HILCORP ENERGY COMPANY

SETBACK WAIVER

PUBLIC HEARING

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BEFORE: MELANIE WILLIAMS, Mediator
CRAIG LOBINS, Northwest District Manager
BRIAN BABB, Permanent Chief
JOHN GUTH, Regional Manager

HEARING: Wednesday, September 16, 2015
6:00 p.m.

LOCATION: Department of Environmental Protection
230 Chestnut Street
Meadville, PA 16335

WITNESSES: Carrie Hahn, Ivan Dubrasky, Kathleen
Dubrasky, Suzanne Matteo, David Craigdean,
Michael Genz, Christian Fulkman, Becky
Hackert, David Weinkauf, Susie
Beiersdorfer, Hunter Coates

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Reporter: Shannon C. Fortsch

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APPEARANCES

KATHERINE M. KNICKELBEIN, ESQUIRE
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ALSO PRESENT:
STACI GUSTFSON
ERIN WELLS
MICHAEL BRAYMER, ESQUIRE
DOUG WELSH
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PROCEEDINGS

MS. WILLIAMS:

It's six o'clock, so we're going to begin. Good evening. On behalf of the Pennsylvania Department of Environmental Protection let me welcome you to this public hearing tonight. My name is Melanie Williams. I am the Human Relations contact for DEP in the northwest region of Pennsylvania. And I will be monitoring over tonight's meeting --- tonight's hearing, pardon me.

Just a couple of housekeeping notes. In case of emergency there are two exits; one in the back of the room to my right. If you go down the steps and there's a door straight ahead that's indicated an exit, that will take you right out onto street. And the two doors on this side of the room (indicating), if you exit them and turn to the left, you could go right out to the main lobby out the front doors into the street. And also restrooms are located across the hallway from this conference room if you should need them.

And with that, I'm going to turn this over to Craig Lobins, Northwest District Manager of Oil and Gas for staff introductions and importance and
purpose of the hearing.

MR. LOBINS:

Thank you. I'd like to introduce a few staff that's here from DEP. First, we have John Guth, he's a regional director. Brian Babb, he's the permanent chief for oil and gas, Melanie Williams, our CRC, Kathryn Knickelbein, she's attorney for the Department, Michael Braymer, Doug Welsh in the back oil and gas inspector supervisor, and then we have Stacy Gustafson out at the front desk. No, almost missed Erin up front here, Wells.

I just have a few opening remarks before we start the hearing. Or I guess at the start of the hearing. The General Assembly enacted the Oil and Gas Conservation Law in 1961. The fundamental purposes of the Oil and Gas Conversation Law were to prevent waste or loss in the ultimate recovery of oil and gas from formations within and below the Onondaga Formation, and to protect relative rights and the rights of royalty owners and producers.

Relative right is the opportunity of each mill owner making up part of a common source of supply of oil and gas to produce an equitable share of such products. The Oil and Gas Conservation Law applies to a well that penetrates Onondaga Horizon and
the well exceeds a depth of 3,800 feet beneath the
surface. Wells meeting these criteria are known as
conservation wells. The conversation well is required
to be at least 330 feet from the nearest outside
boundary line of the lease of which it is located for
the unit line that's included in a voluntary unit.
These setbacks are to be measured from
the entire length of the well bore from the pool
location to the bottom pool location. An applicant
for a well permit must demonstrate that the request of
well location complies with the setback requirements
in the Oil and Gas Conversation Law and Regulations,
unless the applicants met the request to wave the 330
foot setback in this application for a well permit.
The Department may wave the setback
requirement upon request after notice and a public
hearing. To request a waiver, an applicant must
include the following in its application. Number one,
a request for a hearing before the Department; two, an
explanation of reasons why a waiver should be granted.
This explanation should include information about how
the well will protect relative rights. Three, a list
of all property owners including any operators or
royalty owners within 330 feet of the entire length of
the well bore.
On August 10th, 2015, Hilcorp Energy Company submitted to the Department of Environmental Protection a permit application to drill and operate an unconventional well for the Pulaski Chrastina 8H. The Pulaski Chrastina 8H will penetrate the Onodaga Formation; therefore, the well bore is subject to the Oil and Gas Conversation Law and the regulations at Title 25 Chapter 79 of the Pennsylvania Code. The Pulaski Chrastina 8H well bore is proposed to be within 330 feet from an unleased tract.

Hilcorp Energy Company submitted a request to waive the 330 foot setback in their application for the Pulaski Chrastina 8H.

