



Pennsylvania Department of Environmental Protection

208 West Third Street  
Suite 101  
Williamsport, PA 17701-6448  
May 30, 2008

Northcentral Regional Office

570-321-6581  
FAX: 570-327-3565

VIA FACSIMILE 214-265-9593  
VIA CERTIFIED MAIL 7007 0710 0000 9645 0552

Managing Supervisor  
Chief Oil & Gas, LLC  
6051 Wallace Road Extension, Suite 300  
Wexford, PA 15090

**Re: May 30, 2008 Administrative Order**

Dear Sir or Madam:

Accompanying this letter is an Administrative Order issued to Chief Oil & Gas, LLC which requires your company to take immediate action. Please review this Order carefully as it requires immediate compliance and affects your company's legal rights, obligations and duties.

If you have any questions, please contact me at (570) 321-6581. If your attorney wishes to contact the Department, they should contact the Department's Regional Counsel, Nels J. Taber, at (570) 321-6568. Thank you for your attention to this matter.

Sincerely,

L. Richard Adams  
Environmental Program Manager  
Watershed Management Program

cc: Robert C. Yowell  
Nels J. Taber

In the Matter of:

Chief Oil & Gas, LLC : Water Quality Management  
6051 Wallace Road Extension, Suite 300 : Mifflin Township, Lycoming County  
Wexford, PA 15090 :

**ORDER**

NOW, this 30<sup>th</sup> day of May, 2008, the Commonwealth of Pennsylvania, Department of Environmental Protection (hereinafter "Department"), after investigation, has found and determined that:

A. The Department is the agency with the duty and authority to administer and enforce The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. § 691.1 *et seq.* ("CSL"); 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"); the Water Resources Planning Act, Act of December 16, 2002, P.L. 1776, No. 220, 27 Pa.C.S.A. § 3101 *et seq.* ("WRPA"); Section 1917-A of the Administrative Code, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. § 510-17 ("Administrative Code"); and the rules and regulations promulgated thereunder.

B. Chief Oil & Gas, LLC is a Texas limited liability corporation authorized to do business in Pennsylvania, with offices located at 6051 Wallace Road Extension, Suite 210, Wexford, PA ("Chief Oil & Gas").

C. Chief Oil & Gas, in part, engages in the business of drilling wells for the purposes of exploring for deposits of natural gas.

D. In the course of business, Chief Oil & Gas has constructed two impoundments to store water for the purpose of serving several natural gas well drilling sites ("Impoundments").

E. The Impoundments are located in Mifflin Township, Lycoming County, Pennsylvania along First Fork Larry's Creek, a High Quality tributary of Larry's Creek. The Impoundments are identical in size, measuring 150 feet by 150 feet across the top, and are both approximately 10 to 12 feet deep.

F. During a Department inspection on May 23, 2008, water withdrawal was on-going from Mud Run, a High Quality tributary of the First Fork, via 2 perforated intake pipes lying in the stream connected to 2 submerged electric submersible pumps. The pumps were sending water into a 3 inch pipeline which discharged into the Impoundments. Both pipelines were equipped with flow meters.

G. Based upon visual observations of the flow meter by members of the Susquehanna River Basin Commission, the metered withdrawal rate from Mud Run was approximately 84 gallons per minute for each pump, or 241,920 gallons per day.

H. At the time of the Department's May 23, 2008 inspection, there was no visually observable appreciable loss of flow observed upstream to downstream of Chief Oil & Gas' water withdrawal point in Mud Run at the current withdrawal rate. However, Mud Run experiences seasonal fluctuations in stream flow, and has a lower flow rate during the summer and fall months. Any withdrawals during the summer and fall months, or any increases in the current withdrawal rate, have the potential to impair the existing uses of Mud Run.

I. The Department received information on May 27, 2008, that the withdrawals from Mud Run had ceased, although there was no indication that there would not be future withdrawals from Mud Run.

J. Pursuant to Section 1 of the Clean Streams Law, 35 P.S. §691.1, "pollution" is defined as:

contamination of any waters of the Commonwealth such as will create or is likely to create a nuisance or to render such waters harmful, detrimental or injurious to public health, safety or welfare, or to domestic, municipal, commercial, industrial, agricultural, recreational, or other legitimate beneficial uses, or to livestock, wild animals, birds, fish or other aquatic life, including but not limited to such contamination by alteration of the physical, chemical or biological properties of such waters, or change in temperature, taste, color or odor thereof, or the discharge of any liquid, gaseous, radioactive, solid or other substances into such waters. The department shall determine when a discharge constitutes pollution, as herein defined, and shall establish standards whereby and wherefrom it can be ascertained and determined whether any such discharge does or does not constitute pollution as herein defined.

