

SERVING SOUTHEASTERN OHIO & NORTHERN WEST VIRGINIA'S OIL & GAS INDUSTRY

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SOOGA OFFICERS

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SECRETARY ROGER HELDMAN

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EXECUTIVE SECRETARY BILLIE LEISTER

THE INSIDER EDITORS CARL HEINRICH KATHY HILL

SOOGA Annual Membership Meeting to be held on April 20, 2017 at the Marietta Shrine Club

- The Spring Membership Meeting will be here soon so mark your calendars for April
- 20, 2017. We have speakers from Ohio and West Virginia such as Charlie Burd
- (IOGA), Shawn Bennett (OOGA), Rhonda Reda (OOGEEP), Jackie Stewart (EID), Dan Corcoran (Theisen Brock,), Jim Crews (Mark West Energy), Tim Knobloch
- (JKPC), Wally Kandel & Greg Kozera (Shale Crescent USA) and the Paul Fulton Scholarship winner. We also have Representatives from Ohio and West Virginia such
- as OH State Representative Andy Thompson, OH Senator Frank Hoagland, WV Delegate Bill Anderson and U.S. Congressman Bill Johnson.

The tentative Agenda for the meeting can be found on page 23. It promises to be a day filled with important information and fellowship. Please call Billie, at 740-374-3203, if you would like to be a sponsor for the meeting.

Elections- New Board of Trustees members will be elected at the Annual Membership Meeting. Candidates for the 2017 Board of Trustees shall be elected by secret ballot at the annual meeting .The list of candidates are : Barry Bowers, with Huffman Bowers, Kevin Rothenbuhler, with PDC Energy, and Henry (Winnie) Sinnett, with Buckeye Oil Producing Company. The election ballots will be emailed or faxed and is printed on page 11. Ballots will also be available at the meeting. The results will be announced at the end of the meeting. The candidates' bios are below and continued on page 11.

Barry Bowers

Barry is the President of Huffman-Bowers, Inc., a company that was established in 1967 by his father and grandfather. Even as a young boy, Barry could be found out in the field on a drilling/service rig. Over the years he has dedicated endless hours and worked diligently to uphold the integrity of his family's business. Huffman-Bowers, Inc. has remained a family business as Barry's parents have retired from the field, all 4 of his children have followed in his footsteps to keep the family business going. Up until January 2017 Huffman-Bowers, Inc. operated 187 wells in Ohio, but with the recent purchase of the assets of R. Gene Brazel, LLC., they are currently operating 426.

Barry lives in New Lexington, Oh with his wife, Paula, of nearly 36 years. He has always been involved in the community as he served as a volunteer fire firefighter for almost 20 years and as a Perry County Fair Director for 16 years. He enjoys supporting his kids in truck and tractor pulling as well as trap shooting and NASCAR.. His interests are numerous but they are geared toward the out of doors and his favorites are any type of hunting and riding ATV"S. He looks forward to the opportunity if given the chance as a Trustee of the Southeastern Ohio Oil and Gas Association to provide his years of experience to their Board of Trustees.

Kevin Rothenbuhler

Kevin grew up near Woodsfield, OH and attended River High School. He received his Petroleum Engineering degree from Marietta College in 2004.

THE INSIDER

THE CROW'S NEST

As I begin my term as the President of SOOGA, I wanted to start by acknowledging and thanking Matt Lupardus for his outstanding service and leadership over the past two years. 2016 was a very challenging year in our industry and for many members of our association. Matt and the excellent team of professionals we have on the SOOGA Executive Board, and SOOGA Board of Trustees, have accom-

plished another successful year while remaining on budget despite the downturn. This is a great group of people, and it is my honor to serve this organization for the next two years as we look forward to better times emerging for the industry.

For those of you who do not know me, my name is Christy Chavez. My father Carl Heinrich is a founding member of SOOGA and has served continuously on the board of Trustees since 1978. I am a second generation Oil and Gas Producer. Together with my husband Brian Chavez, and my parents, we operate many traditional wells in Ohio and West Virginia. I know firsthand the challenges of our industry and have seen many changes throughout my life time.

As I look to 2017, the word that comes to my mind is "Hopeful". No doubt natural gas prices will continue to be a concern in 2017. Additionally, suggestions of over-regulations and tax increases still jeopardize our industry. However, the new federal administration, as well as many local elected officials in Ohio and West Virginia, support our industry and seem to better understand the benefits of jobs and the energy we provide for our country, state, and local communities. We know we are in the midst of one of the world's largest natural gas reserves, and as infrastructure and pipelines continue to be built, this gives our area and our industry a hopeful outlook for the future.

In the first two months of 2017, SOOGA has been busy working on the Spring Membership Meeting. We believe this meeting will continue to provide all of you the best up to date information on our Industry and concerns we face. I look forward to seeing most of the membership during this meeting on April 20th at the Shrine Building in Marietta Ohio. This meeting is free of charge to all SOOGA members, but please strongly consider being a sponsor for the meeting. We could not do this without the generosity of our sponsors! In addition to the membership meeting, SOOGA has partnered with WMOA and is really excited to debut the "Energy Insight" radio spot which is premiering in March. This spot will air every Saturday morning at 8:55am on WMOA radio and will discuss the

legacy of our Industry, where it all began and where it is all going. Special Thanks to Brian Chavez, John Wharff, and Austin James for your vision and initiative. Stay tuned for more information on this exciting new program for our community.

In closing, I look forward to a hopeful and successful 2017, and I am honored to serve as the president of SOOGA for the next two years.

Christy Chavez

President







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2017 NEW MEMBERS SOOGA would like to welcome the following new members:

MIKE SCHULER

Professional Travelers Oil & Gas 112 Washington Place, Suite 910 Pittsburgh, PA 15219 412-338-3163

LESLIE BUCINA

Allied Industry Microbac Laboratories 158 Starlite Drive Marietta, OH 45750 740-373-4071

DEREK KRIEG

Student Marietta College/Energy Business Alliance 215 Fifth Street Campus Box 646 Marietta, OH 45750 740-516-0501

> JOE O'DONNELL Associate Dominion Field Services 2539 Washington Rd. Upper St. Clair, PA 15241 412-854-7821

MARK PEAVY

Royalty Owner FJ Peavy Investments Inc PO Box 130337 Spring, TX 77393 281-703-9063

LOU MARTINDILL Contractor Martindill Oilfield Services, LLC 3350 St. Rt. 668 South Junction City, OH 43748 740-621-1570

Don't forget to mark your calendar for our upcoming Spring Membership

Meeting (see agenda on page 23.)