Based on some questions we have received, there is some confusion that this waiver request is for a spacing order, also known as forced pulling. This waiver request is not forced pulling. Pulling is a technique used by oil and gas development companies to organize oil and gas fields.

Forced pulling is the act of being forced by state law into participation in the oil and gas --- in oil and/or gas producing unit. The Pulaski Chrastina 8H well is proposed to be drilled in a voluntary unit.

This public hearing affords the public
the opportunity to provide oral testimony on the waiver request on review by the Department. The Department will share all public comments prior to making its determination on the waiver request.

An official record of the public hearing will be prepared by an independent court reporter. Transcripts will be available for review at Northwest Oil and Gas district office and on the Department's website. The Department will consider the relevant information presented in the waiver request and the public comments and either grant or deny waiver request as part of the application review process. The Department will prepare a written determination and a record of decision.

**MS. WILLIAMS:**

Okay. The public hearing that we are hosting tonight has the goal of focusing on meeting the public. Before we begin receiving testimony, I'd like to review the guidelines for tonight's meeting. Individuals will be called to testify in the order that they registered to speak. Each person will be given five minutes to testify. Copies of testimony are appreciated but not required. If you would like to speak or make a comment and did not register to speak, please see Staci Gustafson at the lobby --- at

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the lobby to register to speak.

You will be given a chance to testify provided there is sufficient time available after receiving testimony from registered spokespersons. We ask if you are speaking on behalf of a group you will limit your comments to one spokesperson. If you do not want to testify you may write your comments in the new comment section of the DEP website or mail them directly to this office. The public comment period ends on 9/18/15 at 4:00 p.m.

We ask that you are respectful of those that are providing testimony and that you refrain from any comments while others are speaking. We welcome your testimony. However, your testimony should be focused on the issues concerning the setback waiver request by Hilcorp Energy Company for the Pulaski Chrestina 8H well bore that would have an impact on our decision-making only if they are relevant to the technical issues that are before us. We have to make our decisions based on technical merit. DEP's actions are prescribed by statute and regulation. Applications either rise or fall based on their merit.

Given those guidelines, we will begin hearing testimony. When you are called, please approach the podium, state and spell your first and
last name and provide your home address. And that’s so we can get the information to our stenographer. Also, if you have copies of your testimony if you would hand that to Erin in the front row when you come up that would be great.

So the first person we’re going to call is Stephanie Carter. Okay. We’ll move on to Carrie Hahn. State your name.

MS. HAHN:

MS. WILLIAMS:
Did you have written testimony or ---?

MS. HAHN:
I can give her a copy.

MS. WILLIAMS:
Perfect. All right. Thank you.

MS. HAHN:
The 25 feet setback down from 330 feet is an 87 percent difference and it’s really significant. 305 foot difference. That’s huge. They’re not asking for just five or ten feet. It’s really a significant setback waiver. Current DEP setbacks do not address how close homes are in
The Dubrasky home is just ten feet from the property line where Hilcorp Chrestina Number 8 lateral will pass. This is just the 35 foot difference. What if there’s a slight inaccuracy in the drilling? They could end up drilling underneath the Dubrasky home.

And the Dubrasky water well has already been affected by the current well, wells at that location, and it’s still under investigation by the DEP. Water wells in Pulaski just across the river less than a mile from the Dubrasky home, which are farther from both the adjacent vertical and the well bores at the Hilcorp Whiting well pad have received determination letters from the DEP. At least one of these landowners is currently in negotiation with Hilcorp to determine settlement.

The Dubrasky water well will be less than a hundred feet from the proposed well bore route. If they’re already experiencing issues with their water under the standard setbacks, how are we not to assume that they will have problems with a well that will be even closer to their home and to their water well? There are so many other potential routes that Hilcorp can take using leased property.
Why do they have to come so close to the
one property at home of one landowner in the area who
did not want to lease his oil and gas rights?
Everybody else around is leased but them, and they
have that right. The Dubrasky home is closer to the
Chrstina well pad than any of the leased owners in
that unit, yet they have suffered the greatest impact
and nuisance from bright lights, noise, truck traffic
and visual disturbance than now having to look at an
industrial operation directly in front of their home.

Respectfully, I request that the DEP not
allow this waiver. The waiver is too significant and
the Dubraskys have already endured enough of the
direct impact of the Chrstina well pad operations.
Waivers this significant should only be permitted by
leaseholders. Drilling this close to an unleased
landowner may as well be force pulling. Thank you.

MS. WILLIAMS:

Thank you. Next I would like to call
Ivan Dubrasky.

