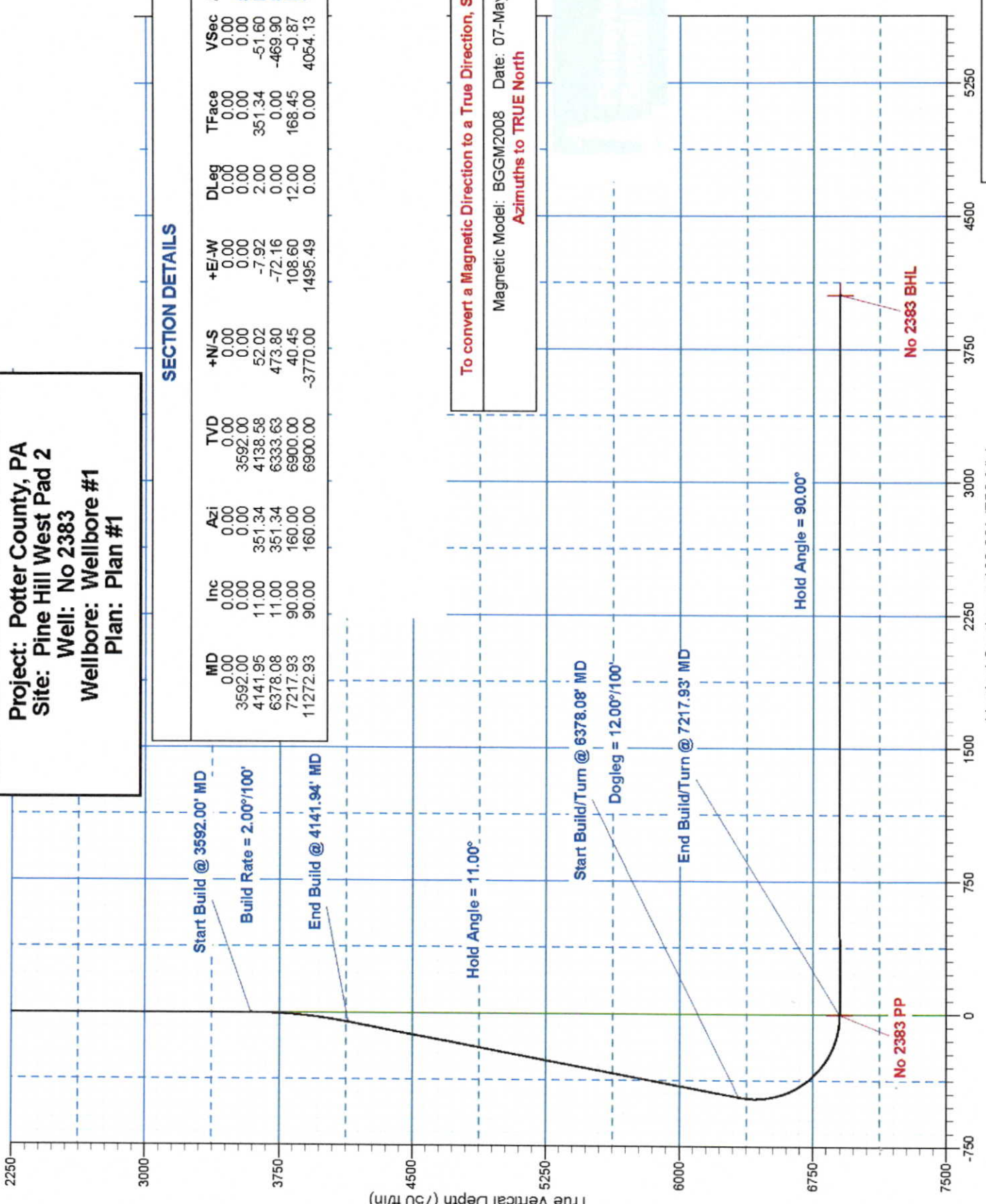




**Project: Potter County, PA**  
**Site: Pine Hill West Pad 2**  
**Well: No 2383**  
**Wellbore: Wellbore #1**  
**Plan: Plan #1**

**SECTION DETAILS**

MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Annotation
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3592.00	0.00	0.00	3592.00	0.00	0.00	0.00	0.00	0.00	Start Build
4141.95	11.00	351.34	4138.58	52.02	-7.92	2.00	351.34	-51.60	End Build
6378.08	11.00	351.34	6333.63	473.80	-72.16	0.00	0.00	-469.90	Start Build/Turn
7217.93	90.00	160.00	6900.00	40.45	108.60	12.00	168.45	-0.87	End Build/Turn
11272.93	90.00	160.00	6900.00	-3770.00	1495.49	0.00	0.00	4054.13	TD



**To convert a Magnetic Direction to a True Direction, Subtract 10.91°**  
Magnetic Model: BGM2008 Date: 07-May-09  
Azimuths to TRUE North

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DEP USE ONLY	
APS #	Site #
Permit # 105-21590	Auth ID #

### Coordination of a Well Location with Public Resources

Well Operator Pennsylvania General Energy Co. L.L.C	DEP ID# 213205	Well Farm Name and Number Pine Hill	2383
Address 120 Market St.		Project Number (if previously assigned)	
City Warren	State Pa.	Zip Code 16365	County Potter
			Municipality Sylvania
Phone (814) 723-3230	Fax (814) 723-4746	Latitude N 41° 35' 30.98"	Longitude W 77° 58' 06.35"
<p>1. Will the well be located in or within 200 feet of a publicly owned park, forest, gameland, designated wildlife area or Natural National Landmark? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. Will the well be located within the corridor of a state or national scenic river? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Portions of the Allegheny River and Clarion River are currently on the National Wild and Scenic Rivers list. Detailed descriptions are available on the National Scenic Rivers website: <a href="http://www.nps.gov/rivers/wildriverslist.html#pa">www.nps.gov/rivers/wildriverslist.html#pa</a></p> <p>Portions of three other creeks and streams in oil and gas producing areas are currently listed as Pennsylvania Scenic Rivers. These are: Pine Creek in Tioga County, Lick Run in Clinton County, and Bear Creek in Fayette County. The streams corridor maps are available on DCNR's web site: <a href="http://www.dcnr.state.pa.us/brc/rivers/scenicrivers/locationmap.htm">www.dcnr.state.pa.us/brc/rivers/scenicrivers/locationmap.htm</a></p> <p>3. If answering "Yes" to questions 1 or 2, name the public resource(s): Susquehannock State Forest</p> <p>List the name, address and phone number of the person responsible for management of the public resource.</p> <p>Christian Nicholas, 3150 E. Second St, Coudersport, Pa. 16915</p> <p>Must the administrator of the public resource approve or otherwise authorize the proposed well, well site, access road, or gathering pipeline? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Has the approval or authorization been received? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>4. Has the search of the proposed well location against the Pennsylvania Natural Diversity Inventory (PNDI), or any other evaluation, identified a potential conflict with a species of special concern? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, provide PNDI Search Number _____ or attach a copy of the PNDI Search Results.</p> <p>If a potential conflict with a species of concern was identified, give the name of the responsible agency. Pennsylvania Fish and Boat Commission</p> <p>Has the potential conflict been resolved? Yes, letter included <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>5. Will the well be located within 200 feet of any historical or archaeological sites listed as federal or state historic places? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>6. Describe in detail the additional measures, facilities, or practices specific to this site to be employed during site construction, drilling and operation to ensure the safety of the public and to protect public resource identified above. Use additional sheets as needed.</p> <p>Standard E &amp; S controls and BMP's will be utilized for this well.</p>			

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Erosion, Sediment, and Stormwater Control Module

**Section 3. Compliance History**

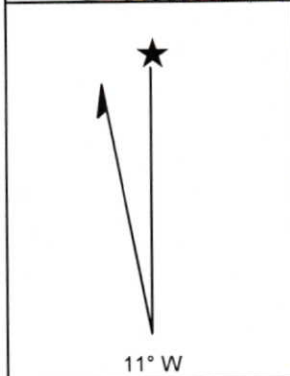
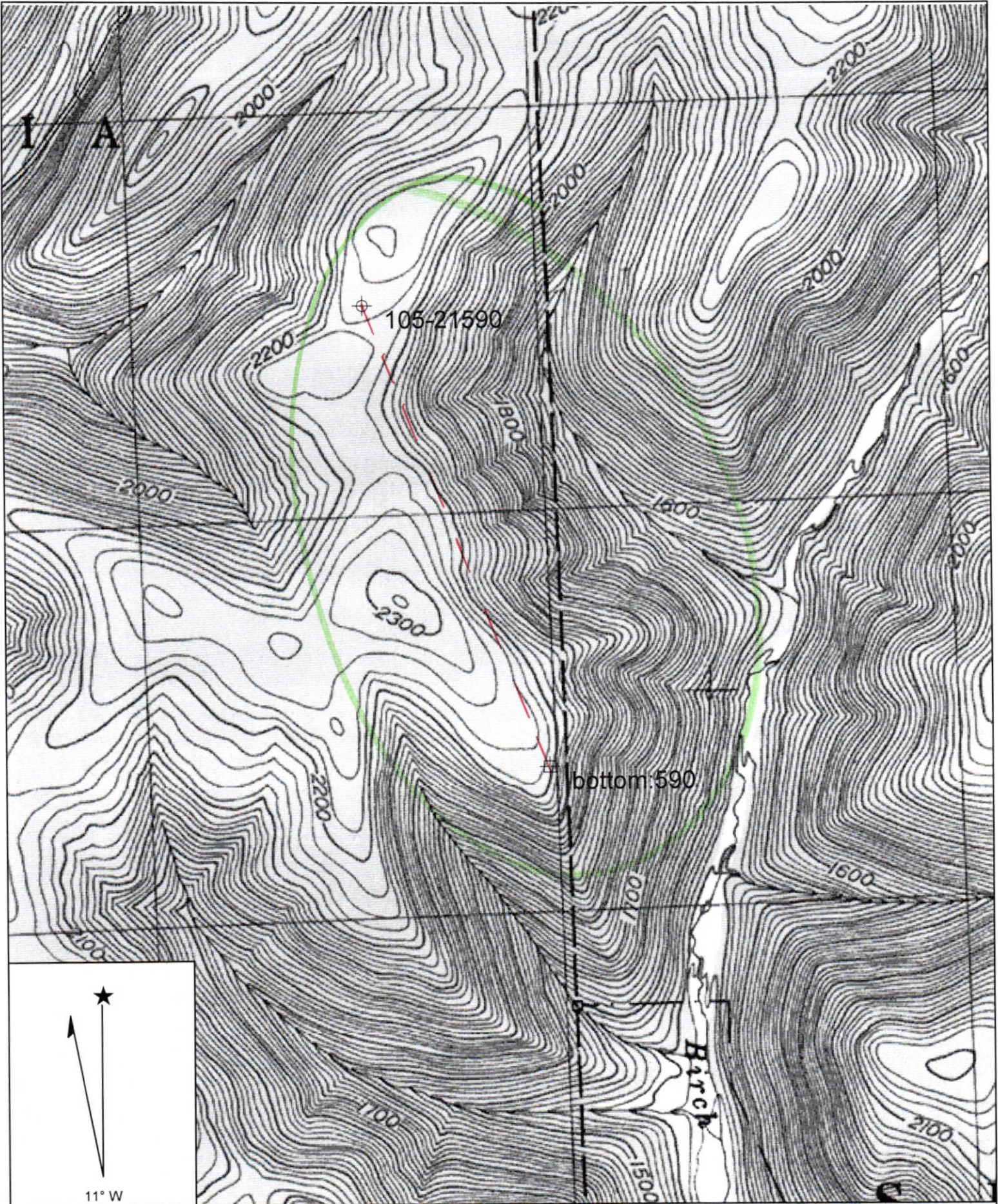
Permit Number: n/a

