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Ohio high court packs drilling rights in years-long case

By Shane Hoover, CantonRep.com staff writer Posted Feb. 1, 2016 at 9:00 AM

A years-long battle over oil and gas leases ended last month when the Ohio Supreme Court upheld contract language that underpins drilling rights on thousands of properties across the state.

Monroe County landowners sued Beck Energy in 2011 over oil and gas leases the company held on their properties. The case later turned into a class action involving some 700 landowners across the state but concentrated in Monroe, Noble, Belmont and Guernsey counties.

Attorneys for the landowners argued that Beck's leases were void under Ohio law because they let Beck hold oil and gas rights forever without drilling a well

Beck Energy said the leases expired after 10 years if the company didn't drill.

The Monroe County trial court agreed with the landowners and declared the leases void. The 7th District Court of Appeals in Youngstown reversed that decision.

The landowners appealed to the Ohio Supreme Court and, on Jan. 21, the justices ruled unanimously that the leases were valid.

LEASES AT STAKE

Millions of dollars were at stake in the case for drillers and landowners.

Beck used lease language that has been used by Ohio's oil and gas industry for decades, including large shale drillers.

"That's why this case was such a big deal," said Scott M. Zurakowski, an attorney with Krugliak, Wilkins, Griffiths & Dougherty, the Jackson Township law firm that represented Beck. "There are probably anywhere from 5,000 to 10,000 of these leases out there."

(Continued to page 10)

Mark your calendar for SOOGA's Spring Membership Meeting on April 21st, 2016 at the Marietta Shrine Club, Marietta, OH.

See agenda on page 23.

www.sooga.org

THE CROW'S NEST

When the going gets tough, the tough get going. This well-known saying is one that will certainly prove true in 2016 and beyond. Just how far beyond is the million dollar, or should we say multi-billion dollar question. For many long time SOOGA members, this bust is just one of several experienced over the years.



Unfortunately this downturn has the makings of one of the worst in the history of the oil patch, resembling the crash of 1986. Those who have experienced fewer busts, if any, can gain very valuable insights from the veterans of our industry. It might just be the advice needed to make it to better times.

The going has become very, very tough. In light of these extremely trying times, your SOOGA Board has dedicated the primary focus of this year's SOOGA Spring Membership Meeting on "how to survive these tough times." We have a fantastic slate of speakers and topics lined up that will hopefully provide valuable insights from industry experts to help navigate through the storm. This year's Spring Meeting will be held on Thursday, April 21st. A copy of the Meeting Agenda can be found in this issue of the Insider as well as on the SOOGA Upcoming Events webpage. You should also receive a mailer with the Agenda and Registration Form in the weeks to come.

We strongly encourage all of our members to attend this year's Membership Meeting, to engage each other during breaks and the extended lunch/social time, and share ideas that can help each other survive these tough times. As in the past, the Meeting is absolutely <u>free</u> to all SOOGA members, which includes lunch. We sincerely thank our sponsors and advertisers for making this possible! I would also like to thank our Events Committee, speakers, Billie Leister, and Whitney Huck for working hard to make the Spring Meeting happen!

There are several other great SOOGA events scheduled for 2016. Dates for these events can be found at www.sooga.org/upcoming-events.aspx. In addition to working hard on these events, your SOOGA Executive Committee and Board of Trustees will continue to keep you informed about important issues and push back against attacks on our industry. As SOOGA continues to fight on your behalf, we also ask our members to provide aid in these battles. Some ways you can help include recruiting new SOOGA members, lending your time and expertise on one of our committees, sponsoring events or direct donations, and staying involved with SOOGA in general.

Thank you for all you do to provide energy for our community, state, and country. Keep your head up during these tough times and remember... this too shall pass! When the going gets tough, the tough get going.

President

Matt Lupardus

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Southeastern Ohio Oil and Gas Association Gas Committee Report February , 2016

PRICING

Prices February 9, 2016

One Year NYMEX strip (Mar., 2016 – Feb., 2017)	\$2.35
Summer NYMEX strip for 2016 (April-October)	\$2.22
Winter NYMEX strip – 2016 (Nov., 2016 – March, 2017)	\$2.66
TCO Index Posting –February, 2016	\$2.05
DTI Index Posting – February, 2016	\$1.37

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 February 4, 2016 Report

Working Gas in storage was 2,934 bcf as of Friday, January 29, 2016. At 2,934, total working gas is above the 5 year historical range.

Stocks billion cubic feet (Bcf)			Year ago (01/29/15)		5-Year average (2011-2015)		
Region	01/29/16	01/22/2016	change	(Bcf)	% change	(Bcf)	% change
East	641	695	-54	559	14.7	570	12.5
Midwest	767	811	-44	638	20.2	644	19.1
Mountain	159	164	-5	133	19.5	151	5.3
Pacific	271	273	-2	273	0.7	247	9.7
South Central	1096	1,143	-47	841	30.3	878	24.8
Salt	303	321	-18	248	22.2	206	47.1
Nonsalt	793	821	-28	593	33.7	672	18.0
Total	2,943	3,086	-152	2.444	20.8	2,489	17.9

Storage is 67.7% full compared to normal as of this report, with normal total capacity of 4,336 at the start of the withdrawal season. Storage is 490 BCF above last year, and 445 BCF above the five year average.

Source: Form EIA-912, "Weekly Underground Natural Gas Storage Report." The dashed vertical lines indicate current and year-ago weekly periods.

GATHERCO

Chesapeake Utilities Corporation announced a Definitive Merger Agreement to acquire Gatherco, Inc.

On January 30, 2015, Chesapeake Utilities announced a merger agreement to acquire Gatherco, merging it into Aspire Energy of Ohio, LLC. a wholly-owned subsidiary of Chesapeake Utilities. It is expected to be completed in the second quarter of 2015.