MR. DUBRASKY:

Ivan, I-V-A-N, Dubrasky,
D-U-B-R-A-S-K-Y, 5349 Old Pulaski Road, New
Wilmington, 16142. I am the landowner and I have
endured noise, dust, flaring, lights, and the well’s
560 feet from my front door. The entrance road is 147
feet from my front door, and I eat dust every day. I
can’t even get Hilcorp to come out and water the
driveway unless I call them every day. I call them,
they come out, they do it once and they leave, just
like the dust is going to go away.

Now, that borders on ridiculous. I
can’t tell you how many times my wife has had to wash
windows and our house is filthy because of it. And
they won’t do anything about it.

So even the township cops I’ve had them
out, showed them the lights. There’s a light
ordinance in our township. They won’t do anything
about it because they’re all on Hilcorp’s side. So
what am I supposed to do? Let them drill under my
house now? I feel it’s very unjust for what they want
to do. And I would feel really violated if you would
consider this waiver in their favor.

I guess that’s about all I have to say.
Like I said, it borders on ridiculous and I can’t even
--- wouldn’t think this would be considered. But all
I wanted to do was live in peace and quiet and be left
alone. Then they had to put this right across the
road from me, practically in my front yard. That’s
how ridiculous they are. Thank you.
MS. WILLIAMS:

Thank you. Next is Kathleen Dubrasky.

MRS. DUBRASKY:

Kathleen, Dubrasky, K-A-T-H-L-E-E-N, D-U-B-R-A-S-K-Y, 5349 Old Pulaski Road, New Wilmington, PA, 16142. First off, I want to know how many of you have a well pad or a compressor station that goes to any of your homes? I’m betting none of you. And most of our neighbors who have large farms which are the 17 people that you listed in your statement that you sent to us who are neighboring who will lose out on the royalties that they will be getting from them not putting this beside our home.

I can care less about their royalties. They have upfront money for signing. We decided we want to go leave it go at that. You do not know the fear I go through every single day because they may tell me this is safe; I don’t believe it for a second. So every time I walk out my door I worry about the air that I breathe, the water that I drink, the surrounding area and what has contaminated our soil and our plants around us.

These are fears I live with every single day. When I go take a shower the water that I love running on my face I worry, is this going to cause me
some problem down the road? My goal is always to live
to be a hundred years old. You know, now every day I
question it more and more and more. And now they want
to violate my rights, my right to have 330 feet from
my property. They want to violate that and say, oh,
no, you refused the waiver. That's not good enough.
Let's take it to the DEP.

The DEP hasn't paid my taxes. Many of
you have worked at my property. None of you have
taken care of my property. Yous do it for everybody,
I understand it, but you don't --- yous have not put
the blood, sweat and tears that my family and our four
generations have on our property. But yet they want
to make decisions for me. Yous are going to tell me
how my life is going to end? If you have that
foresight, please let me know, because right now I am
scared to death of what may become --- might be
coming.

And you'll say, oh, I know, you're not
going to sap anything from our property. It doesn't
matter. Why do you put 330 feet if you're not going
to follow the rules? I don't understand that. You
may as well just make up the rules as you go because
that's what it seems like is happening.

I really do, like I said, I talk from my
heart only because I love the area. There are three enormous farms, probably in our area and everybody signed a lease. It got put on a hundred acre farm directly across the street.

Ten acres out of the hundred acres right across from our house. Would the other 990 acres like there was no other better place to put it? And now they're going to tell me shouldn't the Hilcorp look into that to say, oh, well, but this has to come right past there and they didn't sign. You know, let's move it because this is not --- this is going to violate somebody's rights. Didn't care about this because they are violating my rights. And if they would have --- they'd have never gone there. Why didn't they go down the street in front of the three people who wanted it? No, right in front of my house because we withheld.

I don't know, I guess I talk from my heart, and I just hope that you do not approve of this waiver because like I said, it's me, it's life-threatening. The stress levels are terrible, and you don't know it because you don't live it. Thank you.

MS. WILLIAMS:

Thank you. I'd like to call Angela
Pappa (phonetic). Pappa (changes pronunciation). I might have pronounced that wrong.

**UNIDENTIFIED SPEAKER:**

Not here.

**MS. WILLIAMS:**

Okay. And next I'd like to call Susan Matteo.

**MS. MATTEO:**

It is Suzanne Matteo, S-U-Z-A-N-N-E, M-A-T-T-E-O. Nice to put faces to you guys. My address is 1230 New Bedford Sharon Road, West Middlesex, Pennsylvania. Okay. Let's get something straight before I start reading what I've prepared. This hearing right here is to bypass the well station hearing, which would essentially lead to an integration hearing, which would be force pulling. You can call it what you want, but that's what this is.

