

October 3, 2014

Northeast Natural Energy
Mr. Brett Loflin
707 Virginia Street, East
Suite 1200
Charleston, WV 25301

Re: Drilling Operations, Morgantown Industrial Park

Dear Mr. Loflin:

Thanks for your cordial call informing MUB that Northeast plans to drill additional gas wells in January 2015 at its site located at Morgantown Industrial Park. Your forthright and timely notice is yet another demonstration of Northeast's cooperative and collegial approach to operations within our watershed.

As you know, the drilling site is located directly across from MUB's drinking water intake on the Monongahela River. We expect that Northeast will continue its commitment to responsible operations and the resulting strident protection of our community water supply. Based on our phone conversation, we understand that Northeast will deploy and maintain all the safeguards which were negotiated and provided during your previous drilling/fracking operations at MIP.

We also expect that our ratepayers will not bear the cost of the additional protection required as a result of your operations at this site. To that end, we propose the following additional protections be in place prior to commencement of drilling operations:

- 1) A commitment from Northeast that it will pay the full cost of additional source water testing during drilling operations as may be required by MUB. Our ratepayers absorbed this cost (approximately \$120,000) during the last drilling event; and,
- 2) A bond from Northeast, drawn to MUB by a credible guarantor, in the amount of \$1 Million. This bond will be executed in the event of a source water contamination resulting from drilling operations, and will fund MUB's immediate response to the contamination event; and,
- 3) MUB named as additional insured to Northeast's general liability (GL) and pollution insurance (PLC) policies, drawn by a credible insurer with policy provisions acceptable to MUB.

I look forward to your timely acceptance of these protections, and trust that we will again work well and succeed together in protection of our drinking water supply.

Respectfully,

MORGANTOWN UTILITY BOARD

A handwritten signature in blue ink that reads "T. Ball". The signature is stylized with a large initial "T" and a cursive "Ball".

Timothy L. Ball, P.E.
General Manager

TLB/bar

cc: Jeff Mikorski