COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In the Matter of:

Cabot Oil and Gas Corporation	:	Clean Streams Law,
Dimock and Springville Townships	:	the Oil and Gas Act, and
Susquehanna County	:	the Solid Waste Management Act

CONSENT ORDER AND AGREEMENT

This Consent Order and Agreement is entered into this 4th day of November 2009, by and between the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department") and Cabot Oil and Gas Corporation ("Cabot").

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 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 ("Regulations").

B. Cabot is a Delaware corporation registered to do business in Pennsylvania and is engaged in various oil and gas exploration and production activities in Pennsylvania, including in Dimock and Springville Townships, Susquehanna County. Cabot maintains a mailing address of 5 Penn Center West, Suite 401, Pittsburgh, PA 15276.

DIM0193500

BACKGROUND ON GAS MIGRATION

C. Cabot is the "owner" and "operator," as those terms are defined in Section 103 of the Oil and Gas Act, 58 P.S. §601.103, of certain gas wells, or has received permit authorization from the Department to drill wells, within an area defined as follows: South of 41 degrees 45 minutes latitude; East of -75 degrees 54 minutes 11 seconds longitude; North of 41 degrees 42 minutes 14 seconds latitude; and West of -75 degrees 50 minutes 48 seconds longitude in Dimock and Springville Townships, Susquehanna County, Pennsylvania ("Affected Area"). A list of Cabot's drilled wells and wells permitted but not drilled in the Affected Area are listed as Exhibit A and incorporated herein ("Cabot Wells"). A map of the Affected Area is attached as Exhibit B and incorporated herein.

D. On January 1, 2009, an explosion was reported in an outside, below-grade water well pit at a home located in the Affected Area near the intersection of State Route 2024 and Carter Road in Dimock Township, Susquehanna County.

E. Due to the close proximity of the home described in Paragraph D, above, to the Cabot Wells, the Department began an investigation to determine if the incident was the result of gas drilling activities by Cabot.

F. During its investigation since January 2009, the Department documented that combustible gas was present in the headspaces of wells that provide drinking water to certain homes located near the Cabot Wells, and/or documented that elevated levels of dissolved methane was present in wells that provide drinking water to certain homes located near the Cabot Wells.

G. On February 27, 2009, the Department issued Cabot a Notice of Violation for, among other things, discharging natural gas, a polluting substance, to waters of the Commonwealth without authorization, and for failing to prevent gas from entering fresh groundwater.

H. On May 13, 2009, the Department issued Cabot a Notice of Violation for failing to properly cement casing at certain of the Cabot Wells, and for failing to prevent gas from entering groundwater from the Cabot Well known as the Gesford 3 Well.

Excessive Pressure/Improper or Insufficient Cemented Casings

I. Based upon its investigation since January 2009, the Department has determined the following:

1. Two Cabot Wells known as the Baker 1 Well and the Ely 4 Well had excessive pressures.

2. The Cabot Wells known as the Gesford 3 Well, Gesford 9 Well, and Teel 5 Well have insufficient or improper cemented casings that allow gas to vent between various cemented casings and/or from behind the surface casing.

3. The Cabot Wells known as the Brooks 1H Well, Ely 5H Well, and Ely 7V Well have gas venting in the cellar of these Wells indicating that these Wells may have insufficient or improper cemented casings.

4. As of the date of this Consent Order and Agreement, Cabot has not corrected the insufficient or improper cemented casings at the Gesford 3 Well, Gesford 9 Well, and Teel 5 Well.

Pollution of Private Water Supplies

J. During its investigation since January 2009, the Department has collected samples from wells that provide drinking water to 13 homes located near the Cabot Wells ("Affected Water Supplies"), and these samples contained elevated levels of dissolved methane gas. In addition, the Department identified combustible gas in the headspaces of seven of the Affected Water Supplies. A list identifying the Affected Water Supplies is attached as Exhibit C and incorporated herein.

K. Based upon its investigation since January 2009, the Department has determined the following:

1. Ten of the Affected Water Supplies are less than 1,000 feet from one or more of the Cabot Wells. These 10 Affected Water Supplies have elevated levels of dissolved methane and/or the presence of combustible gas in the drinking water wells.

2. The presence of dissolved methane and/or combustible gas in the 10 Affected Water Supplies occurred within six months of completion of drilling of one or more of the Cabot Wells. As such, Cabot is presumed to be responsible for the pollution to these 10 Affected Water Supplies, pursuant to Section 208(c) of the Oil and Gas Act, 58 P.S. §601.208(c).