And well number 8H is 305 feet from the Dubrasky property line as it —— it's only 505 from his residence. That's only five feet more. There's five feet for error. Okay.

On October 22nd, 2014, Hilcorp Energy attempted to get local conditional use permits from Pulaski Township for five wells at the Pulaski
Chrastina well site. One of those wells was 8H. At that time Hilcorp wanted to bore three feet under the Dubrasky property, but they also failed --- they had also failed to even submit this permit to the DEP and still attempted to get permission from Pulaski Township at that time.

At that time, Hilcorp already begun constructing the well pad without proper local permits in order and even hired off-duty local officers to sit across around four generation Dubrasky family home. Many of us felt that this was an intimidation tactic by Hilcorp to get the family to sign the waiver. They didn’t, and that tactic failed. Just after that local Pulaski Township hearing, Hilcorp did apply for the permit from the Department for well 8H.

Shortly after that, I, Suzanne Matteo, on Monday, November 17th, 2014 at 8:23 a.m. submitted the following concerns via e-mail to the DEP. Pulaski Chrastina 6H, the applicant has checked that the permit application was submitted to the oil and gas --- was submitted to the Oil and Gas Conservation Law and appears to have failed to maintain the 330 foot setback from the Dubrasky property. Mr. Dubrasky’s property is also involuntarily placed into a unit without the required well spacing order.
From a supply well plan it's questionable whether that work on a well bore of 6H has the required 330 foot setback from the Dubrasky property, making the horizontal well pad of this well bore an illegal taking. Pulaski Chrestina 7H, the applicant has checked that the permit application was subject to the Oil and Gas Conservation Law. It appears they have failed to maintain the 330 foot setback from the Dubrasky property. Mr. Dubrasky's parcel is also involuntary placed into the unit without the required well spacing order.

Pulaski Chrestina 8H, the applicant has checked that the permit application was subject to the Oil and Gas Conservation Law and it appears to have failed to maintain the 330 foot setback from the Dubrasky property. Mr. Dubrasky's parcel is also involuntary placed into the unit without the required well spacing order. From the supply of well land, the horizontal well bore of 8H appears to bore directly under the Dubrasky property, making the horizontal drilling path of this well bore an illegal and unconstitutional taking.

The vertical well bore of 8H at that time was less than 500 feet from the Dubrasky home, was required a waiver or variance. Coincidentally on
that same day, November 17th, representatives of
Hilcorp Energy met with the DEP to discuss matters on
these permits, and came to the agreement that the
horizontal portions of 6 and 7H could not be drilled
until the permits were resubmitted and approved by the
Department with the horizontal portions meeting the
required setback.

The following days, Mr. Babb of the DEP
kindly called me back and left me a message on my
phone saying I was right. And that 6 and 7H were
going to be resubmitted in the bore lines with the
reroute of the stay back, the required 330 feet under
the Conservation Law of the Dubrasky property. So
while 6H and 7H could be moved and redirected to
maintain the 330 foot setback required by law, so
could the new 8H.

On December 18th, the Pulaski Chrastina
8H well bore, at least --- on December 18th, the
original Pulaski Chrastina 8H well bore that bore
illegally under the Dubrasky property was withdrawn
and the following e-mail was submitted to Mr. Babb
from Tim Kline of Hilcorp and obtained by me through
file review of this office. It says Mr. Babb, please
accept this e-mail as a formal withdrawal of Hilcorp
Energy Company’s application for a permit to drill
Chrstina 8H. We look forward to discussing these
issues that surrounded this application at this time.
Thanks, Tim Kline, Asset Team Manager, Hilcorp.

In fact, these matters were discussed on
January 16th, when again representatives of Hilcorp
Energy met with the DEP to determine how they could
fumble with the unit sizing of their submitted
permits. There they came to the agreement that they
could change units from the normal 640-ish acres that
they have always submitted in their applications to
the Department to just the horizontal bore line and
the required 330 foot on each side of it.

MS. WILLIAMS:
I'm sorry, your time is up.

MS. MATTEO:
Oh, I have more to go.

MS. WILLIAMS:
I understand, but we have ---.

MS. MATTEO:
Can I borrow Mr. Dubrasky's time? He
didn't take his five.

MS. WILLIAMS:
No, I'm sorry. You can't.

MS. MATTEO:
Why can't I? I have plenty to say.
MS. WILLIAMS:
And you're able to say it. Send it to us in writing ---.

