



pennsylvania

DEPARTMENT OF ENVIRONMENTAL PROTECTION
NORTHWEST REGIONAL COUNSEL

May 5, 2014

VIA E-MAIL

Glenda Davidson
Docket Clerk
Department of Environmental Protection
400 Market Street
Rachel Carson State Office Building
16th Floor
Harrisburg, PA 17101

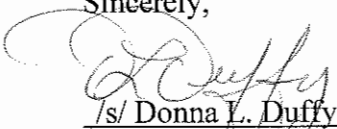
RE: Hilcorp Energy Company
MMS No. 2013-SLAP-000528
Docket No. 2013-01

Dear Ms. Davidson:

Enclosed for filing in the above-referenced matter is the Commonwealth of Pennsylvania, Department of Environmental Protection's Answer to the Property Owner's Motion to Stay Proceedings in the above-referenced matter.

Please call me if you have any questions concerning this matter. Thank you.

Sincerely,


/s/ Donna L. Duffy
Donna L. Duffy
Regional Counsel
PA I.D. No. 68030

Enclosures

cc via e-mail: Michael L. Bangs, Hearing Officer
Elizabeth Nolan, Esq.
Michael A. Braymer, Esq.
Kevin L. Colosimo, Esq.
Daniel P. Craig, Esq.
Omar K. Abuhejleh, Esq.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS MANAGEMENT

In Re. The Matter of the Application of)
Hilcorp Energy Company for)
Well Spacing Units) Docket No. 2013-01
)

**DEP'S ANSWER TO PROPERTY OWNERS' MOTION TO STAY PROCEEDINGS ON
HILCORP'S APPLICATION FOR GAS WELL SPACING ORDER**

NOW COMES, the Commonwealth of Pennsylvania, Department of Environmental Protection ("DEP"), and files this response to the Motion to Stay Proceedings in the above-referenced matter that was filed on May 5, 2014, by Martin and Suzanne Matteo, Robert and Carol Valentine, and Steve Emery (collectively the "Property Owners").

Pursuant to 1 Pa. Code §35.36, the DEP answers the Property Owners' Motion as follows:

By orders issued by the Secretary for the DEP and by the Hearing Officer on May 2, 2014, the Property Owners' Petition to Intervene was granted, and the hearing in the above-referenced matter scheduled to begin on May 7, 2014, was continued generally.

On May 2, 2014, the Property Owners' filed a Petition in the Commonwealth Court for Review in the Nature of a Complaint for Declaratory Judgment and Injunction Relief (the "Petition"). The Property Owners' seek in their Petition, among other things, a declaration from the Commonwealth Court that the Pennsylvania Oil and Gas Conservation Law ("Oil and Gas Conservation Law"), 58 P.S. §§401-419: violates the prohibition under Art I Section 10 of the Pennsylvania Constitution against the taking of property without compensation; violates the Property Owners' due process rights; and has been repealed *sub silentio* in whole or part as inconsistent with the Pennsylvania Property Rights Protection Act, 26 Pa. C.S. §§201-207.

The Property Owners' also seek a decree from the Commonwealth Court that application of the Oil and Gas Conservation Law is preliminarily and permanently enjoined.

The proceedings before the Hearing Officer in the above-referenced matter relate to Hilcorp Energy Company's application for a gas well spacing order ("Application") for an area located in Mercer and Lawrence Counties, Pennsylvania. These proceedings are governed by the Oil and Gas Conservation Law, along with its regulations at 25 Pa. Code Chapter 79, and the Administrative Agency Law and its regulations. Because the Commonwealth's Court's determinations under the Petition regarding the Oil and Gas Conservation Law will also control the outcome in these proceedings before the Hearing Officer, the DEP does not object to the Property Owners' Motion for a Stay.

Accordingly, the DEP respectfully requests that the Hearing Officer, pursuant to 1 Pa. Code §35.180(a), issue an order staying the proceedings in the above-referenced matter pending a final ruling by the Commonwealth Court on the Property Owners' Petition.

Respectfully submitted,

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF ENVIRONMENTAL
PROTECTION

/s/ Donna L. Duffy

Donna L. Duffy, PA I.D. No. 68030
Regional Counsel
doduffy@pa.gov
Northwest Regional Counsel
230 Chestnut Street
Meadville, PA 16335

Date: May 5, 2014

MBraymer/Hilcorp/Application Hearing/DEP Answer Prop Owners' Mot Stay Proceedings 050514

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS MANAGEMENT

In Re: The Matter of the Application of)
Hilcorp Energy Company for)
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the DEP's Answer to the Property Owner's Motion to Stay Proceedings in the above-referenced matter was this day served upon the following *via* E-mail:

Kevin L. Colosimo
Daniel P. Craig
Burlison LLP
501 Corporate Drive, Suite 105
Canonsburg, PA 15317
dcraig@burlisonllp.com
kcolosimo@burlisonllp.com

Michael L. Bangs
Bangs Law Office, LLC
429 South 18th Street
Camp Hill, PA 17011
Hearing Officer
mikebangs@verizon.net

Omar K. Abuhejleh
Attorney at Law
429 Forbes Ave.,
Suite 450
Pittsburgh, PA 15219
ohjleh@gmail.com

Glenda Davidson
Department of Environmental Protection
400 Market Street
Rachel Carson State Office Building, 16th Floor
Harrisburg, PA 17101
Docket Clerk
[gdavidson@pa.gov](mailto:g davidson@pa.gov)

Respectfully submitted,

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF ENVIRONMENTAL
PROTECTION

/s/ Donna L. Duffy
Donna L. Duffy, PA I.D. No. 68030
Regional Counsel
doduffy@pa.gov
Northwest Regional Counsel
230 Chestnut Street
Meadville, PA 16335

Date: May 5, 2014