Nature of Violation: Not obtaining permit(s) before field construction work reached and bored under the streams

Status of Violation: Required permit applications have been submitted to the Department as requested in an administrative NOV letter from the Department dated Oct. 8<sup>th</sup>, 2008.

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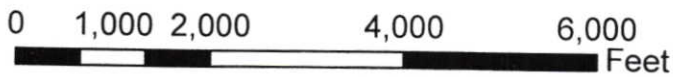




Name: CONRAD  
Date: 7/15/2009  
Scale: 1 inch equals 1000 feet

Location: 041° 35' 06.97" N 077° 57' 52.45" W





1 inch = 2,000 feet

**Legend**

- Proposed Well
- Existing Road
- ▭ PA Township
- Proposed Location Layout

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**Pennsylvania General Energy Company, L.L.C.**

The cultural features and boundaries of this map are the sole interpretation of Pennsylvania General Energy Company, L.L.C. PGE does not warrant the accuracy or completeness of this map. Furthermore, this map is the property of PGE and contains confidential, privileged or proprietary information. It may not be reproduced in any form or otherwise made available, copied, distributed or used without prior written consent from PGE. PGE expressly disclaims responsibility for any action, activity, or decision undertaken by a third party on the basis of the information depicted on this map.

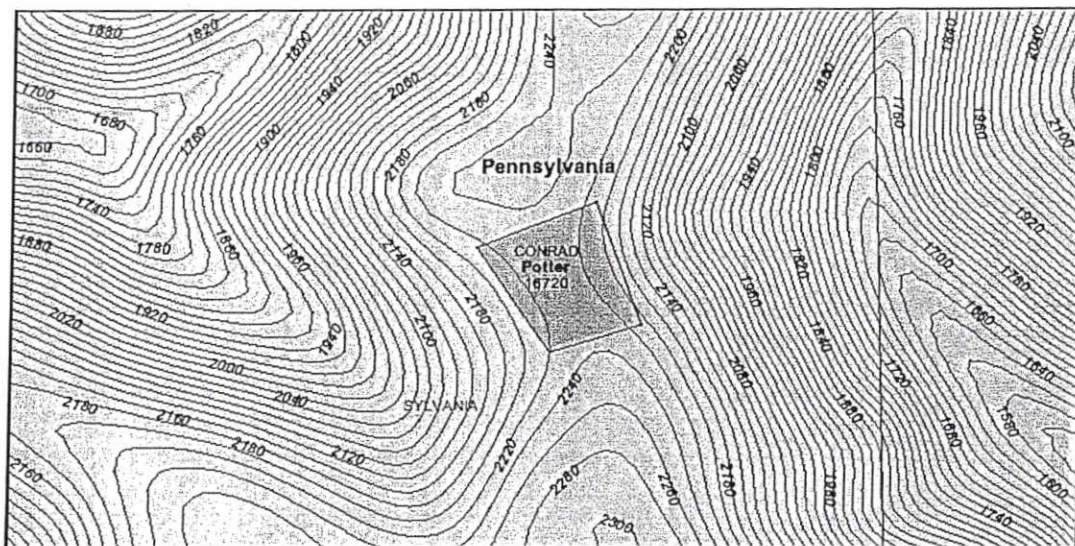
Pine Hill 2382 & 2383

Conrad, PA Quadrangle	Sylvania Township	Date: 24 June, 2009
		Author: KRP



### 1. PROJECT INFORMATION

Project Name: **Big Nelson Run South Part2**  
 Date of review: **5/26/2009 3:17:41 PM**  
 Project Category: **Energy Storage, Production, and Transfer, Energy Production (generation), Oil or Gas - new wells, expansion of well field**  
 Project Area: **8.4 acres**  
 County: **Potter Township/Municipality: Sylvania**  
 Quadrangle Name: **CONRAD**  
 ZIP Code: **16720**  
 Decimal Degrees: **41.5879 N, --77.96872 W**  
 Degrees Minutes Seconds: **41° 35' 16.4" N, -77° 58' 7.4" W**



### 2. SEARCH RESULTS

Agency	Results	Response
PA Game Commission	No Known Impact	No Further Review Required
PA Department of Conservation and Natural Resources	No Known Impact	No Further Review Required
PA Fish and Boat Commission	<b>Potential Impact</b>	<b>FURTHER REVIEW IS REQUIRED, See Agency Response</b>
U.S. Fish and Wildlife Service	No Known Impact	No Further Review Required

As summarized above, Pennsylvania Natural Diversity Inventory (PNDI) records indicate there may be potential impacts to threatened and endangered and/or special concern species and resources within the project area. If the response above indicates "No Further Review Required" no additional communication with the respective agency is required. If the response is "Further Review Required" or "See Agency Response," refer to the appropriate agency comments below. Please see the DEP Information Section of this receipt if a PA Department of Environmental Protection Permit is required.

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### 3. AGENCY COMMENTS

Regardless of whether a DEP permit is necessary for this proposed project, any potential impacts to threatened and endangered species and/or special concern species and resources must be resolved with the appropriate jurisdictional agency. In some cases, a permit or authorization from the jurisdictional agency may be needed if adverse impacts to these species and habitats cannot be avoided.

These agency determinations and responses are **valid for one year** (from the date of the review), and are based on the project information that was provided, including the exact project location; the project type, description, and features; and any responses to questions that were generated during this search. If any of the following change: 1) project location, 2) project size or configuration, 3) project type, or 4) responses to the questions that were asked during the online review, the results of this review are not valid, and the review must be searched again via the PNDI Environmental Review Tool and resubmitted to the jurisdictional agencies.

#### PA Game Commission

**RESPONSE:** No Impact is anticipated to threatened and endangered species and/or special concern species and resources.

#### PA Department of Conservation and Natural Resources

**RESPONSE:** No Impact is anticipated to threatened and endangered species and/or special concern species and resources.

#### PA Fish and Boat Commission

**PFBC Species:**

**Scientific Name:** Sensitive Species\*\*

**Common Name:**

**Current Status:** Special Concern Species\*

**Proposed Status:** Special Concern Species\*

**RESPONSE:** Further review of this project is necessary to resolve the potential impacts(s). Please send project information to this agency for review (see WHAT TO SEND).

#### U.S. Fish and Wildlife Service

**RESPONSE:** No impacts to **federally** listed or proposed species are anticipated. Therefore, no further consultation/coordination under the Endangered Species Act (87 Stat. 884, as amended; 16 U.S.C. 1531 *et seq.*) is required. Because no take of federally listed species is anticipated, none is authorized. This response does not reflect potential Fish and Wildlife Service concerns under the Fish and Wildlife Coordination Act or other authorities.

\* Special Concern Species or Resource - Plant or animal species classified as rare, tentatively undetermined or candidate as well as other taxa of conservation concern, significant natural communities, special concern populations (plants or animals) and unique geologic features.

\*\* Sensitive Species - Species identified by the jurisdictional agency as collectible, having economic value, or being susceptible to decline as a result of visitation.



## WHAT TO SEND TO JURISDICTIONAL AGENCIES

If project information was requested by one or more of the agencies above, send the following information to the agency(s) seeking this information (see AGENCY CONTACT INFORMATION).

### Check-list of *Minimum Materials to be submitted:*

- SIGNED** copy of this Project Environmental Review Receipt
- Project narrative with a description of the overall project, the work to be performed, current physical characteristics of the site and acreage to be impacted.
- Project location information (name of USGS Quadrangle, Township/Municipality, and County)
- USGS 7.5-minute Quadrangle with project boundary clearly indicated, and quad name on the map

### **The inclusion of the following information may expedite the review process.**

- A basic site plan (particularly showing the relationship of the project to the physical features such as wetlands, streams, ponds, rock outcrops, etc.)
- Color photos keyed to the basic site plan (i.e. showing on the site plan where and in what direction each photo was taken and the date of the photos)
- Information about the presence and location of wetlands in the project area, and how this was determined (e.g., by a qualified wetlands biologist), if wetlands are present in the project area, provide project plans showing the location of all project features, as well as wetlands and streams
- The DEP permit(s) required for this project

## 4. DEP INFORMATION

The Pa Department of Environmental Protection (DEP) requires that a signed copy of this receipt, along with any required documentation from jurisdictional agencies concerning resolution of potential impacts, be submitted with applications for permits requiring PNDI review. For cases where a "Potential Impact" to threatened and endangered species has been identified before the application has been submitted to DEP, the application should not be submitted until the impact has been resolved. For cases where "Potential Impact" to special concern species and resources has been identified before the application has been submitted, the application should be submitted to DEP along with the PNDI receipt, a completed PNDI form and a USGS 7.5 minute quadrangle map with the project boundaries delineated on the map. The PNDI Receipt should also be submitted to the appropriate agency according to directions on the PNDI Receipt. DEP and the jurisdictional agency will work together to resolve the potential impact(s). See the DEP PNDI policy at <http://www.naturalheritage.state.pa.us>.