MS. MATTEO:
When did my five minutes start? When I got to the podium?

MS. WILLIAMS:
No actually, I waited until you --- after you did your address.

MS. MATTEO:
So you're going to cut me off here?

MS. WILLIAMS:
Yes. Thank you.

MS. MATTEO:
Well, I actually brought written copies, so all of you guys can finish.

MS. WILLIAMS:
Okay. Thank you. And next I want to call David Craigdean.

MR. CRAIGDEAN:
Mr. Dubrasky is an American citizen, a homeowner who worked hard for his home, his castle. It's always been flooded with lights at night. As DEP or Hilcorp provided us three tier water tests by a licensed contract for Mr. --- of Mr. Dubrasky's choice. His view for months was of the guard shack facing his front window.

Well, Mr. Dubrasky received the same inaction that Mr. Nick Lesevitch (phonetic) of Pulaski Township received from the DEP. I've been to his house. He cannot drink his water. He's had to take water from the spring elsewhere on his farm for three years now. I've talked to you about this. People are getting angry. Citizens have rights. And to deny those rights is unjust. I have two kids. I will defend them and I will defend my property. We need a moratorium. There are lawsuits flooding Washington County and Bradford County. You have a responsibility to the people of Pennsylvania.

His fundamental rights are more important than these correlative rights. It's in the Constitution. He has a right to his private property and for it not to be invaded and for it not to worry about whether his family will become ill, or I cannot worry that my children will contract leukemia. It is
time to wake up. I will defend my property.

MS. MATTEO:

Can I take his extra time?

MS. WILLIAMS:

Thank you. No, I'm sorry. The next person that we would like to call is Michael Genz.

MR. GENZ:

Mike, Michael Genz, M-I-C-H-A-E-L, G-E-N-Z. I don't have a lot of that technical or factual information. All I can speak is from my heart. I believe --- I just met Mr. Dubrasky a couple months back. I'm an artist, I'm an animator. I have a project that I'm working on and I come from California. I worked for Disney for many years. I came to Edinboro to teach animation and now I'm seeing this state just go to hell with all these fireballs I had never seen in my life. All of a sudden just, you know, going down the highway.

And when I came to visit Mr. Dubrasky and his family, I couldn't believe that he had right out front in his front door there. You couldn't hear or talk because the noise was so loud it was like a jet engine. I just got --- I'm really regretting living here and moving here to Pennsylvania. I do believe that his rights are being violated. And it's
clear and evident that he has experienced a lot of
suffering and pain.

I don’t know what else it would take for
you to hear that. I do believe it’s intimidation,
corporate bullying really. There’s a lot of land out
there and the people that did lease why isn’t it in
front of their front doors? Why is it so close to
his? It just breaks my heart you know, to be able to
see that that kind of --- he’s suffering that kind of
situation. And I believe that I --- I was looking
on your website to see if I can find a mission
statement for the DEP. I couldn’t find one.

And if you’re there to protect the
environment and there to protect the people that live
in that environment, I don’t see that happening. And
you know, I just, you know, support and hope that you
would advocate to protect Mr. Dubrasky’s rights and
not grant that waiver. I believe that he has a right
to live in peace and he’s not bothering anybody. He’s
a taxpaying citizen. And I’m honored to know him.
But I really --- you know, I feel his pain.

And I live in just, you know, a half
hour north of here, and I’m afraid that this is just
going to proliferate and just spread. So please
consider his wanting not to have that waiver. And I
appreciate the time and for the opportunity to have
this hearing. Thank you so much. I appreciate that.

MS. WILLIAMS:

Thank you. Next I'd like to call
Christian Fulkman.

MR. FULKMAN:

Christian Fulkman, C-H-R-I-S-T-I-A-N,
F-U-L-K-M-A-N, 4156 Old Pulaski Road, Wilmington, PA.
As I said, my name is Christian Fulkman. I live in
Pulaski Township. My farm, my family's farm is within
the township and within this proposed unit of the 8H
well bore. Three years ago my family celebrated the
200th anniversary of our farm, and our farm's a
bicentennial farm through to the PA Department of
Agriculture. It has been recognized as the Lawrence
County conservation farm of the year.

I'll distinguish a few things about our
farm. It began in 1812 and it's been passed down
through many generations. I'm the eighth generation.
My children will be the ninth generation living on the
farm. And the farm has been --- had many, many years
of hardworking men and women dedicating their lives to
sustaining the legacy of our farm. My parents, Gary
and Glenda, currently own the farm and they've owned
it since the death of my grandmother in 2005.
Our farm is not a high production farm. We sustain the farm. It's about sustainability. We have beef cows. We raise hay. We have a hundred and five acres. It's hard for us to continue to work. We continue to work hard to keep the farm going and continue to maintain full-time jobs as well.