(Continued to page 6)



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(Continued from page 4)

The transaction has an aggregate value of approximately \$59.2 million, inclusive of the following:

\$49.8 million in exchange for all outstanding shares of Gatherco common stock, paid as follows:

593,005 shares of Chesapeake Utilities common stock, valued at \$29.9 million, and

\$19.9 million in cash (before payment of certain transaction expenses and escrow deposits);

\$7.7 million in cash in consideration for cancellation of all outstanding Gatherco stock options; and Assumption of Gatherco's debt at closing, estimated to be \$1.7 million.

GATHERCO RETAINAGE

Retainage for November, 2015 is as follows for the Gatherco systems: Treat was 19.0%, Miley was 12.0%, Meigs was 19.0%, York was 9.0%, Grimes was 19.0%, and Elk was 9.0%.

December, 2015 retainage was not available as of the date of this report.

EIA FORECAST JANUARY 12, 2016:

EIA forecasts that inventories will end the winter heating season (March 31) at 2,043 Bcf, which would be 38% above the level at the same time last year. Forecast Henry Hub spot prices average \$2.65/million British thermal units (MMBtu) in 2016 and \$3.22/MMBtu in 2017, compared with an average of \$2.63/MMBtu in 2015.

US crude oil production averaged an estimated 9.4 million barrels per day (b/d) in 2015, and it is forecast to average 8.7 million b/d in 2016 and 8.5 million b/d in 2017. EIA estimates that crude oil production in December fell 80,000 b/d from the November level.

Forecast West Texas Intermediate (WTI) crude oil prices average \$2/b lower than Brent in 2016 and \$3/b lower in 2017. However, the current values of futures and options contracts continue to suggest high uncertainty in the price outlook. For example, EIA's forecast for the average WTI price in April 2016 of \$37/b should be considered in the context of recent contract values for April 2016 delivery (Market Prices and Uncertainty Report) suggesting that the market expects WTI prices to range from \$25/b to \$56/b (at the 95% confidence interval).

WEST VIRGNIA NEWS:

West Virginia legislators are currently considering forced pooling, and the producers and oil and gas associations are working with the House and Senate to develop rules. The last attempt did not pass, and they are working to come up with some acceptable legislation in 2015.

New Tank Regulations:

West Virginia has adopted some new tank regulations recently. The results and requirements of this new regulation was set out and explained in the latest SOOGA Newsletter, so please read it to familiarize yourself with these regulations if you have production in WV.

UTICA NEWS:

NEW PIPELINES PROPOSED TO SPUR UTICA SHALE DRILLING IN OHIO

SUNOCO LOGISTICS PARTNERS, L.P.

Sunoco Logistics Partners L.P. announced on 11/6/2014 that it will build a huge pipeline project that will quadruple the Marcellus Shale gas liquids moving through the Philadelphia area called the Mariner East 2 project. It will be at least 16 inches in diameter, and begin in Scio, Ohio and cross West Virginia and Western Pennsylvania to the Philadelphia area. The pipeline will be 350 miles long, and is expected to deliver 275,000 barrels per day of natural gas liquids (NGL) to the Marcus Hook complex, and will begin operations by the end of 2016, subject to regulatory and permit approvals.

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2016 SOOGA Tentative Calendar of Events

Safety Refresher Training
Course
March 2, 2016
Marietta Best Western

Spring Membership Meeting April 21st, 2016 Marietta Shrine Club

> Spring Golf Outing May 20th, 2016 Lakeside Golf Course

Summer Clay Shoot June 17th, 2016 Hilltop Sports, LLC

Summer Golf Outing August 19th, 2016 Woodridge Golf Club

Annual Trade Show September 15th, 2016 Washington County Fairgrounds

> Fall Clay Shoot October 14th, 2016 Hilltop Sports, LLC

Annual Gun Giveaway November 1st, 2016

Did you know that you could save paper and receive your Insider via email? Contact us at mail@sooga.org to sign up. (Continued from page 6)

DOMINION RESOURCES INC.:

Four energy partners formally asked the federal government on Friday for permission to build a 564-mile natural gas pipeline in West Virginia, Virginia and North Carolina.

The 348-page application was submitted to the Federal Energy Regulatory Commission.

The \$5 billion Atlantic Coast Pipeline is intended to deliver cleaner burning natural gas to the Southeast as utilities move away from coal-burning power plants amid tighter federal rules on pollution that contributes to climate change.

Richmond, Virginia-based Dominion Resources Inc. and Charlotte, North Carolina-based Duke Energy would have 45 percent and 40 percent ownership stakes in the pipeline, respectively. Charlotte-based Piedmont Natural Gas would have a 10 percent ownership and Atlanta-based AGL Resources, 5 percent.

The pipeline would carry natural gas from Marcellus shale drilling in Pennsylvania, Ohio and West Virginia to the Southeast. It would run from Harrison County, West Virginia, southeast to Greensville County, Virginia, and into North Carolina.

DUKE ENERGY:

Duke Energy and Piedmont Natural Gas today announced the selection of Dominion to build and operate a 550-mile interstate natural gas pipeline from West Virginia, through Virginia and into eastern North Carolina to meet the region's rapidly growing demand for natural gas. The pipeline has an estimated cost of between \$4.5 billion and \$5 billion, an initial capacity of 1.5 billion cubic feet of natural gas per day, and a target in-service date of late 2018. Gas will be carried through a 42-inch-diameter pipe in West Virginia and Virginia, and a 36-inch-diameter pipe in North Carolina. The pipeline's main customers are six utilities and related companies that collectively will purchase a substantial majority of the pipeline's capacity to transport natural gas – Duke Energy Carolinas, Duke Energy Progress, Virginia Power Services Energy, Piedmont Natural Gas, Virginia Natural Gas, and PSNC Energy.