### 5. ADDITIONAL INFORMATION

The PNDI environmental review website is a **preliminary** screening tool. There are often delays in updating species status classifications. Because the proposed status represents the best available information regarding the conservation status of the species, state jurisdictional agency staff give the proposed statuses at least the same consideration as the current legal status. If surveys or further information reveal that a threatened and endangered and/or special concern species and resources exist in your project area, contact the appropriate jurisdictional agency/agencies immediately to identify and resolve any impacts.

For a list of species known to occur in the county where your project is located, please see the species lists by county found on the PA Natural Heritage Program (PNHP) home page ([www.naturalheritage.state.pa.us](http://www.naturalheritage.state.pa.us)). Also note that the PNDI Environmental Review Tool only contains information about species occurrences that have actually been reported to the PNHP.

### 6. AGENCY CONTACT INFORMATION

**PA Department of Conservation and Natural Resources**  
 Bureau of Forestry, Ecological Services Section  
 400 Market Street, PO Box 8552, Harrisburg, PA.  
 17105-8552  
 Fax:(717) 772-0271

**U.S. Fish and Wildlife Service**  
 Endangered Species Section  
 315 South Allen Street, Suite 322, State College, PA.  
 16801-4851  
 NO Faxes Please.

**PA Fish and Boat Commission**  
 Division of Environmental Services  
 450 Robinson Lane, Bellefonte, PA. 16823-7437  
 NO Faxes Please

**PA Game Commission**  
 Bureau of Wildlife Habitat Management  
 Division of Environmental Planning and Habitat Protection  
 2001 Elmerton Avenue, Harrisburg, PA. 17110-9797  
 Fax:(717) 787-6957

### 7. PROJECT CONTACT INFORMATION

Name: Amber Oylar  
 Company/Business Name: Pennsylvania General Energy Company LLC  
 Address: 120 Market st  
 City, State, Zip: Warren, PA 16365  
 Phone: (814) 723-3230 Fax: (814) 723-4746  
 Email: amberoylar@pengeneralenergy.com

### 8. CERTIFICATION

I certify that ALL of the project information contained in this receipt (including project location, project size/configuration, project type, answers to questions) is true, accurate and complete. In addition, if the project type, location, size or configuration changes, or if the answers to any questions that were asked during this online review change, I agree to re-do the online environmental review.

Amber Oylar 5/26/09  
 applicant/project proponent signature date





# Pennsylvania Fish & Boat Commission

Division of Environmental Services  
Natural Diversity Section

450 Robinson Lane

Bellefonte, PA 16823-9620

(814) 359-5239 Fax: (814) 359-5175

June 30, 2009

**IN REPLY REFER TO**  
SIR # 31528 & 31529

KENDRA PARISELLA  
PA GENERAL ENERGY COMPANY  
120 MARKET STREET  
WARREN, PA 16365

**RE: Secondary Species Impact Review (SIR) – Timber Rattlesnake**  
PNDI Search Nos. 20090415188767, 20090526194459, 20090415188800, 20090526194483  
**BIG NELSON RUN NORTH & SOUTH**  
**WHARTON, SYLVANIA Townships, POTTER County, Pennsylvania**

Dear Ms. Parisella:

I have reviewed your recent correspondence regarding the above referenced project and its potential to adversely impact the timber rattlesnake, (*Crotalus horridus horridus*, PA candidate). Per my request, you supplied additional information about the project. According to the additional information, the habitat is not consistent with areas known to support timber rattlesnakes. Therefore, I conclude that the project site habitat is not suitable for timber rattlesnakes and I do not foresee the proposed project resulting in adverse impacts to the rattlesnake or any other rare or protected species under Pennsylvania Fish and Boat Commission jurisdiction.

Note that this office performed no field inspection of the project area. Consequently, comments in this letter are not meant to address other issues or concerns that might arise concerning matters under Pennsylvania Fish and Boat Commission jurisdiction or that of other authorities. Please contact Jim Chestney at 814-359-5239 if you have additional concerns regarding this response and refer to the SIR number above. Thank you for your cooperation and attention to this matter of threatened and endangered species conservation.

Sincerely,

Christopher A. Urban, Chief  
Natural Diversity Section

CAU/JEC/mr

c: DEP NW Region

RECEIVED

JUL -6 2009

ENVIRONMENTAL PROTECTION  
NORTHWEST REGIONAL OFFICE

**Our Mission:**

[www.fish.state.pa.us](http://www.fish.state.pa.us)

To protect, conserve and enhance the Commonwealth's aquatic resources and provide fishing and boating opportunities.



# PENNSYLVANIA GENERAL ENERGY COMPANY, L.L.C.

120 Market Street  
Warren, PA 16365

Phone: 814-723-3230  
Fax: 814-723-3502

7008 0500 0000 8702 0522

May 28, 2009

Mr. Christian Nicholas  
District 15 Forester  
P.O. Box 673  
Coudersport, Pa. 16915-0673

RE: Pine Hill #2380, #2381, #2382 and #2383

Dear Mr. Nicholas:

Please find enclosed a Landowner Notification of Well Drilling Form Letter and a well location plat for the Pine Hill #2380, #2381, #2382 and #2383 gas wells in Sylvania Township, Potter County.

As the surface owner, PGE is required by the Department of Environmental Protection to send you notification of our intention to drill this well.

I have also enclosed a copy of the PNDI search for these wells.

If you have any questions or comments, please do not hesitate to call.

RECEIVED

JUL - 6 2009

ENVIRONMENTAL PROTECTION  
NORTHWEST REGIONAL OFFICE

Sincerely,

PENNSYLVANIA GENERAL ENERGY COMPANY

By   
Chauncey S. Taylor, President

Enclosure

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MR CHRISTIAN NICHOLAS  
DISTRICT 15 FORESTER  
PO BOX 673  
COUDERSPORT PA 16915-0673

2. Article Number  
(Transfer from service label)

7008 0500 0000 8702 0522

PS Form 3811, February 2004

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 Penny Thomas  Agent  
 Addressee

B. Received by (Printed Name)  
Penny Thomas

C. Date of Delivery  
6/1/09

D. Is delivery address different from item 1?  
If YES, enter delivery address below:  Yes  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes



Producing the energy we treasure.  
Protecting the environment we treasure.

Domestic Return Receipt

102595-02-M-1540

www.penngeneralenergy.com

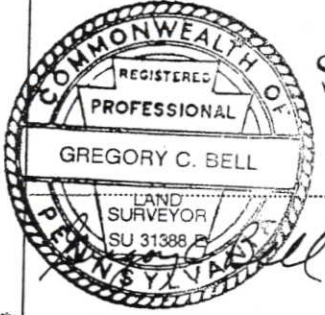
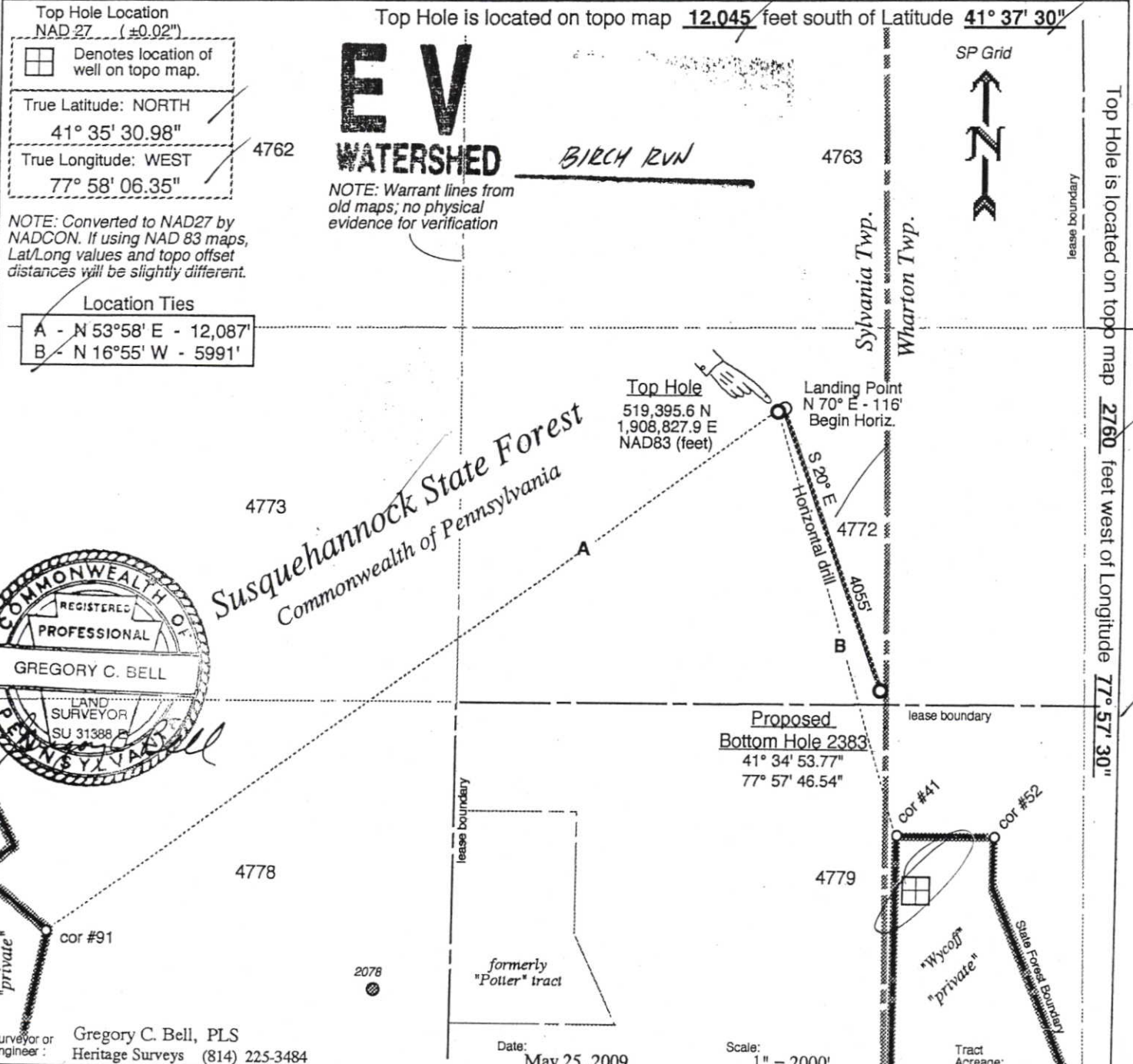
7008 0500 0000 8702 0522