In 1997 my grandparents were approached by Atlas Oil and Gas wanting to lease the farm. They signed the lease for $7 an acre and they received various royalties. This was obviously a conventional gas well.

We received less than $100 an acre, or $100 a year in royalties from this conventional well over the last 18 years. This has been very disappointing to us, especially when the cost of taxes and insurance and general upkeep of the farm continuing to rise. In addition to the lack of royalties alone from this conventional shallow well, our land's been held in production.

Therefore, we had no opportunity to sign an oil and gas lease for $3,500 an acre as many people did when Hilcorp first moved into the area to develop unconventional gas wells. Even though we are unable to have the opportunity to lease land with Hilcorp due to being held by production, we have still --- we're
still very optimistic about the potential of being
within a unit of an unconventional gas well and
receiving potential royalties that could help benefit
the farm and keep it sustainable for years to come.

We see this new well as a way to help
keep our farm costs, taxes and insurance premiums and
countless other improvements and help to make this.
We want to continue the Crystalair Farm legacy and
pass it down to our children and grandchildren so they
may enjoy the land as we have in many years past. The
development of this well will definitely help
alleviate the burden of high costs in maintaining the
farm and help ensure that the farm can stay in this
family for years to come.

I'm sad to say I may not show the same
viewpoints as our friends Kathy and Ivan Dubrasky. We
would not do anything that we believe would be willing
to be harmful to them, and we understand their
discomfort with the activities that have happened on
the surface near their home. This waiver for --- is a
subservice activity totally unrelated to the surface
activities.

Based on facts, we don't believe this is
harmful in any way. And based on the law, it is
apparent that if Hilcorp stays 330 feet from
Dubrasky's parcel and the proposed unit foundry of the producing portion of the 8H well bore, there is no reason that this unit and its well bore should not be permitted. I, as a professional engineer, have a complete confidence in Hilcorp Energy and their development strategy and safety of the completion of the 8H well bore. We know that DEP will give great consideration to granting this waiver.

And in the instance that this waiver is not granted and the unit can't be developed as proposed, we would be unable to capture the value of our property. We're not asking anyone to diminish the value of their property or change their mind. We just want to fully explore and extract what is rightfully ours.

MS. WILLIAMS:

Thank you. Could you tell me if Gary Fulkman is here or were you testifying?

MR. FULKMAN:

I was testifying on his behalf.

MS. WILLIAMS:

Oh, perfect. Thank you so much.

MR. FULKMAN:

He is here.

MS. WILLIAMS:
Okay. Next I'd like to call Becky Hackert.

**MS. HACKERT:**

Becky Hackert, B-E-C-K-Y, H-A-C-K-E-R-T, 2055 Mercer Wilmington Road, Wilmington, Pennsylvania. As I said, my name is Becky Hackert. I'm an employee of Western Land Services and throughout the last four or five years I have worked within the area with numerous landowners in the process of them securing and negotiating the oil and gas leases. And in that process landowners are under the assumption and the impression that we may --- will eventually be able to develop unit or pool.

And by granting a waiver and the waiver process being available, it does allow the collective group to have their rights protected and developed accordingly. Not granting the waiver diminishes the law's intent of those rights as a whole. And I know from the work that I've done with the landowners, again in this area for numerous years. I've been in the land business for over nine years. That's the expectation is that they will be in that right to be developed. And again, I respectfully request that you review the waiver and the intent behind it for all those rights to be protected. Thank you.
MS. WILLIAMS:
Thank you very much. And next --- I'm sorry. Next I'd like to call David Dean.

MR. CRAIGDEAN:
I already testified.

MS. WILLIAMS:
Okay. You must have just been out of order. Thank you. Next I would like to call David Weinkauf.

MR. WEINKAUF:
My name is David Weinkauf, D-A-V-I-D, W-E-I-N-K-A-U-F, 11601 Thatcher Road, Conneautville, Pennsylvania, 16406. I am late to this and so I'll try to be as brief as I can. I visited Ivan at his house and I was very impressed with his house and his property, but I'm very unimpressed with the closeness of that rig. And when I was there, Ivan talked to me about his fear of his water being contaminated. And that's the issue I want to deal with right now.