3. Three of the Affected Water Supplies are within 1,300 feet of one or more of the Cabot Wells. Based upon the presence of elevated methane in the water supplies, the presence of combustible gas in water well headspaces, the close proximity of these three Affected Water Supplies to the Cabot Wells, the close proximity of these three Affected Water Supplies to the other 10 Affected Water Supplies, and other factors, the Department has determined that Cabot is also responsible for the pollution to these three Affected Water Supplies. A chart identifying the distances of all of the Affected Water Supplies from the Cabot Wells is attached as Exhibit D and incorporated herein.

Discharge of Natural Gas into the Groundwater

L. Based upon its investigation since January 2009, the Department has determined the following:

1. Cabot had caused or allowed the unpermitted discharge of natural gas, a polluting substance, into the groundwater, which constitutes a "water of the Commonwealth," as that term is defined in 35 P.S. §691.1.

2. As of the date of this Consent Order and Agreement, Cabot has taken certain actions approved by the Department to prevent the ongoing, unpermitted discharge of natural gas into the waters of the Commonwealth.

Gas Migration Violations

M. Cabot's failure to properly case and cement the Gesford 3 Well, Gesford 9 Well, and Teel 5 Well to prevent the migration of gas or other fluids into sources of fresh groundwater is a violation of 25 Pa. Code §78.81(a).

N. Cabot's failure to correct the insufficient or improperly cemented casing at the Gesford 3 Well, Gesford 9 Well, and Teel 5 Well is a violation of 25 Pa. Code §78.86.

O. Cabot's pollution of the Affected Water Supplies and failure to restore or replace the Affected Water Supplies to the quality at least equal of the water supply prior to becoming affected is a violation of Section 208(a) of the Oil and Gas Act, 58 P.S. §601.208(a), and 25 Pa. Code §78.51(d).

P. Cabot's unpermitted discharge of natural gas to the groundwater is a violation of Section 401 of the Clean Streams Law, §35 P.S. 691.401, and 25 Pa. Code §78.73(a).

Q. The violations set forth in the Paragraphs M through P, above, constitute unlawful conduct pursuant to Section 509 of the Oil and Gas Act, 58 P.S. §601.509, and Section 611 of the Clean Streams Law, 35 P.S. §691.611.

BACKGROUND ON OTHER VIOLATIONS

R. Cabot is the "owner" and "operator," as those terms are defined in Section 103 of the Oil and Gas Act, 58 P.S. §601.103, of the wells listed in Exhibit E, which is attached and incorporated herein.

Black 2H Well Site

S. On September 19, 2008, a representative of Cabot reported to the Department that he had observed drilling mud discharging to a spring seep located down-slope of the Black 2H Well site. At that time, he indicated that the drilling mud appeared to have migrated from an unlined trench that had been excavated at the Black 2H Well site to accommodate the drill mud circulating system.

T. Between September 19, 2008, and September 24, 2008, Cabot lined the trench described in Paragraph S, above, and constructed a series of controls below the spring seep to capture and contain the drilling mud discharge.

U. On September 24, 2008, the Department inspected the Black 2H Well site and documented that the drilling mud was not being contained by the liner which had been placed in the trench described in Paragraph T, above, that drilling mud was discharging to the ground under the liner, and that drilling mud continued to discharge from the spring seep.

V. The drilling mud described in Paragraph S, above, is an "industrial waste" as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1, and a "residual waste" as defined in Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103.

W. The spring seep described in Paragraph S, above, is a "water of the Commonwealth" as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1.

X. Cabot did not have a permit or authorization from the Department to discharge industrial waste and/or residual waste onto the ground or into waters of the Commonwealth from the Black 2H Well site.

Y. Cabot's discharge of industrial waste and/or residual waste onto the ground and into waters of the Commonwealth from the Black 2H Well site without first obtaining a permit or

approval from the Department is contrary to the requirements of 25 Pa. Code §§78.54 and 78.56(a), and is a violation of Sections 307 and 401 of the Clean Streams Law, 35 P.S. §§691.307 and 691.401, and Section 301 of the Solid Waste Management Act, 35 P.S. §6018.301. As of the date of this Consent Order and Agreement, Cabot has corrected this violation.

