

**Southeastern Ohio Oil and Gas Association
Gas Committee Report
August, 2013**

PRICING

Prices August 12, 2013

One Year NYMEX strip (September, 2012 – August, 2013)	\$3.63
Summer NYMEX strip for 2013 (Sept.-October)	\$3.29
Winter NYMEX strip (Nov. 2013 – March, 2014)	\$3.62
TCO Index Posting - August, 2013	\$3.44
DTI Index Posting – August, 2013	\$2.95

It appears that high storage levels combined with enhanced production capabilities and slow usage growth could keep gas prices from rising dramatically over the next couple of years.

GAS STORAGE AS OF THE August 8, 2013 Report

Working Gas in storage was 2,941 Bcf as of Friday, August 2, 2013. At 2,941, total working gas is **within** the 5 year historical range.

Region	Stocks billion cubic feet (Bcf)			Year ago (06/21/12)		5-Year average (2008-2012)	
	08/02/13	07/26/13	change	(Bcf)	% change	(Bcf)	% change
East	1,408	1,350	58	1,631	-13.7	1,513	-6.9
West	484	461	23	498	-2.8	435	11.3
Producing	1,049	1,034	15	1,109	-5.4	973	7.8
Salt	265	267	-2	227	16.7	162	63.6
Nonsalt	784	768	16	881	-11.0	812	-3.4
Total	2,941	2,845	96	3,238	-9.2	2,921	-0.7

Storage is 74.7% full compared to normal as of this report, with normal total capacity of 3,939 at the start of the withdrawal season.

GATHERCO

Retainage for April, 2013, is as follows for the Gatherco systems. Treat was 3.0%, Miley was 3.0%, Meigs was 6.86%, York was 3.0%, Grimes was 6.7%, and Elk was 3.0%. June, 2013 retainage was not available as of the date of this report.

UTICA NEWS:

Utica Shale holds massive resources, estimate shows. [Columbus Business Journal](#).

The U.S. Geological Survey released its first estimate, showing the shale formation holds about 38 trillion cubic feet of undiscovered, recoverable natural gas, 940 million barrels of oil and 9 million barrels of natural gas liquids such as ethane and propane.

Ohio is ranked 14th in this year's [Global Petroleum Survey](#) of 147 states and countries by the Fraser Institute, a free-market think tank in Calgary, Canada. That's down from second in 2011, with the fall apparently driven by concerns about complying with tougher federal and state environmental [regulations](#) and a tax increase on oil and gas [production](#) proposed by Gov. [John Kasich](#).

NEW PIPELINES PROPOSED TO SPUR UTICA SHALE DRILLING IN OHIO

Two pipeline companies from the Southwest, Williams Companies Inc. and Boardwalk Pipeline Partners LP, have formed a joint venture to build a transportation system to move natural gas liquids from shale plays in Ohio, West Virginia, and Pennsylvania to processing and storage facilities in Louisiana.

The Blueline Pipeline would allow oil and natural gas producers to move 200,000 barrels/day of natural gas liquids, such as ethane, to processing facilities on the Gulf Coast. The pipeline will be built from the Ohio and West Virginia Utica and Marcellus plays to a transmission system in Hardinsburg, KY. From there, the natural gas liquids would be transported via a converted portion of a pipeline to Eunice, LA.

The companies expect to approve the project later this year and put the pipeline into service in the second half of 2015. Cost of the project is still to be determined.

Spectra Energy, along with two other companies, are proposing a new 250 mile 36" pipeline, Nexus Gas Transmission, for transporting gas from shale drilling in eastern Ohio to Detroit and southern Ontario, subject to FERC approval. The anticipated cost of this new pipeline is \$1.5 billion, and could be in service as early as November, 2016. The proposed pipeline will run from Carroll County, Ohio, to Detroit and southern Ontario.

MIDSTREAM/PROCESSING NEWS:

Markwest has been processing 60 Mmcf/d since August of 2012 from its gas processing facilities in Cadiz. They have now completed their Cadiz 1 facility and commence operations of their 125 Mmcf/d cryogenic processing plant. With the completion of Cadiz 1, MarkWest will now be able to process more of the liquids rich gas coming from customers like Gulfport, Antero, PDC and Rex Energy.

Further South in Noble County, MarkWest is at work building an additional complex: the Seneca Complex. The Seneca I and Seneca II gas processing plants will be capable of processing 200 Mmcf/d each, and is on pace to begin operations of the Seneca I early in the fourth quarter of this year. The Seneca II is also scheduled to be installed later this year.

Utica East Ohio (UEO), a joint venture by Access Midstream, M3, and EV Energy Partners, became the first fully integrated gathering, processing, and fractionation complex to be put into operation on July 28th in Eastern Ohio. This initial phase of the UEO project is capable of processing 220-million cubic feet per day at their cryogenic processing facility near Kensington, and is processing 45,000 barrels per day of natural gas liquids at their fractionation, storage and rail facility near Scio.

The second phase is under construction and scheduled to be completed in December, 2013 with a third phase to follow. When complete, the UEO project will have 800 million cubic feet per day of cryogenic processing, 135,000 barrels per day of natural gas liquids fractionation, 870,000 barrels per day of natural gas liquids fractionation, 870,000 barrels of gas liquids storage and a rail facility capable of loading 90 cars per day.

For more information, click on this link; <http://energyindepth.org/ohio/new-natural-gas-plant-up-and-running-in-eastern-ohio/>

Utica Facts and Numbers – Calendar Year 2012:

Owner Name	Oil (BBLs)	GAS (MCF)	BRINE (BBLs)	Days	Wells
ANADARKO E & P ONSHORE LLC	118,726	443,297	107,313	1,335	7
ANTERO RES APPALACHIAN CORP	21,522	37,693	4,499	27	3
CHESAPEAKE EXPLORATION LLC	372,212	10,092,701	401,816	4,811	53
CNX GAS COMPANY LLC	10,015	9,986	1,284	50	1
DEVON ENERGY PRODUCTION	2,149	0	69,792	294	5
ENERVEST OPERATING LLC	32,546	160,209	23,010	304	3
GULFPORT ENERGY CORP	63,167	767,129	46,912	185	8
HESS OHIO RESOURCES LLC	560	922,979	2,285	296	2
HG ENERGY LLC	0	232,847	4,334	247	1
PDC ENERGY INC	2,120	10,608	8,427	311	3
REX ENERGY	<u>12,879</u>	<u>159,213</u>	<u>18,786</u>	<u>119</u>	<u>1</u>
TOTALS	635,896	12,836,662	688,458	7,979	87

AS of August 3, 2013, there have been 831 Utica Shale permits issued in 22 counties in Ohio to 27 companies, and 466 of them have been developed. The counties are listed below.

Ashland, Belmont, Carroll, Columbiana, Coshocton, Geauga, Gurnsey, Harrison, Holmes Jefferson, Knox, Mahoning, Medina, Monroe, Muskingum, Noble, Portage, Stark, Trumbull, Tuscarawas, Washington, and Wayne.

There are currently 122 Utica Shale wells in production, without a single environmental violation to date.

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