Has anybody seen this (indicating)? It came out this morning. And I'll give you a copy because I picked up some extra copies. It says, quote, how Pennsylvania regulators keep water contamination from fracking off the books. In other words, it's an article on how the DEP cooks the books.
on contamination. There are 260 contaminated wells that are documented, but this article documents how that is just the tip of the iceberg based on nine principles which I'm going to read. And it has to do with water quality and that's why I'm addressing this issue.

And the article, because of its length, does not have all the documentation. But if you go on line you can get all the documentation about which they base these nine points on. Number one, baseline data from pre-drilled water test results is dismissed. Post-drilled water tests become the baseline or the norm. The DEP issues a non-impact determination despite documented changes in water quality before and after drilling. This changes the local water quality history. Pre-drilled tests are essentially thrown out. DEP cites post-drilled water tests if they are pre-drilled test results.

Number three, DEP issues non-impact determination letters to neighbors of residents with positive determination letters. Number four, DEP kicks a can. In other words, it kicks the can down the road to another department so the results are never documented and never put on the books. Number five, DEP uses the presumption of liability section
under Act 13 to dismiss the complaint, basing their conclusion on the loophole in the law rather than documented evidence of water contamination.

Number six, oil and gas operator reports residential water contamination left to handle its own investigation. In other words, the company tells DEP that his test of the homeowner’s water and found post-drilled contamination. DEP contacts the water well owner who declines DEP’s assistance so the case is left off the books. In other words, it’s never documented. And this is what the article is talking about. Number seven, DEP water tests find contamination but fails to make a determination in some cases for years, until water quality returns to normal background conditions.

Number eight, the Department or operator cites pre-existing or background conditions as reasons for contamination without providing evidence. Pre-drilled test results to demonstrate the history of water quality problems or cites no evidence at all. And number nine which is the most disturbing. The Department shreds complaints after five years; therefore, never putting them on the books.

This is outrageous. This is absolutely outrageous. How are you --- why are you in bed with
these bullies and these drillers who are contaminating water and the air. We have a right to clean water and air and you people are dismissing it. You are not enforcing the law. You’re not going after the drillers. You’re not putting things on the books that we need to see. And as to say, that is my concern about everybody who is in this mess that we call fracking.

I’m a landowner myself and I fear it’s coming this way. And I don’t want my health ruined. And I don’t want my water ruined. So as I say, do your job. You’re working for us, not these bullies. Thank you.

MS. WILLIAMS:

Thank you.

MR. WEINKAUF:

And there’s a copy of the article you can read at your leisure.

MS. WILLIAMS:

Thank you. Next I’d like to call Susie Beiersdorfer.

MS. BEIERSDORFER:

Hello. My name’s Susie Beiersdorfer, and I’m from Youngstown, Ohio. And I was told I could write my name down in case I wanted to talk or not,
but this is the opportunity. So I'm going to continue with what Suzanne was saying. So in fact, these matters were discussed and on January 16th when again representatives of Hilcorp Energy met again with the DEP to determine that they could fumble with the unit sizing of their submitted permit.

There they came to the agreement that they could change units from the normal 640-ish acres that they already submitted in their applications, to the department to adjust the horizontal bore line and the required 330 feet on the side of it, robbing not just the unleashed property owners, but also the leased property owners of their dual royalties with the same measurement.

Now, after this decision in the spring of 2015, Rebecca Hackert, senior project manager of Western Land Services, who was contacted by Hilcorp to do leasing for them, testified under oath on behalf of Hilcorp Energy Pulaski Township Zoning Appeal Hearing, that they can drain 1,280 acres from a single well head, that's 1,280 acres usually in our township at least 640 north and 640 south, not 660 feet along the bore line, but the department allowed them to go ahead and change the permits to benefit Hilcorp and rob the citizens whether leased or unleashed.
Even still the department catering to Hilcorp while stealing from the citizens was not enough for the big bully from Texas. On June 12th, 2015 the Dubrasky's, again, received notification that Hilcorp would be applying for a permit for well 8H, claiming that the well could be 1,176 feet in depth away from the Dubrasky property.

So section six drilling permits, it says unofficial version, before drilling any well which is to penetrate the Onondaga or deeper horizons or adapt to 3,800 feet, whichever's deeper, the well operator shall obtain a permit. The well operator shall have a plague prepared on the same form required by the division under the Gas Operation Wells Drilling Petroleum and Coal Mining Act. And I think you're going to have problems of this, so you can lead that because that's out of the laws.

So I've often heard from the DEP that they don't get involved in leased disputes and that it is the case, we wouldn't be --- and if that is the case, we wouldn't be here. I wouldn't be here. These people wouldn't be here, no, so again, well 6H and 7H at the Christina well site were adjusted to maintain the 300 foot setback. So AH can be two, but Hilcorp just wants to flex its California muscles and show us
all whose really in charge.