AMERICAN ENERGY/REGENCY ENERGY PARTNERS

American Energy and Regency Energy Partners are planning a \$500 million pipeline to move American Energy's Utica shale gas to major pipelines like Rockies Express and Texas Eastern that service Texas, Colorado, and states along the nation's southeastern rim. The 52 mile system will deliver more than 2 BCF per day of gas supply. It is expected to be completed in the third quarter of 2015.

ENERGY TRANSFER

A second interstate pipeline is being planned to shop natural gas from the Utica and Marcellus Shale regions across Stark County. The planned Rover Pipeline would carry up to 3.25 BCF of natural gas per day from West Virginia, Pennsylvania, and Ohio. In total, the Rover mainline will include 380 miles of 36 inch and 43 inch diameter pipe and five compressor stations, plus 197 miles of supply laterals ranging in diameter from 24 to 47 inches.

MIDSTREAM/PROCESSING NEWS:

Pinto Energy is looking to build a 2,800 bbl/day gas to liquids plant east of Ashtabula, Ohio. It will produce high quality synthetic liquids as well as lubricants, waxes and solvents from gas being produced by the Utica and Marcellus formations.

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 new Scio.

The second phase is under construction and scheduled to be completed in December, 2014 with a third phase to follow. When completed, 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.



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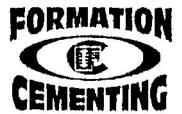
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(Continued from page 1)

Had the court thrown out the leases, the landowners and drillers would have had to negotiate new agreements.

Landowners could have decided whether and with which company to sign a new lease, said Richard V. Zurz Jr., an Akron-based attorney who initiated the class action.

But that would have put drilling in jeopardy, said Shawn Bennett, executive vice president of the Ohio Oil and Gas Association. By upholding the leases, the court has given the industry certainty.

LANDOWNER FUTURE

The lower courts froze, or tolled, the 10-year term on the Beck leases while the case was pending.

"The clock stopped, and it will affect each lease differently," said Daniel H. Plumly, a Wooster-based attorney with Critchfield, Critchfield & Johnson.

Each landowner will have to review his lease to see whether it has terminated.

But the chance to cash in on the shale boom may have passed.

Plumly represented a Monroe County landowner who didn't challenge the Beck lease but was lumped into the class action. What happened to his client underscores the financial stakes for landowners.

The Beck leases were signed before the shale boom reached Ohio. They promised landowners 12.5 percent royalties on oil and natural gas production; signing bonuses were rare.





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2016 MEMBERSHIP DUES REMINDER

Dear SOOGA Member,

During the industry downturn, we understand the importance of reducing costs to weather the storm. This is the same reason SOOGA has strived to maintain low membership costs, even during the good times. As a result, SOOGA membership dues are among the cheapest in the industry.

Given how tough times are, SOOGA has dedicated the majority of the upcoming SOOGA Spring Membership meeting on "how to survive these tough times". We have an outstanding slate of industry professionals and veterans who will share their experience on what it took to survive past downturns and what it might take to survive this one. And the cost of the SOOGA Spring Membership Meeting is absolutely <u>free</u> to SOOGA Members, which includes lunch. Please see copy of the Spring Meeting Agenda and Registration form on page 23.

Your membership is very important to your Association, now more than ever. With the downturn our industry is currently facing we need to remain member strong and help one another make it through the downturn. If you have not paid your 2016 Membership dues, please contact the SOOGA office at 740-374 -3203. We hope you will once again take advantage of the "great bang for your buck" your SOOGA membership has to offer. If we do not receive payment or hear from you by March 31st, 2016, we will assume you do not wish to maintain your membership.

Thank you for all you do to provide energy for our community, state, and country. Keep your head up during these tough times and remember... this too shall pass!

Regards, Matt Lupardus President, SOOGA





Facts About FR Clothing

What does fire retardant mean?

It refers to the ability of a material to self-extinguish upon the removal of an ignition source.

FR is a short name for Flame Resistant Protective Apparel. Remember Flame Resistant Clothing is NOT fire proof.

How important is the cleaning of FR garments?

Proper cleaning and maintenance of any flame-resistant garment is essential to remove potentially hazardous soils and avoid a build up of materials that could mask performance. Always follow garment manufacturer's care label recommendations and other published instructions or recommendations.

How can I choose the correct Flame Resistant garments?

First you must verify the ARC rating and hazard rating for you job. Garments are specified based on the employer's evaluation of workplace hazards. Protective garments, which function as wearing apparel for normal work activities, must be comfortable and durable while achieving appearance that is acceptable to both the employer and the wearer. Finally, these multi-use garments must be able to withstand laundering to remove soils and flammable contaminants and be returned to service without excessive color loss, surface appearance change, or excessive shrinkage.

Can Bleach be used when laundering FR garments?

No. Bleach should not be used when washing FR garments and fabrics because repeated chlorine bleach launderings will destroy the flame-resistant finish. It is best to replace bleach with detergents containing bleach alternatives. Industrial laundry detergents containing hydrogen peroxide must NOT be used either.

Flame resistant vs. fire retardant: Is there a difference?

Yes. Flame-resistant material is inherently flame resistant. The fibers of these materials are derived from and possess the quality to be flame resistant. Fire-retardant material does not possess the same inherent qualities as flame-resistant material. Fire-retardant material is made from flammable materials, such as cotton or nylon, which are treated with a combination of chemicals to allow the material to resist burning. Unlike a flame-resistant garment, fire-retardant materials can lose their fire-retardant properties after several washings.



