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NOVEMBER 14, 2010

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# The Sunday Times

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## SPORTS

### A TALE OF TWO HALVES

After a sparkling first half, Penn State gave up an 11-point halftime lead in losing 38-14 to Ohio State. West Scranton grad Matt McGloin went 15 of 30 for 159 yards, two TDs and two interceptions. **C1**



## STATE

### Capitol rogues gallery

Drug offenses, gun charges, theft and drunken driving turned up in the backgrounds of some state lawmakers when the entire Pennsylvania General Assembly was checked against public records, news accounts and other sources. At least five lawmakers were found to have convictions of criminal offenses. **A9**



## PERSPECTIVE

### So few pay so much for us all



The death of Army Spc. Dale Kridlo last week in Afghanistan drives home for columnist Chris Kelly the larger tragedy of American lives and treasure spent on a citizenry that barely takes notice. **D1**

## PEOPLE

### Behind the lines



GANTZ



McDONNELL

Two area men who served in Army medical units in Europe during World War II were sometimes far removed from combat. But Walter "Babe" Gantz of South Scranton and Francis X. "Mac" McDonnell of Jessup were never far from the horror of war and the heroism it brought out of them. **F1**

## LIFESTYLES

### Bush book a surprise



McDONNELL

Former President George W. Bush's memoir may surprise many of his detractors. In "Decision Points," he recounts key choices made during his presidency and the personal decisions that he says led him to those choices. **G1**

## BUSINESS WEEKLY

### Black Friday? Why wait?



In the increasingly cut-throat post-recession retail environment, some stores have been pushing deals on Christmas items as early as July. **H1**

**Sunny high 61**  
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# FIRE WATER

## New rules to plumb depth of problem

BY LAURA LEGERE  
STAFF WRITER

Strengthened oil and gas regulations to be considered by a state review board this week will help answer an increasingly urgent question in the era of Marcellus Shale exploration: how many water supplies have been impacted by drilling activities? Right now, no one is keeping a com-

plete count. The Oil and Gas Act does not require drillers to notify state regulators when landowners alert them that drinking water has been harmed by the companies' operations. Under current law, the Department of Environmental Protection must look into cases of

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MICHAEL J. MULLEN  
STAFF PHOTOGRAPHER

**A jug of water from Sherry Vargson's kitchen water faucet explodes in flames as a match is held close by. Above, water straight from the tap flares up. The Granville Summit family's water well has dangerous levels of methane since Marcellus Shale drilling on the farm began.**

*"All of that (gas) is aerating in here, pocketing in the house, waiting to blow me up."*

Sherry Vargson, whose tap water lights afire

# Fuel oil price rising as temperature falls

Analysts expect the price of crude to stay high while natural gas and electric rates dip.



LINDA MORGAN / STAFF PHOTOGRAPHER

**Bill Racht of Santarelli & Sons in Peckville delivers heating oil last week to a home in Olyphant.**

BY JAMES HAGGERTY  
STAFF WRITER

The rising price of crude oil sets off warning signals for Russ Newell Jr.'s heating customers. They know it translates to higher fuel oil prices. "People on fixed incomes call to check. They are worried," said Mr. Newell, vice president

of Newell Fuel Service in Trucksville. "I didn't really expect it to be up this high already. It's not good." Average home heating

oil prices in Pennsylvania have advanced 4 percent in the last month, according to the U.S. Department of Energy, and prices are up 10.3 percent over last November.

"Since the middle of the summer it, it's been edging up," said Ken Santarelli, manager of Santarelli & Sons Oil, Peckville, a fuel oil distributor. Volatility in the market has contributed to recent price spikes, Mr. Santarelli said.

"We just went up 10 cents a gallon today," he said on Monday.

Crude oil prices have jumped 26 percent since late June, and the dollar has lost about 8 percent of its value against other major currencies since the end of August, helping to fuel higher oil prices.