K. Pursuant to Section 1 of the Clean Streams Law, 35 P.S. §691.1, "Waters of the Commonwealth" "shall be construed to include any and all rivers, streams, creeks, rivulets, impoundments, ditches, water courses, storm sewers, lakes, dammed water, ponds, springs and all other bodies or channels of conveyance of surface and underground water, or parts thereof, whether natural or artificial, within or on the boundaries of this Commonwealth."

L. Section 316 of the Clean Streams Law, 35 P.S. § 691.316, provides, in part, that "[w]hensoever the [D]epartment finds that pollution or a danger of pollution is resulting from a condition which exists on land in the Commonwealth the [D]epartment may order the landowner or occupier to correct the condition in a manner satisfactory to the [D]epartment . . . ."

M. Section 402 of the Clean Streams Law, 35 P.S. § 691.402, provides, in part, that "[w]hensoever the [D]epartment 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 [D]epartment may, by rule or regulation, require that such activity be conducted only pursuant to a permit issued by the [D]epartment or may otherwise establish the conditions under which such activity shall be conducted, or the [D]epartment may issue an order to a person or municipality regulating a particular activity."

N. Section 611 of the Clean Streams Law, 35 P.S. § 691.611, provides, in part, that "[i]t shall be unlawful to fail to comply with any rule or regulation of the [D]epartment or fail to comply with any order or permit or license of the [D]epartment, to violate any of the provisions of this act or rules and regulations adopted hereunder, or any order or permit or license of the [D]epartment, to cause air or water pollution, or to hinder, obstruct, prevent or interfere with the [D]epartment or its personnel in the performance of any duty hereunder or to violate the provisions of 18 Pa.C.S. Section 4903 (relating to false swearing) or 4904 (relating to unsworn falsification to authorities)."

O. Section 18(a) of the WRPA, 27 Pa.C.S.A. § 3118(a), provides, in part, that "each person whose total withdrawal or withdrawal use from one or more points of withdrawal within a watershed operated as a system either concurrently or sequentially exceeds an average rate of 10,000 gallons a day in a 30-day period shall register with the [D]epartment the source, location and amount of withdrawal or use or both. Registrations shall be submitted not later than 12 months after the effective date of this chapter or 30 days following the initiation of any such withdrawal or use, whichever is later. Registrations shall be submitted on forms as prescribed by the [D]epartment."

P. Pursuant to the Department's regulations, "[e]xisting instream water uses and the level of water quality necessary to protect the existing uses shall be maintained and protected." 25 Pa. Code § 93.4a.(b).

Q. Large water withdrawals from a surface water can destroy or cause impairment of protected uses and can constitute pollution.

R. Mud Run flows into First Fork Larry's Creek, a High Quality tributary of Larry's Creek. Larry's Creek is a tributary to the West Branch Susquehanna River. Certain surface water and groundwater withdrawal within the Susquehanna River Basin are subject to regulation by the Susquehanna River Basin Commission ("SRBC") pursuant to 32 P.S. § 820.1 and 18 CFR §§ 806.4 and 806.5.

S. The SRBC has determined that Chief Oil & Gas water withdrawal for purposes of filling the Impoundments is subject to regulation by the SRBC. The SRBC has also issued an administrative order to Chief Oil & Gas to cease and desist all further consumptive water use and water withdrawals until SRBC approval is granted for the withdrawal and consumptive use of water.

T. The Department and the SRBC coordinate their reviews of proposed water

withdrawals under their respective statutory and regulatory authorities.

U. The SRBC, inter alia, considers the impacts of a proposed withdrawal on surface and groundwater resources and will not permit a withdrawal if the proposed withdrawal will destroy or impair protected uses of surface waters.

V. Chief Oil & Gas has failed to obtain necessary SRBC approval for the ongoing water withdrawal. Absent SRBC approval, the withdrawal from Mud Run has the potential to violate the Department's antidegradation requirements, impair or destroy protected uses and cause pollution as the existing unrestricted withdrawal may be too excessive to protect existing uses.