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OPERATIONS MANAGER



THE INSIDER

GAS PRICING 2016

JANUARY 2016

NYMEX Settlement: \$2.3720 Inside FERC/DTI: \$1.3000(Basis: -\$1.072) Inside FERC/TCO: \$2.2100 (Basis: -\$0.162) NYMEX 3-day Average: \$2.0290

FEBRUARY 2016

NYMEX Settlement: \$2.1890 Inside FERC/DTI: \$1.3700 (Basis: -\$0.820) Inside FERC/TCO: \$2.0500 (Basis: -\$0.139) NYMEX 3-day Average: \$2.176

OIL PRICING 2015/2016

ERGON OIL PURCHASING WEST VIRGINIA MONTHLY AVERAGE

December Ohio Tier 1: \$36.2948 December Ohio Tier 2: \$33.2948 December Ohio Tier 3: \$31.2948 December West Virginia Tier 1: \$36.2948 December West Virginia Tier 2: \$33.2948 December West Virginia Tier 3: \$31.2948 December Marcellus/Utica Condensate: \$17.2948 December Marcellus/Utica Medium: \$36.2948 December Marcellus/Utica Light: \$30.2948

January Ohio Tier 1: \$31.2923 January Ohio Tier 2: \$28.2923 January Ohio Tier 3: \$26.2923 January West Virginia Tier 1: \$31.2923 January West Virginia Tier 2: \$28.2923 January West Virginia Tier 3: \$26.2923 January Marcellus/Utica Condensate: \$12.2923 January Marcellus/Utica Medium: \$31.2923 January Marcellus/Utica Light: \$25.2923

Tier 1 - 150 + net barrels of crude oil No more than 2% BS&W (if the BS&W is over

2% it will then qualify for Tier 2 pricing)

One stop location (one or more tanks at a single location)

Tier 2 - 60-149.99 net barrels of crude oil Two Stops within 5 miles

Tier 3 - 30-59.99 net barrels of crude oil

The prices as posted are based upon computation of volume by using tank tables, or as measured by a deduction for all BS&W and correction for temperature deductions or allowances shall be made on the oil purchased shall be free of contamination and/or alteration by foreign substances or chemicals not associated with virgin crude oil. These include but are not restricted to, oxygenated and/or chlorinated compounds.

The Marcellus/Utica Shale produced crude oil will be purchased based on the monthly average for the following postings: 38.0-49.9 API Gravity—Marcellus/Utica Medium crude oil 50.0-59.9 API Gravity—Marcellus/Utica Light crude oil 60.0+ API Gravity—Marcellus/Utica Condensate (formerly posted as Appalachian Sweet Light-ALS).

Other parameters will be evaluated on a farm by farm basis.

You can now find EOP WVA Crude oil Price Bulletin on the internet at: www.ergon.com

OIL PRICING 2015/2016

AMERICAN REFINING GROUP AVERAGE

12/11 to 12/20 Group 1 OH: \$34.52

Group 2 OH: \$31.52

Group 3 OH: \$29.52

12/21 to 12/31 Group 1 OH: \$36.19

Group 2 OH: \$33.19

Group 3 OH: \$31.19

1/1 to 1/10 Group 1 OH: \$34.06

Group 2 OH: \$31.06

Group 3 OH: \$29.06

1/11 to 1/20 Group 1 OH: \$28.62

Group 2 OH: \$25.62

Group 3 OH: \$23.62

1/21 to 1/31 Group 1 OH: \$31.21 Group 2 OH: \$28.21

Group 3 OH: \$26.21

2/1 to 2 /10 Group 1 OH: \$29.33

Group 2 OH: \$26.33

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Hickory Bend Project, the NiSource and Hilcorp natural gas processing project, has announced the construction of a \$60 million pipeline to move natural gas liquids from their cryogenic natural gas processing plant in Springfield Township to attractive market destinations. Pennant Midstream will construct the 12 inch 38 mile pipeline. I will have the capacity to deliver up to 90,000 bbls. of NGS per day to a Utica East Ohio pipeline in Columbiana County, and from there be transported to the fractionator in Harrison County. It is expected to be complete by July, 2014

Appalachian Resins announced that it will <u>build</u> a \$1 billion facility in Monroe County that will be able to process approximately 18,000 barrels per day of ethane into ethylene and polyethylene, the feedstock for plastic and many other items we use in our daily lives. The facility is expected to begin operating in early 2019 and will produce 600 million pounds of ethylene/polyethylene per a year. This new feedstock has the potential to reinvigorate the manufacturing sector in the region, which will, in turn, increase investment and jobs in the Ohio Valley.

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 – Third Quarter 2015 Results:

2015 horizontal well production has already surpassed Ohio's 2014 totals

COLUMBUS, OH - During the third quarter of 2015, Ohio's horizontal shale wells produced 5,696,780 barrels of oil and 245,747,686 Mcf (245 billion cubic feet) of natural gas, according to figures released today by the Ohio Department of Natural Resources (ODNR). Quarterly production continues to set new records as horizontal shale well production totals have increased by more than 100 percent from 2014's third quarter totals. Additionally, Ohio's horizontal shale wells have produced more oil and gas in the first nine months of this year than all of Ohio's wells produced in 2014.

3rd Quarter YTD Totals:

	2014 (SHALE)	2015 (SHALE)	INCREASE
Barrels of oil:	7,438,375	15,707,339	111%
Mcf of gas:	287,846,105	651,193,106	126%

As of January 31, 2016, there have been 2,129 Utica Shale permits issued in 23 counties in Ohio to 29 companies, and 1,673 of them have been developed. The counties are listed below.

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

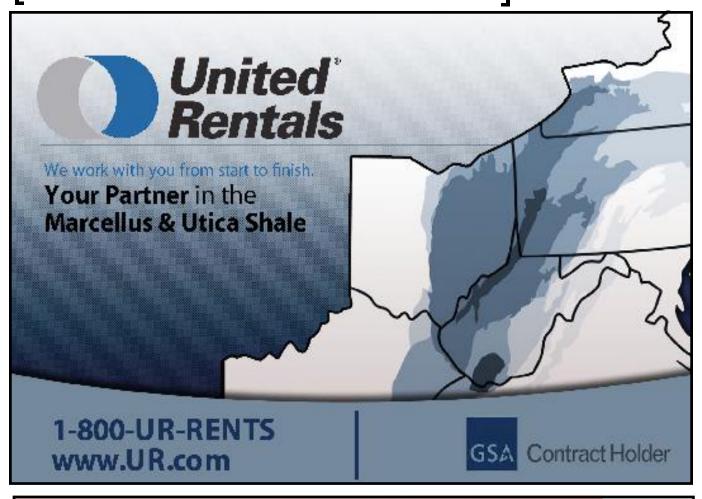
There are currently 1,141 Utica Shale wells in production, with 17 rigs running.

