

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

In the Matter of:

EOG Resources, Inc.	:	Air Act, the Clean Streams Law,
Lawrence Township	:	Oil and Gas Act, and
Clearfield County	:	Solid Waste Management Act

CONSENT ORDER AND AGREEMENT

This Consent Order and Agreement is entered into this 12th day of July 2010, by and between the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department") and EOG Resources, Inc. ("EOG").

Findings

The Department has found and determined the following:

A. The Department is the agency with the duty and authority to administer and enforce: the Air Pollution Control Act, Act of January 8, 1960, P.L. 2119, *as amended*, 35 P.S. §§4001-4015 ("Air Act"); The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §§691.1-691.1001 ("Clean Streams Law"); 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 Solid Waste Management Act, Act of July 7, 1980, P.L. 380, *as amended*, 35 P.S. §§6018.101-6018.1003 ("Solid Waste Management Act"); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. §510-17 ("Administrative Code"); and the rules and regulations promulgated thereunder.

B. EOG is a Delaware corporation authorized to do business in Pennsylvania, and it maintains a business address of 400 Southpointe Boulevard, Plaza 1, Suite 300, Canonsburg, Pennsylvania 15317.

C. EOG is a "person" as that term is defined in: Section 3 of the Air Act, 35 P.S. §4003; Section 1 of the Clean Streams Law, 35 P.S. §691.1; Section 103 of the Oil and Gas Act, 58 P.S. §601.103; and Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103.

D. EOG is the "owner" and "operator" as those terms are defined by Section 601.103 of the Oil and Gas Act, 58 P.S. §601.103, of a gas well known as "Punxsutawney Hunting Club 36H," which is located in Lawrence Township, Clearfield County, Pennsylvania, and is authorized by the Department under well permit 37-033-26872-00.

E. At approximately 6:35 p.m., on June 3, 2010, while post-hydraulic well fracturing procedures were being performed at the bottom of Punxsutawney Hunting Club 36H, a potentially catastrophic failure of the blow-out prevention and/or other well equipment occurred that resulted in the uncontrolled discharge of a significant amount of well flowback fluids and saltwater and gas from Punxsutawney Hunting Club 36H into the environment.

F. Although multiple well site personnel had received well control training, at the time of the incident, no one at the well site with EOG had a current industry-accepted well control certification.

G. EOG personnel evacuated the area within approximately one mile of Punxsutawney Hunting Club 36H. Subsequently, the FAA prohibited aircraft from flying in the airspace below 1,000 feet over Punxsutawney Hunting Club 36H.

H. EOG first attempted to notify the Department of the uncontrolled discharge at approximately 10:15 p.m., by leaving messages for individual inspectors. EOG did not call the Department's emergency number.

I. Sometime in the early morning of June 4, 2010, after receiving notice from the Pennsylvania Emergency Management Agency the Department responded and observed the

uncontrolled discharge of a significant amount of well flowback fluids, saltwater and gas from Punxsutawney Hunting Club 36H into the environment, including the uncontrolled discharge of well flowback fluids and saltwater flowing on the ground and into a drainage area tributary to Little Laurel Run, a high quality cold water fishery.

J. The uncontrolled discharge of a significant amount of well flowback fluids, saltwater and gas into the environment from Punxsutawney Hunting Club 36H continued until approximately 12:13 p.m. on June 4, 2010, when the 10,000 psi valve was closed on the gas well.

Violations of the Oil and Gas Act

K. Section 209 of the Oil and Gas Act, 58 P.S. §601.209, requires that “[a]ny person engaged in drilling any oil or gas well shall equip the well with casings of sufficient strength and with such other safety devices, as may be necessary in a manner as prescribed by regulation of the [D]epartment, and shall use every effort and endeavor effectively to prevent blow-outs, explosions and fires.”

L. 25 Pa. Code §78.66(b) states that “[i]f a reportable release of brine on or into the ground occurs at the well site, the owner or operator shall notify the appropriate regional office of the Department as soon as practicable, but no later than 2 hours after detecting or discovering the release.”

M. 25 Pa. Code §78.72(a), states, in relevant part, that “[t]he operator shall use blow-out prevention equipment when well head pressures or natural open flows are anticipated at the well site that may result in a blow-out or when the operator is drilling in an area where there is no prior knowledge of the pressures or natural open flows to be encountered.” 25 Pa. Code §78.72(b), states that “[b]low-out prevention equipment used shall be in good working condition at all times.” 25 Pa. Code §78.72(f), states that “[d]uring drilling when conditions are such that

the use of a blow-out preventer can be anticipated, there shall be present on the rig floor a certified individual responsible to the operator. Satisfactory completion of a United States Geologic Survey (U.S.G.S.) approved well control course or equivalent study shall be deemed adequate certification for purposes of this subsection.” Finally, 25 Pa. Code §78.72(h), states that “[u]pon completion of the drilling operations at a well, the operator shall install and utilize equipment, such as the shut-off valve of sufficient rating to contain anticipated pressure, lubricator or similar device, as may be necessary to enable the well to be effectively shut-in while logging and servicing the well and after completion of the well.”

N. The potentially catastrophic failure of the blow-out prevention and/or other well equipment that resulted in the uncontrolled discharge of a significant amount of well flowback fluids, saltwater and gas from Punxsutawney Hunting Club 36H into the environment violates Section 209 of the Oil and Gas Act, 58 P.S. §601.209, and 25 Pa. Code §§78.72(a), 78.72(b), and 78.72(h).

O. The uncontrolled discharge of a significant amount of gas from Punxsutawney Hunting Club 36H into the environment violates the requirements under 25 Pa. Code §78.74, that “[t]he venting of gas to the atmosphere from a well is prohibited when the venting produces a hazard to the public health and safety.”

P. The uncontrolled discharge of a significant amount of well flowback fluids and saltwater from Punxsutawney Hunting Club 36H into the environment violates the requirements under 25 Pa. Code §78.56(a), that “the operator shall contain polluttional substances and wastes from the drilling, altering, completing, recompleting, servicing and plugging the well, including brines, drill cuttings, drilling muds, oils, stimulation fluids, well treatment and servicing fluids, plugging and drilling fluids other than gases in a pit, . . . or series of pits”

Q. The failure to notify the Department within two hours of the release of brine on or into the ground violates 25 Pa. Code §78.66(b).

R. The absence on the rig floor of a certified individual responsible to the operator when conditions were such that the use of a blow-out preventer could have been anticipated violates 25 Pa. Code §78.72(f).

S. The violations described above constitute unlawful conduct under Section 509 of the Oil and Gas Act, 58 P.S. §601.509, a statutory nuisance under Section 502 of the Oil and Gas Act, 58 P.S. §601.502, and subject EOG to a claim for civil penalties pursuant to Section 506 of the Oil and Gas Act, §601.506.

Violations of the Clean Streams Law

T. The well drilling fluids and gas discharged from Punxsutawney Hunting Club 36H into the environment are “industrial wastes,” and the drainage area tributary to Little Laurel Run is a “water of the Commonwealth” as those terms are defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1. Neither EOG nor any other person or entity had or has a permit to discharge industrial wastes into waters of the Commonwealth.

U. Section 1 of the Clean Streams Law 35 P.S. §691.1, defines, in relevant part, “[p]ollution” to mean “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, . . . , or other legitimate beneficial uses, . . . , 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, . . . , solid or other substances into such waters.”

V. The unpermitted and uncontrolled discharge of industrial wastes from Punxsutawney Hunting Club 36H caused pollution and/or created the danger of pollution to the waters of the Commonwealth in violation Sections 301, 307, 401, and 402, of the Clean Streams Law, 35 P.S. §§691.301, 691.307, and 691.401, and 691.402.

W. The violations described above constitute unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. §691.611, a statutory nuisance under Section 601 of the Clean Streams Law, 35 P.S. §691.601, and subject EOG to a claim for civil penalties pursuant to Section 605 of the Clean Streams Law, 35 P.S. §691.605.

Violations of the Air Act

X. The gas discharged from Punxsutawney Hunting Club 36H into the atmosphere is an "air contaminant," and Punxsutawney Hunting Club 36H is a stationary "air contamination source" as those terms are defined in Section 3 of the Air Act, 35 P.S. §4003. Neither EOG nor any other person or entity had or has a permit to discharge air contaminants into the atmosphere.

Y. The unpermitted and uncontrolled discharge of a significant amount of gas from Punxsutawney Hunting Club 36H into the atmosphere was inimical to the public health, safety, or welfare, and constitutes "air pollution" as that term is defined in Section 3 of the Air Act, 35 P.S. §4003. The unpermitted and uncontrolled discharge of air pollution from Punxsutawney Hunting Club 36H into the atmosphere violates Section 4006.1 of the Air Act, 35 P.S. §4006.1.