Gesford 3 Well Site

Z. On January 30, 2009, a representative of Cabot reported to the Department that approximately 100 gallons of diesel fuel spill had spilled at the Gesford 3 Well site.

AA. On February 2, 2009, the Department inspected the Gesford 3 Well site and documented that the spill occurred when a leak developed in a fuel line for a drilling mud pump at the site.

AB. Spilled diesel fuel is a "residual waste" as defined in Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103.

AC. Cabot's spill of diesel fuel onto the ground at the Gesford 3 Well site without first obtaining a permit or approval from the Department is a violation of Section 301 of the Solid Waste Management Act, 35 P.S. §6018.301. As of the date of this Consent Order and Agreement, Cabot has corrected this violation.

B Severcool 1 Well Site

AD. On February 18, 2009, the Department inspected the B Severcool 1Well site and documented that drilling mud had discharged onto the ground at the site when the on-site drilling mud pump developed a leak. At that time, the Department estimated that 25 to 50 barrels of drilling mud flowed to a diversion ditch around the site, and approximately 5 to 10 barrels of drilling mud flowed from the diversion ditch into an adjacent field.

AE. The drilling mud described in Paragraph AD, above, is a "residual waste" as defined in Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103.

AF. Cabot's discharge of residual waste onto the ground at the B Servercool 1 Well site without first obtaining a permit or approval from the Department is contrary to the requirements of 25 Pa. Code §78.56(a), and is a violation of Section 301 of the Solid Waste Management Act, 35 P.S. §6018.301. As of the date of this Consent Order and Agreement, Cabot has corrected this violation.

Gesford 1 Well Site

AG. On March 6, 2009, a Cabot representative reported to the Department that Cabot had caused or allowed a discharge of drilling mud at the Gesford 1 Well site. Cabot subsequently informed the Department that the drilling mud had flowed off-site and into Burdick Creek, and that the discharge occurred when the drilling mud traveled up and outside of the conductor pipe for the Gesford 1 Well.

AH. On March 9, 2009, the Department inspected the Gesford 1 Well site and verified that the discharge reported by Cabot as described in Paragraph AG, above, had flowed across the ground and into Burdick Creek.

AI. The drilling mud described in Paragraph AG, above, is an "industrial waste" as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1, and a "residual waste" as defined in Section 103 of the Solid Waste Management Act, 35 P.S. §6018.103.

AJ. Burdick Creek is a "water of the Commonwealth" as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1.

AK. Cabot does not have a permit or authorization from the Department to discharge industrial waste and/or residual waste onto the ground or into waters of the Commonwealth from the Gesford 1 Well site.

AL. Cabot's discharge of industrial waste and/or residual waste onto the ground and into waters of the Commonwealth from the Gesford 1 Well site without first obtaining a permit or approval from the Department is contrary to the requirements of 25 Pa. Code §§78.54 and 78.56(a), and is a violation of Sections 307 and 401 of the Clean Streams Law, 35 P.S. §§691.307 and 691.401, and Section 301 of the Solid Waste Management Act, 35 P.S. §6018.301. As of the date of this Consent Order and Agreement, Cabot has corrected this violation.

AM. The violations described in Paragraphs Y, AC, AF, and AL, above, constitute unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. §691.611, Section 509 of the Oil and Gas Act, 58 P.S. §601.509, and/or Section 302 of the Solid Waste Management Act, 35 P.S. §6018.302, and subject Cabot to a claim for civil penalties under Section 605 of the Clean Streams Law, 35 P.S. §691.605, Section 506 of the Oil and Gas Act, 58 P.S. §601.506, and/or Section 605 of the Solid Waste Management Act, 35 P.S. §6018.605.

Failure to Submit Well Records

AN. On February 18, 2009, a review of the Department's files documented that Cabot had failed to submit the required well records to the Department within 30 days of cessation of drilling for all of the Wells identified at Exhibit E, except for the B Servercool 1 Well and the Gesford 1 Well.

AO. Cabot's failure to submit well records as specified in Paragraph AN, above, is a violation of Section 212(b) of the Oil and Gas Act, 58 P.S. §601.212(b). As of the date of this Consent Order and Agreement, Cabot has corrected this violation.

Failure to Maintain Driller's Log at Well Site

AP. On March 5, 12, and 18, 2009, the Department inspected the Gesford 1 Well site and documented that Cabot had failed to keep a detailed drillers log at the Well site available for inspection until drilling is completed.