Southeastern Ohio Oil & Gas Association Board of Trustees - 2016 OFFICERS

President Christy Chavez Condevco 740-373-5302

Vice President Don Huck Artex Oil Company 740-373-3313

Past President Matt Lupardus HG Energy LLC 304-420-1127

TRUSTEES

Carl Heinrich Heinrich Enterprises, Inc. 740-373-5302

Kathy Hill Ergon Oil Purchasing, Inc. Brian Chavez 740-350-2804 Heinrich Ente

Steve Sigler Buckeye Oil Producing Company 330-264-8847

Jared Stevens Stevens Oil & Gas 740-374-4542

Bob Matthey Lippizan Petroleum, Inc. 304-869-3418 740-350-0112 Secretary Roger Heldman

John Albrecht

Treasurer

HG Energy LLC 304-420-1107

Executive Secretary Billie Leister SOOGA 740-374-3203

Dan Corcoran

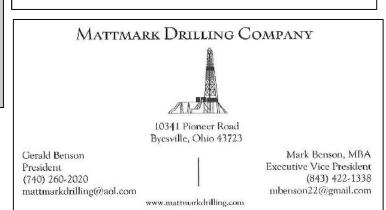
Theisen Brock, LPA 740-373-5455

Brian Chavez Heinrich Enterprises, Inc 740-373-5302

Melinda Johnson J.F. Deem Oil & Gas, LLC 304-428-0005

Robert Gerst, Sr. Ergon Oil Purchasing, Inc. 740-516-6623

Jim Javins 614-561-3118



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Southeastern Ohio Oil and Gas Association Gas Committee Report February, 2017

PRICING

Prices February 7, 2017

One Year NYMEX strip (Mar., 2017 – Feb., 2018)	\$3.36
Summer NYMEX strip for 2017 (April-October)	\$3.31
Winter NYMEX strip – 2017 (Nov., 2017 – Mar. 2018)	\$3.53
TCO Index Posting – February, 2017	\$3.16
DTI Index Posting – February, 2017	\$2.98

GAS STORAGE AS OF THE February 1, 2017 Report

Working gas in underground storage, Lower 48 states Summary text CSVJSN

						Historical C	Comparisons	
			ocks ic feet (Bcf)			ear ago /27/16)		r average)12-16)
Region	01/27/17	01/20/17	net change	implied flow	Bcf	% change	Bcf	% chang
East	569	596	-27	27	656	-13.3	609	-6.6
Midwest	730	757	-27	- 27	780	-6.4	685	6.6
Mountain	164	173	-9	-9	160	2.5	153	7.2
Pacific	221	235	-14	- 14	272	-18.8	262	- 15.6
South Central	1,027	1,037	-10	- 10	1,109	-7.4	944	8.8
Salt	340	325	15	15	308	10.4	243	39.9
Nonsalt	687	712	-25	25	801	-14.2	700	-1.9
Total	2,711	2,798	-87	- 87	2,977	-8.9	2,652	2.2

Summary

Working gas in storage was 2,711 Bcf as of Friday, January 27, 2017, according to EIA estimates. This represents a net decrease of 87 Bcf from the previous week. Stocks were 266 Bcf less than last year at this time and 59 Bcf above the five-year average of 2,652 Bcf. At 2,711 Bcf, total working gas is within the five-year historical range.

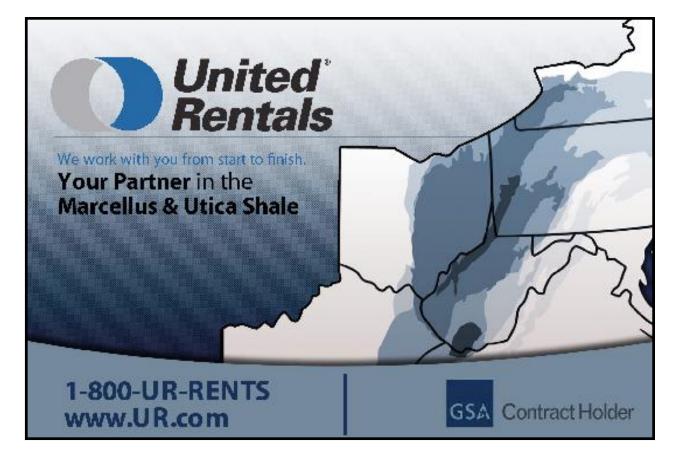
Southern Utes Encouraging Pipeline Development

By: Carl Heinrich January 2017

With all the news coverage on the blocking of the Dakota Access Pipeline by the Standing Rock group of the Sioux Tribe, readers might find the following article from the *Pipeline and Gas Journal*, Dec. 2016 issue, informative. Anyone who has traveled in the west will notice that many tribes have gotten much economic benefit from casinos and mineral development on their "nations" which seems to have escaped much of the Sioux tribal communities.

While the Standing Rock Sioux have drawn considerable media coverage for their fight against the Dakota Access Pipeline project, the Southern Utes have attracted scant attention for their 15-year push to make it easier to drill on Indian land. Their goal: Extend financial opportunities that have already given them control of 1,600 wells across four states, while helping to make them one of the richest tribes in the U.S. "Without a prolonged effort to take control of our natural resources, the Southern Ute Indian Tribe would not be the economic powerhouse it is today," Tribal Council Treasurer James Olguin told lawmakers during a recent congressional hearing, "We are the best protectors of our own resources and the best stewards of our own destiny."

Since 2012, the tribe has spent \$1.6 million lobbying Washington to ease energy permits, ensure tribal sovereignty and lighten U.S. Interior Department rules on fracking and methane emissions. The Southern Utes met with lawmakers in Santa Fe, NM to argue new laws loosening federal control over their drilling operations. They were joined by representatives of the Navajo Nation, the largest U.S. tribe, and the Arctic Slope Regional Corp.



Shale Crescent USA bringing jobs back

The Marietta Times January 28, 2017

In his inaugural speech, President Trump talked about "*jobs coming back to the USA*." I was surprised and disappointed when some of the pundits commented after the speech, "*We know that isn't going to happen*." I guess that is what happens when media people don't leave Washington, D.C., or New York City. They become clueless.

A group of successful business people and community leaders here in the Parkersburg-Marietta area figured out that this area now has the cheapest natural gas in the industrialized world. Not only is the natural gas in this area cheap, it is abundant. We have a supply that will last over 100 years based on today's technology. In addition we are close to 50% of the markets in the USA and Canada. They also realized how our abundant economical natural gas coupled with the Ohio River for process water and transportation, an extensive rail network, an experienced workforce and a community that has a great quality of life is a unique combination that exists in very few places in the world. The problem is, do people in Asia, Europe or even Chicago know this?