Use of Data:

The information contained in this document is compiled and furnished without responsibility for accuracy an is provided to the recipients on the condition that errors or omissions shall not be made the basis for a claim, demand or cause of action. The information contained in this document is obtained from recognized statistical services and other sources believed to be reliable, however we have not verified such information and we do not make any representations as to its accuracy or completeness.

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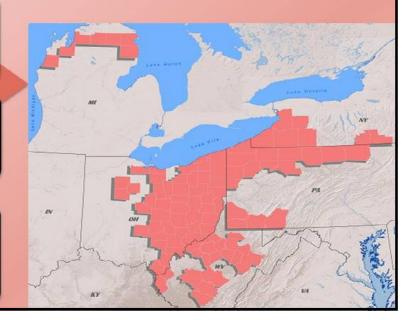
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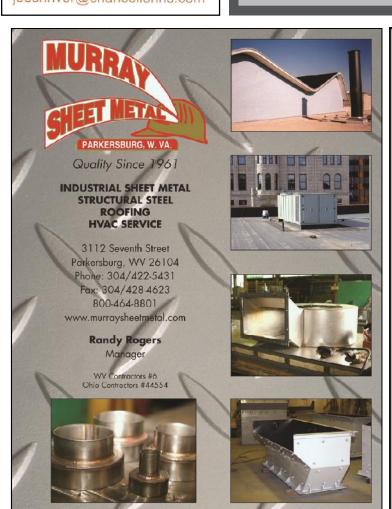
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RENEWABLES WON'T SUPPLY NEEDED ENERGY

The following information has been provided by Greg Kozera in the November 2015 IOGA-WV News. It is presented to our readers, some of which may have not seen this as they aren't IOGA-WV members. Once again Greg Kozera has hit the nail on the head and provided us with information to counter those who feel that "renewable" can supply our energy needs.

- With the Marcellus and Utica we have the largest natural gas in the world under our feet. It is right where we need it to take care of large eastern gas markets. It will be developed.
- People need energy. It is not an option. We have the best fuels to do this moving forward. We provide cheap, abundant, domestic energy. We are environmentally friendly. We have done more to INPROVE the environment in the last 7 years than the EPA and all of the "environmental" groups combined.
- We provide good jobs not just in our industry but in support of it. Our industry is bringing manufacturing jobs back to the USA. Thanks to us and cheap energy people have money to spend providing a boast to the economy and creating more jobs.
- We have seen these cycles before. Our world class wells created the over –supply of natural gas and oil. As we drill less wells and as pipelines get built supply and demand will come into balance as they always do.
- We are now the energy gorilla of the planet of 7 billion people. We are providing food to the world. We can do the same with energy. Billions of people don't have electricity and are still cooking with wood and animal manure. We have an energy starved planet. By 2050 it is predicted that the world will have 9 billion people. They will need energy. They will need us. WE ARE THE SO-LUTION. The antis think renewable are the solution. Renewable can't come close to supplying the USA much less the world. A solar project is being planned for eastern Virginia. It requires 900 acres that become an environmental wasteland to provide 80 MW of intermittent power. This same amount of energy can be provided 24/7 365 days a year by ONE Marcellus pad on a few acres that will be reclaimed to grass providing wildlife habitat. Who is really green?
- We are creative. We are survivors. We have incredible people. In 7 years we have taken this country from energy scarcity to energy abundance. We are optimists.
 What that means is we don't deny our present situation, we recognize it. We just believe that we will find a way to overcome it. It takes an optimist to drill a small hole

- thousands of feet into the earth hoping to find oil and gas and then hoping to sell it at a profit.
- The public wants us to win. They just need to know that we aren't destroying the planet in the process. We need to tell our story. The public likes cheap energy. I know this based on the 100+ radio interviews I have done around the country from Boston to California and the people outside of this region I have talked to. Recently I did a radio interview for a 50,000 watt station in Minneapolis. They interviewed me and then asked if I would take calls. ALL of the calls were positive and supportive. Our publicist was able to get these interviews for me because the public really wants to know the truth and they haven't heard our story. We need to do more of this.
- In these times some companies may find opportunities outside of our industry. There may be creative ways companies inside and outside of our industry can work together.
 - We have power if we work together and continue to support our state and national trade associations so that we can get our message out. When times are tough the tendency is to focus on us and our organization's needs. This is important but it is just as important for us to band together. We can create a bigger pie if we all work together to educate the public and fight bad EPA, State and local regulation. Regulations that are unnecessary and create no value are not just bad for us they are bad for the public. We have the power to create a bigger pie and get through these challenging times. The people of the United States and the World need us to survive and thrive so that they can have a positive future. If we allow the anti-fossil fuel crowd to win the planet and its people all lose. Most of them don't know this unless we tell them. I hope the above has given you a little hope in the future. We have power in the present to act. There are opportunities now that we won't see in good times. We need to be a Team to fight bad regulation and the falsehoods put out by the anti-fossil fuel crowd. We need to tell our story. We need to be active in politics. We can't afford to turn inward and just worry about ourselves. We have power and strength in numbers,. We need to get pipelines built to help people. We need to be able to export our products because the world needs them. Our future is bright. Hope and believe in your future, then use your power to make it happen. Thoughts to ponder!

Thank a fracker.