W. Chief Oil & Gas has failed to register this water withdrawal with the Department in violation of Section 18(a) of the WRPA, 27 Pa.C.S.A. § 3118(a).

X. The unrestricted withdrawal of water from Mud Run creates a danger of pollution of waters of the Commonwealth by impairing the existing uses and constitutes a violation of Section 402 of the Clean Streams Law, 35 P.S. § 691.402.

Y. The violations described in Paragraph W and X constitutes unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. § 691.611, and a statutory nuisance under Section 601 of the Clean Streams Law, 35 P.S. § 691.601 and Section 32 of the WRPA, 27 Pa.C.S.A. § 3132.

NOW, THEREFORE, pursuant to Sections 5, 316, 402, and 610 of the Clean Streams Law, 35 P.S. §§691.5, 691.316, 691.402, and 691.610; Section 33 of the WRPA, 27 Pa.C.S.A. § 3133; and Section 1917-A of the Administrative Code of 1929, 71 P.S. §510-17, it is hereby ORDERED that Chief Oil & Gas shall:

1. Immediately cease water withdrawals from all waters of the Commonwealth, including those waters located in the Impoundments, until Chief Oil & Gas submits to the Department and the Department has approved the method by which Chief Oil & Gas will withdraw, store, distribute, process and dispose of water used for gas well drilling and hydraulic fracturing ("Water Management Plan").

2. Before water withdrawal can resume at the location of the Impoundments, Chief Oil & Gas shall submit to the Department for review and approval, a Water Management Plan which addresses the manner in which water withdrawals will be made from waters of the Commonwealth at this location and shall include but not be limited to the following:

- a. The structural design information for the Impoundments.
- b. How long the Impoundments will remain in use.
- c. How the Impoundments will be closed.
- d. The number of natural gas well drilling sites that will be supported by the Impoundments, including the associated permit numbers for

- e. those well sites.
- f. The amount of water Chief Oil & Gas intends to withdraw from the water resource.
- g. The manner and rate in which the water will be withdrawn.
- h. The manner in which the rate of water withdrawal will be verified.
- i. The period of time over which water will be withdrawn and the frequency of withdrawals.
- j. The water body from which water will be withdrawn including water resource name and/or type and water withdrawal location (Lat/Long).
- k. A statement that the water withdrawal registration requirements with respect to Section 18 of the WRPA, 27 Pa.C.S.A. § 3118(a) have been satisfied.
- l. A statement that all necessary withdrawal approvals have been obtained from the Susquehanna River Basin Commission, including a copy of any Docket obtained.
- m. The amount of instream flow needed by the water resource to maintain existing uses without impairment.
- n. The manner in which Chief Oil & Gas will insure that the antidegradation requirements of 25 Pa. Code, Chapter 93, will be satisfied so as to maintain and protect the existing uses of the impacted water resource(s).
- o. The intended use for the water.
- p. A description of how the waste hydraulic fracturing water will be stored, processed and/or treated and disposed.
- q. The quantity of waste hydraulic fracturing water that will be stored, processed and/or treated and disposed.
- r. A plan for sampling and analyzing the waste hydraulic fracturing water, and submission of the results to the Department.

3. In the event that the Department determines that any modification, amendment, or addition is necessary to the Water Management Plan, Chief Oil & Gas shall submit such revisions as are necessary to fully address all of the Department's comments within thirty (30) days after receipt of those comments. The Water Management Plan may be approved, rejected, or approved with conditions by the Department. The final approved Water Management Plan shall be incorporated as part of this Order for all purposes and shall be implemented by Chief Oil & Gas as approved.

4. Water withdrawals from waters of the Commonwealth at this location may resume only after the Department has approved the Water Management Plan and Chief Oil & Gas has obtained all necessary approvals from the Susquehanna River Basin Commission. All water withdrawals at this location shall be made by Chief Oil & Gas in accordance with terms and conditions of the approval issued by the SRBC and the final approved Water Management Plan.

5. Upon resumption of water withdrawals at this location, Chief Oil & Gas

shall record the amount of water withdrawn from the water resource, the amount of water withdrawn from the Impoundments, the amount of waste hydraulic fracturing water recovered; and the amount of waste hydraulic fracturing water taken for disposal. These records will be made on a daily basis and shall be available at the site for review by the Department.