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM  
**WELL LOCATION PLAT**

DEP	Auth. ID #	JLS
USE	Permit # : <b>105-21590</b>	G: 7/15/09
ONLY	Project # :	C:



<b>Lat &amp; Long Metadata</b> Method: TOPCON L2 diff. GPS Accuracy: 1 ± ft. Datum: NAD 27		<b>Elevation Metadata</b> Method: L2 diff. GPS Accuracy: 2 ± ft. Datum: NAD 27		Survey Date: 5/15/09		
<b>Applicant / Well Operator Name</b> Pennsylvania General Energy Co., LLC		DEP ID # 213205	<b>Well (Farm) Name</b> PINE HILL		Well # 2383	Serial #
Address 120 Market Street, Warren, PA 16365		County - Code Potter - 53	Municipality Sylvania Twp.		Well Type Gas	
Surface Landowner Commonwealth of Pennsylvania - Susquehannock State Forest		USGS 7.5' Quadrangle Map Name Conrad		DEP Map # 622	Map Section 1	Surface Elevation 2245 ft.
Target Formation(s) Marcellus Shale		Angle & Course of Deviation (Drilling) S 21°40' E - 4056' (net)		Anticipated Total Depth (ft.) TVD 6900 TMD 11,273		
Surface Owner or Water Purveyor with a Water Supply within 1000 ft. none		Approximate Course and Distance to Water Supply		Owner, Lessee, or Operator of Workable Coal Seam		Name of Coal Seam Owned, Leased, or Operated





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

**NCO File**

DEP USE ONLY	Inspection Record # <b>1875137</b>
Complaint Record # <b>N/A</b>	Enforcement Record # <b>N/A</b>

**INSPECTION REPORT**

DEP Office <b>NCO</b>	Phone <b>(570) 327-3636</b>	Permit or Reg. # <b>37-105-21590</b>
Address <b>208 West Third Street, Suite 101 Williamsport, PA 17701</b>	Project # <b>N/A</b>	Farm Name & Well # <b>Pine Hill 2383</b>
Oper Name <b>Pennsylvania General Energy</b>	County <b>Potter</b>	Municipality <b>Sylvania Township</b>
Address <b>120 Market Street Warren, PA 16365</b>	Latitude: <b>41° 35' 30.98" N</b>	Longitude: <b>77° 58' 06.35" W</b>
Attention: <b>David Straul</b>		

Inspection Code:

<input type="checkbox"/> BDREL - Bond Release	<input type="checkbox"/> DRALT - Drilling or Alteration	<input type="checkbox"/> RDSPR - Road Spreading
<input checked="" type="checkbox"/> CEI - Compliance Evaluation	<input type="checkbox"/> FLWUP - Follow-up	<input type="checkbox"/> RESTR - Site Restoration
<input type="checkbox"/> COMPL - Complaint Inspection	<input type="checkbox"/> PLUG - Plugging	<input type="checkbox"/> RTNC - Routine

Other:  Permit Expired  Alt/Meth.  Annulus Open  Cement Returns  Recommend Bond Release

Fold Line

Fold Line

Location	Insp.	Violation	Driller's Log Information			Depth: <b>N/A</b>		
Site ID Sign	<b>X</b>		Fresh Water Amt / Depth	Salt Water Amt / Depth	Coal Thickness / Depth	Formations Oil / Depth Gas / Depth		
Well Tag			<b>N/A</b>					
Distance Restrict								
E/S Plan on Site	<b>X</b>							
E/S Controls	<b>X</b>							
Encroachments								
Site Restoration								
<b>Drilling / Plugging</b>			<b>Drilling-Plugging</b>			<b>Casing &amp; Tubing</b>		
Notification			Filling Material & Plugs	From	To	Size	Pulled	Left
B.O.P.			<b>N/A</b>					
Casing								
Monument								
<b>Waste Mgmt.</b>			<b>Compliance Assistance</b>			<b>Inspection Results</b>		
Top Hole Water			Code	Code		Code		
Fluids Mgmt.			<b>N/A</b>		<b>N/A</b>	<b>VIOLATIONS</b>		
Impoundment/pit	<b>X</b>	<b>25 PA Code § 78.56(a)(4)</b>						
Pollution Prevent								
Residual Waste	<b>X</b>	<b>25 PA Code § 78.62 35 PS § 6018.301</b>						

Remarks: Arrived on site @ 10:35 am; reviewed site and noted corrections of violations; accompanied by Craig Dean (PC-E), Bob Payne (PC-E), Roy Daughtie (NCO). Site looks good, earth disturbance well stabilized. Only issue noted was there were some minor holes in the impoundment liner but freeboard was probably 8-10 feet below those holes. Drill pit was encapsulated with Seli bond, on site - will have to verify Alternative Waste Management approval was given for such action. One copy of report given to Craig Dean while on site. (No Application or Approval) 04/10/2010

Sample No.	Location / Description <b>N/A</b>	DEP Rep: (signature) (print name) <b>ROBERT W. EVERETT III</b>	Date: <b>04/10/2010</b> Time: <b>11:35 am</b>
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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

Notice of Violation(s)

Law / Reg.	Section	Description of Violation
25 PA Code	78.56(a)(4)	A pit or tank that contains drill cuttings from below the casing seat, polluttional substances, wastes or fluids other than tophole water, fresh water and uncontaminated drill cuttings shall be impermeable.
25 PA Code	78.62 (c)	The owner or operator may request to use solidifiers or other alternate practices for the disposal of residual waste, including contaminated drill cuttings, by submitting a request to the Department for approval. The request shall be made on forms provided by the Department and shall demonstrate that the practice provides equivalent or superior protection to the requirements of this section.
35 PS	6018.301	No person or municipality shall store, transport, process, or dispose of residual waste within this Commonwealth unless such storage, or transportation, is consistent with or such processing or disposal is authorized by the rules and regulations of the Department and no person municipality shall own or operate a residual waste processing or disposal facility unless such person or municipality has first obtained a permit for such facility from the Department.

Instructions / Response

Please provide a written response within 10 days receipt of this letter, as to when the above listed violations were or will be corrected, and what steps are being taken to prevent their recurrence. If applicable, please include the description of activities you will pursue to achieve compliance with the statutes or regulations cited above. Address your reply to the DEP representative named below.

Written response requested

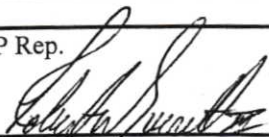
Explain what you ...  have done, or will do ... to correct the situation and achieve compliance.

Include the schedule or anticipated time frame for compliance activities you intend to carry out.

**Comments:**

Please provide the written response to Robert W. Everett III, Williamsport Oil and Gas Program, at the address provided on page one (1) of the inspection report.

Note that the Department questions your determination of pit placement, per conversation with Craig Dean it was revealed that your company excavates earth until you reach groundwater or desired pit depth. The Department's regulations call for the placement of all pits or impoundments at least 20 inches above the seasonal high groundwater table, which is not indicated by excavation/drilling until you reach groundwater. Please advise the Department as to how you are determining the seasonal high groundwater table and what proof you have that the pits/impoundments on this well site are at least 20 inches above the seasonal high groundwater table and fully comply with all other encapsulation regulations.

Permit Reg. No.	Date	DEP Rep.	Cert. Mail #	Date
37-105-21590	04/07/2010		70091410000024568104	N/A





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM

DEP USE ONLY	Inspection Record # 1852775
Complaint Record #	Enforcement Record #

INSPECTION REPORT

DEP Office Address	Northcentral Regional Office	Phone: 570-327-3636	Permit or Reg. #	37-105-21590
	208 West Third Street, Suite 101	Fax: 570-327-3565	Project #	N/A
	Williamsport, PA 17701-6448		Farm Name & Well #	Pine Hill 2383
Oper Name Address	Pennsylvania General Energy Company, LLC		County	Potter
	120 Market Street		Municipality	Sylvania Township
	Warren, PA 16365		Latitude:	41° 35' 30.98" N
	Attn: David Straub		DEP ID #	Longitude: 77° 58' 06.35" W

- Inspection Code:**
- |   |   |  |
|---|---|--|
| <input type="checkbox"/> BDREL – Bond Release         | <input type="checkbox"/> DRALT – Drilling or Alteration | <input type="checkbox"/> RDSPR – Road Spreading    |
| <input type="checkbox"/> CEI – Compliance Evaluation  | <input type="checkbox"/> FLWUP - Following              | <input type="checkbox"/> RESTR – Site Restoration  |
| <input type="checkbox"/> COMPL – Complaint Inspection | <input type="checkbox"/> PLUG – Plugging                | <input checked="" type="checkbox"/> RTNC - Routine |

- Other:**  Permit Expired  Alt/Meth.  Annulus Open  Cement Returns  Recommend Bond Release

Location	Insp.	Violation	Driller's Log Information			Depth: N/A		
Site ID Sign	X		Fresh Water Amt / Depth	Salt Water Amt / Depth	Coal Thickness / Depth	Formations Oil / Depth Gas / Depth		
Well Tag						N A		
Distance Restrict								
E/S Plan on Site	X	25 PA Code §102.4(b)(5)						
E/S Controls	X	25 PA Code §102.4(b)(4)						
Encroachments								
Site Restoration								
Drilling / Plugging								
Drilling-Plugging			Filling Material & Plugs			Casing & Tubing		
Notification			From	To	Size	Pulled	Left	
B.O.P.							N A	
Casing								
Monument								
Waste Mgmt.								
Top Hole Water								
Fluids Mgmt.	X	35 PS §691.402						
Impoundment/pit	X	25 PA Code §78.56(a)(4)						
Pollution Prevent.	X	25 PA Code §78.56						
Residual Waste			<b>Compliance Assistance</b>	Code N/A	Code N/A	<b>Inspection Results</b>	Code VIOLS	

**Remarks:** \* Arrived on site at 12:20 hrs. 12/30/2009, Activity - trucks were coming into the site to pick up frac flow back and 2 men from Eastern Reservoir Services were working on the well head, site covered in light snow.

1. The site specific Erosion and Sedimentation (E&S) Control Plat failed to conform with standard permit conditions and did not accurately represent the site, a violation of Section 102.4(b)(5) of the Department's rules and regulations.