Z. The violation described above constitutes unlawful conduct under Section 8 of the Air Act, 35 P.S. §4008, is a statutory nuisance under Section 13 of the Air Act, 35 P.S. §4013, and subjects EOG to civil penalty liability under Section 4009.1 of the Air Act, 35 P.S. §4009.1.

Violations of the Solid Waste Management Act

AA. The well flowback fluids and saltwater discharged from Punxsutawney Hunting Club 36H into the environment are “residual wastes” as that term is defined in Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103. Neither EOG nor any other person or entity had or has a permit to discharge residual wastes into the environment.

AB. The unpermitted and uncontrolled discharge of residual wastes from Punxsutawney Hunting Club 36H into the environment violates Sections 301 and 302 of the Solid Waste Management Act, 35 P.S. §§6018.301 and 6018.302.

AC. The violations described above constitute unlawful conduct under Section 610 of the Solid Waste Management Act, 35 P.S. §6018.610, are a statutory nuisance under Section 601 of the Solid Waste Management Act, 35 P.S. §6018.601, and subject EOG to civil penalty liability under Section 605 of the Solid Waste Management Act, 35 P.S. §6018.605.

AD. On June 7, 2010, the Department issued an Order against EOG regarding these matters. A copy of the Order is attached as exhibit A.

AE. On June 14, 2010, EOG and the Department entered into a Consent Order and Agreement implementing the necessary investigation and interim corrective actions identified in that document. A copy of the Consent Order and Agreement is attached as Exhibit B.

AF. As a result of the investigation conducted by the Department and its expert, the Department has determined that EOG must revise its practices to prevent a recurrence of the blow-out that occurred on June 3-4, 2010.

Order

After full and complete negotiation of all matters set forth in this Consent Order and Agreement, and upon mutual exchange of the covenants contained herein, the Parties desiring to avoid litigation and intending to be legally bound, it is hereby ORDERED by the Department and AGREED to by EOG as follows:

1. *Authority.* This Consent Order and Agreement is an Order of the Department authorized and issued pursuant to: Sections 4 and 10.1 of the Air Act, 35 P.S. §§4004 and 4010.1; Section 5 of the Clean Streams Law, 35 P.S. §691.5; Sections 503 and 508 of the Oil and Gas Act, 58 P.S. §§601.503 and 601.508; Section 602 of the Solid Waste Management Act, 35 P.S. §6018.602; and Section 1917-A of the Administrative Code, 71 P.S. §510-17.

2. *Effect of This Consent Order and Agreement.* The June 15, 2010, Consent Order and Agreement entered into by the parties is hereby replaced and superseded by this Consent Order and Agreement.

3. *Findings.*

a. EOG agrees that the Findings in Paragraphs A through AE, above, are true and correct and, in any matter or proceeding involving EOG and the Department, EOG shall not challenge the accuracy or validity of these Findings.

b. The Parties do not authorize any other persons to use the Findings in this Consent Order and Agreement in any matter or proceeding.

4. *Corrective Actions.*

a. For all Marcellus Shale gas wells, including the Punxsutawney Hunting Club 36H, owned and operated by EOG and permitted by the Department, EOG shall immediately and permanently implement the following practices:

- i. A minimum of two pressure barriers shall be in place during all post-frac cleanout operations. Barriers shall be identified in a Prevention, Preparedness, and Contingency plan, a copy of which shall be present at the well site at all times for Department review. Barriers can include hydro-static methods, well plugs, and/or devices including but not limited to pipe rams and annular preventers. A stripper head or stripper rubber shall not be considered a pressure barrier;
- ii. A snubbing unit shall be used to perform post-frac cleanouts if a coil tubing rig is unable to clean out the frac plugs, sand, and any other debris to total depth. When dealing with a depleted reservoir, EOG may request an exemption from DEP;
- iii. A remote actuator capable of independently operating the blow-out prevention equipment shall be used;
- iv. All blow-out prevention equipment shall be tested according to the manufacturer's specifications immediately after installation on the wellhead and before the commencement of post-frac cleanout operations. All chart record test results of that equipment shall be maintained at the wellsite;
- v. A certified individual, responsible to the operator, with current industry-accepted Well Control Certification shall be present at the well site during drilling, completion, and well intervention operations. Proof of such certification shall be maintained at the well site;
- vi. Plans and policies identifying the number and type of barriers required to be in place during specific types of well operations shall be prepared and submitted to the Department for approval;
- vii. A sign bearing the Department's emergency 24-hour telephone number and local emergency response numbers, including 911 and the county communications center telephone number, shall be posted prominently at the well site;
- viii. Notice of any release to the environment (air, land, or water) shall, as promptly as possible, be provided to the Department; and
- ix. Field managers and operators shall be advised of, and familiar with, all emergency procedures. Statements signed by each field manager and operator documenting such familiarity shall be maintained at the well site.

5. *Resumption of Activities.* Upon execution of this Consent Order and Agreement, EOG is authorized to resume all permitted operations in Pennsylvania, and all equipment associated with this incident shall be released for removal or other general disposition.

6. *Civil Penalty Settlement.* Within four days of signing this Consent Order and Agreement, EOG shall pay a civil penalty of Three Hundred Fifty-Three Thousand Four Hundred Nineteen Dollars and Nine Cents (\$353,419.09), which includes the response costs incurred by the Department in connection with this incident. This payment is in settlement of the Department's claim for civil penalties for the violations set forth in Paragraphs S, W, Z, and AC, above, covering the period from June 3, 2010, to the effective date of this Consent Order and Agreement. The payment shall be made by corporate check or the like made payable to "Commonwealth of Pennsylvania" and sent to the East Region Oil and Gas Management, Pennsylvania Department of Environmental Protection, 208 West Third Street, Suite 101, Williamsport, Pennsylvania 17701-6448.

7. *Remedies For Failure To Comply With This Consent Order And Agreement.* If EOG fails to comply with the provisions of this Consent Order and Agreement, EOG shall be in violation of this Consent Order and Agreement and the Department may pursue any remedy available for a violation of an Order of the Department including, without limitation, issuing an Order against EOG to cease any and all well production activities in the Commonwealth of Pennsylvania, filing an action to enforce this Consent Order and Agreement, and/or assessing civil penalties for the violation(s) of this Consent Order and Agreement.

8. *Reservation of Rights.* The Department reserves the right to require additional measures to achieve compliance with applicable law. EOG reserves the right to challenge any action which the Department may take to require those measures.

9. ***Liability of EOG.*** EOG shall be liable for any violations of the Consent Order and Agreement, including those caused by, contributed to, or allowed by its officers, directors, agents, employees, contractors, consultants (including EOG's Expert), successors, and assigns.

10. ***Correspondence with Department.*** All correspondence with the Department concerning this Consent Order and Agreement shall be addressed to:

Jennifer W. Means
Environmental Program Manager
East Region Oil and Gas Management
Department of Environmental Protection
208 West Third Street - Suite 101
Williamsport, PA 17701-6448
Phone: (570) 321-6557
e-Mail: jenmeans@state.pa.us

11. ***Correspondence with EOG.*** All correspondence with EOG concerning this Consent Order and Agreement shall be addressed to:

Gary L. Smith
Vice President and General Manager, Pittsburgh Division
EOG Resources, Inc.
400 Southpointe Boulevard, Suite 300
Canonsburg, PA 15317
Phone: (724) 743-2722
Email: gary_smith@eogresources.com

EOG shall notify the Department whenever there is a change in the contact person's name, title, or address. Service of any notice or any legal process for any purpose under this Consent Order and Agreement, including its enforcement, may be made by mailing a copy by certified mail, return receipt requested, to the above address.

12. ***Decisions Under Consent Order and Agreement.*** Any decision which the Department makes under the provisions of this Consent Order and Agreement is intended to be neither a final action under 25 Pa. Code §1021.2, nor an adjudication under 2 Pa.C.S.A. §101.

Any objection, which EOG may have to the decision, will be preserved until the Department enforces this Consent Order and Agreement.

13. *Severability.* The Paragraphs of this Consent Order and Agreement shall be severable and should any part hereof be declared invalid or unenforceable, the remainder shall continue in full force and effect between the Parties.

14. *Entire Agreement.* This Consent Order and Agreement shall constitute the entire integrated agreement of the Parties as to the subject matter hereof. No prior or contemporaneous communications or prior drafts shall be relevant or admissible for purposes of determining the meaning or intent of any provisions herein in any litigation or any other proceeding.

15. *Attorneys' Fees.* The Parties shall bear their respective attorney fees, expenses, and other costs in the prosecution or defense of this matter or any related matters, arising prior to execution of this Consent Order and Agreement.

16. *Modifications.* No changes, additions, modifications, or amendments of this Consent Order and Agreement shall be effective unless they are set out in writing and signed by the Parties.

17. *Titles.* A title used at the beginning of any Paragraph of this Consent Order and Agreement may be used to aid in the construction of that Paragraph, but shall not be treated as controlling.