6. All correspondence with the Department concerning this Order shall be addressed to:

Richard Adams, Environmental Program Manager  
Watershed Management Program  
Northcentral Regional Office  
Pennsylvania Department of Environmental Protection  
208 West Third Street, Suite 101  
Williamsport, PA 17701

7. Nothing set forth in this Order is intended, nor shall it be construed, to relieve or limit Chief Oil & Gas' obligation to comply with any existing or subsequent statute, regulation, permit or order. In addition, nothing set forth in this Order is intended, nor shall it be construed, to authorize any violation of any statute, regulation, order, or permit issued or administered by the Department.


8. This Order of the Department is effective IMMEDIATELY upon receipt.

Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. Section 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**

FOR THE COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION



---

L. Richard Adams  
Environmental Program Manager Watershed Management  
Northcentral Regional Office



Pennsylvania Department of Environmental Protection

208 West Third Street  
Suite 101  
Williamsport, PA 17701-6448  
May 30, 2008

Northcentral Regional Office

570-321-6581  
FAX: 570-327-3565

VIA FACSIMILE 724-743-6790  
VIA CERTIFIED MAIL 7007 0710 0000 9645 0569

Managing Supervisor  
Range Resources-Appalachia, LLC  
380 Southpoint Blvd, Suite 300  
Canonsburg, PA 15317

**Re: May 30, 2008 Administrative Order**

Dear Sir or Madam:

Accompanying this letter is an Administrative Order issued to Range Resources-Appalachia, LLC which requires your company to take immediate action. Please review this Order carefully as it requires immediate compliance and affects your company's legal rights, obligations and duties.

If you have any questions, please contact me at (570) 321-6581. If your attorney wishes to contact the Department, they should contact the Department's Regional Counsel, Nels J. Taber, at (570) 321-6568. Thank you for your attention to this matter.

Sincerely,

L. Richard Adams  
Environmental Program Manager  
Watershed Management Program

cc: Robert C. Yowell  
Nels J. Taber

In the Matter of:

Range Resources - Appalachia, LLC : Water Quality Management  
380 Southpointe Blvd, Suite 300 : Cogan House Township, Lycoming County  
Canonsburg, PA 15317 :

**ORDER**

NOW, this 30<sup>th</sup> day of May, 2008, the Commonwealth of Pennsylvania, Department of Environmental Protection (hereinafter "Department"), after investigation, has found and determined that:

A. The Department is the agency with the duty and authority to administer and enforce The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. § 691.1 *et seq.* ("CSL"); 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"); the Water Resources Planning Act, Act of December 16, 2002, P.L. 1776, No. 220, 27 Pa.C.S.A. § 3101 *et seq.* ("WRPA"); Section 1917-A of the Administrative Code, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. § 510-17 ("Administrative Code"); and the rules and regulations promulgated thereunder.

B. Range Resources - Appalachia, LLC is a Delaware limited liability corporation authorized to do business in Pennsylvania, with offices located at 380 Southpointe Blvd, Suite 300, Canonsburg, PA ("Range Resources").

C. Range Resources, in part, engages in the business of drilling wells for the purposes of exploring for deposits of natural gas.

D. In the course of business, Range Resources has constructed a large "centralized" impoundment to collect water for the purpose of serving several natural gas well drilling sites located near the impoundment ("Impoundment").

E. The Impoundment is located in Cogan House Township, Lycoming County, Pennsylvania along Hoagland Run, a High Quality tributary of Lycoming Creek. The Impoundment measures 350 feet by 364 feet across the top (3 acres), and is almost exactly 15 feet deep at the toe of the inside dam breast. The Impoundment will hold approximately 8 to 9 million gallons of water when full.

F. During an inspection by the Department on May 23, 2008, it was determined that Range Resources is currently withdrawing water from Big Sandy Run, a tributary of Hoagland Run, via a perforated intake pipe lying in the stream which is connected to a submerged 3 inch electric submersible pump. The pump sends water into a 3 inch pipeline that is equipped with a flow meter and discharges into the Impoundment.

G. Based upon visual observations of the flow meter by members of the Susquehanna River Basin Commission, the metered withdrawal rate from Big Sandy Run is approximately 84 gallons per minute, or 120,960 gallons per day.