AQ. Cabot's failure to keep a detailed drillers log at the well site available for inspection until drilling is completed is a violation of 25 Pa. Code §78.122(a). As of the date of this Consent Order and Agreement, Cabot has corrected this violation.

AR. The violations described in Paragraphs AO and AQ, above, constitute unlawful conduct under Section 509 of the Oil and Gas Act, 58 P.S. §601.509, and subject Cabot to a claim for civil penalties under Section 506 of the Oil and Gas Act, 58 P.S. §601.506.

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 Cabot as follows:

1. ***Authority***. This Consent Order and Agreement is an Order of the Department authorized and issued pursuant to Section 5 of the Clean Streams Law, 35 P.S. §691.5; Section 503 of the Oil and Gas Act, 58 P.S. §601.503; Section 602 of the Solid Waste Management Act, 35 P.S. §6018.602; and Section 1917-A of the Administrative Code.

2. ***Findings***.

a. Cabot agrees that the Findings in Paragraphs A-L, R-U, W-X, Z-AA, AD, AG-AH, AJ-AK, AN, and AP, above, are true and correct and, in any matter or proceeding involving Cabot and the Department, Cabot 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. ***Compliance with Environmental Laws And Regulations.*** Cabot shall take all actions necessary, including the corrective actions set forth in this Consent Order and Agreement, to maintain compliance with all applicable environmental laws and regulations, including all applicable provisions of the Clean Streams Law, Oil and Gas Act, Solid Waste Management Act, and the Regulations.

4. ***Corrective Actions.***

a. Cabot shall not begin hydrofracturing of Cabot Wells in the Affected Area until it has received written authorization from the Department.

b. Cabot shall not complete the drilling of any existing Cabot Well within the Affected Area and shall not begin the drilling of any new Well within the Affected Area except in accordance with the requirements of this Consent Order and Agreement.

c. As of the date of this Consent Order and Agreement, Cabot has submitted and the Department has approved both the cement bond logs for the surface water protection casing and the casing and cementing plan for the Ely 7H Well, Gesford 5H Well, and the Gesford 8H Well.

d. Upon execution of this Consent Order and Agreement, Cabot may resume further drilling of the Ely 7H Well, Gesford 5H Well, and/or the Gesford 8H Well.

e. Regarding any new Well within the Affected Area, Cabot shall submit to the Department the casing and cementing plan for a new Well at least 10 business days before it proposes to begin drilling the new Well within the Affected Area.

f. Cabot may begin drilling a new Well within the Affected Area only upon the Department's written notice that it has approved the casing and cementing plan for the new Well.

g. Cabot shall complete the drilling of the Ely 7H Well, Gesford 5H Well, and Gesford 8H Well, and shall complete the drilling of any new Well within the Affected Area in compliance with the requirements of this Consent Order and Agreement, including the requirements of Paragraphs 3, above, and any documents approved by the Department under this Consent Order and Agreement.

h. Within 10 days of the date of this Consent Order and Agreement, Cabot shall notify the Department, in writing, of the names and addresses of all other persons in the Affected Area not listed at Exhibit C that Cabot is providing and maintaining temporary potable water and/or gas mitigation devices for, and/or has received complaints from alleging that their water supply quantity or quality has been affected by Cabot's drilling activities. For any persons that reside within the Affected Area and are not listed at Exhibit C, Cabot shall continue to provide and maintain temporary potable water and/or gas mitigation devices for such persons in accordance with 25 Pa. Code §78.51, or as otherwise approved by the Department.

i. Within 15 days of the date of this Consent Order and Agreement, Cabot shall submit a plan to the Department that identifies, in detail, how Cabot shall test for and ensure the integrity of the casing and cement on the Cabot Wells identified in Paragraphs I.1., I.2. and I.3., above. The plan shall include an implementation schedule and, at a minimum, the following:

1) a date by when Cabot proposes to start the integrity testing;

2) a schedule for submitting to the Department a report within 60 days of the date of this Consent Order and Agreement that describes the tests completed, test results, and any corrective actions needed; and

3) a final compliance date no later than March 31, 2010, unless otherwise approved by the Department in writing, by when Cabot shall complete all of the actions specified in the plan to correct the deficiencies to the casing and cement in the identified Wells, or plug the Wells in accordance with Paragraph 4.j., below.