This combination created prosperity here in the Mid-Ohio Valley in the late 1800s and again after World War II. Industry left when the local oil and gas industry declined and oil and natural gas had to come from outside the area. The same pipelines that brought natural gas into the region are now carrying natural gas out of the northeast and to places like the Gulf Coast and Virginia. These leaders asked the question, "Isn't it time to use our abundant cheap natural gas to bring industry and prosperity back to the Mid-Ohio Valley?"

These leaders took action and formed Shale Crescent USA, a nonprofit organization to promote the Mid-Ohio Valley as a premier place for businesses to grow and relocate. The mission of Shale Crescent USA is to encourage business growth in the Mid-Ohio Valley based upon the lowest natural gas prices in the industrialized world that allows manufacturers to operate more efficiently while producing products more economically with access to fresh water and half the population of the United States and Canada.

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The ultimate goal is to bring in high wage permanent industrial jobs so that people don't have to leave the area to find work.

These business and community leaders didn't wait for government or industry to make something happen. They took action. That is what leaders do. Shale Crescent USA (SCUSA) introduced their initiative to the community last June with a kickoff event in Marietta. Over 800 people attended. Jim Tressel, former Ohio State football coach and current president of Youngstown University opened the event. But it was the panel discussion that got the public excited about the potential of the Mid-Ohio Valley.

Currently SCUSA has been making progress in publicizing the benefits and creating interest in the Mid-Ohio Valley for business. SCUSA has been reaching out using the internet and traditional media like radio and print. SCUSA also will get face to face with the executives of potential new business at events like the World Petrochemical Conference in Houston, Texas in March and the Marcellus to Manufacturing Conference and Expo in Morgantown in May. This is just the beginning.

Bringing a company to the Mid-Ohio Valley is a lengthy process. It starts with creating awareness. SCUSA wants to make sure that the Mid-Ohio Valley is on the radar screen of petrochemical, glass and other industries as a place to grow or relocate. Government can do a lot to help bring in business but typically doesn't do a very good job of staying focused on marketing and sales. SCUSA can help. SCUSA doesn't care which side of the river an industry chooses to relocate. Every win is a win for the region by providing jobs. Prosperity is contagious.

SOOGA Legacy Fund

The oil and gas industry has been a big part of our community for more than 120 years. Our history with the community led us to partner with the Marietta Community Foundation to establish the SOOGA Legacy Fund in 2013. This fund was established to give back to our communities across Ohio and West Virginia and to honor the memory of members who have dedicated their life's work to this industry. To give a tax deductible gift make checks payable to:

Marietta Community Foundation SOOGA Legacy Fund MCF, P.O. Box 77 Marietta, OH 45750 Phone: 740.373.3286

The SOOGA Board serves as the advisor to the fund.

SUMMER JOBS WANTED

FOR PETROLEUM ENGINEERING and GEOLOGY MAJORS AT MARIETTA COLLEGE

If you have a summer job available for a student in the field or the office, please contact:

Department of Petroleum Engineering and Geology at Marietta College Phone: 740-376-4776

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Mitch Fouss Director of Field Operations

:7585 State Route 821 • Whipple, Ohio 45788 :(740) 434-7358 f: (740) 585-2073

mitch@fullcircleoilfieldservices.com www.fullcircleoilfieldservices.com

2017 SOOGA Calendar of Events

Spring Membership Meeting Thursday April 20, 2017 Marietta Shrine Club Marietta, OH

> Spring Golf Outing Friday May 26th, 2017 Oxbow Golf Course Belpre, OH

Spring Clay Shoot Friday June 16, 2017 Hilltop Sports, LLC Whipple, OH

Fall Golf Outing Friday August 25, 2017 Lakeside Golf Course Beverly, OH

Annual Fall Trade Show Thursday September 21, 2016 Washington County Fairgrounds Marietta, OH 45750

> Fall Clay Shoot Friday October 20, 2017 Hilltop Sports, LLC Whipple, OH

Annual Gun Raffle November 1, 2017

OOGA Winter Meeting March 8-10, 2017

TROY PIDGEON KEY ACCOUNT MANAGER OIL AND GAS



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EIA FORECAST FEBRUARY 7, 2017:

Natural Gas

• U.S. dry natural gas production is forecast to average 73.7 billion cubic feet per day (Bcf/d) in 2017, a 1.3 Bcf/d increase from the 2016 level. This increase reverses a 2016 production decline, which was the first decline since 2005. Natural gas production in 2018 is forecast to increase by an average of 4.1 Bcf/d from the 2017 level.

• In January, average Henry Hub natural gas spot prices fell by 29 cents per million British thermal units (MMBtu) from December levels to \$3.30/MMBtu. Mild January temperatures, which were the warmest since 2006, contributed to lower prices.

Increasing capacity for natural gas-fired electric generation, growing domestic natural gas consumption, and new export capabilities contribute to the forecast Henry Hub natural gas spot price rising from an average of \$3.43/ MMBtu in 2017 to \$3.70/MMBtu in 2018. NYMEX contract values for April 2017 delivery traded during the five-day period ending February 2 suggest that a price range from \$2.42/MMBtu to \$4.38/MMBtu encompasses the market expectation of Henry Hub natural gas prices in April 2017 at the 95% confidence level.

PIPELINE REPORT:

In the March, 2017 Gas Report, there will be an update on all of the proposed Appalachian Pipeline Projects to date. My apologies for not having it in this issue, but still missing some information to complete it.

UTICA WELL PRODUCTION

During the third quarter of 2016, Ohio's horizontal shale wells produced 3,954,095 barrels of oil and 360,681,356 Mcf (360 billion cubic feet) of natural gas. Natural gas production from the third quarter of 2016 showed an increase over the third quarter of 2015, while oil production was reduced for that same period.

Horizontal shale well operators are required to submit production data by the 45th day following the close of each calendar quarter. Operators submit the amount of oil, natural gas and brine that each well produces, as well as the number of days that the well was in production.

Third Quarter – 2016 – Utica Production Volumes:

2015 QUARTER 3 2016 QUARTER 3 PERCENTAGE CHANGE

Barrels of Oil	5,994,632	3,954,095	(34.04%)
MCF Nat. Gas	247,541,749	360,681,356	31.37%

As of February 5, 2016, there have been 2,373 Utica shale permits issues in 23 counties in Ohio to 29 companies, and 1897 of them have been developed. There are currently 1,483 Utica shale wells in production, with 21 rigs

)



NOTICE (Member Alert) - EPA Withdraws Information Request for the Oil and Gas Industry

U.S. Environmental Protection Agency (EPA) is withdrawing its request that owners and operators in the oil and natural gas industry provide information on equipment and emissions at existing oil and gas operations. The withdrawal is effective immediately, meaning owners and operators – including those who have received an extension to their due dates for providing the information – are no longer required to respond.