THE INSIDER Page 20

Landowners Deserve to Have Their Minerals Developed in Southeastern Ohio

Cambridge Daily Jeffersonian, January 7

http://www.daily-jeff.com/opinion/2016/01/07/Landowners-deserve-to-have-their-minerals-developed-in-Southeastern-Ohio

By Congressman Bill Johnson

For more than a century and a half, Ohio has been developing our natural resources sensibly and responsibly. This approach is rooted in our culture and economy.

Despite this tradition, the federal government is hindering shale development throughout significant parts of Southeastern Ohio. Some residents, particularly in Monroe and Washington counties, have elected to lease their private mineral rights for the purpose of oil and natural gas development. But many are finding themselves in a situation where their private leases are at risk of not being developed because their private mineral leases are adjacent to, or under the surface of, the Wayne National Forest.

As the federal agency with jurisdiction over these leases, the Bureau of Land Management must allow for a transparent and efficient consideration of these leases in and under the Wayne. While there are more than 1,200 active oil and gas wells on the surface of the Wayne National Forest, there has not been any shale development under the forest, despite the fact that the U.S. Forest Service has indicated that it's Forest Plan would accommodate shale development.

Recently, the BLM took a positive step forward announcing the start of the process to approve federal leasing in the Wayne National Forest. While this is progress --- a much needed step toward restoring property rights -- all too often President Obama's agencies put politics ahead of sound science when making regulatory decisions. That's why I have been tracking this process for a few years now. In fact, I have authored legislation that would require 20 percent of the revenues from production sites on federally-owned land be returned to the counties whose governments provide services there. This legislation would also require that this revenue be used to support education initiatives and road improvements within that county -- at no additional cost to the taxpayer.

Ohio is rebounding, and oil and gas development is playing a major role in strengthening our economy. The Wayne National Forest Supervisor stated in August 2012, and I concur, that "there is neither the need to restrict availability of federal oil and gas resources, nor the need to propose additional Forest Plan standards of guidelines."

I urge the BLM to take action on the pending leases in the Wayne National Forest.



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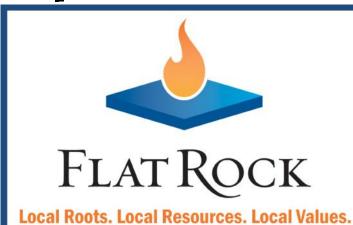
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VOLUME 31, ISSUE 1 Page 23



Southeastern Ohio Oil & Gas Association 2016 Annual Spring Membership Meeting Thursday April 21st, 2016 Marietta Shrine Club 249 Pennsylvania Ave, Marietta, OH 45750

7:30-8:00	Registration
8:00-8:15	Introduction and Opening Remarks - Matt Lupardus, President SOOGA
	• • •
8:15-8:30	West Virginia Senator Bob Ashley
8:30-9:00	West Virginia State of Affairs - Kevin Ellis, VP-Government Relations, Antero Resources
9:00-9:30	Ohio State of Affairs - Steve Dimon, 21 Consulting, LLC
9:30-9:45	Ohio Representative Andy Thompson
9:45-10:00	Break
10:00-10:30	"How to Survive These Times"- Jerry James, Artex Oil Company
10:30-11:30	"Tough Times, Tough People" Panel — Carl Heinrich, Heinrich Enterprises, Inc. Gene Huck, Artex Oil-Jim Rose, Producers Service-Marty Miller, Alliance Petroleum Steve Sigler, Buckeye Oil Producing and Hal Payne, Miller Supply
11:30-1:00	Buffet Lunch- Theo's Restaurant
1:00-1:30	Legal Update - Dan Corcoran, SOOGA Legal Committee
1:30-2:00	OOGEEP Annual Presentations - Rhonda Reda
2:00-2:30	Energy in Depth Ohio Update - Jackie Stewart, EID Ohio
2:30-2:45	Break
2:45-3:15	"IT Security" - Benjamin L. Ellis, Arnett Cabis Toothman, LLP
3:15-3:45	Utica Shale Activity and Results - Wes Casto, Casto Petroleum Engineering
3:45-4:15	"Energy Trends-Dealing With Unintended Consequences"
	James R. Halloran - PNC Wealth Management
4:15-4:30	Membership contest winners, Door Prizes, Grand Prize Drawing, Closing Remarks

TO HELP US WITH ACCOMMODATIONS PLEASE RSVP BY: APRIL 15TH, 2016.

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SOOGA reserves the right to make changes or cancel this program due to insufficient registrations.

Anti-Drilling Interests 'Disappointed' With Study Finding **No Water Contamination from Fracking**

Article provided by: Jackie Stewart, Energy in Depth

After news broke that an ongoing University of Cincinnati our homes during the time series of fracking." (UC) study, which included baseline samples, has found no water contamination from hydraulic fracturing, the Times Reporter reported that the funders were "disappointed" in the results.

This news comes after environmental groups originally praised the ongoing study, even giving the UC lead researcher Dr. Amy Townsend-Small an award for her work on the project. But as Dr. Townsend-Small said at a recent • "There was no significant change in methane concentrapublic meeting hosted by the anti-fracking Carroll County Concerned Citizens (CCCC), "I'm really sad to say this but some of our funders, the groups that had given us funding in the past, were a little disappointed in our results. They feel that fracking is scary and so they were hoping our data could point to a reason to ban it." (emphasis added)

Although UC claimed it did not take funding from groups opposed to fracking, it turns out that's not exactly the case. The study received over 18 percent of its funding from the Deer Creek Foundation. As the Chamber of Commerce uncovered this week. Deer Creek Foundation gave \$25,000 to the Media Alliance in Oakland, Calif. for a documentary on the "rise of 'extreme' oil and gas extraction – fracking, tar sands development, and oil drilling in the Arctic" as well as \$20,000 to the Northern Plains Resource Council, a Montana activist group that states on its website, "Fracking damages water, land and wildlife." EID has also uncovered that Deer Creek Foundation donated at least \$20,000 to WildEarth Guardians, which is a key player in the "Keep-it-in-the-Ground" anti-fossil fuel movement that has been especially active in Ohio lately.

