



Senate of Pennsylvania

October 12, 2010

John Hanger, Secretary
Department of Environmental Protection
16th Floor Rachel Carson Building
Harrisburg, PA 17105

Dear Secretary Hanger:

We applaud your efforts to provide permanent relief to the homes in Dimock, Susquehanna County affected by well water contamination related to natural gas drilling.

However, in our roles as chair of the Senate Environmental Resources and Energy Committee and a member of the Pennsylvania Infrastructure Investment Authority (PennVEST) we are requesting clarification as to the proposed remediation plan, its costs, and the intended source of funding. Please advise us on the following:

- 1) What entity is applying for PennVEST funding to extend the proposed public water line to the residents in Dimock?
- 2) Why does your Department believe extending a public water line at the cost of \$12 million is the most effective solution to addressing this matter?
- 3) What alternatives were discussed and why were they deemed inadequate?
- 4) How many homes/businesses are affected by the contamination?
- 5) What are the estimated monthly rates for both debt service and system operations each homeowner will pay and how much grant funding will be required to make the project affordable?
- 6) Given Cabot's disagreement with DEP over the proposed remediation plan, what assurances are there PennVEST will ever recover the funds committed to the Dimock project?
- 7) Why would such a project not be funded through the HSCA program which we believe is designed to address situations such as that which exists in Dimock?

As you know, the demand for public water and sewer infrastructure in the Commonwealth is tremendous and we are certain you share our desire to have those needs met as quickly and efficiently as possible. Given PennVEST's limited resources and the number of communities that have been waiting years for public infrastructure due to a lack of funding, we encourage your Department to explore cost-effective avenues other than PennVEST to ensure the resolution to the Dimock water supply does not come at the expense of other communities in the Commonwealth in need of safe, reliable water supplies.

Thank you for your prompt response to our inquiries. If you require additional information or clarification, please do not hesitate to contact us.

Sincerely,


Mary Jo White


Don White



pennsylvania

DEPARTMENT OF ENVIRONMENTAL PROTECTION

SECRETARY

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October 28, 2010

The Honorable Mary Jo White, Chairman
Senate of Pennsylvania
Senate Environmental Resources and Energy Committee
Senate Post Office Box 203021
Harrisburg, PA 17120-3021

The Honorable Donald White
Senate of Pennsylvania
Senate Environmental Resources and Energy Committee
Senate Post Office Box 203041
Harrisburg, PA 17120-3041

Dear Senator Mary Jo White and Senator Don White:

Thank you for your letter of October 12, 2010, concerning the water well contamination related to natural gas drilling in Dimock.

Unfortunately, there is a lot of misinformation circulating about the proposed public water line from Montrose to Dimock. In responding to the questions in your letter, I hope to be able to set the record straight.

1. *What entity is applying for PennVEST funding to extend the proposed public water line to the residents in Dimock?*

Pennsylvania American Water Company

2. *Why does your Department believe extending a public water line at the cost of \$12 million is the most effective solution to addressing this matter?*

As many as 18 water wells and 19 families have had their water polluted by methane as a result of Cabot's poor drilling. As you know, many of these homeowners have been without a permanent water supply for nearly two years. Samples from some of their water wells also show exceedences of primary and secondary maximum contaminant levels of other constituents, including iron, manganese, barium, and aluminum, that have occurred since Cabot's gas drilling began. The proposed public water line from Montrose will, of course, serve many users in addition to those affected by the gas migration from the Cabot wells. A jail, a business park, and other businesses and homes near Route 29 may well decide to hook up. The Department will be

able to reduce the amount of the project charged to Cabot as a result of additional voluntary hookups. Other homeowners and businesses will have the opportunity to hook up to the water line, an opportunity that may well improve the values of their homes and businesses.

There are four possible solutions for the damage done to the water supplies in Dimock:

- Stop the gas migration
- Provide individual methane treatment to all affected homes that process methane contaminated water
- Create a new community water system
- Extend the public water line from Montrose to Dimock

To date, the Department of Environmental Protection (DEP or Department) has identified 14 Cabot gas wells within Dimock Township, Susquehanna County as having defects such as insufficient/improper casing and/or cementing and/or overpressure. To date, three of these defective gas wells were plugged and one defective gas well was remediated by Cabot. Still, Cabot has not stopped the gas migration from the remaining defective gas wells. Even if the gas migration stops, the amount of time it will take until the residual methane in groundwater is gone, is unknown but could be years.

Cabot has failed to accept responsibility and provide a permanent solution to replace the damaged water supplies on an individual homeowner basis. The devices that have been provided to individual homeowners are not a permanent solution in this situation. Furthermore, their presence may harm the resale value of a home as understandably many buyers are not eager to purchase a home that has methane in it and that requires a machine to process the methane.

The alternative of drilling and running a new community water system is not feasible because there is no assurance that the groundwater within Dimock Township has not been, or will not be, contaminated by methane from Cabot's drilling. Furthermore, there is no assurance that the customers would be capable of operating such a system on their own.

Accordingly, extending the water line from the existing and permitted public water supply facility in Montrose to Dimock Township is the most effective solution to the problem and the only viable option.

3. *What alternatives were discussed and why were they deemed inadequate?*

See response to question number 2.

4. *How many homes/businesses are affected by the contamination?*

The Department began its investigation in January 2009 when it was notified of an explosion in a well house located along Carter Road. At the beginning of its investigation, the Department identified that Cabot's drilling activities had affected nine residential water supplies. Based on our continuing investigation of numerous residential water supplies in Dimock Township, from January 2009 to date, the Department has determined that Cabot's drilling activities have affected 18 residential water supplies that serve 19 homes in Dimock Township.

5. *What are the estimated monthly rates for both debt service and system operations each homeowner will pay and how much grant funding will be required to make the operation affordable?*

All homeowners who choose to accept the public water system will receive the same monthly water bill as other Pennsylvania American Water Company customers.

The question of how much grant funding will be provided must be decided by the PennVEST Board at its next Board meeting.

6. *Given Cabot's disagreement with DEP over the proposed remediation plan, what assurances are there PennVEST will ever recover the funds committed to the Dimock project?*

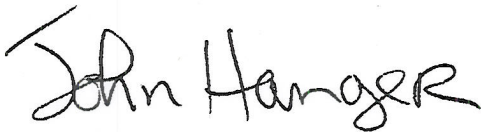
DEP intends to take all actions necessary and appropriate to ensure that Cabot permanently replaces the affected residential water supplies, and/or pays for the costs of such replacement, including seeking reimbursement to PennVEST for its costs.

7. *Why would such a project not be funded through the HSCA program which we believe is designed to address situations such as that which exists in Dimock?*

HSCA specifically excludes natural gas from the definition of hazardous substances.

I hope this information is helpful. Please contact Robert Maiden, Director of Legislative Affairs, by e-mail at rm Maiden@state.pa.us or by telephone at 717.783.8303 if you have any additional questions.

Sincerely,



John Hanger
Secretary