At this time, EPA Administrator Scott Pruitt would like to assess the need for the information that the agency was collecting through these requests. This action also comes after the agency received a letter on March 1, 2017, from nine state Attorneys General and the Governors of Mississippi and Kentucky, expressing concern with the pending Information Collection Request for Oil and Gas Facilities.

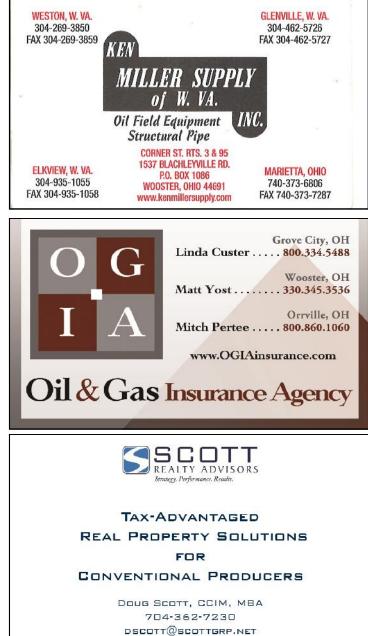
"By taking this step, EPA is signaling that we take these concerns seriously and are committed to strengthening our partnership with the states," said EPA Administrator Pruitt. "Today's action will reduce burdens on businesses while we take a closer look at the need for additional information from this industry."

Under the previous administration, EPA sent letters to more than 15,000 owners and operators in the oil and gas industry, requiring them to provide information. The information



request comprised of two parts: an "operator survey" that asked for basic information on the numbers and types of equipment at all onshore oil and gas production facilities in the U.S., and a "facility survey" asking for more detailed information on sources of methane emissions and emission control devices or practices in use by a representative sampling of facilities in several segments of the oil and gas industry. EPA is withdrawing both parts of the information request.

More information: <u>https://www.epa.gov/controlling-air-</u> pollution-oil-and-natural-gas-industry/oil-and-gas-industryinformation-requests



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(Continued from page 1)

Kevin Rothenbuhler (Continued)

He worked offshore with Baker Hughes Inteq in the Gulf coast region. He moved back to the northeast in fall 2005 to work for Linn Operating as a drilling engineer for them until Fall of 2008.

Kevin held many jobs w/PDC for 3 years as a Drilling & Completions Engineer over PA & WV and moved to Denver for small time. He worked with Penn Virginia Oil & Gas for 1.5 yrs as Drilling & Completions manager of NE. Penn Virginia shut down NE operations and he moved to Cabot O&G as a Drilling Engineer for 4 months.

Kevin returned to PDC and for the past 3 years he has held positions as a Drilling Supervisor of the NE, Field Project Supervisor and Production Supervisor. In the Fall of 2106, he became the District Operations Manager for PDC.

Henry (Winnie) Sinnett

My name is Henry Sinnett, most of you know me as Winnie. I currently live in Calhoun County West Virginia with my wife Brenda. We have four daughters and seven grandchildren, I started in the oil and gas industry immediately out of high school in May of 1984 working with the W.H. Patten Drilling Co, as a roustabout while working my way to being a well tender. I spent 15 years at Patten Drilling before taking a position in 1998 with Buckeye Oil Producing Co. and I am currently still employed there.

Throughout my years in the oil and gas industry I have always been interested in the business and technical aspects of the industry and I was given the opportunity to work in West Virginia doing larger roustabout work and also being involved in drilling and completions, as well as land and light title work. In 2003 I was made Field Superintendent of Buckeye Oil Producing Co. West Virginia operations and moved to Calhoun County. I currently manage all day to day operations, as well as production.

SOUTHEASTERN OHIO OIL AND GAS ASSOCIATION 2017 OFFICIAL BALLOT

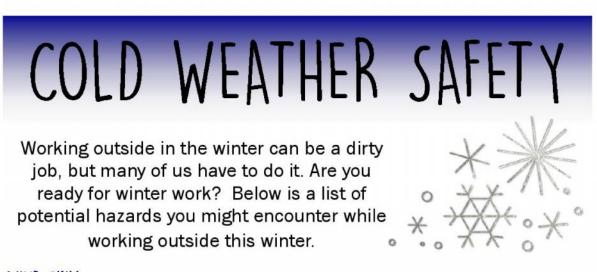
IN KEEPING WITH ARTICLE IV, SECTION 1 OF THE ASSOCIATION'S REGULATIONS, FOLLOW THE SECRET BALLOT VOTING INSTRUCTIONS.

- 1. You may vote for up to three (3) candidates. This includes any name written in.
- 2. If you vote for more than three (3) candidates, your ballot will Not be counted.
- 3. Mark an "x" in the box by the name of each candidate you are voting for including any "write-in".
- 4. Mail your ballot to the SOOGA office or bring it to the Spring Membership Meeting.
- 5. Election results will be announced on Thursday, April 20, 2017 at the Annual SOOGA Membership Meeting.

All mailed in ballots must be received by noon on Wednesday April 19, 2017 in order to be counted

VOTECANDIDATES FOR 2017 BOARD OF
TRUSTEESVOTENAME OF WRITE IN
CANDIDATESKEVIN ROTHENBUHLERImage: CandidatesImage: CandidatesHENRY (WINNIE) SINNETTImage: CandidatesImage: CandidatesBARRY BOWERSImage: CandidatesImage: Candidates

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WIND CHILL

is the term used to describe the rate of heat loss on the human body, resulting from the combined effect of low temperature and wind. As winds increase, heat is carried away from the body at a faster rate, driving down both the skin temperature and eventually the internal body temperature. Wind cools because of the evaporative cooling effect of water. For people and animals, the cooling effect of wind depends entirely on the amount of exposure of skin. People of different sizes, shapes, and metabolic rates are affected differently. A well-protected person does not experience any wind chill factor, no matter what the wind speed. While exposure to low wind chills can be life threatening to both humans and animals alike, the only effect that wind chill has on inanimate objects, such as vehicles, is that it shortens the time that it takes the object to cool to the actual air temperature (it cannot cool the object down below that temperature.)

FROSTBITE

A condition in which localized damage is caused to skin and other tissue due to freezing. Frostbite is most likely to happen in body parts farthest from the heart and those with large exposed areas. The initial stages of frostbite are sometimes called frostnip.