j. Unless otherwise agreed to by the Department in writing, if Cabot fails to correct, in accordance with 25 Pa. Code §78.86, the improper and/or insufficient cemented casings in the Cabot Well(s) identified by the Department in Paragraphs I.1., I.2, and I.3., above, Cabot shall plug such Cabot Well(s) by March 31, 2010, in accordance with Section 210(a) of the Oil and Gas Act, 58 P.S. §601.210(a), and 25 Pa. Code §§78.91-78.98.

k. As of the date of this Consent Order and Agreement, Cabot has either provided whole house potable water and/or gas mitigation devices to the Affected Water Supplies, or has identified an alternative to such that has been approved in writing by the Department. If Cabot provides water by purchasing from a water purveyor, Cabot shall assure that the users of the Affected Water Supplies will receive water in amounts sufficient to continually satisfy water usage needs until the Department notifies Cabot, in writing, that the Department has determined that the Affected Water Supply has been restored such that Cabot is no longer required to provide such purchased water.

l. By March 31, 2010, Cabot shall have completed any and all actions to prevent the unpermitted discharge of natural gas (if any) from the Cabot Wells or any other well owned and/or operated by Cabot within the Affected Area and into the waters of the Commonwealth.

m. By March 31, 2010, Cabot shall submit to the Department a plan and an implementation schedule, to permanently restore or replace, in accordance with Section 208 of the Oil and Gas Act, 58 P.S. §601.208, and 25 Pa. Code §78.51, the Affected Water Supplies, and the other water supplies identified by Cabot pursuant to Paragraph 4.h., above, that the Department determines have been affected by Cabot's drilling activities. Upon approval by the Department, Cabot shall implement the plan in accordance with the approved implementation schedule.

5. ***Submission of Documents.*** With regard to any document that Cabot is required to submit pursuant to this Consent Order and Agreement, the Department will review Cabot'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, Cabot shall submit a revised document to the Department that addresses the Department's concerns within a reasonable time, 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.

6. ***Civil Penalty Settlement.*** Upon signing this Consent Order and Agreement, Cabot shall pay a civil penalty of $120,000. This payment is in settlement for the violations set forth in the Findings, above, covering the dates set forth herein. The payment shall be made by corporate check or the like made payable to "Commonwealth of Pennsylvania" and sent to the Department at the address set forth in Paragraph 11, below.

7. ***Stipulated Civil Penalties.***

a. If Cabot fails to comply with the provisions of this Consent Order and Agreement, Cabot shall be in violation of this Consent Order and Agreement and, in addition to other applicable remedies, shall pay a civil penalty as follows:

1) If Cabot drills a new well within the Affected Area before complying with all of the obligations set forth in Paragraphs 4.e.-4.f., above, Cabot shall pay a stipulated penalty of $15,000 per each well where such drilling has commenced.

2) If Cabot fails to meet the obligations set forth in Paragraphs 4.g.-4.m., above, Cabot shall pay a stipulated penalty of $1,000 per day for each violation.

b. Stipulated civil penalty payments shall be payable monthly on or before the 15th day of each succeeding month, and shall be made by corporate check or the like made payable to "Commonwealth of Pennsylvania" and sent to the Department at the address set forth in Paragraph 11, below.

c. Any payment under this Paragraph shall neither waive Cabot's duty to meet its obligations under this Consent Order and Agreement nor preclude the Department from commencing an action to compel Cabot's compliance with the terms and conditions of this Consent Order and agreement. The payment resolves only Cabot's liability for civil penalties arising from the violation of this Consent Order and Agreement for which the payment is made.

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

9. ***Liability of Cabot.*** Cabot 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, successors, and assigns.

10. ***Transfer of the Cabot Wells and/or Leases.***

a. Cabot's duties and obligations under this Consent Order and Agreement shall not be modified, diminished, terminated, or otherwise altered by the transfer of the Cabot Wells, leases, any other wells owned and/or operated by Cabot within the Affected Area, and/or any parts thereof, except as hereinafter provided.

b. If before the termination of this Consent Order and Agreement, Cabot intends to transfer the Cabot Wells, leases, any other wells owned and/or operated by Cabot within the Affected Area, and/or any parts thereof, Cabot 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 11 (Correspondence with Department), below.