The Federal Reserve's plan to buy up to \$600 billion of long-term Treasury Department debt to shore up the economy ignited fears of rising inflation and a continued advance in oil prices.

"We're going to see some spikes as we come

# Playing ball in NEPA

An account of secret meetings, high-level politics and inter-county animosity surrounding America's pastime in region.

BY DAVID SINGLETON  
STAFF WRITER

Emerging details about the evolution of the deal to keep professional baseball in Northeast Pennsylvania show Gov. Ed Rendell had a more active role than previously disclosed in the process that has left Lackawanna and Luzerne counties at loggerheads.

The new information also demonstrates the depth of the raw schism between leaders in the two counties over the future of the Triple-A franchise and the Lackawanna County Multi-Purpose Stadium, with accusations of secrecy, mistrusts, misrepresentations and missed opportunities.

"I don't feel animosity toward anyone, but I am disappointed that some of the statements being made are not borne out by the facts of the situation," said Mike Washo, chairman of the Lackawanna County commissioners.

His counterpart in Luzerne County, Maryanne Petrilla, said she and fellow Commissioners Thomas Cooney and Steve Urban are simply looking out for the interests of their taxpayers.

"I cannot for the life of me understand why the Lackawanna County commissioners think we're wrong and can't see the logic in our thinking," she said.

Under the proposed deal announced last week, the Stadium Authority will sell its Triple-A franchise for \$14.6 million to SWB Yankees LLC, which in turn will sign a 30-year lease for PNC Field, home of the Scranton/Wilkes-Barre Yankees.

Between the purchase price and the long-term lease agreement, it will represent an investment of at least \$37 million by SWB Yankees, a management partnership owned by the New York Yankees and Mandalay Baseball Properties, which received an option to buy to the team in 2007.

At the same time, the stadium will undergo a \$40 million makeover; a project anchored by \$25 million in state funding promised by Mr. Rendell.

The outcome will be played out against a backdrop of litigation filed by both counties.

On Aug. 30, Luzerne County sued Lackawanna and the stadium authority, contending it is entitled to half — \$7.3 million — of the proceeds from the sale of the franchise,

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*"I felt like I was lied to by (Lackawanna County Commissioner) Corey O'Brien, right to my face."*

Maryanne Petrilla  
Luzerne County commissioner



O'BRIEN



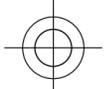
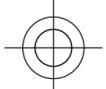
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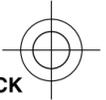
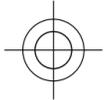
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# WATER: DEP not keeping track of all damage caused by drilling

FROM PAGE A1

potential drinking water pollution only when it is asked to investigate a problem by a landowner.

The department also does not track how often gas drillers voluntarily replace drinking water supplies, either temporarily or permanently.

"Often, homeowners and drillers work out agreements without needing the department's assistance," DEP spokesman Tom Rathbun said. "We get involved when we are notified of a problem, but we are not made aware of every case."

A revised Oil and Gas Act will change that. When the new regulations go into effect, likely in January if they pass all reviews, drillers will have to notify the department within 24 hours of receiving a complaint.

An earlier draft of the revisions, which gave drillers 10 days to notify the department of a complaint, was changed after commentators on the regulations argued that was not quick enough.

The change from no notification to nearly instantaneous notification signals an increasing awareness of how often drinking water complaints go uncounted at a time when everyone from farmers to the federal government is looking for more complete information on the short- and long-term impacts of gas drilling on water resources.

Without the mandatory disclosure, critics say, voluntary arrangements can take advantage of the fact that there are disincentives for landowners to ask DEP to intervene: People may feel intimidated about pushing their complaints or fear causing any disruption to the gas companies that pay them royalties.

On some occasions, gas companies, even when working side-by-side with regulators to address water complaints, have made clear efforts to keep voluntary water replacement arrangements out of the public eye.