IN WITNESS WHEREOF, the Parties have caused this Consent Order and Agreement to be executed by their duly authorized representative. The undersigned representative of EOG certifies under penalty of law, as provided by 18 Pa.C.S.A. §4904, that he is authorized to execute this Consent Order and Agreement on behalf of EOG, that EOG consents to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that EOG hereby

knowingly waives its right to appeal this Consent Order and Agreement and to challenge its content or validity, which rights may be available under Section 4 of the Environmental Hearing Board Act, the Act of July 13, 1988, P.L. 530, No. 1988-94, 35 P.S. §7514; the Administrative Agency Law, 2 Pa.C.S.A. §103(a) and Chapters 5A and 7A; or any other provision of law. Signature by EOG's attorney certifies only that the Consent Order and Agreement has been signed after consulting with counsel.

FOR EOG RESOURCES, INC.:

Gary L. Smith
Vice President and General Manager
Pittsburgh Division

Frederick J. Plaeger, Senior Vice President
and General Counsel for EOG

**FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:**

Jennifer W. Means
Environmental Program Manager
East Region Oil and Gas Management

Geoffrey J. Ayers
Assistant Counsel

EXHIBIT A

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In the Matter of:

EOG Resources, Inc.	:	Violations of the Air Act, the Clean
Lawrence Township	:	Streams Law, Oil and Gas Act, and
Clearfield County	:	Solid Waste Management Act

ORDER

NOW, this 7th day of June, 2010, the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department") has made and determined the following FINDINGS and enters the following ORDER:

A. The Department is the agency with the duty and authority to administer and enforce: the Air Pollution Control Act, Act of January 8, 1960, P.L. 2119, *as amended*, 35 P.S. §§4001-4015 ("Air Act"); The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §§691.1-691.1001 ("Clean Streams Law"); 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 Solid Waste Management Act, Act of July 7, 1980, P.L. 380, *as amended*, 35 P.S. §§6018.101-6018.1003 ("Solid Waste Management Act"); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. §510-17 ("Administrative Code"); and the rules and regulations promulgated thereunder.

B. EOG Resources, Inc. ("EOG") is a Delaware corporation authorized to do business in Pennsylvania, and it maintains a business address of 400 Southpointe Boulevard, Plaza 1, Suite 300, Canonsburg, Pennsylvania 15317.

C. EOG is a "person" as that term is defined in: Section 3 of the Air Act, 35 P.S. §4003; Section 1 of the Clean Streams Law, 35 P.S. §691.1; Section 103, of the Oil and Gas Act, 58 P.S. § 601.103; and Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103.

D. EOG is the "owner" and "operator" as those terms are defined by Section 601.103 of the Oil and Gas Act, 58 P.S. § 601.103, of a gas well known as "Punxsutawney Hunting Club 36H," which is located in Lawrence Township, Clearfield County, Pennsylvania, and is authorized by the Department under well permit 37-033-26872-00.

E. Sometime in the evening of June 3, 2010, while post-hydraulic fracturing ("frac") procedures were being performed at the bottom of Punxsutawney Hunting Club 36H, a catastrophic failure of the blow-out prevention and/or other well equipment occurred that resulted in the uncontrolled discharge of a significant amount of frac fluids and gas from Punxsutawney Hunting Club 36H into the environment.

F. EOG personnel evacuated the area within approximately one mile of Punxsutawney Hunting Club 36H. Subsequently, the FAA prohibited aircraft from flying in the airspace below 1,000 feet over Punxsutawney Hunting Club 36H.

G. Sometime in the early morning of June 4, 2010, the Department responded and observed the uncontrolled discharge of a significant amount of frac fluids and gas from Punxsutawney Hunting Club 36H into the environment, including the uncontrolled discharge of frac fluids flowing on the ground and into a drainage area tributary to Little Laurel Run, a high quality cold water fishery.

H. The uncontrolled discharge of a significant amount of frac fluids and gas into the environment from Punxsutawney Hunting Club 36H continued until approximately 12:13 p.m. on June 4, 2010, when the 10,000 psi valve was closed on the gas well.

Violations of the Oil and Gas Act

I. Section 209 of the Oil and Gas Act, 58 P.S. §601.209, requires that "[a]ny person engaged in drilling any oil or gas well shall equip the well with casings of sufficient strength and with such other safety devices, as may be necessary in a manner as prescribed by regulation of

the [D]epartment, and shall use every effort and endeavor effectively to prevent blowouts, explosions and fires.”

J. 25 Pa. Code §78.72(a), states, in relevant part, that “[t]he operator shall use blow-out prevention equipment when well head pressures or natural open flows are anticipated at the well site that may result in a blow-out or when the operator is drilling in an area where there is no prior knowledge of the pressures or natural open flows to be encountered.” 25 Pa. Code §78.72(b), also states that “[b]low-out prevention equipment used shall be in good working condition at all times.” Finally, 25 Pa. Code §78.72(h), states that “[u]pon completion of the drilling operations at a well, the operator shall install and utilize equipment, such as the shut-off valve of sufficient rating to contain anticipated pressure, lubricator or similar device, as may be necessary to enable the well to be effectively shut-in while logging and servicing the well and after completion of the well.”

K. The catastrophic failure of the blow-out prevention and/or other well equipment that resulted in the uncontrolled discharge of a significant amount of frac fluids and gas from Punxsutawney Hunting Club 36H into the environment violates Section 209 of the Oil and Gas Act, 58 P.S. §601.209, and 25 Pa. Code §§78.72(a), 78.72(b), and 78.72(h).

L. The uncontrolled discharge of a significant amount of gas from Punxsutawney Hunting Club 36H into the environment violates the requirements under 25 Pa. Code §78.74, that “[t]he venting of gas to the atmosphere from a well is prohibited when the venting produces a hazard to the public health and safety.”

M. The uncontrolled discharge of a significant amount of frac fluids from Punxsutawney Hunting Club 36H into the environment violates the requirements under 25 Pa. Code §78.56(a), that “the operator shall contain polluttional substances and wastes from the drilling, altering, completing, recompleting, servicing and plugging the well, including brines,

drill cuttings, drilling muds, oils, stimulation fluids, well treatment and servicing fluids, plugging and drilling fluids other than gases in a pit, . . . or series or pits . . .”

N. The violations described above constitute unlawful conduct under Section 509 of the Oil and Gas Act, 58 P.S. §601.509, a statutory nuisance under Section 502 of the Oil and Gas Act, 58 P.S. §601.502, and subject EOG to a claim for civil penalties pursuant to Section 506 of the Oil and Gas Act, §601.506.

Violations of the Clean Streams Law

O. The frac fluids and gas discharged from Punxsutawney Hunting Club 36H into the environment are “industrial wastes,” and the drainage area tributary to Little Laurel Run is a “water of the Commonwealth” as those terms are defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1. Neither EOG nor any other person or entity had or has a permit to discharge industrial wastes into waters of the Commonwealth.

P. Section 1 of the Clean Streams Law 35 P.S. §691.1, defines, in relevant part, “[p]ollution” to mean “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, . . ., or other legitimate beneficial uses, . . ., 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, . . ., solid or other substances into such waters.”

Q. The unpermitted and uncontrolled discharge of industrial wastes from Punxsutawney Hunting Club 36H caused pollution and/or created the danger of pollution to the waters of the Commonwealth in violation Sections 301, 307, 401, and 402, of the Clean Streams Law, 35 P.S. §§691.301, 691.307, and 691.401, and 691.402.

R. The violations described above constitute unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. §691.611, a statutory nuisance under Section 601 of the Clean Streams Law, 35 P.S. §691.601, and subject EOG to a claim for civil penalties pursuant to Section 605 of the Clean Streams Law, 35 P.S. §691.605.

Violations of the Air Act

S. The gas discharged from Punxsutawney Hunting Club 36H into the atmosphere is an "air contaminant," and Punxsutawney Hunting Club 36H is a stationary "air contamination source" as those terms are defined in Section 3 of the Air Act, 35 P.S. §4003. Neither EOG nor any other person or entity had or has a permit to discharge air contaminants into the atmosphere.

T. The unpermitted and uncontrolled discharge of a significant amount of gas from Punxsutawney Hunting Club 36H into the atmosphere was inimical to the public health, safety, or welfare, and constitutes "air pollution" as that term is defined in Section 3 of the Air Act, 35 P.S. §4003. The unpermitted and uncontrolled discharge of air pollution from Punxsutawney Hunting Club 36H into the atmosphere violates Section 4006.1 of the Air Act, 35 P.S. §4006.1.

U. The violation described above constitutes unlawful conduct under Section 8 of the Air Act, 35 P.S. §4008, is a statutory nuisance under Section 13 of the Air Act, 35 P.S. §4013, and subjects EOG to civil penalty liability under Section 4009.1 of the Air Act, 35 P.S. §4009.1.