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

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

Oil and Gas Management
Department of Environmental Protection
230 Chestnut Street
Meadville, PA 16335-3481
Telephone: (814) 332-6860
Fax: (814) 332-6121

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

Mr. Jason Clark and
Mr. Phil Stalnaker
Cabot Oil and Gas Corporation
5 Penn Center West, Suite 401
Pittsburgh, PA 15276
Telephone: (412) 249-3850
Fax: (412) 249-3855

Cabot 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.

13. ***Decisions Under Consent Order and Agreement.*** Except as provided in Paragraph 10.c, above, any decision which the Department makes under the provisions of this Consent Order and Agreement, including a notice that stipulated civil penalties are due, 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 Cabot may have to the decision will be preserved until the Department enforces this Consent Order and Agreement.

14. ***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.

15. ***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.

16. ***Attorney 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.

17. ***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.

18. ***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.

19. ***Termination of Consent Order and Agreement.*** Cabot's obligations, but not the Findings, of this Consent Order and Agreement shall terminate when Cabot has: completed all of the requirements of this Consent Order and Agreement, and paid any outstanding stipulated penalties due under Paragraph 7, above; or by September 30, 2010, whichever is sooner.

IN WITNESS WHEREOF, the Parties have caused this Consent Order and Agreement to be executed by their duly authorized representative. The undersigned representative of Cabot certifies under penalty of law, as provided by 18 Pa.C.S.A. §4904, that he/she is authorized to execute this Consent Order and Agreement on behalf of Cabot, that Cabot consents to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that Cabot 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 Cabot's attorney certifies only that the Consent Order and Agreement has been signed after consulting with counsel.

FOR CABOT OIL AND GAS CORPORATION:

Phillip Stalnaker
Vice President/Regional Manager

Kenneth S. Komoroski, Esq.
Attorney for Cabot

FOR THE COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF ENVIRONMENTAL PROTECTION:

Stacey Gustafson for S. Craig Lobins
S. Craig Lobins
Regional Manager
Oil and Gas Management Program
Northwest Region

Donna L. Duffy
Regional Counsel

EXHIBIT A

CABOT WELLS WITHIN AFFECTED AREA

WELL NAME	PERMIT NO.
TEEL 1	115-20007
TEEL 2	115-20010
TEEL 6	115-20011
TEEL 7	115-20023
BROOKS 1	115-20014
TEEL 5	115-20024
ELY 1	115-20029
ELY 2	115-20015
ELY 4	115-20016
HUBBARD 1	115-20039
HUBBARD 2	115-20017
KAHLE 1	115-20018
RATZEL 1	115-20025
GESFORD 1	115-20040
GESFORD 2	115-20033
GESFORD 3	115-20019
HEITSMAN 1	115-20020
HEITSMAN 2	115-20021
BAKER 1	115-20026
BLACK 1	115-20028
LEWIS 2	115-20030
ELY 4H	115-20034
LEWIS 1	115-20035
COSTELLO 1	115-20036
ELY 6H	115-20041
COSTELLO 2	115-20043
BLACK 1H	115-20048
ELY 1H	115-20049
HEITSMAN 1H	115-20050
RATZEL 1H	115-20047
BROOKS 1H	115-20051
ELY 5H	115-20054

WELL NAME	PERMIT NO.
BLACK 2H	115-20056
ROZANSKI 1	115-20057
GREENWOOD 2H	115-20085
GESFORD 4R	115-20091
J GRIMSLEY 1	115-20095
ELY 7V	115-20096
RATZEL 2H	115-20152
R HULL 1H	115-20122
R HULL 2H	115-20121
GREENWOOD 3V	115-20142
HUBBARD 3	115-20131
RATZEL 3V	115-20117
HEITSMAN 3V	115-20123
HEITSMAN 2	115-20140
HUBBARD 5H	115-20148
HUBBARD 6H	115-20147
A & M HIBBARD 2H	115-20149
HEITSMAN 4H NW	115-20162
GESFORD 7H NW	115-20163
BROOKS 3V	115-20161
TEEL 12H NW	115-20167
BLACK 3V	115-20133
J GRIMSLEY 2H SE	115-20171
R HULL 3V	115-20173
ELY 7H SE	115-20160
GESFORD 8H NW	115-20183
GESFORD 9	115-20187
P KELLEY 1	115-20196
GESFORD 5H NW	115-20201
A & M HIBBARD 4	115-20222
BAKER 3	115-20226