H. At the time of the Department's May 23, 2008 inspection, there was no visually observable appreciable loss of flow observed upstream to downstream of Range Resource's water withdrawal point in Big Sandy Run at the current withdrawal rate. However, Big Sandy Run experiences seasonal fluctuations in stream flow, and has a lower flow rate during the summer and fall months. Any withdrawals during the summer and fall months, or any increases in the current withdrawal rate, have the potential to impair the existing uses of Big Sandy Run.

I. Pursuant to Section 1 of the Clean Streams Law, 35 P.S. §691.1, "pollution" is defined as:

contamination of any waters of the Commonwealth such as will create or is likely to create a nuisance or to render such waters harmful, detrimental or injurious to public health, safety or welfare, or to domestic, municipal, commercial, industrial, agricultural, recreational, or other legitimate beneficial uses, or to livestock, wild animals, birds, fish or other aquatic life, including but not limited to such contamination by alteration of the physical, chemical or biological properties of such waters, or change in temperature, taste, color or odor thereof, or the discharge of any liquid, gaseous, radioactive, solid or other substances into such waters. The department shall determine when a discharge constitutes pollution, as herein defined, and shall establish standards whereby and wherefrom it can be ascertained and determined whether any such discharge does or does not constitute pollution as herein defined.

J. Pursuant to Section 1 of the Clean Streams Law, 35 P.S. §691.1, "Waters of the Commonwealth" "shall be construed to include any and all rivers, streams, creeks, rivulets, impoundments, ditches, water courses, storm sewers, lakes, dammed water, ponds, springs and all other bodies or channels of conveyance of surface and underground water, or parts thereof, whether natural or artificial, within or on the boundaries of this Commonwealth."

K. Section 316 of the Clean Streams Law, 35 P.S. § 691.316, provides, in part, that "[w]hensoever the [D]epartment finds that pollution or a danger of pollution is resulting from a condition which exists on land in the Commonwealth the [D]epartment may order the landowner or occupier to correct the condition in a manner satisfactory to the [D]epartment . . . ."

L. Section 402 of the Clean Streams Law, 35 P.S. § 691.402, provides, in part, that "[w]hensoever the [D]epartment 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 [D]epartment may, by rule or regulation, require that such activity be conducted only pursuant to a permit issued by the [D]epartment or may otherwise establish the conditions under which such activity shall be conducted, or the [D]epartment may issue an order to a person or municipality regulating a particular activity."

M. Section 611 of the Clean Streams Law, 35 P.S. § 691.611, provides, in part, that "[i]t shall be unlawful to fail to comply with any rule or regulation of the [D]epartment or fail to comply with any order or permit or license of the [D]epartment, to violate any of the provisions of this act or rules and regulations adopted hereunder, or any order or permit or license of the [D]epartment, to cause air or water pollution, or to hinder, obstruct, prevent or interfere with the [D]epartment or its personnel in the performance of any duty hereunder or to violate the provisions of 18 Pa.C.S. Section 4903 (relating to false swearing) or 4904 (relating to unsworn falsification to authorities)."

N. Section 18(a) of the WRPA, 27 Pa.C.S.A. § 3118(a), provides, in part, that "each person whose total withdrawal or withdrawal use from one or more points of withdrawal within a watershed operated as a system either concurrently or sequentially exceeds an average rate of 10,000 gallons a day in a 30-day period shall register with the [D]epartment the source, location and amount of withdrawal or use or both. Registrations shall be submitted not later than 12 months after the effective date of this chapter or 30 days following the initiation of any such withdrawal or use, whichever is later. Registrations shall be submitted on forms as prescribed by the [D]epartment."

O. Pursuant to the Department's regulations, "[e]xisting instream water uses and the level of water quality necessary to protect the existing uses shall be maintained and protected." 25 Pa. Code § 93.4a.(b).

P. Large water withdrawals from a surface water can destroy or cause impairment of protected uses and can constitute pollution.

Q. Big Sandy Run flows into Lycoming Creek, which is a tributary to the West Branch Susquehanna River. Certain surface water and groundwater withdrawal within the Susquehanna River Basin are subject to regulation by the Susquehanna River Basin Commission ("SRBC") pursuant to 32 P.S. § 820.1 and 18 CFR §§ 806.4 and 806.5.