Violations of the Solid Waste Management Act

V. The frac fluids discharged from Punxsutawney Hunting Club 36H into the environment are "residual wastes" as that term is defined in Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103. Neither EOG nor any other person or entity had or has a permit to discharge residual wastes into the environment.

W. The unpermitted and uncontrolled discharge of residual wastes from Punxsutawney Hunting Club 36H into the environment violates Sections 301 and 302 of the Solid Waste Management Act, 35 P.S. §§6018.301 and 6018.302.

X. The violations described above constitute unlawful conduct under Section 610 of the Solid Waste Management Act, 35 P.S. §6018.610, are a statutory nuisance under Section 601 of the Solid Waste Management Act, 35 P.S. §6018.601, and subject EOG to civil penalty liability under Section 605 of the Solid Waste Management Act, 35 P.S. §6018.605.

Y. The Department continues to investigate the catastrophic failure of the blow-out prevention equipment, and the unpermitted and uncontrolled discharge of a significant amount of frac fluids and gas into the environment from Punxsutawney Hunting Club 36H that occurred on June 3-4, 2010.

NOW, THEREFORE, under the authority of: Sections 4 and 10.1 of the Air Act, 35 P.S. §§4004 and 4010.1; Section 5 of the Clean Streams Law, 35 P.S. §691.5; Sections 503 and 508 of the Oil and Gas Act, 58 P.S. §§601.503 and 601.508; Section 602 of the Solid Waste Management Act, 35 P.S. §6018.602; and Section 1917-A of the Administrative Code of 1929, 71 P.S. § 510-17, it is hereby ORDERED that:

1. Cease and Desist

a. For all Marcellus Shale gas wells, including Punxsutawney Hunting Club 36H, owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania, upon the date of this Order, EOG shall immediately cease and desist all Marcellus Shale gas well development activities including, but not limited to: drilling; hydraulic fracturing, post-hydraulic fracturing well clean-out completion procedures; and any other related Marcellus Shale gas well development activities in the Commonwealth of Pennsylvania.

b. EOG shall cease all such Marcellus Shale gas well development activities until as follows:

- i. Within 7 days after the date of this Order *and* receipt of the Department's written approval, EOG may begin drilling of Marcellus Shale gas wells owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania;
- ii. Within 14 days after the date of this Order *and* receipt of the Department's written approval, EOG may begin hydraulic fracturing of Marcellus Shale gas wells owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania; and
- iii. Within 30 days after the date of this Order *and* receipt of the Department's written approval, EOG may begin post-hydraulic fracturing well clean-out completion procedures and any other related gas well development activities at Marcellus Shale gas wells owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania.

c. For the purposes of this Paragraph, approval by the Department will be provided, in writing, to EOG upon the Department's determination that EOG is in full compliance with the applicable provisions of this Order.

2. Upon the date of this Order, EOG shall immediately secure the blow-out prevention equipment and all associated pressure regulation equipment that was in use on Punxsutawney Hunting Club 36H when the uncontrolled discharge of frac fluids and gas occurred on June 3-4, 2010 (collectively "BOP Equipment"). EOG shall thereafter maintain the BOP Equipment in a secure location pending further disposition as directed by the Department, and shall make the BOP Equipment available for inspection by the Department or such persons as designated by the Department.

3. Within 2 days of the date of this Order, EOG shall retain an independent, third-party expert who has the knowledge, skills, and abilities to conduct a forensic investigation into the cause or causes of the catastrophic failure of the BOP Equipment, and of the uncontrolled

discharge of a significant amount of frac fluids and gas from Punxsutawney Hunting Club 36H into the environment that occurred on June 3-4, 2010 ("EOG's Expert").

4. EOG and EOG's Expert shall cooperate fully with each other, with the Department, and with any expert retained by Department in connection with the investigation of the matters that are the subject of this Order.

5. EOG shall pay for any and all of the salary, costs, and expenses of EOG's Expert including, without limitation, any and all salary, costs, and expenses for: the investigation itself; the Study required under this Order, and any and all other reports, supporting documents, and other work product by the EOG's Expert; and any costs or expenses for the time spent in discussions with the Department and/or any expert retained by Department in connection with the investigation of the matters that are the subject of this Order.

6. EOG's Expert, the forensic investigation, the Study required under this Order, and any and all other reports, supporting documents, and other work product by the Expert shall be available to the Department. Neither EOG nor legal representatives of EOG shall claim any privilege restricts the release of information to the Department from EOG and EOG's Expert with respect to the forensic investigation, the Study required under this Order, and any and all other reports, supporting documents, and other work product from EOG and/or EOG's Expert. EOG shall make EOG's Expert fully available for any inquiry by the Department and/or by any expert retained by Department in connection with the investigation of the matters that are the subject of this Order.

7. Within 15 days of the date of this Order, EOG shall submit to the Department for review and approval a written "Study" completed by EOG's Expert, that fully addresses the items below:

- iv. A detailed analysis of the drilling and hydraulic fracturing of Punxsutawney Hunting Club 36H. The analysis should note any irregularities encountered during those activities. The analysis shall include a review and analysis of the electrical, radioactive or other standard industry logs run on the well, the drill stem test charts, formation water analysis, porosity, permeability or fluid saturation measurements, core analysis, and lithologic log or sample description or other similar data as compiled. The analysis shall also include any technical information otherwise required by 25 Pa. Code §78.122;
- v. A detailed analysis/explanation of the root cause or causes of the catastrophic failure of the BOP Equipment;
- vi. An analysis of EOG's completion activity well control procedures existing on June 3-4, 2010;
- vii. Corrective actions that EOG proposes to implement at all Marcellus Shale gas wells to prevent similar or any other failures of BOP Equipment in the future, and a proposed implementation schedule; and
- viii. Changes to EOG's completion activity well control procedures that EOG proposes to implement at all Marcellus Shale gas wells, and a proposed implementation schedule.

8. If the Department determines that any modification, amendment, or addition is necessary to the Study, EOG shall submit such revisions as are necessary to fully address all of the Department's written comments within thirty (30) days after receipt of those comments. The Study may be approved, rejected, or approved with conditions by the Department. The Study approved by the Department shall be incorporated as part of this Order for all purposes, shall be enforceable hereunder, and shall be implemented by EOG in accordance with the schedule in the Study approved by the Department.

9. All correspondence with the Department regarding this Order shall be addressed to:

Jennifer W. Means
Environmental Program Manager
East Region Oil and Gas Management
Department of Environmental Protection
208 West Third Street - Suite 101
Williamsport, PA 17701-6448
Phone: (570) 321-6557
e-Mail: jenmeans@state.pa.us

10. Nothing set forth in this Order is intended, nor shall it be construed, to relieve or limit EOG's obligations to comply with any existing or subsequent statute, regulation, permit or order, and this Order shall not be construed to authorize EOG to violate any statute, regulation, order, or permit issued or administered by the Department.

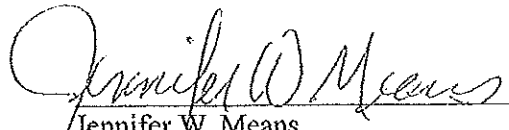
11. This Order is effective IMMEDIATELY upon receipt.

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, 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:



Jennifer W. Means
Environmental Program Manager
East Region Oil and Gas Management

EXHIBIT B

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In the Matter of:

EOG Resources, Inc.	:	Air Act, the Clean Streams Law,
Lawrence Township	:	Oil and Gas Act, and
Clearfield County	:	Solid Waste Management Act

CONSENT ORDER AND AGREEMENT

This Consent Order and Agreement is entered into this 15th day of June 2010, by and between the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department") and EOG Resources, Inc. ("EOG").

Findings

The Department has found and determined the following:

A. The Department is the agency with the duty and authority to administer and enforce: the Air Pollution Control Act, Act of January 8, 1960, P.L. 2119, *as amended*, 35 P.S. §§4001-4015 ("Air Act"); The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §§691.1-691.1001 ("Clean Streams Law"); 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 Solid Waste Management Act, Act of July 7, 1980, P.L. 380, *as amended*, 35 P.S. §§6018.101-6018.1003 ("Solid Waste Management Act"); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. §510-17 ("Administrative Code"); and the rules and regulations promulgated thereunder.

B. EOG is a Delaware corporation authorized to do business in Pennsylvania, and it maintains a business address of 400 Southpointe Boulevard, Plaza 1, Suite 300, Canonsburg, Pennsylvania 15317.

C. EOG is a "person" as that term is defined in: Section 3 of the Air Act, 35 P.S. §4003; Section 1 of the Clean Streams Law, 35 P.S. §691.1; Section 103 of the Oil and Gas Act, 58 P.S. §601.103; and Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103.

D. EOG is the "owner" and "operator" as those terms are defined by Section 601.103 of the Oil and Gas Act, 58 P.S. §601.103, of a gas well known as "Punxsutawney Hunting Club 36H," which is located in Lawrence Township, Clearfield County, Pennsylvania, and is authorized by the Department under well permit 37-033-26872-00.