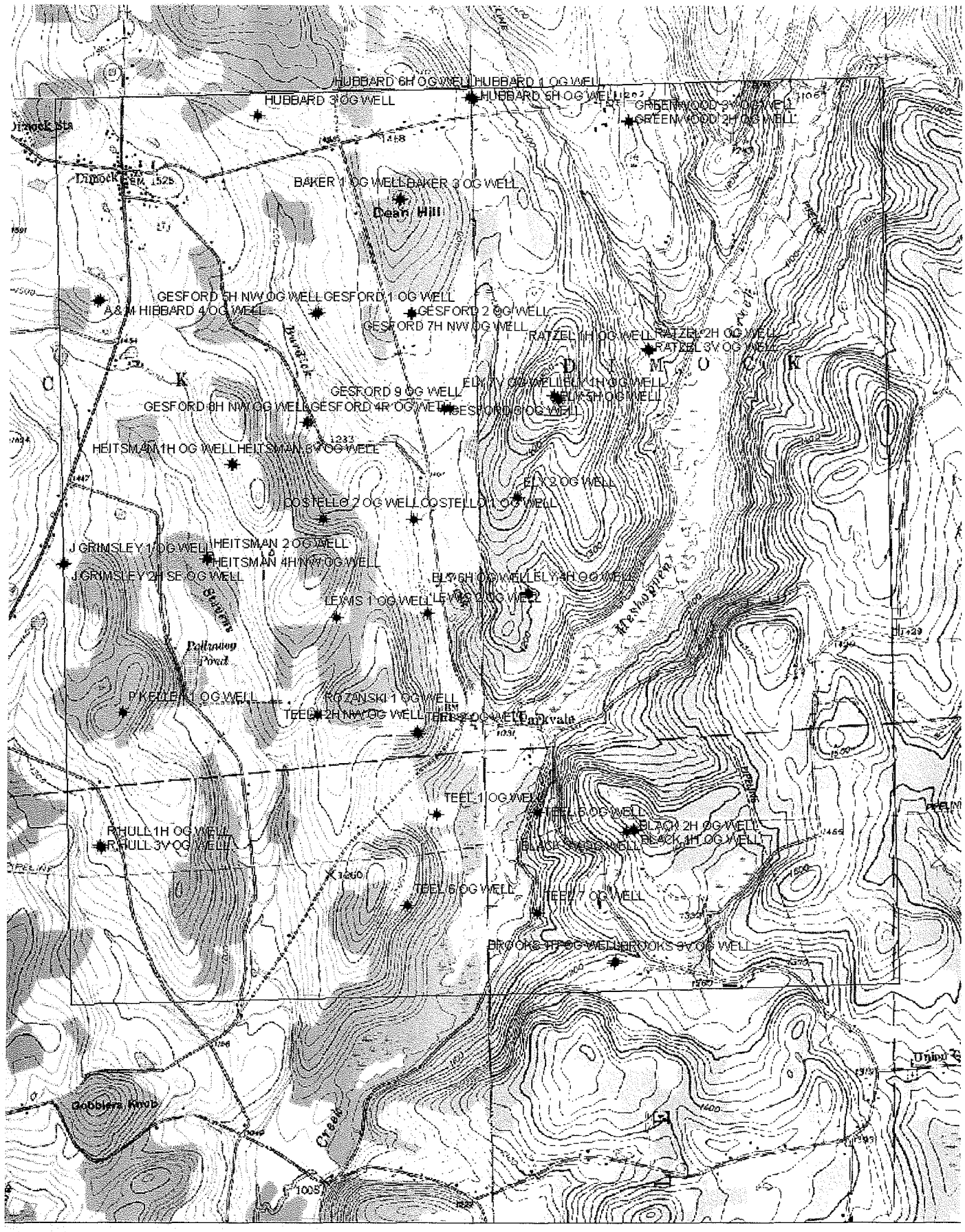
HUBBARD 6H OG WELL
HUBBARD 1 OG WELL
HUBBARD 3 OG WELL
HUBBARD 5H OG WELL
GREENWOOD 3V OG WELL
GREENWOOD 2H OG WELL
BAKER 1 OG WELL
BAKER 3 OG WELL
Dean Hill
GESFORD 5H NW OG WELL
GESFORD 1 OG WELL
A & M HIBBARD 4 OG WELL
GESFORD 2 OG WELL
GESFORD 7H NW OG WELL
RATZEL 1H OG WELL
RATZEL 2H OG WELL
RATZEL 3V OG WELL
ELK 7 OG WELL
ELK 1H OG WELL
ELK 5H OG WELL
GESFORD 9 OG WELL
GESFORD 8H NW OG WELL
GESFORD 4R OG WELL
GESFORD 6 OG WELL
HEITSMAN 1H OG WELL
HEITSMAN 3V OG WELL
ELK 2 OG WELL
COSTELLO 2 OG WELL
COSTELLO 1 OG WELL
J GRIMSLEY 1 OG WELL
HEITSMAN 2 OG WELL
HEITSMAN 4H NW OG WELL
J GRIMSLEY 2H SE OG WELL
ELK 6H OG WELL
ELK 4H OG WELL
LEWIS 1 OG WELL
LEWIS 2 OG WELL
P KELLER 1 OG WELL
POZANSKI 1 OG WELL
TEEL 2H NW OG WELL
TEEL 2 OG WELL
TEEL 1 OG WELL
TEEL 5 OG WELL
BLACK 2H OG WELL
BLACK 1H OG WELL
BLACK 3H OG WELL
R HULL 1H OG WELL
R HULL 3V OG WELL
TEEL 6 OG WELL
TEEL 7 OG WELL
BROOKS 1H OG WELL
BROOKS 3V OG WELL
Gobblers Knob
Creek