EID has been following this ongoing study for three years and was on hand to capture the announcement of the results on film. Here are five key statements made by Dr. Townsend-Small about the UC findings during her presentation:

•"All the samples fell within the clean water range and they did not find any changes over time either in any of

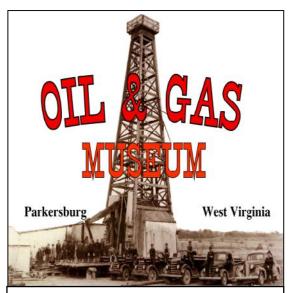
- •"We never saw a significant increase in methane concentration after fracking well was drilled."
- •Samples that were collected that were high in methane "clearly did not have a natural gas source."
- •"Some of our highest observed methane concentrations were not near a fracking well at all."
- tion over time, even as more and more natural gas wells were drilled in the area."

Dr. Townsend-Small said in her presentation that UC teamed up with CCCC to attract participants for the water analysis. The researchers examined water samples taken three to four-times per year from five Ohio shale counties. The primary focus area was actually in the most active Utica county, Carrol County, where sampling was conducted on 23 water wells from 2012 to 2015, for a total of 191 samples. Here's a page from Dr. Townsend-Small's presentation, which can be found here:

Importantly, sampling was conducted before any oil and natural gas development occurred, which made this test unique. According to a UC press release:

"The UC study is unique in comparison with studies on water wells in other shale-rich areas of the U.S. where fracking is taking place – such as the Marcellus Shale region of Pennsylvania. Townsend-Small says water samples finding natural gas-derived methane in wells near Pennsylvania fracking sites were taken only after fracking had occurred, so methane levels in those wells were not documented prior to or during fracking in Pennsylvania. The only way people with private groundwater will know whether or not their water is affected by fracking is through regular monitoring."

The voluntary water samples from private water wells were analyzed for concentrations of methane as well as hydrocarbons and salt. (Continued to Page 30)



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OOGEEP Sets Dates for 2016 Trainings and Workshops

Mark Bruce. Communications Director

The Ohio Oil and Gas Energy Education Program (OOGEEP) is excited to announce that registration is open for several of our well-attended and highly regarded trainings and workshops. Funded by Ohio's oil and gas producers, OOGEEP offers a wide of range of programs that benefit Ohioans, especially industry workers, firefighters and teachers. Many of our trainings are held at no cost to Ohioans, demonstrating the industry's and OOGEEP's commitment to the state.

First Responder Training

OOGEEP's nationally recognized and accredited firefighter training program returns for its 15th year in 2016. More than 1,350 first responders from departments across Ohio and several other states have attended these two-day training workshops. Utilizing a team of industry and fire service experts, OOGEEP's workshops combine a mix of classroom and hands-on fire behavior labs to help first responders better understand the oil and gas industry, its common practices, potential emergencies that might occur and how best to respond to those rare events.

Registration for the two-day workshops is available at oogeep.org. Classes are held at the Wayne County Fire and Rescue Training Facility in Applecreek, OH. <u>The workshop is FREE to attend for all Ohio firefighters!</u>

April 9 & 10 April 30 & May 1 September 17 & 18 October 22 & 23

Teacher Workshops

More than 2,700 teachers from schools in all of Ohio's 88 counties have attended OOGEEP's Science Teacher Workshops. Based on the average number of students placed in a teacher's class each year, it's estimated that approximately 11,000 Ohio students will be impacted by OOGEEP training from JUST one workshop. These innovative workshops draw full crowds and feature a recently revised science teacher curriculum, STEM Lessons in Oil and Gas Energy Education. The revised curriculum and labs demonstrate how oil and gas is formed, trapped, explored, developed, produced, refined and transformed into thousands of every-day products. Attendees spend a classroom day learning about the industry, reviewing the curriculum and demonstrating experiments with other teachers. A second day features a field trip to oilfield sites in the region. Teachers receive educational training credits and have an option to earn graduate credit. Educators also receive lab experiments, material kits, graphic organizers, career connections and a variety of additional materials. OOGEEP will hold two two-day workshops in the summer of 2016; additional one-day workshops will be announced at later dates.

Registration for the two-day workshops is available at oogeep.org. Check the website regularly for updates on additional workshops to be held. The workshop is FREE to attend for all Ohio teachers.

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Lafayette Hotel Stark State College, Downtown Campus

Industry Training

The safety of the men and women who work and wish to work in Ohio's oil and gas industry continues to be a priority for OOGEEP. The organization will continue to hold IADC RigPass/SafeLand training sessions in 2016. OOGEEP's Safety Training Committee comprised of experts representing the entire spectrum of Ohio's oil and gas operators is currently developing a schedule of specialized and relevant training topics. Industry training sessions are held at no cost for employees of Ohio's oil and gas producers.

Additional OOGEEP-organized trainings and events of interest are tracked and added to OOGEEP's events calendar. Keep up to date by visiting oogeep.org/events and following the organization on Twitter and Facebook.

WEST VIRGINIA UPDATE – DOMINION GATEWAY

By: Bob Matthey

The WV legislature is a happening place. Several bills have been introduced this session.

Senate bill 508 – This bill would deal with nuisance lawsuits against oil and gas operators or drillers.

On Forced Pooling – HB4639 was introduced which basically states that if there is a tract of oil and gas included in a pooling unit, the company would need to get a majority of royalty owners to sign to be able to drill the tract in question.

Producers have had a bill introduced which is Senate Bill 396; this bill would give the producers the right to shut in your production due to low prices and not have to pay any fees during shut in.

On to Gateway... A meeting of stakeholders was held in Charleston, WV with lead attorney, Jonathan Marshall, and staff on February 10, 2016. The law firm went over the elements of our Gateway case against Do minion and we are proceeding forward. Any questions, call Bob Matthey at (304) 869-3418.