At or below 0 °C (32 °F), blood vessels close to the skin start to constrict, and blood is shunted away from the extremities. The same response may also be a result of exposure to high winds. In extreme cold, or when the body is exposed to cold for long periods, this protective strategy can reduce blood flow in some areas of the body to dangerously low levels. This lack of blood leads to the eventual freezing and death of skin tissue in the affected areas. There are four degrees of frostbite. Each of these degrees has varying degrees of pain.

HYPOTHERMIA

If your body becomes so cold that it can not produce enough heat to keep it warm you are in danger of becoming hypothermic. Hypothermia usually happens slowly and the signs can go unrecognized until it is life threatening. There are four major factors that cause hypothermia: Cold, wind, water, and fatigue. Cold is the most common factor of hypothermia. Cold air cools down the body and along with other factors such as wind chill and dampness it can be a serious problem.

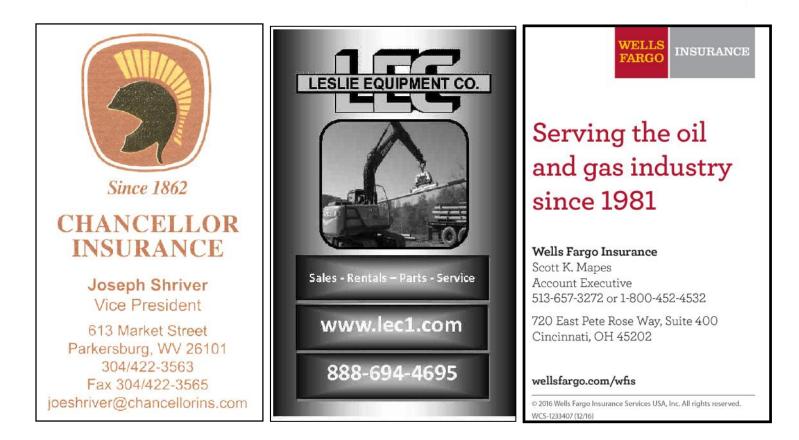
The basic principle to treating hypothermic victims is to stop heat loss, and slowly help the individual regain a normal, non-hypothermic, core body temperature. In all cases of hypothermia it is important to handle the victim VERY gently as it is possible to cause heartbeat irregularities and even death when moving the victim. In cases of mild hypothermia it is usually enough to remove all wet clothing and get the victim into warm, dry clothing, or a dry, warm body wrap. Do NOT attempt to suppress shivering as this is one of the ways the body generates heat. Do NOT massage any of the extremities, you want to warm the body from the core outwards, and not from the extremities inwards. Medical treatment should be sought for all but the most mild cases of hypothermia - if in doubt, contact your local emergency room.

Safety Resources Company of Ohio, Inc. © 2016





Call 1-800-278-3364 to learn more. eopsales@ergon.com



THE INSIDER

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GAS PRICING 2017

JANUARY 2017

NYMEX Settlement: \$3.930 Inside FERC/DTI: \$3.330 (Basis: -\$0.600) Inside FERC/TCO: \$3.730 (Basis: -\$0.200) NYMEX 3-day Average: \$3.784

FEBRUARY 2017

NYMEX Settlement: \$3.3910 Inside FERC/DTI: \$2.980 (Basis: -\$0.411) Inside FERC/TCO: \$3.160 (Basis: -\$0.231) NYMEX 3-day Average: \$3.332

OIL PRICING 2017

ERGON OIL PURCHASING WEST VIRGINIA MONTHLY AVERAGE

December Ohio Tier 1: \$51.2071 December Ohio Tier 2: \$48.2071 December Ohio Tier 3: \$46.2071 December West Virginia Tier 1: \$51.2071 December West Virginia Tier 2: \$48.2071 December West Virginia Tier 3: \$46.2071 December Marcellus/Utica Condensate: \$36.2071 December Marcellus/Utica Medium: \$51.2071 December Marcellus/Utica Light: \$45.7071

January Ohio Tier 1: \$51,7703 January Ohio Tier 2: \$48,7703 January Ohio Tier 3: \$46.7703 January West Virginia Tier 1: \$51,7703 January West Virginia Tier 2: \$48.7703 January West Virginia Tier 3: \$46.7703 January Marcellus/Utica Condensate: \$36.7703 January Marcellus/Utica Medium: \$51.7703 January Marcellus/Utica Light: \$46.2703

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)

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

Please contact Ergon at 1-800-278-3364 for clarification on split load pricing.

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 2016/2017

AMERICAN REFINING GROUP **AVERAGE**

12/11 to 12/20 Group 1 OH: \$50.93 Group 2 OH: \$47.93 Group 3 OH: \$45.93 12/21 to 12/31 Group 1 OH: \$52.34 Group 2 OH: \$49.34 Group 3 OH: \$47.34 1/1 to 1/10 Group 1 OH: \$52.15 Group 2 OH: \$49.15 Group 3 OH: \$47.15 1/11 to 1/20 Group 1 OH: \$51.21 Group 2 OH: \$48.21 Group 3 OH: \$46.21 1/21 to 1/31 Group 1 OH: \$51.93 Group 2 OH: \$48.93 Group 3 OH: \$46.93 2/1 to 2/10 Group 1 OH: \$52.33 Group 2 OH: \$49.33

Group 3 OH: \$47.33

ARG GROUP PRICING CATEGORIES AND **DEFINITIONS FOR PENNSYLVANIA GRADE CRUDE OIL** (LEGACY)

Group 1 (OH/PA/NY) - 150.0 barrels from a single location, with a BS&W of 2% or less,

Group 2 (OH/PA/NY) - 60.0-149.99 net barrels from a single location

Group 3 (OH/PA/NY) - 30-59.9 net barrels from a single location

For questions relating to ARG Group Pricing or Utica / Marcellus Shale pricing, please contact: Gary Welker, Mgr.-Crude Supply & Gathering -330-813-1898; gwelker@amref.com

www.amref.com

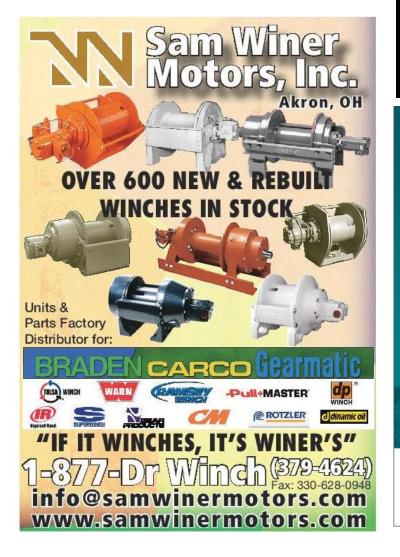
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Contact Kathy Albertson at 304.483.3941, kathy.albertson@microbac.com