- The plat was not sealed and signed by the registered professional who prepared it.
- The plat on the well site contained a major change, adding a frac water impoundment - which increased the amount of earth disturbance on site, and was not revised by the preparing licensed professional to reflect the change or approved by the Department for that change
- The plat listed the site as being in Keating Township. (Continued on Page 2)

Sample No.	Location/Description	DEP Rep:	Date:
	N/A	(signature) <i>Robert W. Everett III</i> (print name) Robert W. Everett III	12/30/2009 Time: 1:45

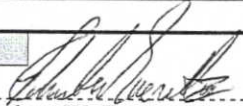
INSPECTION REPORT PAGE 2

Remarks (Continued):

- The plat legend showed a silt fence symbol but compost filter sock was used on this site, and no representing symbol for compost filter sock was shown in the legend.
- Note: The major modification to the plan failed to include the appropriate documentation (5500-PM-OGOO85 and any necessary addendums/permits) for the impoundment construction.
- 2. E&S control best management practices (BMPs) were not appropriately utilized on the site, a violation of Section 102.4(b)(1) of the Department's rules and regulations.
  - The compost filter sock utilized was undersized, as it was not 18" in diameter, and was placed on slopes inside the area of earth disturbance in some areas.
  - E&S BMPs were not being inspected and maintained as required. I observed holes in the compost filter sock on site and the last two recorded BMP inspections were on 12/18/2009 and 11/11/2009.
- 3. While on site I found two areas of frac flow back spills and an area where oil and yellow granular substance was spilled. These spills present a potential pollution to the waters of the Commonwealth, a violation of Section 402 of "The Clean Streams Law" (35 PS §691.402).
  - One frac flow back spill had occurred when a seal on a pump, which was pumping frac flow back from an impoundment to storage trailers, became unseated. This incident was confirmed with the two Eastern Reservoir Services employees.
  - The second frac flow back spill was located at the flow back storage trailers, where trucks had been taking the flow back from the site for transportation off site.
- 4. The frac flow back impoundment on site had its impermeable liner staked in place along the top of the impoundment berm, a violation of Section 78.56(a)(4) of the Department's rules and regulations.
- 5. Various containers of emulsifier, a polluttional substance, were not contained per the manner required via Section 78.56 of the Department's rules and regulations.
- 6. The frac flow back tanks (trailers) and associated pumping equipment were also situated on bare ground, a violation of Section 91.34(a) of the Department's rules and regulations.

\*\* See attached photographs from the inspection.

\*\*\* One copy of this report will be mailed to the "Operator" - as listed on page one of the report.

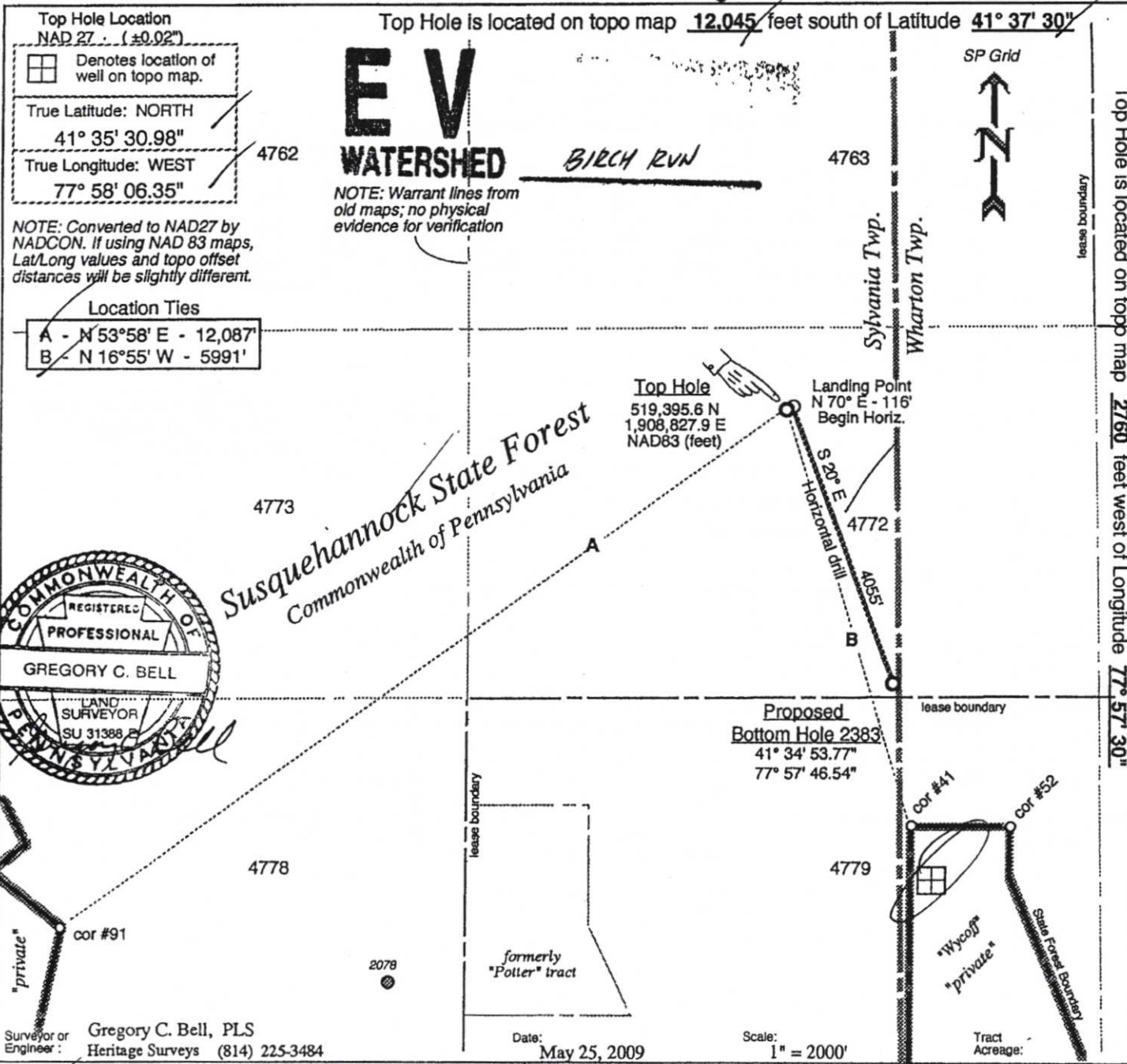
<b>PERMIT OR REGISTRATION NUMBER</b>	<b>DEP Rep:</b>	
Permit# 37-105-21590	(signature) 	Date: 12/30/2009
	(print name) Robert W. Everett III	Time: 13:45





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OIL AND GAS MANAGEMENT PROGRAM  
**WELL LOCATION PLAT**

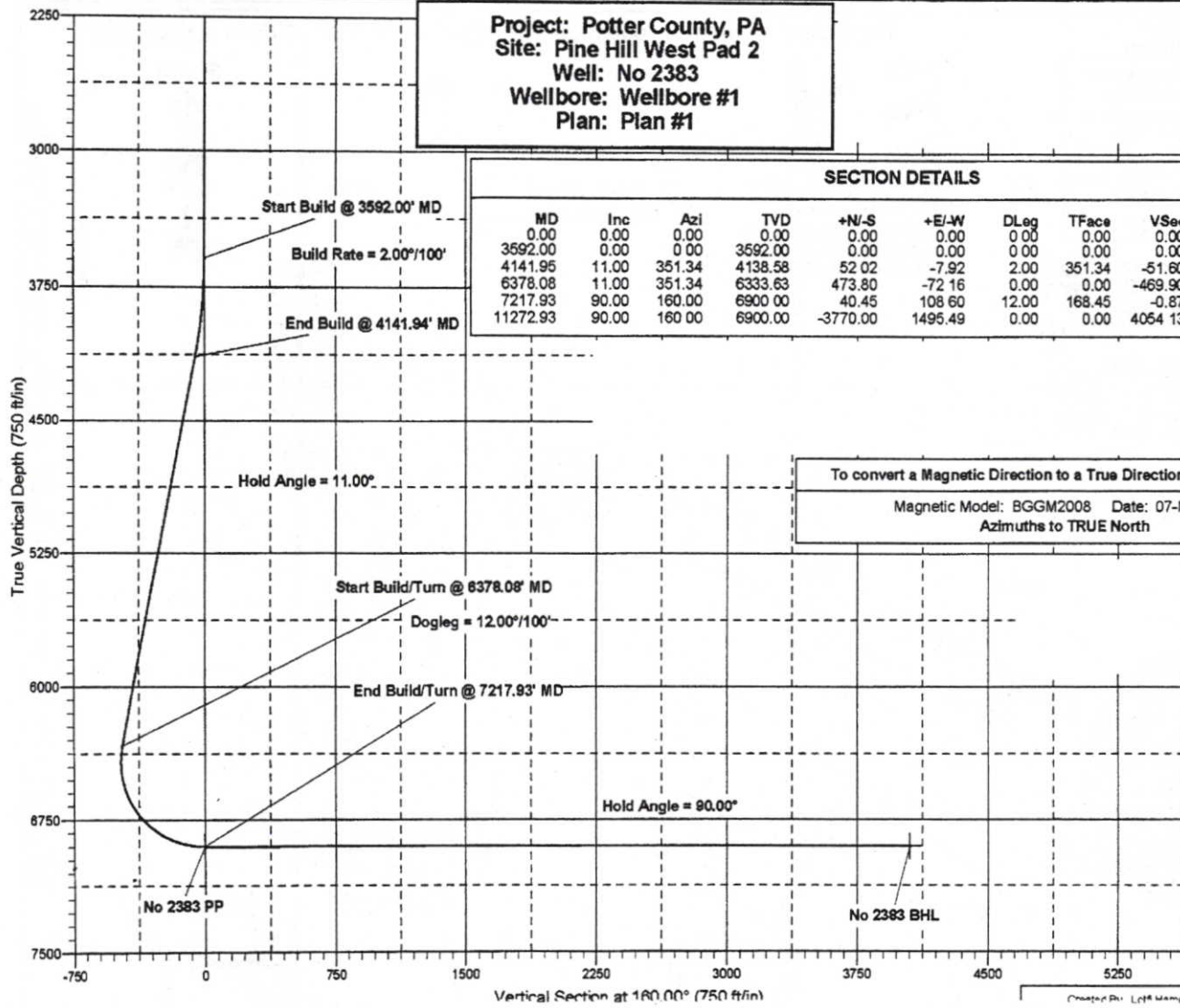
DEP	Permit #: <b>105-21590</b>	G. <b>7/15/09</b>
USE	Project #:	C:
ONLY		