R. The SRBC has determined that Range Resources water withdrawal for purposes of filling the Impoundment is subject to regulation by the SRBC. The SRBC has also issued an administrative order to Range Resources to cease and desist all further consumptive water use and water withdrawals until SRBC approval is granted for the withdrawal and consumptive use of water.

S. The Department and the SRBC coordinate their reviews of proposed water withdrawals under their respective statutory and regulatory authorities.

T. The SRBC, inter alia, considers the impacts of a proposed withdrawal on surface and groundwater resources and will not permit a withdrawal if the proposed withdrawal will destroy or impair protected uses of surface waters.

U. Range Resources has failed to obtain necessary SRBC approval for the ongoing water withdrawal. Absent SRBC approval, the withdrawal from Big Sandy Run has the potential to violate the Department's antidegradation requirements, impair or destroy protected uses and cause pollution as the existing unrestricted withdrawal may be too excessive to protect existing uses.

V. Range Resources has failed to register this water withdrawal with the Department in violation of Section 18(a) of the WRPA, 27 Pa.C.S.A. § 3118(a).

W. The unrestricted withdrawal of water from Big Sandy Run creates a danger of pollution of waters of the Commonwealth by impairing the existing and constitutes a violation of Section 402 of the Clean Streams Law, 35 P.S. § 691.402.

X. The violations described in Paragraph V and W constitutes unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. § 691.611, and a statutory nuisance under Section 601 of the Clean Streams Law, 35 P.S. § 691.601 and Section 32 of the WRPA, 27 Pa.C.S.A. § 3132.

NOW, THEREFORE, pursuant to Sections 5, 316, 402, and 610 of the Clean Streams Law, 35 P.S. §§691.5, 691.316, 691.402, and 691.610; Section 33 of the WRPA, 27 Pa.C.S.A. § 3133; and Section 1917-A of the Administrative Code of 1929, 71 P.S. §510-17, it is hereby ORDERED that Range Resources shall:

1. Immediately cease water withdrawals from all waters of the Commonwealth, including those waters located in the Impoundment, until Range Resources submits to the Department and the Department has approved the method by which Range Resources will withdraw, store, distribute, process and dispose of water used for gas well drilling and hydraulic fracturing ("Water Management Plan").

2. Before water withdrawal can resume at the location of the Impoundment, Range Resources shall submit to the Department for review and approval, a Water Management Plan which addresses the manner in which water withdrawals will be made from waters of the Commonwealth at this location and shall include but not be limited to the following:

- a. The structural design information for the Impoundment.
- b. How long the Impoundment will remain in use.
- c. How the Impoundment will be closed.
- d. The number of natural gas well drilling sites that will be supported

- by the Impoundment, including the associated permit numbers for those well sites.
- e. The amount of water Range Resources intends to withdraw from the water resource.
  - f. The manner and rate in which the water will be withdrawn.
  - g. The manner in which the rate of water withdrawal will be verified.
  - h. The period of time over which water will be withdrawn and the frequency of withdrawals.
  - i. The water body from which water will be withdrawn including water resource name and/or type and water withdrawal location (Lat/Long).
  - j. A statement that the water withdrawal registration requirements with respect to Section 18 of the WRPA, 27 Pa.C.S.A. § 3118(a) have been satisfied.
  - k. A statement that all necessary withdrawal approvals have been obtained from the Susquehanna River Basin Commission, including a copy of any Docket obtained.
  - l. The amount of instream flow needed by the water resource to maintain existing uses without impairment.
  - m. The manner in which Range Resources will insure that the antidegradation requirements of 25 Pa. Code, Chapter 93, will be satisfied so as to maintain and protect the existing uses of the impacted water resource(s).
  - n. The intended use for the water.
  - o. A description of how the waste hydraulic fracturing water will be stored, processed and/or treated and disposed.
  - p. The quantity of waste hydraulic fracturing water that will be stored, processed and/or treated and disposed.
  - q. A plan for sampling and analyzing the waste hydraulic fracturing water, and submission of the results to the Department.

3. In the event that the Department determines that any modification, amendment, or addition is necessary to the Water Management Plan, Range Resources shall submit such revisions as are necessary to fully address all of the Department's comments within thirty (30) days after receipt of those comments. The Water Management Plan may be approved, rejected, or approved with conditions by the Department. The final approved Water Management Plan shall be incorporated as part of this Order for all purposes and shall be implemented by Range Resources as approved.