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Report: Ohio Counties Have Received Over \$43 Million in Real Estate Property Taxes from Utica Shale Production

11:11am EST February 9, 2017 **by Jackie Stewart** jackie@energyindepth.org, Canfield, Ohio

Ohio's top six Utica Shale counties collected more than \$43.7 million in real estate property taxes on production from 2010-2015, according to a new report by Energy In Depth and the Ohio Oil and Gas Association. The report entitled "<u>The Utica</u> <u>Shale Local Support Series: Ohio's Oil and Gas Industry Property Tax Payments</u>," consults ad valorem tax collection data from six Utica Shale mineral producing counties from 2010-2015 to examine the impact made from the first three years of Utica Shale production in these six counties. The report includes breakout statistics for each county as well, including <u>Belmont, Carroll, Guernsey, Harrison, Monroe and Noble</u>.

Below are the report's key findings, by the numbers,

Real Estate Property Tax Paid for Six Counties	\$43.7 Million
Projected Property Taxes To Be Paid (2016-2026)	\$200-\$250 Million
Amount of Tax Directly Paid to Local Government/Schools	100 Percent
Percent of Property Tax Collection to Ohio Local Schools	60-70 Percent

The report helps to quantify taxes to be paid over the next 10 years, based on payments already received to six counties from the first three years of Utica Shale production (taxes collected in the latest year available, 2015, reflect 2013 production). Using the Freedom of Information Act, we were able to obtain the data from these six counties on real estate property taxes collected, as well as the breakout of real estate property taxes paid specifically from wells or ad valorem taxes.

Considering Utica Shale oil production has increased by 496 percent and natural gas production has increased by 852 percent since 2013, it is reasonable to conservatively project Ohio Utica Shale counties will reasonably receive an additional \$200-\$250 million boost from real estate property taxes on wells over the course of 10 years (2016-2026). Of course this is only one tax the oil and natural gas industry pays in Ohio. As EID has previously reported, sales tax revenues have skyrocketed

by 65 percent in these same counties over the past five year as well. Real estate taxes paid on wells accounted for, on average, 22 percent of the total real estate property taxes paid in 2015 to these counties. To access the full report, and the county specific fact sheets, click the links below:

Full Report: "The Utica Shale Local SupportSeries: Ohio's Oil and Gas Industry PropertyTax Payments"Belmont County Fact SheetCarroll County Fact SheetGuernsey County Fact SheetHarrison County Fact SheetMonroe County Fact Sheet

Noble County Fact Sheet



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Crude Oil Trucking -Sandyville Terminal/Dispatch Gary Welker - Manager Crude Oil Operations 330-859-2223 gwelker@amref.com



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PAUL FULTON SCHOLARSHIP UPDATE

There are several great Paul Fulton Research Contest Projects underway this year. Four topics of research were selected by the SOOGA Paul Fulton Committee last fall and final research papers are due the first week of April. The winning project will be presented at the Annual SOOGA Spring Membership Meeting on Thursday, April 20th 2017 at the Marietta Shrine Club. The following is a list of this year's research projects:

Water flood Analysis of the Cow Run Formation in Washington County - Adam Lang & Jacob Freeman

Optimization of Drilling and Completion of Shallow Horizontal Clinton Wells - Jenny Starkey & Jon Hinson

Reducing Costs in Mature Oil Fields with High Water Cuts - Aaron Dillon & Aaron Smith

Engineered Stage Design & Optimization of Horizontal Shale Completions in Appalachia – Westyn Bennington

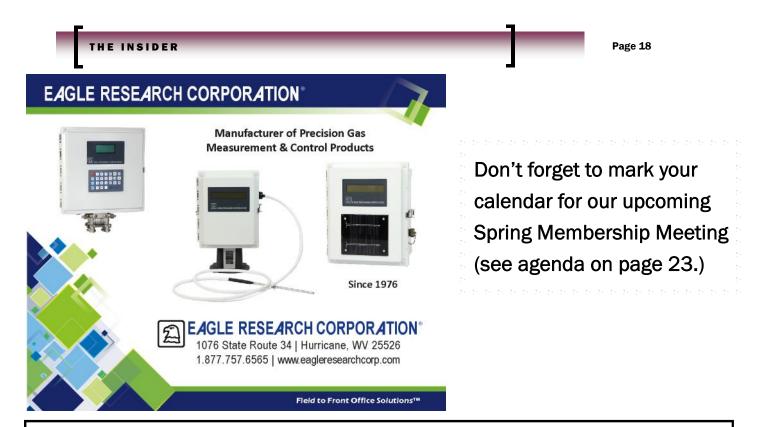
The Paul Fulton Committee and SOOGA Board look forward to reviewing these great projects! The results of this research will be made available on the SOOGA website after the April SOOGA Spring Membership Meeting.

Matt Lupardus

Chair, Paul Fulton Committee



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INTRODUCING: Energy Insights

Brought to you by Southeastern Ohio oil and Gas Association (SOOGA) with Austin James as your host Saturdays @ 8:55 A.M.

**** Beginning Saturday March 4th ****

Tune in on Saturday mornings at 8:55 as Austin James talks to community members, oils and gas experts, historians, and area business professionals to get an inside view and local perspective on oil and gas progress in the Mid-Ohio Valley.

Listen on these great local radio stations!

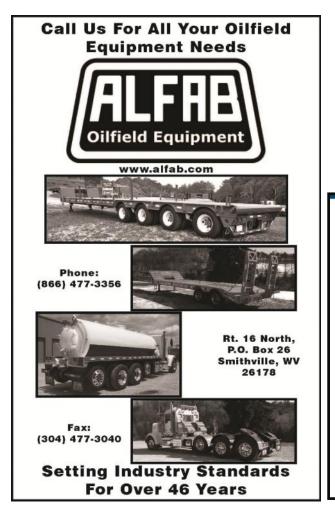


(Continued from Pg.6)

Shale Crescent USA (SCUSA) is an example of how leadership can bring people together to achieve a common goal. A group of people formed into a Team can achieve far more than individuals or individual organizations and that is what is beginning to happen.