E. Sometime in the evening of June 3, 2010, while post-hydraulic well fracturing procedures were being performed at the bottom of Punxsutawney Hunting Club 36H, a potentially catastrophic failure of the blow-out prevention and/or other well equipment occurred that resulted in the uncontrolled discharge of a significant amount of well drilling fluids and gas from Punxsutawney Hunting Club 36H into the environment.

F. EOG personnel evacuated the area within approximately one mile of Punxsutawney Hunting Club 36H. Subsequently, the FAA prohibited aircraft from flying in the airspace below 1,000 feet over Punxsutawney Hunting Club 36H.

G. Sometime in the early morning of June 4, 2010, the Department responded and observed the uncontrolled discharge of a significant amount of well drilling fluids and gas from Punxsutawney Hunting Club 36H into the environment, including the uncontrolled discharge of well drilling fluids flowing on the ground and into a drainage area tributary to Little Laurel Run, a high quality cold water fishery.

H. The uncontrolled discharge of a significant amount of well drilling fluids and gas into the environment from Punxsutawney Hunting Club 36H continued until approximately 12:13 p.m. on June 4, 2010, when the 10,000 psi valve was closed on the gas well.

Violations of the Oil and Gas Act

I. Section 209 of the Oil and Gas Act, 58 P.S. §601.209, requires that “[a]ny person engaged in drilling any oil or gas well shall equip the well with casings of sufficient strength and with such other safety devices, as may be necessary in a manner as prescribed by regulation of the [D]epartment, and shall use every effort and endeavor effectively to prevent blowouts, explosions and fires.”

J. 25 Pa. Code §78.72(a), states, in relevant part, that “[t]he operator shall use blow-out prevention equipment when well head pressures or natural open flows are anticipated at the well site that may result in a blow-out or when the operator is drilling in an area where there is no prior knowledge of the pressures or natural open flows to be encountered.” 25 Pa. Code §78.72(b), also states that “[b]low-out prevention equipment used shall be in good working condition at all times.” Finally, 25 Pa. Code §78.72(h), states that “[u]pon completion of the drilling operations at a well, the operator shall install and utilize equipment, such as the shut-off valve of sufficient rating to contain anticipated pressure, lubricator or similar device, as may be necessary to enable the well to be effectively shut-in while logging and servicing the well and after completion of the well.”

K. The potentially catastrophic failure of the blow-out prevention and/or other well equipment that resulted in the uncontrolled discharge of a significant amount of well drilling fluids and gas from Punxsutawney Hunting Club 36H into the environment violates Section 209 of the Oil and Gas Act, 58 P.S. §601.209, and 25 Pa. Code §§78.72(a), 78.72(b), and 78.72(h).

L. The uncontrolled discharge of a significant amount of gas from Punxsutawney Hunting Club 36H into the environment violates the requirements under 25 Pa. Code §78.74, that “[t]he venting of gas to the atmosphere from a well is prohibited when the venting produces a hazard to the public health and safety.”

M. The uncontrolled discharge of a significant amount of well drilling fluids from Punxsutawney Hunting Club 36H into the environment violates the requirements under 25 Pa. Code §78.56(a), that "the operator shall contain pollutorial substances and wastes from the drilling, altering, completing, recompleting, servicing and plugging the well, including brines, drill cuttings, drilling muds, oils, stimulation fluids, well treatment and servicing fluids, plugging and drilling fluids other than gases in a pit, . . . or series of pits . . ."

N. The violations described above constitute unlawful conduct under Section 509 of the Oil and Gas Act, 58 P.S. §601.509, a statutory nuisance under Section 502 of the Oil and Gas Act, 58 P.S. §601.502, and subject EOG to a claim for civil penalties pursuant to Section 506 of the Oil and Gas Act, §601.506.

Violations of the Clean Streams Law

O. The well drilling fluids and gas discharged from Punxsutawney Hunting Club 36H into the environment are "industrial wastes," and the drainage area tributary to Little Laurel Run is a "water of the Commonwealth" as those terms are defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1. Neither EOG nor any other person or entity had or has a permit to discharge industrial wastes into waters of the Commonwealth.

P. Section 1 of the Clean Streams Law 35 P.S. §691.1, defines, in relevant part, "[p]ollution" to mean "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, . . ., or other legitimate beneficial uses, . . ., 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, . . ., solid or other substances into such waters."

Q. The unpermitted and uncontrolled discharge of industrial wastes from Punxsutawney Hunting Club 36H caused pollution and/or created the danger of pollution to the waters of the Commonwealth in violation Sections 301, 307, 401, and 402, of the Clean Streams Law, 35 P.S. §§691.301, 691.307, and 691.401, and 691.402.

R. The violations described above constitute unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. §691.611, a statutory nuisance under Section 601 of the Clean Streams Law, 35 P.S. §691.601, and subject EOG to a claim for civil penalties pursuant to Section 605 of the Clean Streams Law, 35 P.S. §691.605.

Violations of the Air Act

S. The gas discharged from Punxsutawney Hunting Club 36H into the atmosphere is an "air contaminant," and Punxsutawney Hunting Club 36H is a stationary "air contamination source" as those terms are defined in Section 3 of the Air Act, 35 P.S. §4003. Neither EOG nor any other person or entity had or has a permit to discharge air contaminants into the atmosphere.

T. The unpermitted and uncontrolled discharge of a significant amount of gas from Punxsutawney Hunting Club 36H into the atmosphere was inimical to the public health, safety, or welfare, and constitutes "air pollution" as that term is defined in Section 3 of the Air Act, 35 P.S. §4003. The unpermitted and uncontrolled discharge of air pollution from Punxsutawney Hunting Club 36H into the atmosphere violates Section 4006.1 of the Air Act, 35 P.S. §4006.1.

U. The violation described above constitutes unlawful conduct under Section 8 of the Air Act, 35 P.S. §4008, is a statutory nuisance under Section 13 of the Air Act, 35 P.S. §4013, and subjects EOG to civil penalty liability under Section 4009.1 of the Air Act, 35 P.S. §4009.1.

Violations of the Solid Waste Management Act

V. The well drilling fluids discharged from Punxsutawney Hunting Club 36H into the environment are "residual wastes" as that term is defined in Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103. Neither EOG nor any other person or entity had or has a permit to discharge residual wastes into the environment.

W. The unpermitted and uncontrolled discharge of residual wastes from Punxsutawney Hunting Club 36H into the environment violates Sections 301 and 302 of the Solid Waste Management Act, 35 P.S. §§6018.301 and 6018.302.

X. The violations described above constitute unlawful conduct under Section 610 of the Solid Waste Management Act, 35 P.S. §6018.610, are a statutory nuisance under Section 601 of the Solid Waste Management Act, 35 P.S. §6018.601, and subject EOG to civil penalty liability under Section 605 of the Solid Waste Management Act, 35 P.S. §6018.605.

Y. The Department continues to investigate the matters identified herein, and on June 7, 2010, the Department issued an Order against EOG regarding these matters. A copy of the Order is attached as exhibit A.

Z. As of the date this Consent Order and Agreement, EOG is in compliance with the June 7, 2010, Order. EOG has requested and the Department has agreed to EOG implementing the necessary investigation and corrective actions identified below in accordance with this Consent Order and Agreement.

Order

After full and complete negotiation of all matters set forth in this Consent Order and Agreement, and upon mutual exchange of the covenants contained herein, the Parties desiring to avoid litigation and intending to be legally bound, it is hereby ORDERED by the Department and AGREED to by EOG as follows:

1. *Authority.* This Consent Order and Agreement is an Order of the Department authorized and issued pursuant to: Sections 4 and 10.1 of the Air Act, 35 P.S. §§4004 and 4010.1; Section 5 of the Clean Streams Law, 35 P.S. §691.5; Sections 503 and 508 of the Oil and Gas Act, 58 P.S. §§601.503 and 601.508; Section 602 of the Solid Waste Management Act, 35 P.S. §6018.602; and Section 1917-A of the Administrative Code, 71 P.S. §510-17.

2. *Findings.*

a. EOG agrees that the Findings in Paragraphs A-Z, above, are true and correct and, in any matter or proceeding involving EOG and the Department, EOG shall not challenge the accuracy or validity of these Findings.

b. The Parties do not authorize any other persons to use the Findings in this Consent Order and Agreement in any matter or proceeding.