Southeastern Ohio Oil and Gas Association 2016 Safety Refresher Training Courses

March 2, 2016 8:00am-3:00pm
Best Western,701 Pike Street, Marietta, OH 45750

Cost: Training Free, Lunch\$10.00 per person

Registration Starts: 8:00am

Morning Session 8:30 am to 11:30 am (Charlie Dixon, OOGEEP)

- 1) Condensate Safety and Hot Work
- 2) Fire Extinguisher Training
- 3) Hydrocarbon Spills

Lunch: 11:30 am to 12:30 pm

Afternoon Session 12:30 pm to 3:00 pm (Gary O'Brien, O'Brien's Safety Services)

- 4) Hydrogen Sulfide Refresher
- 5) Confined Space Awareness

RSVP: Email mail@sooga.org or Fax to 740-374-2840 by February 29, 2016

Name:	
Number of Atten	
Lunch: \$10.00 ((Per Person) Total \$
Bill Me Ch	neck Credit Card: Visa MasterCard Discover
Card#	Exp. Date
Signature	

(Continued from page 24)

UC has no immediate plans to publish this first-of-its kind, multi-year groundwater study, but as was mentioned above, the full results were announced at a recent anti-fracking public meeting hosted by Carroll County Concerned Citizens (CCCC), which is a member of the Frackfree America National Coalition.

With such great results the big question is: why aren't the researchers making their findings available to the public? To explain that, a little more background is needed on the study itself, including how it was originally embraced by environmental groups, who called the study "novel" and a "groundbreaking approach" to monitoring groundwater resources near fracking sites in Ohio.

Over the course of the past few years, environmental groups praised this unique groundwater analysis again and again. To highlight this point, UC's Dr. Townsend-Small was awarded the first-Ever Science and Community Award from Ohio Environmental Council (OEC), a state-wide honor for her innovative work testing groundwater in Eastern Ohio. According to their website The OEC is Ohio's "most comprehensive and respected environmental advocate for a healthier, greener, and more prosperous Ohio." In a press release, the OEC announced the 2014 award recipient this way:

"This innovative research study is examining the potential effects of hydraulic fracturing, or fracking, on groundwater in Ohio's Utica shale. Led by UC geologist Amy Townsend Small, this first-of-a-kind project is testing for the presence of methane (the primary component of natural gas) and its origins in groundwater and drinking water wells before, during, and after the onset of fracking. Other studies have focused on water contamination only after fracking is complete. The project involves the gathering and analysis of water samples in eastern Ohio by UC graduate and undergraduate students.

The OEC is honored to recognize these four champions of environmental conservation. Each has demonstrated outstanding ingenuity and perseverance to help make Ohio a cleaner, more vibrant place to live, work, and play. Congratulations to them for helping to secure healthier air, land, and water for all who call Ohio home." (Emphasis Added)

These studies never analyzed groundwater before the onset of fracking. Because fracking has only just begun in Ohio, we have an opportunity to make baseline measurements of methane in water wells."

In 2013, CCCC put out a press release on the ongoing study with the headline, "Carroll County group to learn about methane, water on Nov. 14." But the preliminary results were described at the meeting this way: "We haven't seen anything to show that wells have been contaminated by fracking."

Fast forward to 2016, when, just days before the results were made public, the CCCC put out a press release with the head-line, "Groundwater methane in Carroll County," which would lead readers to believe that methane found in groundwater was from fracking. But at that meeting, Dr. Townsend-Small stated, "Some of our highest observed methane concentrations were not near a fracking well at all" (emphasis added)

The response from the anti-fracking groups? Silence. In fact, after learning the results of the three year study, the leader of CCCC, Mr. Paul Feezel said, "You all are very quiet tonight." A local reporter who attended the February 4th meeting reported that, "An audience member asked if the university was going to publicize the results of the study, noting that had the findings been unfavorable to drilling, that would have been national news."

It's interesting to note that before this good news, and clean bill of health, there was no shortage of efforts to get the word out about the "Groundwater methane in Carroll County at Feb. 4th Meeting" and many outlets covered that story.

As is evident by the legitimate water contamination findings in Flint, Michigan, and most recently in Sebring, Ohio, it's clear that efforts to tackle water pollution should be directed at ageing infrastructure issues and pre-existing water quality conditions from naturally occurring methane. If these Ohio activists were truly concerned about water quality, they would focus their funding, campaigns, and public relations efforts on these real concerns, as opposed to trying to find "a reason to ban" fracking.

2016 MEMBERSHIP DRIVE

The SOOGA Board of Trustees would like to thank everyone for the support of our organization. SOOGA has seen a steady growth in membership over the past 15 years, from a few hundred to over 500 by the end of 2014. This growth is thanks to you.

Our industry has experienced its' share of highs and lows. Currently we are in the midst of unprecedented challenges. The issues at hand, whether regulatory, environmental or economic, are challenges aimed at the way we do business and impact our livelihood.

Make you voices heard. SOOGA has dedicated leadership that is connected to the issues at hand and a voice heard by the people who can make a difference.

Now more than ever your SOOGA membership is valuable. By staying involved in your organization you have the ability to stay ahead of the issues that <u>will</u> affect your business.

Make your voice heard, stay involved and encourage your associates to be involved.

The board of directors and officers of SOOGA want to thank you for your continued support.

Member Who Signs Up

Four (4) "NEW MEMBERS"

By: 12/31/16 will be entered in a drawing for a

<u>Henry Golden Boy</u>

Donated by: Timco, Inc. and Southeastern Ohio Oil & Gas Association

Don't Wait, Start Signing up Those New Members

Winner Will Be Announced At the January 2017 Board of Trustees Meeting. (Board members and employees are excluded)

Visit our website at www.sooga.org for Membership Applications.

**To receive credit for New Members, your name must be listed as referred by **.





Southeastern Ohio Oil and Gas Association 2016 Membership & Advertising Form

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