Lat & Long Metadata Method: TOPCON L2 diff. GPS Accuracy: 1 ± ft. Datum: NAD 27		Elevation Metadata Method: L2 diff GPS Accuracy: 2 ± ft. Datum: NAD 27		Survey Date: 5/15/09
Applicant / Well Operator Name <b>Pennsylvania General Energy Co., LLC</b>		DEP ID # 213205	Well (Farm) Name <b>PINE HILL</b>	Well # 2383
Address 120 Market Street, Warren, PA 16365		County - Code Potter - 53	Municipality Sylvania Twp.	Well Type Gas
Surface Landowner Commonwealth of Pennsylvania - Susquehannock State Forest		USGS 7.5' Quadrangle Map Name Conrad	DEP Map # 622	Map Section 1
Target Formation(s) Marcellus Shale		Angle & Course of Deviation (Drilling) S 21°40' E - 4056' (net)	Anticipated Total Depth (ft) TVD 6900	Surface Elevation 2245 ft
Surface Owner or Water Purveyor with a Water Supply within 1000 ft. none	Approximate Course and Distance to Water Supply	Owner, Lessee, or Operator of Workable Coal Seam	Name of Coal Seam Owned, Leased, or Operated	

120 to Kenova, 144 N to Hamersley Fork, then Trout Run Road to 872 North  
off R branch by Nelson Run

Project: Potter County, PA  
Site: Pine Hill West Pad 2  
Well: No 2383  
Wellbore: Wellbore #1  
Plan: Plan #1



SECTION DETAILS

MD	Inc	Azi	TVD	+N-S	+E-W	DLeg	TFace	VSec	Annotation
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3592.00	0.00	0.00	3592.00	0.00	0.00	0.00	0.00	0.00	Start Build
4141.95	11.00	351.34	4138.58	52.02	-7.92	2.00	351.34	-51.60	End Build
6378.08	11.00	351.34	6333.63	473.80	-72.16	0.00	0.00	-469.90	Start Build/Turn
7217.93	90.00	160.00	6900.00	40.45	108.60	12.00	168.45	-0.87	End Build/Turn
11272.93	90.00	160.00	6900.00	-3770.00	1495.49	0.00	0.00	4054.13	TD

To convert a Magnetic Direction to a True Direction, Subtract 10.91°

Magnetic Model: BGGM2008 Date: 07-May-09  
Azimuths to TRUE North

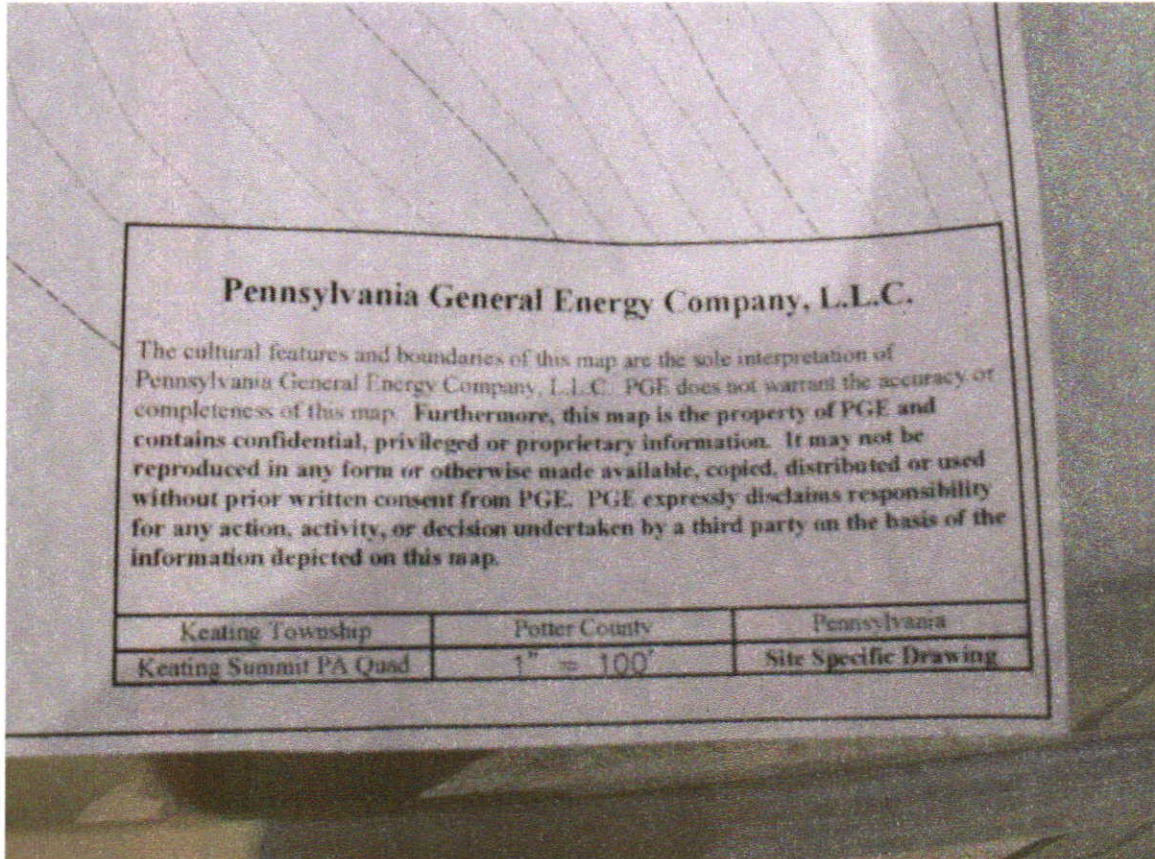
RECEIVED  
JUL - 6 2009  
ENVIRONMENTAL PROTECTION  
NORTHWEST REGIONAL OFFICE



Date: 12/30/2009

Well Site: Pine Hill 2383 (Permit# 37-105-21590)

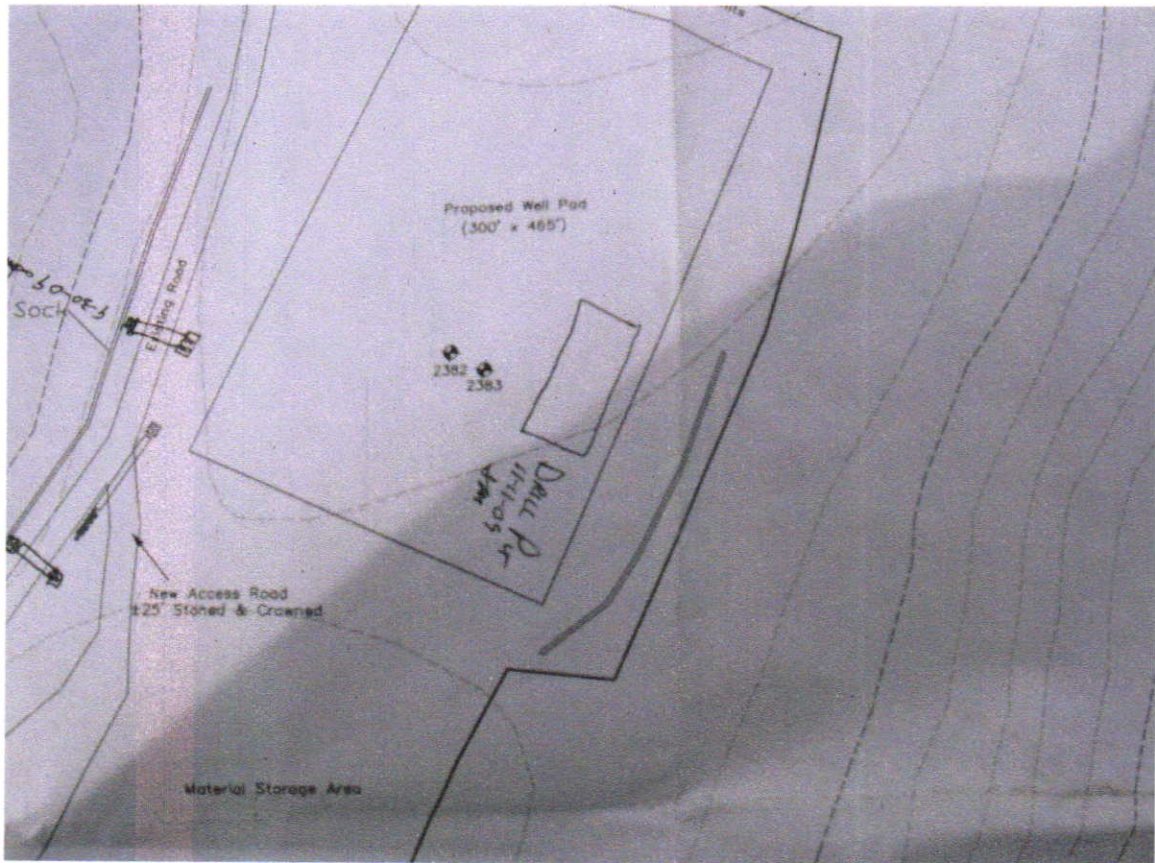
Description: Site E&S Control Plan Plat – note the township name is incorrect.



Date: 12/30/2009

Well Site: Pine Hill 2383 (Permit# 37-105-21590)

Description: Site E&S Control Plan Plat – note the major change (impoundment) that is drawn in.