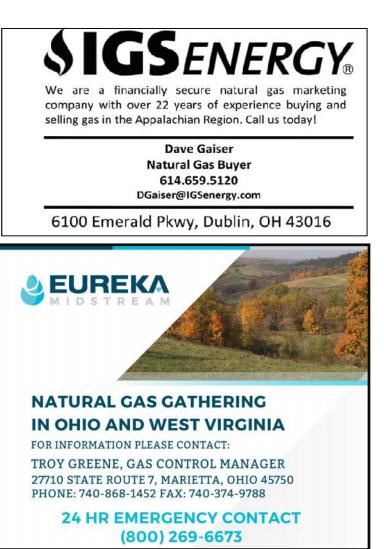
For more information on SCUSA go to www.shalecrescentusa.com.

You can also follow Shale Crescent USA on Facebook. Activity updates are posted regularly. We know that we now have the power to bring high wage, permanent jobs back to this area. SCUSA is one vehicle that can help bring about that change. But it is a total team effort. Everyone has a role.



We need to continue to be that well maintained, vibrant, welcoming community that businesses will want to become part of. It is time to use the gift of our abundant natural gas and the Ohio River to bring industry and high wage permanent jobs and prosperity back to the Mid-Ohio Valley. Everyone can pass that message on to their network. It starts with a vision of what can be and the belief that anything is possible, if we work together and take action.

Greg Kozera is the director of marketing for Shale Crescent USA.



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WEST VIRGINIA UPDATE

Article by: Bob Matthey 2/27/17

Now that the West Virginia legislature is back in session, several bills have been introduced involving oil and gas. Those involve lease integration (forced pooling), the right to enter properties for pipeline surveying, a bill involving eminent domain, co-tenancy, and a bill requiring producers to notify royalty owners if their well or lease is sold and who the new owners are. There have been nuisance lawsuits filed in West Virginia dealing with air, noise and dust pollution. Thusly, an anti-nuisance suit bill has been filed in the legislature. A shut-in bill is being introduced so if production is shut-in for a month, no firm transportation changes would be paid to the pipeline company.

And now the one that has interest to us all, the AST (Above Ground Storage Tank) regulations. My understanding is that a bill will be introduced the week of February 27th to provide relief from the current AST Bill. The bill will include exempting tanks that are in the zone of peripheral concern, Level 2 and other tanks not in any zone. Further, our goal is to try and be able to self-inspect tanks instead of hiring a certified AST inspector. The bill would ease the regulation on the closure process and the deregistering of tanks. We are also attempting to get oil tanks back under the jurisdiction of the oil and gas division instead of AST inspectors.





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Southeastern Ohio Oil & Gas Association 2017 Annual Spring Membership Meeting Thursday, April 20th, 2017 8:00am - 4:00pm

Marietta Shrine Club 249 Pennsylvania Ave, Marietta, OH 45750

- 7:30-8:00 Registration
- 8:00-8:15 Introduction and Opening Remarks Christy Chavez, President SOOGA
- 8:15-8:45 West Virginia Update Charlie Burd, IOGA of West Virginia
- 8:45-9:00 West Virginia State House Update Delegate Bill Anderson
- 9:00-9:30 Ohio Update Shawn Bennett, Ohio Oil and Gas Association
- 9:30-9:45 Ohio State House Update Representative Andy Thompson
- 9:45-10:00 Ohio State Senate Update Senator Frank Hoagland
- 10:00-10:15 Break
- 10:15-11:00 Federal Update U.S. Congressman Bill Johnson
- 11:00-11:30 "Shale Crescent" Update Wally Kandel and Greg Kozera
- 11:30-12:30 Buffet Lunch/SOOGA Awards Theo's Restaurant
- 12:30-1:00 Paul Fulton Contest Winning Project Presentation
- 1:00-1:30 Legal Update Dan Corcoran, SOOGA Legal Committee
- 1:30-2:00 OOGEEP Annual Presentation Rhonda Reda
- 2:00-2:30 Energy in Depth Ohio Update Jackie Stewart, EID Ohio
- 2:30-2:45 Break
- 2:45-3:15 Midstream Projects & Impact on Gas Prices Jim Crews, Mark West Energy Partners
- 3:15-3:45 Appalachian Basin Mergers & Acquisition Activity Tim Knobloch, JKPC
- 3:45-4:00 Membership Contest Winners, Door Prizes, Grand Prize Drawing, Closing Remarks

Spring Meeting Sponsorship Levels

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Any Sponsorship amount would be greatly appreciated!

Justice says he's going to make the DEP stop saying 'no' to industry

Article taken from West Virginia Gazette 2/18/17 by: Ken Ward Jr.

Gov. Jim Justice promised Wednesday night that on his watch West Virginia business and industry would stop hearing "no" from the state Department of Environmental Protection, an 800-person agency whose rank-and-file inspectors the governor singled out for harsh criticism for the governor alleged — wearing "T-shirts and old jeans" and "not having shaved in forever."

In his first State of the State address, Justice made it clear he's told new DEP Secretary Austin Caperton, a former coal executive, that he expects significant changes in the way the agency operates. Justice again projected what most experts say is an unlikely return to booming times for West Virginia's coal industry, cheered on continued success in natural gas production and repeated his hope for major growth in timbering to fuel a new furniture-making sector.

The governor <u>repeated his call</u> for some sort of "tiered" severance tax system that he said would help coal operators when the industry is struggling, but milk mining companies for tax dollars if prices and production are high. Justice also offered support for some version of a controversial "<u>forced pooling</u>" bill that could make holdout mineral owners sign leases.

But what most citizen group leaders were talking about after Justice's speech was his pointed attack on DEP inspectors, and his promise that the agency — which most environmental groups don't exactly see as tough on industry — would be reined in and made more friendly to new, existing and expanding businesses.

"This is alarming," said John Street, the lead lobbyist for the West Virginia Environmental Council. "I followed his comments about regulatory agencies and I don't know who he is talking about."

Angie Rosser, executive director of the West Virginia Rivers Coalition, said she can't understand the "mixed message" that Justice sends when he talks about promoting tourism in the state, but trying to dismantle or weaken environmental regulatory agencies.

"It's like he wants to give free rein to businesses and the way they operate and move leeway to the polluters," Rosser said. "I don't understand how you can say that and then say we're going to enforce the laws and protect the environment. "

Like most West Virginia political candidates last year, Justice campaigned on a promise to continue opposition to U.S. Environmental Protection policies on coal, and Democrat Hillary Clinton won the presidential race. But the Justice campaign said little, if anything, about DEP's state policies on environmental permitting, regulation-setting or enforcement. Two weeks into his job at DEP, Caperton <u>fired the agency's environmental advocate</u> and its communications director, moves environmental groups saw as hostile to public involvement in regulatory decisions.

The governor made his views of DEP's role in state government and West Virginia's economy even more abundantly clear Wednesday night.