EXHIBIT C

AFFECTED WATER SUPPLIES

Norma Fiorentino
RR 6, Box 6212
Montrose, PA 18801

William and Sheila Ely
RR1, Box 6176
Montrose, PA 18801

Craig and Julie Sautner
RR 6, Box 6147
Montrose, PA 18801

Victoria Switzer
P.O. Box 113
Dimock, PA 18816

Michael Ely
RR 6, Box 3176
Montrose, PA 18801

Nolan Ely
P.O. Box 39
Dimock, PA 18816

Victoria Hubert
P.O. Box 111
Dimock, PA 18801

Ronald Teel
RR 6, Box 6182
Montrose, PA 18801

Ronald and Jean Carter
P.O. Box 82
Dimock, PA 18816

Michael and Suzanne Johnson
1129 Timber Ridge Drive
Tampa, FL 33625

Timothy and Deborah Maye
RR 6, Box 6147A
Montrose, PA 18801

Richard Seymour
RR 6, Box 6177A
Montrose, PA 18801

Eric and Susan Roos
RR 6, Box 6194
Montrose, PA 18801

EXHIBIT D

CABOT WELL / AFFECTED WATER SUPPLY DISTANCE RELATIONSHIPS

API	Well Farm Name	Drill End Date	Ronald Carter	Michael Ely	Nolan Ely	William Ely	Norma Fiorentino	Victoria Hubert	Michael Johnson	Timothy Maye	Eric Roos	Craig Sautner	Richard Seymour	Victoria Switzer	Ronald Teel
115-20117	Ratzel #3V	4/8/2009									X				
115-20047	Ratzel #1H	4/8/2009									X				
115-20019	Gesford #3	12/16/2008		•	X			X							
115-20026	Baker #1	8/31/2008					•			•		X			
115-20030	Lewis #2	9/6/2008							X					X	X
115-20033	Gesford #2	10/14/2008	X												
115-20036	Costello #1	10/14/2008		•		X			X				X		
115-20187	Gesford #9 (3, formerly 3 & 3A 3A)	10/8/2008		•	X			X							

X denotes water supply is within 1000 feet of one or more Cabot gas wells

• denotes water supply is within 1300 feet of one or more Cabot gas wells

EXHIBIT E

WELLS WITH OTHER VIOLATIONS

WELL NAME	PERMIT NUMBER
Teel 1	115-20007
Greenwood 1	115-20008
Teel 2	115-20010
Teel 6	115-20011
Ely 2	115-20015
Gesford 3	115-20019
Teel 7	115-20023
Teel 5	115-20024
Baker 1	115-20026
Lewis 2	115-20030
Gesford 2	115-20033
Ely 4	115-20034
Lewis 1	115-20035
Costello 1	115-20036
Hubbard 1	115-20039
Gesford 1	115-20040
Ely 6H	115-20041
Costello 2	115-20043
Black 1H	115-20048
Ely 1H	115-20049
Heitsman 1H	115-20050
Brooks 1H	115-20051
Black 2H	115-20056
B Severcool 1	115-20080