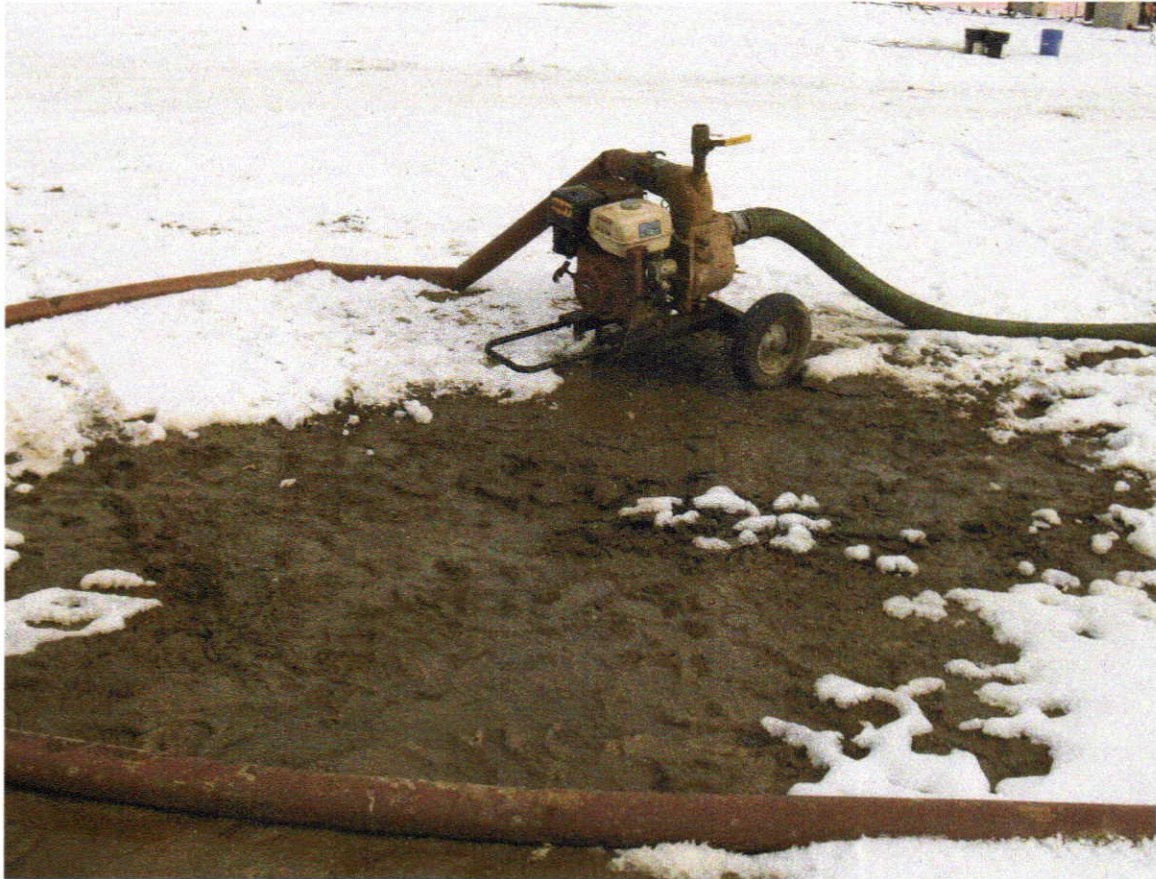




Date: 12/30/2009

Well Site: Pine Hill 2383 (Permit# 37-105-21590)

Description: Frac Flow Back Spill at Water Pump – note the sheen on the water in the lower left corner of the picture.



Date: 12/30/2009

Well Site: Pine Hill 2383 (Permit# 37-105-21590)

Description: Frac Flow Back Spill at Storage Tanks – note the lack of polluttional substance containment measures.





Date: 12/30/2009

Well Site: Pine Hill 2383 (Permit# 37-105-21590)

Description: Compost Filter Sock on Slope Inside the Outer Limit of Earth Disturbance.



# PENNSYLVANIA GENERAL ENERGY COMPANY, L.L.C.

May 6, 2010

120 Market Street  
Warren, PA 16365

Phone: 814-723-3230  
Fax: 814-723-3502

Mr. Robert Everett, Water Quality Specialist  
Oil & Gas Management  
Northcentral Regional Office  
PA Department of Environmental Protection  
208 West Third Street, Suite 101  
Williamsport, PA 17701-6448

Re: Notice of Violation  
Pine Hill well 2383  
Permits Nos. 37-105-21590  
Cummings Township, Lycoming County

Dear Mr. Everett:

This letter is in response to the telephone conversation that we had on April 22, 2010. We understand that the Department has additional concerns that were not answered by our reply letter dated April 14, 2010. Our intention is to resolve all issues raised in the Notice of Violation letter dated April 7, 2010. Please advise us if this letter does not do so; and perhaps we should have a meeting in your office to discuss this further.

The Department's concerns, as expressed to us by phone on April 22, are shown in bold text along with our reply following in italics.

- A. The first concern relates to the NOV item as follows: 25 PA Code 78.56 (a) (4) - A pit or tank that contains drill cuttings from below the casing seat, polluttional substances, wastes or fluids other than top hole water, fresh water and uncontaminated drill cuttings shall be impermeable.**

**You mentioned by phone that the above reference should have been 25 PA Code 78.57(c)(2) not 25 PA Code 78.56 (a) (4). Your specific concern was holes in the liner above the maximum water level in the pit.**

*As shown on the attached photographs, the holes have been repaired. We followed manufacturer's recommendations, cleaned the liner, applied adhesive and sealed the hole with a patch liner material. The repairs are triple lined, meaning we first put a repair liner under the hole and sealed it closed. Then we add two larger patches over top this first patch so that the hole is triple lined. We are confident that the holes have now been repaired.*

- B. The second concern relates to the seasonal high water table expressed as follows in your April 7<sup>th</sup> letter: Note that the Department questions your determination of pit placement, per conversation with Craig Dean it was revealed that your company excavates earth until you reach groundwater or desired pit depth. The Department's regulations call for the placement of all pits or impoundments at least 20 inches above the seasonal high**



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**groundwater table, which is not indicated by excavation/drilling until you reach groundwater. Please advise the Department as to how you are determining the seasonal high groundwater table and what proof you have that the pits/impoundments on this well site are at least 20 inches above the seasonal high groundwater table and fully comply with all other encapsulation regulations.**

**You mentioned by phone your specific concern is the documentation showing that the seasonal high level at well 2383 is more than 20-inches below the bottom of the impoundment.**

*Our understanding of the regulations is that there are 4 references to seasonal high water table as follows:*

- 1. 25 PA Code Chapter 78 Section 56(a)(4)(iii) applies to polluttional substances and wastes;*
- 2. 25 PA Code Chapter 78 Section 57(c)(2)(iii) applies to brine and other fluids;*
- 3. 25 PA Code Chapter 78 Section 62(a)(8) applies to residual waste; and*
- 4. 25 PA Code Chapter 78 Section 63(a)(9) applies to residual waste.*

*Note that none of these references refer to the storage of fresh water and the impoundment at well 2383 has been and is being used solely for fresh water.*

*However, PGE recognizes the concern raised by your question and we intend to use test pits to identify seasonal high water levels for future pit and frac pond constructions. A copy of the relevant section of the SEO manual is attached. This will be the basis for our determinations. Thank you for your assistance in improving our procedures in this area.*

Sincerely,

PENNSYLVANIA GENERAL ENERGY CO., LLC.



Mark C. Mummert, PE, CIH  
Environmental Manager

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Fus = 37-105-21590

# PENNSYLVANIA GENERAL ENERGY COMPANY, L.L.C.

120 Market Street  
Warren, PA 16365

Phone: 814-723-3230  
Fax: 814-723-3502

January 13, 2010

Robert W Everett  
Bureau of Oil & Gas Management  
PA DEP  
208 W Third St, Suite 101  
Williamsport, PA 17701-6448

Re: NOV, January 4, 2010

Dear Mr. Everett,

I shall reply and respond to your comments in the order you listed them.

1. Failure to implement the prepared site specific E&S control plan

You state that a major change was made to the plan but the change was not indicated on the E&S plan document. In response to this I request that you refer to the attached Attachments "A", "B" "C" & "D". You will note that the subject letter was accompanied by the site specific drawing as required. It is PGE's policy and practice that a site specific drawing be placed in an appropriate container at the well site as required. To my knowledge this was done in this case as a matter of course. If there was no revised plan at the site I can only surmise that it was removed by unauthorized person or persons. This, unfortunately, has occurred at well sites (PGE's and others) a few times in the past. If you have any suggestions as to how to avoid such action please bring them forward.

2. Failure to implement BMP's to minimize the potential for accelerated erosion & sedimentation to the waters of the commonwealth.

We respectfully disagree that BMP's were improperly installed. The filter sock was placed inside the perimeter of the earth disturbance. In the photo you included in your report it appears that because of the snow cover you did not realize the surface beyond the filter sock had not been disturbed save for brush removal. It should be noted that the Weaver Filter Sock in question is consistent with DEP standards as confirmed by DEP water quality specialist Darl Rosenquist. The device was inspected on a regular basis and determined to be functioning per design. Please refer to attachment "E" for verification.

3. Improperly lined pit

You cite 25 PA code 78.56 (a)(4)(iv) "If the liner becomes torn or otherwise loses integrity, the pit shall be managed to prevent the pit contents from leaking from the pit." It is my contention that the pit was and is being managed to prevent filling above the prescribed two feet of free



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board thus never exposing the penetrated areas to the threat of leaking. The common and widely used practice of staking the pit liner in place at the top of the pit berm does not constitute the loss of integrity. It is a practical and effective method of preventing sagging. In my considered opinion the term "torn" in the code provisions contemplates a "loss of integrity" not the pinning of the liner to the berm.

4. Failure to contain polluttional substances

The failure to contain frac flow back water is a result of contract vac truck drivers not vacuuming the water remaining in the hose into the truck tank as they have been instructed. We realize that this remains the responsibility of PGE as the well owner / operator. To correct this problem a "manifold drip pan" is being fabricated and shall be installed to catch all remaining water in the hose and removed by vacuum as necessary. Another problem area you sited was the leaking transfer pump. PGE had delivered a replacement pump to the site but it was not put into service as soon as it should have been. Again, this clearly is PGE's responsibility as operator. The pump has been replaced and is functioning without leaks. A portable containment to be placed under the pump has been ordered and shall be put in use as soon as it arrives.

5. Failure to install dikes or other measures adequate to prevent pollution from occurring at the tanks.

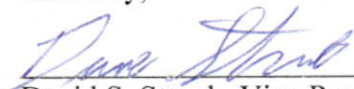
To counter this problem PGE is purchasing and shall install portable containment dikeing to be placed at the tanks to collect and contain any leaking or spilled material. PGE pledges to practice increased diligence in our overall operation and in particular as it relates to oversight of contractors and their employees

6. Potential Pollution

We believe the above mentioned actions address the potentiality of pollution situation. The E&S controls have proven to be functioning well and shall continue to be maintained and inspected on a regular basis. The containment devices that are being installed will prevent polluttional substances from hitting the ground and the pit shall continue to be managed and maintained in a responsible manner.

We welcome any comments or questions you may have concerning these response comments. If you feel further discussion is necessary please contact me at your convenience.

Sincerely,

  
David S. Straub, Vice President

Encl.