## How many problems?

There is a clear gap between the relatively small number of state orders for drillers to provide homes with replacement water and the visible proliferation of water tanks (called buffaloes), well vents, new wells, treatment systems and bottled water being delivered or installed in gas-drilling regions.

After a records search in June 2009, DEP reported there had been fewer than 80 cases of groundwater contamination caused by oil and gas drilling in the state in more than 15 years, as measured by the number of official orders the agency sent to drillers to permanently restore or replace damaged water supplies.

With 32,000 oil and gas wells drilled within that time span, that amounts to a .25 percent incident rate — a track record the industry frequently touts.

But unofficial counts put the number of disturbed water supplies much higher.

Daniel Farnham, an environmental engineer who has tested more than 2,000 water wells in Northeast and North-central Pennsylvania where Marcellus Shale drilling is under way, estimates as many as 50 homes in Bradford County alone are currently getting replacement water supplies provided by gas companies.

In Susquehanna County, Dimock Twp. offers a vivid example of the gap between the officially determined size of the problem and the true number of drinking water supplies that have been replaced.

DEP has ordered Cabot Oil and Gas Corp. to replace 18 water supplies — connected to 19 homes — that were tainted with methane the agency traced to faulty Cabot Marcellus Shale gas wells, a claim the company refutes.

But according to Cabot documentation provided to the department as part of the



MICHAEL J. MULLEN / STAFF PHOTOGRAPHER

**F. R. Place of Wyalusing stands by tanks used to supply water for the family farm, where the well water has been contaminated since Marcellus Shale gas drilling began.**



MICHAEL J. MULLEN / STAFF PHOTOGRAPHER

**Sherry Vargson walks with her dog, Grizz, on a Marcellus Shale gas well pad on her farm.**



MICHAEL J. MULLEN / STAFF PHOTOGRAPHER

**Sherry Vargson walks along a network of pipes on a Marcellus Shale gas well pad on her Granville Summit farm near Towanda in Bradford County.**

order, at least 36 Dimock residences have at some point had water supplies replaced or remediated by Cabot at least temporarily.

At the time Cabot provided DEP with its water replacement list, in June, the company had drilled 89 natural gas wells in and around Dimock — meaning Cabot remedied or replaced a water supply, on average, for more than one in every three gas wells it drilled.

Cabot spokesman George Stark said the numbers reflect Cabot's policy of investigating all water supply complaints and "when we see the immediate need" providing replacement water during an investigation. Some complaints may turn out to be unfounded, unrelated to gas drilling, or temporary disruptions that clear up on their own, he said.

Cabot, the most active driller in Susquehanna County, has removed nine homes from the list of 36 receiving water, Mr. Stark said. The company drilled one replacement water well and reconditioned three others. Five homes accepted filtration systems that are in the process of being installed.

Chesapeake Energy, the most active driller in Bradford County, did not answer a request to disclose the number of water supplies it has replaced or remediated.

## 'Waiting to blow me up'

Most drillers and many landowners say voluntary arrangements for solving residential water problems are amicable, even generous.

Gary Lopez, a Dimock resident, wrote grateful letters to area newspapers thanking Cabot "for solving my water problems" by first delivering

replacement water then drilling a new well after his old well "tested high for methane and barium."

In the worst cases, though, homeowners have found gas company representatives bullying even as they appear to be helping to fix the problem.

Sherry Vargson noticed her faucets began to sputter and blow what seemed like air after Chesapeake Energy performed what workers told her was a maintenance procedure on the gas wells yards from her Granville Summit home in June.

A company contractor tested the head space in her water well and found elevated levels of methane. DEP tests a month later found the flammable gas present in her water supply at 56.3 mg/L — twice the level at which water can no longer hold the gas and releases it into the atmosphere or enclosed spaces, creating a risk of explosion.

Because pre-drilling water tests "did not find the presence of the methane gas," DEP found that the tests indicated that gas well drilling caused the change in the water supply.