"So many times our regulatory agencies absolutely, no matter what on earth we try to do, they're there to tell you 'no,' "the governor said. "they're not there to tell us 'no.""

Under his administration, the governor said, "No matter what the request may be, I think the first words out of their mouths should be we're going to try with all in us to do what you want to do."

If that wasn't enough, Justice blasted the DEP's inspection force for their appearance, just a few days after Caperton told employees that part of the agency's budget cutting effort would slice the uniform allowance inspectors receive.

"I told Austin Caperton, I said, Austin, we have people come from everywhere with any kind of business request under the sun, "Justice said. "A lot of times our inspectors show up, and they show up, and I hate to say this because you're going to probably think, 'has he really lost it now?' But they show up with a T-shirt on and an old pair of jeans and they maybe haven't shaved in forever. And they got a badge in their pocket.

"Listen, I think they ought to look like something," the governor said, to loud applause from the joint legislative session attending his speech. "And they will look something or we'll have them out tending to Grizzly Adams."

Justice insisted his agenda wasn't aimed and wouldn't harm the state's environment. "Now I underlineunderline, underline-nobody loves the outdoors as much as me," the governor said. "Nobody loves the waters as much as me. We're not going to do anything to damage the environment to the best of our abilities... but we are not going to just say no."

(Continued from page 24)

Justice's coal operations have had their own run-ins with environmental regulators. But last year, when the federal EPA settled thousands of water pollution violations by Justice's Southern Coal for a \$900,000 in fines and \$5 million in environmental improvement measures, then-DEP Secretary Randy Huffman turned down a potential state share of the fine because the state had recently taken enforcement action against Southern Coal and Huffman said he didn't see any reason to "double down" on the company.

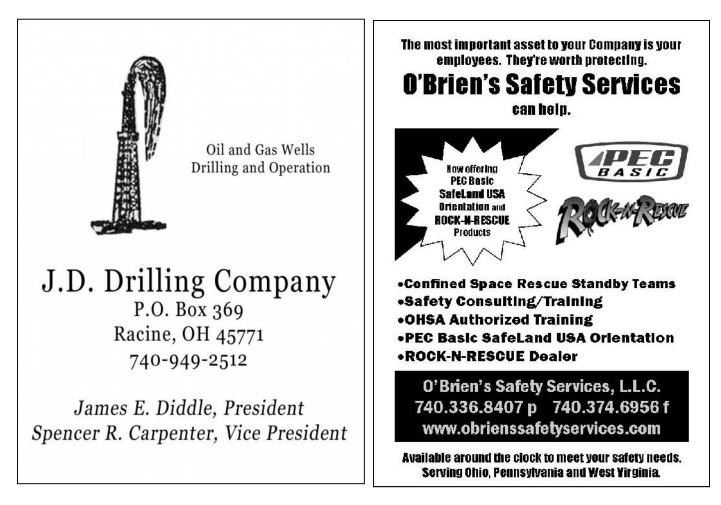
Justice offered no specific examples in his address of actions DEP has taken in any permitting matter, enforcement case, or rulemaking to support his criticism of the agency.

After the speech, lobbyists for the state's coal, natural gas and manufacturing industries welcomed the governor's talk of the DEP that would be more friendly to their companies. But all of them also said that they already viewed their relationship with agency officials as professional, productive, and cooperative. Bill Raney, president of the West Virginia Coal Association, said that he views any movement toward helping the mining industry rebuild as positive, but that his members have no serious disagreements or problems working with Harold Ward, who has for several years been acting director of the DEP Division of Mining and Reclamation.

"We've had some difficulties sporadically with permitting," Raney said. "But in the last few years there has been an effort to try to work through things."

Likewise, Charlie Burd, president of the West Virginia Independent Oil and Gas Association, said he welcomes efforts to make the regulatory climate more friendly, but that DEP oil and gas chief James Martin and his staff have "implemented fairly the rules that apply to our agency."

Rebecca McPhail, president of the West Virginia Manufacturers Association, said that while "increasingly the timelines of permit issuance" would help make her members more competitive for investments in state facilities, her members "have enjoyed a cooperative working relationship with the DEP."



THE INSIDER

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NOTICE OF OHIO OIL AND GAS ENERGY EDUCATION PROGRAM AMENDMENTS

In accordance with Ohio Revised Code Sections 1510.04 and 1510.05, the Ohio Department of Natural Resources, Division of Oil & Gas Resources Management, Technical Advisory Council, hereby notifies all interested parties that they are in receipt of proposed Program amendments. The amendments were submitted by the Ohio Oil and Gas Energy Education Program, along with qualified petitions signed by Ohio producers.

Copies of the proposed Program amendments are available by contacting the Ohio Oil and Gas Energy Education Program, P.O. Box 187, Granville, OH 43023, (740) 587-0410, <u>rreda@oogeep.org</u>. All comments should be mailed directly to OOGEEP and must be postmarked no later than January 20, 2017.

NOTICE OF REFERENDUM VOTING PERIOD

In accordance with Ohio Revised Code Section 1510.05, the Ohio Department of Natural Resources, Division of Oil & Gas Resources Management, Technical Advisory Council, has established a three-day voting period of March 8 – 10, 2017, during which eligible producers may vote either in person during normal business hours, or by mail-in-ballot, to approve or disapprove of amendments to the Ohio Oil and Gas Energy Education Program at any of the following established polling places:

Ohio Oil and Gas Association's Winter Meeting, Hilton Columbus at Easton 3900 Chagrin Drive, Columbus, OH 43219

Southeastern Ohio Oil and Gas Association's Office 214 $\frac{1}{2}$ Warner Street, Marietta, OH 45750

NOTICE OF REFERENDUM BALLOT REQUEST FORM

In accordance with Ohio Revised Code Section 1510.05, the Ohio Department of Natural Resources, Division of Oil & Gas Resources Management, Technical Advisory Council, hereby publishes this "Ballot Request Form" for any qualified producer that would like to vote by mail in the Referendum to be held on March 8 – 10, 2017, to approve or disapprove of amendments to the Ohio Oil and Gas Energy Education Program.

REFERENDUM BALLOT REQUEST FORM

I am a qualified Ohio producer, as defined in Ohio Revised Code 1510, and hereby request that a mail-in-ballot be sent to the following address. I further recognized that it is my obligation to make sure this is returned to the Ohio Oil and Gas Energy Education Program, P.O. Box 187, Granville, OH 43023, and postmarked no later than March 10, 2017.

Name:	_ Company:		
Address:	_ City:	_State:	_ Zip Code:
Remit this Ballot Request Form to: OO	GEEP, P.O. Box 187, Granv	ville, OH 43023	3



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