3. *Corrective Actions.*

a. For all Marcellus Shale gas wells, including Punxsutawney Hunting Club 36H, owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania, upon the date of this Consent Order and Agreement, EOG shall continue to cease and desist all: drilling; hydraulic well fracturing; and post-hydraulic well fracturing well clean-out completion procedures in the Commonwealth of Pennsylvania, as follows:

i. Within 7 days after the date of this Consent Order and Agreement *and* receipt of the Department's written approval, EOG may begin drilling of

Marcellus Shale gas wells owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania;

ii. Within 14 days after the date of this Consent Order and Agreement *and* receipt of the Department's written approval, EOG may begin hydraulic fracturing of Marcellus Shale gas wells owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania; and

iii. Within 30 days after the date of this Consent Order and Agreement *and* receipt of the Department's written approval, EOG may begin post-hydraulic fracturing well clean-out completion procedures at Marcellus Shale gas wells owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania.

b. For the purposes of this Paragraph, approval by the Department will be provided, in writing, to BOG upon the Department's determination that EOG is in full compliance with the applicable provisions of this Consent Order and Agreement.

c. Upon the date of this Consent Order and Agreement, EOG shall continue to secure the blow-out prevention equipment and all associated pressure regulation equipment that was in use on Punxsutawney Hunting Club 36H when the uncontrolled discharge of well drilling fluids and gas occurred on June 3-4, 2010 (collectively "BOP Equipment"). EOG shall thereafter maintain the BOP Equipment in a secure location pending further disposition as directed by the Department, and shall make the BOP Equipment available for inspection by the Department or such persons as designated by the Department.

d. Within 2 days of the date of this Consent Order and Agreement, EOG shall retain an independent, third-party expert who has the knowledge, skills, and abilities to conduct a forensic investigation into the cause or causes of the potentially catastrophic failure of the BOP Equipment and/or other well equipment, and of the uncontrolled discharge of a significant amount of well drilling fluids and gas from Punxsutawney Hunting Club 36H into the environment that occurred on June 3-4, 2010 ("EOG's Expert").

e. EOG and EOG's Expert shall cooperate fully with each other, with the Department, and with any expert retained by the Department in connection with the investigation of the matters that are the subject of this Order.

f. EOG shall pay for any and all of the salary, costs, and expenses of EOG's Expert including, without limitation, any and all salary, costs, and expenses for: the investigation itself; the Study required under this Consent Order and Agreement, and any and all other reports, supporting documents, and other work product by the EOG's Expert; and any costs or expenses for the time spent in discussions with the Department and/or any expert retained by Department in connection with the investigation of the matters that are the subject of this Consent Order and Agreement.

g. EOG's Expert, the forensic investigation, the Study required under this Consent Order and Agreement, and any and all other reports, supporting documents, and other work product by the Expert shall be available to the Department. Neither EOG nor legal representatives of EOG shall claim any privilege restricts the release of information to the Department from EOG and EOG's Expert with respect to the forensic investigation, the Study required under this Consent Order and Agreement, and any and all other reports, supporting documents, and other work product from EOG and/or EOG's Expert. EOG shall make EOG's Expert fully available for any inquiry by the Department and/or by any expert retained by Department in connection with the investigation of the matters that are the subject of this Consent Order and Agreement.

h. Within 15 days of the date of this Consent Order and Agreement, EOG shall submit to the Department for review and approval a written "Study" completed by EOG's Expert, that fully addresses the items below:

- i. A detailed analysis of the drilling and hydraulic fracturing of Punxsutawney Hunting Club 36H. The analysis should note any irregularities encountered during those activities. The analysis shall include a review and analysis of the electrical, radioactive or other standard industry logs run on the well, the drill stem test charts, formation water analysis, porosity, permeability or fluid saturation measurements, core analysis, and lithologic log or sample description or other similar data as compiled. The analysis shall also include any technical information otherwise required by 25 Pa. Code §78.122;
- ii. A detailed analysis/explanation of the root cause or causes of the potentially catastrophic failure of the BOP Equipment;
- iii. An analysis of EOG's completion activity well control procedures existing on June 3-4, 2010;
- iv. Corrective actions (if any) that EOG proposes to implement at all Marcellus Shale gas wells to prevent similar or any other failures of BOP Equipment in the future, and a proposed implementation schedule; and
- v. Changes (if any) to EOG's completion activity well control procedures that EOG proposes to implement at all Marcellus Shale gas wells, and a proposed implementation schedule.

4. *Submission of Documents.* With regard to the Study or any other document that EOG is required to submit pursuant to this Consent Order and Agreement, the Department will review EOG's document and will approve or disapprove the document, or portion thereof, in writing. If the document, or any portion of the document, is disapproved by the Department, EOG shall submit a revised document to the Department that fully addresses the Department's written comments within thirty (30) days after receipt of those comments, or within another reasonable time period, as specified by the Department. The Department will approve or disapprove the revised document in writing. Upon approval by the Department, the document, and the Department-approved schedule therein, shall become a part of this Consent Order and Agreement for all purposes and shall be enforceable as such.

5. *Civil Penalties.* This Consent Order and Agreement is *not* a settlement as to the civil penalties for the violations of the Air Act, Clean Streams Law, Oil and Gas Act, Solid

Waste Management Act, and the Regulations set forth in the Findings, above. The Department expressly reserves the right to assess such civil penalties against EOG.

6. *Remedies For Failure To Comply With This Consent Order And Agreement.* If EOG fails to comply with the provisions of this Consent Order and Agreement, EOG shall be in violation of this Consent Order and Agreement and the Department may pursue any remedy available for a violation of an Order of the Department including, without limitation, issuing an Order against EOG to cease any and all well production activities in the Commonwealth of Pennsylvania, filing an action to enforce this Consent Order and Agreement, and/or assessing civil penalties for the violation(s) of this Consent Order and Agreement.

7. *Reservation of Rights.* The Department reserves the right to require additional measures to achieve compliance with applicable law. EOG reserves the right to challenge any action which the Department may take to require those measures.

8. *Liability of EOG.* EOG shall be liable for any violations of the Consent Order and Agreement, including those caused by, contributed to, or allowed by its officers, directors, agents, employees, contractors, consultants (including EOG's Expert), successors, and assigns.

9. *Transfer of the EOG Wells and/or Leases.*

a. EOG's duties and obligations under this Consent Order and Agreement shall not be modified, diminished, terminated, or otherwise altered by the transfer of Punxsutawney Hunting Club 36H and/or any other wells or leases owned and/or operated by EOG within the Commonwealth of Pennsylvania, except as hereinafter provided.

b. If before the termination of this Consent Order and Agreement, EOG intends to transfer Punxsutawney Hunting Club 36H and/or any other wells or leases owned and/or operated by EOG within the Commonwealth of Pennsylvania, EOG shall provide a copy of this Consent Order and Agreement to the prospective transferee at least 30 days prior to the

contemplated transfer and shall simultaneously inform the Department of such intent pursuant to Paragraph 10 (Correspondence with Department), below.

c. The Department, in its sole discretion, may agree to modify or terminate EOG's duties and obligations under this Consent Order and Agreement and may agree to the transfer upon determination that EOG is in full compliance with this Consent Order and Agreement, and upon the transferee entering into a Consent Order and Agreement with the Department concerning the wells and/or leases at issue. EOG hereby agrees to waive any right that it may have to appeal or otherwise challenge the Department's decision in this regard.

10. *Correspondence with Department.* All correspondence with the Department concerning this Consent Order and Agreement shall be addressed to:

Jennifer W. Means
Environmental Program Manager
East Region Oil and Gas Management
Department of Environmental Protection
208 West Third Street - Suite 101
Williamsport, PA 17701-6448
Phone: (570) 321-6557
e-Mail: jenmeans@state.pa.us

11. *Correspondence with EOG.* All correspondence with EOG concerning this Consent Order and Agreement shall be addressed to:

Gary L. Smith
Vice President and General Manager, Pittsburgh Division
EOG Resources, Inc.
400 Southpointe Boulevard, Suite 300
Canonsburg, PA 15317
Phone: (724) 743-2722
Email: gary_smith@eogresources.com

EOG shall notify the Department whenever there is a change in the contact person's name, title, or address. Service of any notice or any legal process for any purpose under this Consent Order and Agreement, including its enforcement, may be made by mailing a copy by certified mail, return receipt requested, to the above address.

12. *Decisions Under Consent Order and Agreement.* Except as provided in Paragraph 9.c., above, any decision which the Department makes under the provisions of this Consent Order and Agreement is intended to be neither a final action under 25 Pa. Code §1021.2, nor an adjudication under 2 Pa.C.S.A. §101. Any objection, which EOG may have to the decision will be preserved until the Department enforces this Consent Order and Agreement.

13. *Severability.* The Paragraphs of this Consent Order and Agreement shall be severable and should any part hereof be declared invalid or unenforceable, the remainder shall continue in full force and effect between the Parties.

14. *Entire Agreement.* This Consent Order and Agreement shall constitute the entire integrated agreement of the Parties as to the subject matter hereof. No prior or contemporaneous communications or prior drafts shall be relevant or admissible for purposes of determining the meaning or intent of any provisions herein in any litigation or any other proceeding.

15. *Attorneys' Fees.* The Parties shall bear their respective attorney fees, expenses, and other costs in the prosecution or defense of this matter or any related matters, arising prior to execution of this Consent Order and Agreement.