Chesapeake has provided the Vargsons with bottled water since the day in June when the company detected the gas, but despite DEP recommendations that the company install a vent stack on the well to help keep the gas from concentrating, the well is still not vented.

Instead, Chesapeake presented Mrs. Vargson with an agreement in July which required the family to release the company from all claims and liabilities related to the water up until that date in exchange for installing a vent "as a precautionary measure."

The agreement, which the

## '60 Minutes' in Dimock

Dimock residents will be featured on tonight's edition of "60 minutes" in a segment called "Shaleionaires" which will address both the economic benefits and environmental concerns about shale gas drilling. **The show airs on CBS at 7 p.m.**

Vargsons refused to sign in its original form, also included a non-disclosure clause meant to bar the family from discussing the agreement, its terms or Chesapeake's role in providing a vent.

In a statement, Chesapeake's senior director for corporate development, Brian Grove, said the company does not believe its activities affected the Vargson water well, which he said was "equipped with a venting cap precluding our operations" because of "pre-existing methane." The company's pre- and post-drilling water tests show the water "virtually unchanged," he said — a position at odds with DEP findings reported Sept. 2.

Whenever a question is raised about any water supply, Mr. Grove said, the company "routinely provides a temporary replacement source of water as a courtesy and notifies the DEP immediately while we begin to investigate" — a process that "most often" finds that the problem is not related to drilling activity, he added.

The purpose of the legal agreements is to grant the company permission "to access the property and provide needed equipment or services" in cases where a lot of activity will be required in or near a home.

"Confidentiality clauses are common in these and many other types of agreements," he said.

Mrs. Vargson, who now sleeps with three windows open, is frustrated that the DEP has not enforced its finding linking gas drilling to her water problems, which she is

not afraid to discuss. Last week, she held a match to the sputtering water running from her kitchen faucet and a flame ran up the stream to the spout.

"All of that is aerating in here," she said, "pocketing in the house, waiting to blow me up."

About 20 miles across Bradford County, near Spring Lake, two Chesapeake-provided water buffaloes sit in the yard behind the more than 100-year-old farmhouse owned by Jacqueline Place.

On April 1, nearly two weeks after the water to Ms. Place's home turned cloudy, then dark brown, and her sister's cows refused to drink it, a DEP inspector and Chesapeake contractors came to test the water. Chesapeake disconnected the well, filled the water buffaloes and plumbed them into the home — a project that took hours.

At around 10 p.m., the last Chesapeake contractor handed Ms. Place a document and told her he would not flip the switch on the system he had just installed unless she signed it. According to her sister, Roslyn Bohlander, the contractor told Ms. Place the document was "nothing" important and, when pressed, told her it was a nondisclosure agreement.

Ms. Place would not acknowledge the document or release it to The Times-Tribune.

"It was such a crisis point," Mrs. Bohlander said. In the previous days, Ms. Place and her son had not used the water to shower, cook or clean dishes or clothes. They

took sponge baths, Mrs. Bohlander said, and the cows, "they were just drinking enough to live."

DEP and private tests have since shown elevated levels of methane and metals in the water.

"They did all they had done to make it not be a bad situation," she said, "but then they said you can't have this water."

Mr. Grove said Chesapeake does not believe its operations have affected the water supply and "have not caused any reduction of quality of the water in the well."

"Repeated analyses have not detected any constituents related to natural gas drilling and production," he said.

The company continues to provide replacement water to the Places and Bohlanders, like the Vargsons "as a courtesy," he said, "while we work with the DEP and residents to bring closure to these matters."

Chesapeake has told the family on three occasions, each with between 24 and 48 hours notice, that it planned to take away the buffaloes and stop the water deliveries. DEP officials have told the family they cannot stop Chesapeake from taking the water because they did not order the company to provide the water in the first place, Ms. Place said.

Mrs. Bohlander said the price of a buffalo and frequent water deliveries for the cows and the home is "unaffordable."

"We no longer have a plan B," she said.

**Contact the writer:** illegere@timeshamrock.com

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