4. Water withdrawals from waters of the Commonwealth at this location may resume only after the Department has approved the Water Management Plan and Range Resources has obtained all necessary approvals from the Susquehanna River Basin Commission. All water withdrawals at this location shall be made by Range Resources in accordance with terms and conditions of the approval issued by the SRBC and the final approved Water Management Plan.

5. Upon resumption of water withdrawals at this location, Range Resources shall record the amount of water withdrawn from the water resource, the amount of water withdrawn from the impoundment, the amount of waste hydraulic fracturing water recovered; and the amount of waste hydraulic fracturing water taken for disposal. These records will be made on a daily basis and shall be available at the site for review by the Department.

6. All correspondence with the Department concerning this Order shall be addressed to:

Richard Adams, Environmental Program Manager  
Watershed Management Program  
Northcentral Regional Office  
Pennsylvania Department of Environmental Protection  
208 West Third Street, Suite 101  
Williamsport, PA 17701

7. Nothing set forth in this Order is intended, nor shall it be construed, to relieve or limit Range Resources' obligation to comply with any existing or subsequent statute, regulation, permit or order. In addition, nothing set forth in this Order is intended, nor shall it be construed, to authorize any violation of any statute, regulation, order, or permit issued or administered by the Department.

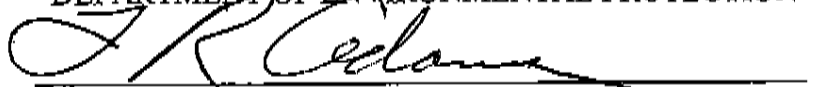
8. This Order of the Department is effective IMMEDIATELY upon receipt.

Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. Section 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**

FOR THE COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION



L. Richard Adams  
Environmental Program Manager Watershed Management  
Northcentral Regional Office

## CERTIFIED MAIL

May 30, 2008

**TO:** Chief Oil & Gas, LLC  
5956 Sherry Lane, Suite 1500  
Dallas, TX 75225

**PROJECT:** Chief Oil & Gas, LLC, Spots Well 1 Well Site,  
Mifflin Township, Lycoming County, Pennsylvania.

### ORDER

**PURSUANT TO AUTHORITY OF THE SUSQUEHANNA RIVER BASIN COMPACT, P.L. 91-575, 84 STAT. 1509 ET SEQ., INCLUDING, BUT NOT LIMITED TO, SECTIONS 3.4, 3.5, 15.1, 15.2 AND 15.17, AND COMMISSION REGULATIONS INCLUDING, BUT NOT LIMITED TO, 18 CFR PART 806, THE SUSQUEHANNA RIVER BASIN COMMISSION (COMMISSION) HEREBY ORDERS YOU TO IMMEDIATELY CEASE AND DESIST ALL FURTHER CONSUMPTIVE WATER USE AND WATER WITHDRAWALS, AS APPLICABLE, BY OR IN SUPPORT OF THE ABOVE REFERENCED PROJECT.**

**CONSUMPTIVE WATER USE AND WATER WITHDRAWALS MAY RESUME IF AND ONLY IF PROPER APPLICATION IS MADE FOR THE PROJECT AND COMMISSION APPROVAL IS GRANTED FOR THE WITHDRAWAL AND CONSUMPTIVE USE OF WATER. YOU ARE HEREBY DIRECTED TO FILE SUCH APPLICATION(S) AS ARE REQUIRED BY 18 CFR §806.4 OF THE COMMISSION'S REGULATIONS WITHIN THIRTY (30) DAYS OF ISSUANCE OF THIS ORDER.**

The Commission has determined that Chief Oil & Gas, LLC (Chief) has recently withdrawn approximately 4,000,000 gallons of water from Mud Run, a tributary of the First Fork Larry's Creek, at a rate of 84 gallons per minute in the vicinity of and in support of the Spots 1 well site located in Mifflin Township, Lycoming County,

Pennsylvania. This water is being stored in on-site impoundments located along the First Fork Larry's Creek, a tributary of Larry's Creek, to be used for gas well development, including its use for hydrofracture treatment of the well, and constitutes a consumptive use of water.