16. *Modifications.* No changes, additions, modifications, or amendments of this Consent Order and Agreement shall be effective unless they are set out in writing and signed by the Parties.

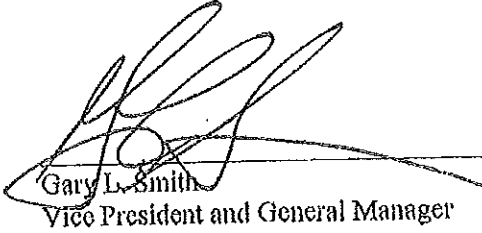
17. *Titles.* A title used at the beginning of any Paragraph of this Consent Order and Agreement may be used to aid in the construction of that Paragraph, but shall not be treated as controlling.

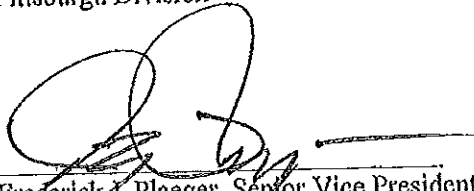
18. *Termination of Consent Order and Agreement.* EOG's obligations, but not the Findings, of this Consent Order and Agreement shall terminate when EOG has completed all of the requirements of this Consent Order and Agreement.

IN WITNESS WHEREOF, the Parties have caused this Consent Order and Agreement to be executed by their duly authorized representative. The undersigned representative of EOG certifies under penalty of law, as provided by 18 Pa.C.S.A. §4904, that he is authorized to execute this Consent Order and Agreement on behalf of EOG, that EOG consents to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that EOG hereby knowingly waives its right to appeal this Consent Order and Agreement and to challenge its content or validity, which rights may be available under Section 4 of the Environmental Hearing Board Act, the Act of July 13, 1988, P.L. 530, No. 1988-94, 35 P.S. §7514; the Administrative Agency Law, 2 Pa.C.S.A. §103(a) and Chapters 5A and 7A; or any other provision of law.

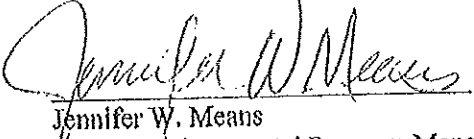
Signature by EOG's attorney certifies only that the Consent Order and Agreement has been signed after consulting with counsel.

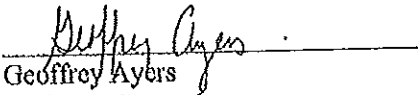
FOR EOG RESOURCES, INC.:


Gary L. Smith
Vice President and General Manager
Pittsburgh Division


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and General Counsel for EOG

FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:


Jennifer W. Means
Environmental Program Manager
East Region Oil and Gas Management


Geoffrey Ayers
Assistant Counsel

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EXHIBIT A

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In the Matter of:

BOG Resources, Inc.	:	Violations of the Air Act, the Clean
Lawrence Township	:	Streams Law, Oil and Gas Act, and
Clearfield County	:	Solid Waste Management Act

ORDER

NOW, this 7th day of June, 2010, the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department") has made and determined the following FINDINGS and enters the following ORDER:

A. The Department is the agency with the duty and authority to administer and enforce: the Air Pollution Control Act, Act of January 8, 1960, P.L. 2119, *as amended*, 35 P.S. §§4001-4015 ("Air Act"); The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §§691.1-691.1001 ("Clean Streams Law"); 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 Solid Waste Management Act, Act of July 7, 1980, P.L. 380, *as amended*, 35 P.S. §§6018.101-6018.1003 ("Solid Waste Management Act"); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. §510-17 ("Administrative Code"); and the rules and regulations promulgated thereunder.

B. BOG Resources, Inc. ("BOG") is a Delaware corporation authorized to do business in Pennsylvania, and it maintains a business address of 400 Southpointe Boulevard, Plaza 1, Suite 300, Canonsburg, Pennsylvania 15317.

C. BOG is a "person" as that term is defined in: Section 3 of the Air Act, 35 P.S. §4003; Section 1 of the Clean Streams Law, 35 P.S. §691.1; Section 103, of the Oil and Gas Act, 58 P.S. § 601.103; and Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103.

D. BOG is the "owner" and "operator" as those terms are defined by Section 601.103 of the Oil and Gas Act, 58 P.S. § 601.103, of a gas well known as "Punxsutawney Hunting Club 36H," which is located in Lawrence Township, Clearfield County, Pennsylvania, and is authorized by the Department under well permit 37-033-26872-00.

E. Sometime in the evening of June 3, 2010, while post-hydraulic fracturing ("frac") procedures were being performed at the bottom of Punxsutawney Hunting Club 36H, a catastrophic failure of the blow-out prevention and/or other well equipment occurred that resulted in the uncontrolled discharge of a significant amount of frac fluids and gas from Punxsutawney Hunting Club 36H into the environment.

F. BOG personnel evacuated the area within approximately one mile of Punxsutawney Hunting Club 36H. Subsequently, the FAA prohibited aircraft from flying in the airspace below 1,000 feet over Punxsutawney Hunting Club 36H.

G. Sometime in the early morning of June 4, 2010, the Department responded and observed the uncontrolled discharge of a significant amount of frac fluids and gas from Punxsutawney Hunting Club 36H into the environment, including the uncontrolled discharge of frac fluids flowing on the ground and into a drainage area tributary to Little Laurel Run, a high quality cold water fishery.

H. The uncontrolled discharge of a significant amount of frac fluids and gas into the environment from Punxsutawney Hunting Club 36H continued until approximately 12:13 p.m. on June 4, 2010, when the 10,000 psi valve was closed on the gas well.

Violations of the Oil and Gas Act

I. Section 209 of the Oil and Gas Act, 58 P.S. §601.209, requires that "[a]ny person engaged in drilling any oil or gas well shall equip the well with casings of sufficient strength and with such other safety devices, as may be necessary in a manner as prescribed by regulation of

the [D]epartment, and shall use every effort and endeavor effectively to prevent blowouts, explosions and fires."

J. 25 Pa. Code §78.72(a), states, in relevant part, that "[t]he operator shall use blow-out prevention equipment when well head pressures or natural open flows are anticipated at the well site that may result in a blow-out or when the operator is drilling in an area where there is no prior knowledge of the pressures or natural open flows to be encountered," 25 Pa. Code §78.72(b), also states that "[b]low-out prevention equipment used shall be in good working condition at all times." Finally, 25 Pa. Code §78.72(h), states that "[u]pon completion of the drilling operations at a well, the operator shall install and utilize equipment, such as the shut-off valve of sufficient rating to contain anticipated pressure, lubricator or similar device, as may be necessary to enable the well to be effectively shut-in while logging and servicing the well and after completion of the well."

K. The catastrophic failure of the blow-out prevention and/or other well equipment that resulted in the uncontrolled discharge of a significant amount of frac fluids and gas from Punxsutawney Hunting Club 36H into the environment violates Section 209 of the Oil and Gas Act, 58 P.S. §601.209, and 25 Pa. Code §§78.72(a), 78.72(b), and 78.72(h).

L. The uncontrolled discharge of a significant amount of gas from Punxsutawney Hunting Club 36H into the environment violates the requirements under 25 Pa. Code §78.74, that "[t]he venting of gas to the atmosphere from a well is prohibited when the venting produces a hazard to the public health and safety."

M. The uncontrolled discharge of a significant amount of frac fluids from Punxsutawney Hunting Club 36H into the environment violates the requirements under 25 Pa. Code §78.56(a), that "the operator shall contain pollutional substances and wastes from the drilling, altering, completing, recompleting, servicing and plugging the well, including brines,

drill cuttings, drilling muds, oils, stimulation fluids, well treatment and servicing fluids, plugging and drilling fluids other than gases in a pit, . . . or series or pits"

N. The violations described above constitute unlawful conduct under Section 509 of the Oil and Gas Act, 58 P.S. §601.509, a statutory nuisance under Section 502 of the Oil and Gas Act, 58 P.S. §601.502, and subject BOG to a claim for civil penalties pursuant to Section 506 of the Oil and Gas Act, §601.506.

Violations of the Clean Streams Law

O. The frac fluids and gas discharged from Punxsutawney Hunting Club 36H into the environment are "industrial wastes," and the drainage area tributary to Little Laurel Run is a "water of the Commonwealth" as those terms are defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1. Neither BOG nor any other person or entity had or has a permit to discharge industrial wastes into waters of the Commonwealth.

P. Section 1 of the Clean Streams Law 35 P.S. §691.1, defines, in relevant part, "[p]ollution" to mean "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, . . . , or other legitimate beneficial uses, . . . , 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, . . . , solid or other substances into such waters."