Cc: Craig Mayer, PGE General Counsel  
Robert Payne, PGE Environmental Compliance Supervisor  
PGE 2383 Well File

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*Handwritten signature*  
Cyber Copy

208 West Third Street, Suite 101  
Williamsport, PA 17701-6448  
January 4, 2010

Northcentral Regional Office

Fax 570-327-3565

**NOTICE OF VIOLATION**

**CERTIFIED MAIL NO. 7009 1410 0000 2456 5479**

Mr. David Straub, Vice President  
Pennsylvania General Energy Company, LLC  
120 Market Street  
Warren, PA 16365

Re: Pine Hill 2383 Well  
Permit No. 37-105-21590  
Sylvania Township, Potter County

Dear Mr. Straub:

On December 30, 2009, the Department inspected your company's Pine Hill 2383 well (Permit No. 37-105-21590), located in Sylvania Township, Potter County. Our inspection revealed the following violations of the Clean Streams Law, 35 P.S. § 691.1 et seq.; the Solid Waste Management Act, 35 P.S. § 6018.101 et seq.; the Oil and Gas Act, 58 P.S. § 601.101 et seq. and the rules and regulations promulgated under these statutes:

1. Failure to implement the prepared site specific Erosion and Sedimentation (E&S) Control Plan.

My site inspection revealed that you failed to implement the prepared site specific E&S Control Plan. Specifically, a major change was made to the plan and the plan was not revised to reflect that change, nor did the Department approve that major change. This is a violation of Section 102.4(b)(5) of the Department's regulations, 25 Pa. Code §102.4(b)(5), and the Erosion, Sediment, and Stormwater Control Plan standard conditions, 5500-FM-OGO111 Item 3.B. (page 3).

Section 102.4(b)(5) of the Department's regulations, 25 Pa. Code §102.4(b)(5), requires that the plan contain:

"A written depiction of the location and type of perimeter and onsite BMPs used before, during, and after the earth disturbance activity."

The Erosion, Sediment, and Stormwater Control Plan standard conditions, 5500-FM-OGO111 Item 3.B. (page 3), requires:



“Minor modifications to the E&S Plan and Site Restoration Plan shall be noted on the plan that is available at the site and initialed by the appropriate Department staff. Minor changes to the plan may include adjustments to BMPs and locations within the permitted boundary to improve environmental performance, prevent potential pollution, change in ownership or address, topographical errors and on-site field adjustments such as the addition or deletion of BMPs, or alteration of earth disturbance activities to address unforeseen circumstances.”

“Major modifications to the approved E&S Plan involving new or additional earth disturbance activity other than those described as minor modifications above, and/or the addition of a discharge will require prior approval by the reviewing entity and may require the submittal of a new plan.”

Therefore, a revised Erosion and Sedimentation Control Plan for this site will need to be developed and submitted to the Department for review and approval. Please make sure the new plan is complete, accurate, and bears the seal and signature of the registered professional who prepared it, as the plan plat available at the site did not bear the seal and signature of the registered professional who prepared it.

2. Failure to implement best management practices (BMPs) to minimize the potential for accelerated erosion and sedimentation to waters of the Commonwealth.

My site inspection revealed that you failed to adequately implement erosion and sediment control BMPs on the well site during earthmoving activity. Specifically, you failed to perform routine maintenance of BMPs and you also failed to properly install some BMPs. This is a violation of Section 102.4(b)(1) of the Department’s regulations, 25 Pa. Code §102.4(b)(1), which provides:

“The implementation and maintenance of erosion and sediment control BMPs are required to minimize the potential for accelerated erosion and sedimentation, including for those activities which disturb less than 5,000 square feet (464.5 square meters).”

3. Improperly lined pit.

My site inspection revealed numerous punctures in the pit liner at this site due to the liner perimeter fence being staked into the liner. This is a violation of Section 78.56(a)(4)(iv) of the Department’s regulations, 25 Pa. Code §78.56(a)(4)(iv), which provides:

“If a liner becomes torn or otherwise loses its integrity, the pit shall be managed to prevent the pit contents from leaking from the pit. If repair of the liner or construction of another temporary pit is not practical or possible, the pit contents shall be removed and disposed at an approved waste disposal facility or disposed on the well site in accordance with §78.61, §78.62 or §78.63 (relating to the disposal of residual waste – pits; and disposal of residual waste – land application).”

4. Failure to contain polluttional substances.

My site inspection inspection revealed that polluttional substances were not being contained in a lined pit, tank or series of pits and tanks. This is a violation of Section 78.56(a)(1) of the Department's regulations, 25 Pa. Code §78.56(a)(1), which provides, in part:

"The pit, tank or series of pits and tanks shall be constructed and maintained with sufficient capacity to contain all polluttional substances and wastes which are used or produced during drilling, altering, completing and plugging the well."

5. Failure to install diking or other measures adequate to prevent pollution from occurring at the tank batteries on the lease.

My inspection revealed that you failed to install adequate pollution prevention measures at the flow back tanks on the well site. This is a violation of Section 91.34(a) of the Department's regulations, 25 Pa. Code §91.34(a), which provides:

"Persons engaged in an activity which includes the impoundment, production, processing, transportation, storage, use, application or disposal of pollutants shall take necessary measures to prevent the substances from directly or indirectly reaching waters of this Commonwealth, through accident, carelessness, maliciousness, hazards of weather or from another cause."

6. Potential pollution.

My site inspection also revealed that you created a danger of pollution to waters of the Commonwealth at this site with the release of flow back fluids to the well pad. This is a violation of Section 402(a) of the Clean Streams Law, 35 P.S. §691.402(a), which provides, in part:

"Whenever the Department finds that any activity, not otherwise requiring a permit under this act, including but not limited to the impounding, handling, storage, transportation, processing or disposing of materials or substances, creates a danger of pollution of the waters of the Commonwealth or that regulation of the activity is necessary to avoid such pollution, the Department may, by rule or regulation, require that such activity be conducted only pursuant to a permit issued by the Department or may otherwise establish the conditions under which such activity shall be conducted, or the Department may issue an order to a person or municipality regulating a particular activity."

A violation of the Solid Waste Management Act or the rules or regulations promulgated thereunder is contrary to Sections 601 and 610 of that Act, for which the Department could institute administrative, civil, and/or criminal proceedings. The Act provides for up to \$25,000 per day in civil penalties, up to \$1,000 in summary criminal penalties, and up to \$25,000 in misdemeanor criminal penalties for each violation. Each day of continued violation constitutes a separate offense.



Mr. David Straub  
Pennsylvania General Energy Company, LLC  
Pine Hill 2383

-4-

January 4, 2010

A violation of the Clean Streams Law or the rules or regulations promulgated thereunder is contrary to Sections 602 and 611 of that Act, for which the Department could institute administrative, civil, and/or criminal proceedings. The Act provides for up to \$10,000 per day in civil penalties, up to \$10,000 in summary criminal penalties, and up to \$25,000 in misdemeanor criminal penalties for each violation. Each day of continued violation constitutes a separate offense.

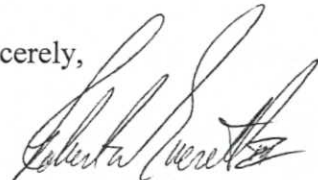
A violation of the Oil and Gas Act or the rules or regulations promulgated thereunder is contrary to Sections 505 and 509 of that Act, for which the Department could institute administrative, civil, and/or criminal proceedings. The Act provides for up to \$25,000 in civil penalties plus \$1,000 for each day of continued violation, up to \$300 in summary criminal penalties, and up to \$5,000 in misdemeanor criminal penalties for each violation. Each day of continued violation constitutes a separate offense.

Please notify me in writing within 10 days receipt of this letter, as to when the above listed violations were or will be corrected, and what steps are being taken to prevent their recurrence.

This Notice of Violation 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, or require clarification, please contact me at 570-327-3680.

Sincerely,



Robert W. Everett III  
Water Quality Specialist  
Bureau of Oil and Gas Management

Enclosures: Inspection Form  
Photographs

cc: Jennifer Means, EPM  
John Ryder, WQS Supervisor  
Marc B. Cooley, Compliance Specialist  
NCRO File (37-105-21590)

**PENNSYLVANIA GENERAL ENERGY COMPANY, L.L.C.**

120 MARKET STREET  
WARREN, PA 16365

TEL: (814) 723-3230  
FAX: (814) 723-4746

September 28, 2009

Ms. Jennifer Means  
Oil and Gas Program Manager  
Department of Environmental Protection  
208 West Third Street, Suite 101  
Williamsport, PA 17701-6448

Dear Ms. Means:

Enclosed you will find revised & updated site specific drawings for four of Pennsylvania General Energy's projects within Potter County. The project names along with a brief description of the modifications made to each drawing are listed below.

**1941-A Pipeline Project, Wharton Township, Potter County**

- \*Culverts (including rip rap at the outlets and rock filters at the inlets) will be installed to allow drainage along the pipeline ROW. This feature will create a stable ground for the future DCNR snowmobile trail
- \*Filter socks will be installed along the pipeline ROW
- \*A temporary area of disturbance has been added to the 1941-A well location

**Pine Hill Project, Sylvania Township, Potter County**

- \*The location of the drill pit for the well location has been added to the drawing
- \*The location of a constructed diversion ditch (with rock filter) has been added to the drawing

**Keating Summit Project, Keating Township, Potter County**

- \*The location of a constructed diversion ditch has been added to the drawing
- \*BMP's have been added to the 2145 well location, including rip rap, filter socks, and jute netting

**Fisk Hollow Project, Pleasant Valley Township, Potter County**

- \*The location of two constructed diversion ditches have been added to the drawing
- \*The location of the existing drill pit and small flowback pit have also been added
- \*The location of two small existing spoils piles have been added to the drawing
- \*Silt Fence has been added to the 2378 location



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Please note that all the features added to the drawings (either being installed or proposed) lie within the project boundaries. All four site specific drawings have been reviewed and stamped by a professional engineer.

If you need any additional information, please do not hesitate to call me at the above number or email me at: [kendraparisella@penngeneralenergy.com](mailto:kendraparisella@penngeneralenergy.com).

Sincerely,

PENNSYLVANIA GENERAL ENERGY COMPANY, L.L.C.

By \_\_\_\_\_  
Kendra R. Parisella, Environmental Specialist

Enclosures:

1941-A Pipeline Project - Site Specific Drawing  
Pine Hill Project Site - Specific Drawing  
Keating Summit Project - Site Specific Drawing  
Fisk Hollow Project Site - Specific Drawing