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JKLM ENERGY, LLC INITIATES RESPONSE TO RELEASE OF SURFACTANT AT REESE HOLLOW DRILLING LOCATION IN SWEDEN TOWNSHIP, POTTER COUNTY

WEXFORD, Pa (Sept.24) – JKLM Energy, LLC (JKLM) today released information on the company’s ongoing efforts to respond to an incident in which a surfactant solution used in the drilling and completion of natural gas wells is believed to have migrated into shallow subsurface and ground water during initial drilling activities at the Reese Hollow 118 Pad located off Burrows Road in Sweden Township, Potter County, Pa. Surfactants are also referred to as “foaming agents” or “soap.” The migration was discovered following the use of the surfactant to free a broken drill bit piece in the well at 570 feet below ground on September 18th.

JKLM personnel are conducting an intensive investigation to mitigate the effect or potential effect of the release on local public and private water supplies. Five private water wells are known to have been impacted by the release; JKLM has provided replacement water sources to those property owners, along with offers for reimbursement for incurred services to address inconvenience or disruption of normal household activities. This includes hotel accommodations, if requested.

JKLM is currently determining the potential for impacts to additional private water wells to the south and west of the Reese Hollow 118 Pad (along Burrows and North Hollow Roads), and is advising property owners with wells in that area to be alerted to the potential presence of traces of this surfactant in their drinking water, which would present a soapy odor and taste and may cause water to foam. The company has asked any residents that detect such an odor, taste, or foaming in their well water to stop using their well water for drinking water and other household uses, and to contact the company immediately.

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If it is determined that a property owner's water supply is affected, JKLM will promptly provide the resident with a replacement water source and other reimbursement, as provided to the five properties currently being monitored.

If direct contact occurs in undiluted form, the surfactant involved may cause illness. In high undiluted doses, It can irritate the skin and cause damage to the eyes. However, it is known that the surfactant involved in this incident was diluted with large quantities of fresh water during its application, and that additional dilution occurs as the material travels through ground water. Therefore, JKLM does not expect that any significant medical events will occur as a result of this incident.

The potentially harmful substance in the surfactant involved in this incident is isopropanol (otherwise known as isopropyl alcohol, available at the local pharmacy over the counter). Isopropanol is a clear, colorless liquid with a fruity odor and a mild bitter taste. Most commonly found domestically as rubbing alcohol, isopropanol is also found in numerous household and commercial products, including detergents, cleaning products, deodorants and cosmetics.

While the surfactant involved is used in certain stages of drilling natural gas wells, it is not on the list of materials approved by the Pennsylvania Department of Environmental Protection (DEP) for use at this point in the drilling process. JKLM is reviewing the procedures that resulted in the use of the material and will provide that information to the DEP.

JKLM is currently working closely with the DEP and has initiated contact with Potter County Emergency Management as this investigation continues. The company is also collecting ground water samples in areas that may be affected.

JKLM continues to evaluate and monitor the situation on a daily basis and is modifying its action plan to responsibly address/mitigate potential impacts.

Local residents with questions may contact Dean Boorum, JKLM's community liaison, at (814) 598-3960. The company is also establishing a website (www.northhollowresponse.com) to provide regular updates as the groundwater investigation and response process continues.

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About JKLM Energy, LLC: JKLM is a privately held oil and gas producer headquartered in Wexford, Pa. The company is conducting operations at locations in Potter County.