Pursuant to 18 CFR Section 806.4, this activity requires review and approval by the Commission prior to undertaking such a project. As such, this project is in non-compliance with Commission regulations and Chief is subject to the assessment of civil penalties and the issuance of such additional notices and orders as the Commission deems appropriate. You are further notified that in the event of continuing violations, each day of each violation constitutes a separate offense for which civil penalties may be assessed.

This Order is effectively immediately upon receipt.

Any person aggrieved by this action or decision may file a written appeal requesting a hearing, which shall be filed with the Commission within thirty (30) days in accordance with the provision of 18 CFR §808.2.

All correspondence with the Commission concerning this Order shall be addressed to

Eric R. Roof, Compliance Program Director  
Susquehanna River Basin Commission  
1721 N. Front Street  
Harrisburg, PA 17102-2391

Should you have any questions, please contact Eric Roof at (717) 238-0425, extension 209, or by email at [eroof@srbc.net](mailto:eroof@srbc.net).

Sincerely,

Paul O. Swartz  
Executive Director

## CERTIFIED MAIL

May 30, 2008

**TO:** Range Resources - Appalachia, LLC  
380 Southpointe Blvd, Suite 300  
Canonsburg, PA 15317

**PROJECT:** Range Resources - Appalachia, LLC, McWilliams 1 Well Site,  
Cogan House Township, Lycoming County, Pennsylvania

### ORDER

**PURSUANT TO AUTHORITY OF THE SUSQUEHANNA RIVER BASIN COMPACT, P.L. 91-575, 84 STAT. 1509 ET SEQ., INCLUDING, BUT NOT LIMITED TO, SECTIONS 3.4, 3.5, 15.1, 15.2 AND 15.17, AND COMMISSION REGULATIONS INCLUDING, BUT NOT LIMITED TO, 18 CFR PART 806, THE SUSQUEHANNA RIVER BASIN COMMISSION (COMMISSION) HEREBY ORDERS YOU TO IMMEDIATELY CEASE AND DESIST ALL FURTHER CONSUMPTIVE WATER USE AND WATER WITHDRAWALS, AS APPLICABLE, BY OR IN SUPPORT OF THE ABOVE REFERENCED PROJECT.**

**CONSUMPTIVE WATER USE AND WATER WITHDRAWALS MAY RESUME IF AND ONLY IF PROPER APPLICATION IS MADE FOR THE PROJECT AND COMMISSION APPROVAL IS GRANTED FOR THE WITHDRAWAL AND CONSUMPTIVE USE OF WATER. YOU ARE HEREBY DIRECTED TO FILE SUCH APPLICATION(S) AS ARE REQUIRED BY 18 CFR §806.4 OF THE COMMISSION'S REGULATIONS WITHIN THIRTY (30) DAYS OF ISSUANCE OF THIS ORDER.**

The Commission has determined that Range Resources - Appalachia, LLC (Range) has recently withdrawn approximately 1,000,000 gallons of water from Big Sandy Run Creek, a tributary of Hoagland Run, at a rate of 84 gallons per minute in the vicinity of and in support of its development of the McWilliams 1 gas well site located in Cogan House Township, Lycoming County, Pennsylvania. This water is being stored in an on-site impoundment located along Hoagland Run to be used for gas well

development, including its use for hydrofracture treatment of the well, and constitutes a consumptive use of water.

Pursuant to 18 CFR Section 806.4, this activity requires review and approval by the Commission prior to undertaking such a project. As such, this project is in non-compliance with Commission regulations and Range is subject to the assessment of civil penalties and the issuance of such additional notices and orders as the Commission deems appropriate. You are further notified that in the event of continuing violations, each day of each violation constitutes a separate offense for which civil penalties may be assessed.

This Order is effectively immediately upon receipt.

Any person aggrieved by this action or decision may file a written appeal requesting a hearing, which shall be filed with the Commission within thirty (30) days in accordance with the provision of 18 CFR §808.2.

All correspondence with the Commission concerning this Order shall be addressed to

Eric R. Roof, Compliance Program Director  
Susquehanna River Basin Commission  
1721 N. Front Street  
Harrisburg, PA 17102-2391

Should you have any questions, please contact Eric Roof at (717) 238-0425, extension 209, or by email at [eroof@srbc.net](mailto:eroof@srbc.net).

Sincerely,

Paul O. Swartz  
Executive Director