Now, I have some personal experience and
I just have to say why I'm reading this because this
is --- so important is that I've been out to --- I've
been to Kathy Dubrasky's house, I've seen the photos
of the flare at night. In fact, I thought it was a
candle alter, but it was the flare out their window
with their children's pictures on the mantle, you
know, in the middle of the night. So this is an
assault on their rights and on their well-being.

So Ivan and Kathy Dubrasky have
approximately four acres. The new permit showed that
the unit is now allowed to be just a bore within 330
feet on each side. That means that easily 80 percent
of the Dubrasky property would be in this unit for
this well, 8H. So there's a picture of the Dubrasky
property here as you will see.

I've been to the Dubrasky home a number
of times throughout this entire ordeal. It is
something out of a nightmare. It is the American
dream turned into American hell. I've witnessed the
noise, lights, dust and flaring, there are even now
new potential water contamination issues being
investigated. Will the DEP be accountable for the ---
if they do permit this and something more happens,
more tragedy event, will they shoulder any of the
responsibility, you know, our government that we put
in here to take care of us, take care of our rights.
So if this waiver is allowed, does this
open the door for Hilcorp to drill one more foot or
one more inch from anybody's property? Will the
people out there be in the same situation next?

MRS. DUBRASKY:
Can you read some of the beneficiaries,
too ---.

MS. WILLIAMS:
I'm sorry. She's testifying and that
needs to be her testimony. Thank you. We ask that
members of the audience not speak while others are at
the podium. Thank you.

MS. BEIERSDORFER:
Okay. Well, this is all --- you turn
this all in and deny the permit, do not allow the ---.

MS. WILLIAMS:
Thank you for your testimony. Next, I'd
like to call Hunter Coates.

MR. COATES:
Do I need to say my name into the
record?

MS. WILLIAMS:
Yeah.

MR. COATES:

All right.

OFF RECORD DISCUSSION

MR. COATES:

My name's Hunter Coates. I'm representing Hilcorp. I'm the senior reservoir engineer from Northeast US. I'd first like to thank you all for the opportunity to speak in regards to this waiver and thank you for your time.

I'd first like to start out by saying Hilcorp has the necessary land rights to drill this well. We're not trespassing. We're not force pulling. We're not drilling under our lease statements. In fact, if you look at the area that we have leased, this is the only track that's unleased.

MR. LOBINS:

Ma'am, I'm going to ask you to keep your comments to yourself. He has the right to testify without being interrupted.

MR. COATES:

The reason why we need this waiver to be approved is for the maximum efficiency production of natural gas for both our landowners and for us as operators. Due to both technical and land
constraints, this is the only place we can put this well. If you notice on this map, we have non-operated acreage up here, we can't go up there, the village of Pulaski is over here. There's current units in place below it. We're boxed in.

So real quick I'd like to, I'd like to talk a little bit about what goes into the horizontal well. So you start --- when we start our horizontal well, we drill --- first we drill a vertical well, 6,000 straight down, just like it sounds. Then there's a build section. We can't make a 90 degree turn. We have to build, and our build section is subject to the flexibility of five and a half inch steel pipe. It's not flexible. It's not very flexible. So it takes awhile to make that build and make that turn.

And then --- so we have two builds because we build out and then we build for the lateral. And the lateral is where we perforate and stimulate, fracture, stimulate and produce. Without perforations, there's no fracture, there's no production.

That's very important because if you look at the 330 foot circle that's drawn around the Dubrasky tract, within that circle is steel pipe. There are no perforations. In fact, in addition to
that, we're more than a mile deep by the time we get into that 330 foot radius. As you see here, this is where our perforations start, which is more than 760 feet from the Dubrasky property, it's more than twice the minimum required by law. No perforations. No frag. No gas production within that 330 foot minimum.

In closing, I'd like to say that if this waiver does not get approved, the well will be drilled in the correlative rights of those land owners will not be protected. Thank you.

MS. WILLIAMS:

Thank you. Those are the end of our speakers for this evening and at this point, the hearing is ---.

MS. MATTEO:

Can I have a rebuttal?

MS. WILLIAMS:

No, I'm sorry. At this point in time, the hearing is adjourned. Thank you for coming.

* * * * * * *

HEARING CONCLUDED AT 7:00 P.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Mediator Williams was reported by me on 9/16/15 and that I, Shannon C. Fortsch, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

[Signature]

Court Reporter

Shannon C. Fortsch

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