Q. The unpermitted and uncontrolled discharge of industrial wastes from Punxsutawney Hunting Club 36H caused pollution and/or created the danger of pollution to the waters of the Commonwealth in violation Sections 301, 307, 401, and 402, of the Clean Streams Law, 35 P.S. §§691.301, 691.307, and 691.401, and 691.402.

R. The violations described above constitute unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. §691.611, a statutory nuisance under Section 601 of the Clean Streams Law, 35 P.S. §691.601, and subject BOG to a claim for civil penalties pursuant to Section 605 of the Clean Streams Law, 35 P.S. §691.605.

Violations of the Air Act

S. The gas discharged from Punxsutawney Hunting Club 36H into the atmosphere is an "air contaminant," and Punxsutawney Hunting Club 36H is a stationary "air contamination source" as those terms are defined in Section 3 of the Air Act, 35 P.S. §4003. Neither BOG nor any other person or entity had or has a permit to discharge air contaminants into the atmosphere.

T. The unpermitted and uncontrolled discharge of a significant amount of gas from Punxsutawney Hunting Club 36H into the atmosphere was inimical to the public health, safety, or welfare, and constitutes "air pollution" as that term is defined in Section 3 of the Air Act, 35 P.S. §4003. The unpermitted and uncontrolled discharge of air pollution from Punxsutawney Hunting Club 36H into the atmosphere violates Section 4006.1 of the Air Act, 35 P.S. §4006.1.

U. The violation described above constitutes unlawful conduct under Section 8 of the Air Act, 35 P.S. §4008, is a statutory nuisance under Section 13 of the Air Act, 35 P.S. §4013, and subjects BOG to civil penalty liability under Section 4009.1 of the Air Act, 35 P.S. §4009.1.

Violations of the Solid Waste Management Act

V. The frac fluids discharged from Punxsutawney Hunting Club 36H into the environment are "residual wastes" as that term is defined in Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103. Neither BOG nor any other person or entity had or has a permit to discharge residual wastes into the environment.

W. The unpermitted and uncontrolled discharge of residual wastes from Punxsutawney Hunting Club 36H into the environment violates Sections 301 and 302 of the Solid Waste Management Act, 35 P.S. §§6018.301 and 6018.302.

X. The violations described above constitute unlawful conduct under Section 610 of the Solid Waste Management Act, 35 P.S. §6018.610, are a statutory nuisance under Section 601 of the Solid Waste Management Act, 35 P.S. §6018.601, and subject EOG to civil penalty liability under Section 605 of the Solid Waste Management Act, 35 P.S. §6018.605.

Y. The Department continues to investigate the catastrophic failure of the blow-out prevention equipment, and the unpermitted and uncontrolled discharge of a significant amount of frac fluids and gas into the environment from Punxsutawney Hunting Club 36H that occurred on June 3-4, 2010.

NOW, THEREFORE, under the authority of: Sections 4 and 10.1 of the Air Act, 35 P.S. §§4004 and 4010.1; Section 5 of the Clean Streams Law, 35 P.S. §691.5; Sections 503 and 508 of the Oil and Gas Act, 58 P.S. §§601.503 and 601.508; Section 602 of the Solid Waste Management Act, 35 P.S. §6018.602; and Section 1917-A of the Administrative Code of 1929, 71 P.S. § 510-17, it is hereby ORDERED that:

1. Cease and Desist

a. For all Marcellus Shale gas wells, including Punxsutawney Hunting Club 36H, owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania, upon the date of this Order, EOG shall immediately cease and desist all Marcellus Shale gas well development activities including, but not limited to: drilling; hydraulic fracturing, post-hydraulic fracturing well clean-out completion procedures; and any other related Marcellus Shale gas well development activities in the Commonwealth of Pennsylvania.

b. EOG shall cease all such Marcellus Shale gas well development activities until as follows:

- i. Within 7 days after the date of this Order *and* receipt of the Department's written approval, EOG may begin drilling of Marcellus Shale gas wells owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania;
- ii. Within 14 days after the date of this Order *and* receipt of the Department's written approval, EOG may begin hydraulic fracturing of Marcellus Shale gas wells owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania; and
- iii. Within 30 days after the date of this Order *and* receipt of the Department's written approval, EOG may begin post-hydraulic fracturing well clean-out completion procedures and any other related gas well development activities at Marcellus Shale gas wells owned and operated by EOG and permitted by the Department within the Commonwealth of Pennsylvania.

c. For the purposes of this Paragraph, approval by the Department will be provided, in writing, to EOG upon the Department's determination that EOG is in full compliance with the applicable provisions of this Order.

2. Upon the date of this Order, EOG shall immediately secure the blow-out prevention equipment and all associated pressure regulation equipment that was in use on Punxsutawney Hunting Club 36H when the uncontrolled discharge of frac fluids and gas occurred on June 3-4, 2010 (collectively "BOP Equipment"). EOG shall thereafter maintain the BOP Equipment in a secure location pending further disposition as directed by the Department, and shall make the BOP Equipment available for inspection by the Department or such persons as designated by the Department.

3. Within 2 days of the date of this Order, EOG shall retain an independent, third-party expert who has the knowledge, skills, and abilities to conduct a forensic investigation into the cause or causes of the catastrophic failure of the BOP Equipment, and of the uncontrolled

discharge of a significant amount of frac fluids and gas from Punxsutawney Hunting Club 36H into the environment that occurred on June 3-4, 2010 ("BOG's Expert").

4. BOG and BOG's Expert shall cooperate fully with each other, with the Department, and with any expert retained by Department in connection with the investigation of the matters that are the subject of this Order.

5. BOG shall pay for any and all of the salary, costs, and expenses of BOG's Expert including, without limitation, any and all salary, costs, and expenses for: the investigation itself; the Study required under this Order, and any and all other reports, supporting documents, and other work product by the BOG's Expert; and any costs or expenses for the time spent in discussions with the Department and/or any expert retained by Department in connection with the investigation of the matters that are the subject of this Order.

6. BOG's Expert, the forensic investigation, the Study required under this Order, and any and all other reports, supporting documents, and other work product by the Expert shall be available to the Department. Neither BOG nor legal representatives of BOG shall claim any privilege restricts the release of information to the Department from BOG and BOG's Expert with respect to the forensic investigation, the Study required under this Order, and any and all other reports, supporting documents, and other work product from BOG and/or BOG's Expert. BOG shall make BOG's Expert fully available for any inquiry by the Department and/or by any expert retained by Department in connection with the investigation of the matters that are the subject of this Order.

7. Within 15 days of the date of this Order, BOG shall submit to the Department for review and approval a written "Study" completed by BOG's Expert, that fully addresses the items below:

- iv. A detailed analysis of the drilling and hydraulic fracturing of Punxsutawney Hunting Club 36H. The analysis should note any irregularities encountered during those activities. The analysis shall include a review and analysis of the electrical, radioactive or other standard industry logs run on the well, the drill stem test charts, formation water analysis, porosity, permeability or fluid saturation measurements, core analysis, and lithologic log or sample description or other similar data as compiled. The analysis shall also include any technical information otherwise required by 25 Pa. Code §78.122;
- v. A detailed analysis/explanation of the root cause or causes of the catastrophic failure of the BOP Equipment;
- vi. An analysis of EOG's completion activity well control procedures existing on June 3-4, 2010;
- vii. Corrective actions that EOG proposes to implement at all Marcellus Shale gas wells to prevent similar or any other failures of BOP Equipment in the future, and a proposed implementation schedule; and
- viii. Changes to EOG's completion activity well control procedures that EOG proposes to implement at all Marcellus Shale gas wells, and a proposed implementation schedule.

8. If the Department determines that any modification, amendment, or addition is necessary to the Study, EOG shall submit such revisions as are necessary to fully address all of the Department's written comments within thirty (30) days after receipt of those comments. The Study may be approved, rejected, or approved with conditions by the Department. The Study approved by the Department shall be incorporated as part of this Order for all purposes, shall be enforceable hereunder, and shall be implemented by EOG in accordance with the schedule in the Study approved by the Department.

9. All correspondence with the Department regarding this Order shall be addressed to:

Jennifer W. Means
Environmental Program Manager
East Region Oil and Gas Management
Department of Environmental Protection
208 West Third Street - Suite 101
Williamsport, PA 17701-6448
Phone: (570) 321-6557
e-Mail: jenmeans@state.pa.us

10. Nothing set forth in this Order is intended, nor shall it be construed, to relieve or limit EOG's obligations to comply with any existing or subsequent statute, regulation, permit or order, and this Order shall not be construed to authorize EOG to violate any statute, regulation, order, or permit issued or administered by the Department.

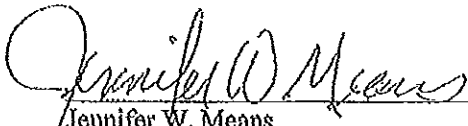
11. This Order is effective IMMEDIATELY upon receipt.

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, 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:



Jennifer W. Means
Environmental Program Manager
East Region Oil and Gas Management