In Memorium

Donald Vernau -1931 - 2011

Don Vernau, a longtime member and Past President of the Ohio Oil & Gas Association, passed away on Wednesday, December 14, 2011.

He was born in Pittsburgh, Pennsylvania on May 4, 1931 to the late Fred and Ida (Sipser) Vernau. Don graduated in 1948 from St. Mary of the Mount High School in Pittsburgh and served in the United States Navy from 1952-1956. He then attended the University of Pittsburgh, graduating in December of 1959 and began working with the Shell Oil Company in New Orleans and Lafayette, LA. Following his time with Shell, Don joined Lake Shore Pipeline in Cleveland and Granville.

During the Morrow County oil boom, Don went into business as an oil and gas well completion engineer, and attained professional engineer status in 1970. He became part owner of Hunting Oil Co., East States Gas Producing Company, and VestArt, Inc. He established the Jadoil Inc. in 1972 and Jadoil Drilling Co. in 1974. He finished his oilfield career serving as the President of the Old Boston Corporation.

Don joined the Association in 1973. He served as OOGA President from 1984 - 1985. He was recently serving on the Past Presidents Council and as an honorary member of the Board of Trustees. He was inducted into the Ohio Oil & Gas Association Hall of Fame in 1998. Don also was active on a national level with the industry, serving as Vice President for the Independent Petroleum Association of America (IPAA).

Outside of his professional career, Don was an avid golfer and sports enthusiast, tirelessly rooting for the Pittsburgh Steelers and Pirates. Above all, Don enjoyed attending the many sporting events of his grandchildren and cheering them on to success.

Mr. Vernau was a long-time parishioner of St. Francis de Sales Catholic Church. Don was president of the Newark Catholic Athletic Association and was inducted into the Hall of Fame with an Award of Merit in 2001. Don was also a member of the Moundbuilders Country Club from 1976 to present.

Don is survived by his wife of 53 years, Josephine (Angilletti) Vernau, of the home; his children and their spouses, Belinda and Jim Weston of Uniontown, Ohio, Lisa and Dave Elwell of Granville, Jay and Mary Vernau of Troy, and Adam and Kim Vernau of Newark; his 10 grandchildren, Ryan and Jacob, Nicholas, Toni (Bobby), Mark, Michael, Max, Andy, Garrett, and Alexis; extended family, Valoree and Bob Gavin of Alexandria; his sister and brother-in-law, Barbara and Joe Shaffer of Burgettstown, Pennsylvania; and many nieces and nephews.

In addition to his parents, Don was preceded in death by his brothers, Fred, Chuck, Bill, Walt; and Tom; and his sisters, Dorothy and Merce.

The family requests that memorials be made to the Newark Catholic Athletic Association or the Newark Catholic Foundation, 1 Green Wave Drive, Newark, Ohio 43055.

The Ohio Oil & Gas Association would like to extend our deepest sympathies to Josephine, his family and friends during this time.
These days, one cannot open a newspaper or watch the news without seeing or hearing a story about the oil and gas industry. While some reports may be accurate, we all know that there are fallacies being presented to the general public that might affect the reputation of our industry. Because we are the focus of attention, it is important that each one of us have the facts needed to defend our industry.

The latest piece of misinformation circulating is that oil and gas companies keep 87.50% of the money after we pay the landowner 12.50%. If we don't clear up this fallacy, one can easily imagine where this misinformation could lead.

With the help of Tom Giusti, who is the Chair of the Association's tax committee, I generated an economic analysis which is representative of many oil and gas wells drilled. This analysis has been reduced to a simple generic pie chart so that it can be used in a variety of situations.

This pie chart shows that over 70% of the revenue generated by a well is contributed to the costs of drilling, completing and operating. All of the investment is paid for by the operator. The operator’s share is used primarily to pay for the geophysical studies that were done in the early years of the project. The costs of leasing, drilling and completion, well equipment, and operation of the well are also included in the operator’s share. This money is then paid to workers and suppliers who manufacture the products. I would venture to say that the oil and gas industry probably has one of the highest content of American made goods and labor of any United States manufacturing business!

What this graph does not illustrate, is the risk undertaken by the operator. Should the well not produce, or should the amount of oil or natural gas extracted not exceed the cost of production, who shoulders the loss? The operator is singularly responsible for all losses. This is a reality so often overlooked by those who comment on oil and gas profits.

Another large expenditure is to the royalty owner. This pie chart indicates that the royalty owner is expected to net 8% of the revenue after paying taxes. The landowner receives vastly more than one might anticipate due to the fact that a royalty interest is free of development expenses. Government at all levels is...
Ohio Oil & Gas Association
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Contact Your Association
Affected Mine

OOGA Pushes for Resolution of Affected Mine

By: Brian Hickman

Recent events have led to your Association calling for a resolution to the long debated issue of what is an affected mine. The issue became more intense after a proposed memo of understanding was discovered between the Ohio Department of Natural Resources (ODNR) and Murray Energy Company regarding horizontally drilled shale wells. OOOGA issued a letter in response to the memo, calling for the resolution of this long-standing issue between the oil and gas and coal industries.

Throughout the years, several oil and gas producers have had oil and gas permits denied in coal-bearing townships due to the objections from owners of coal seams on the vicinity of the proposed oil and gas well. The Association believes these objections were not made not for miner safety, rather as an effort to block oil and gas production in the area of the coal mine.

The root of the problem resides in the failure of the law to provide a definition of what is an “affected mine”. With no definition, ODNR provides notice to any and all coal interest in the area, and has no way to determine what is actually an affected mine. Objections from coal interests are sufficient to deny an oil and gas permit.

The Association became aware that the ODNR and Murray Energy Company had been in discussions and had come to a preliminary agreement on a memorandum of understanding regarding affected mines. The memorandum purportedly would only apply to horizontally drilled shale wells, but was troubling to say the least.

The memo allowed Murray Energy to provide “proprietary maps” of their coal operations to the ODNR. ODNR would then use these maps to determine if an oil or gas permit would be within their operational boundaries. If so, ODNR would notify Murray Energy and work with them try to find a “suitable location” for the well. If a suitable location was not found, ODNR will consider denying the permit.

On December 1st, OOOGA issued a response to this memo in the form of a letter to newly-appointed ODNR Director Jim Zehringer. The letter, which was co-signed by Chesapeake Energy, stated that oil and gas producers filing permit application should be able to view these maps. Doing so would be logical – as a producer could then be aware of where they could or could not locate a well before spending valuable resources only to have the permit be denied.

The letter also questioned Murray Energy’s “unilateral ability” to deny an oil and gas permit. Murray Energy may simply state that they cannot find a “suitable location” for the well and the permit will be denied. OOOGA stated that this was a “truly breathtaking delegation of veto power to a private entity having a direct interest in the agency’s determination adverse to the applicant, and illustrates a fundamental administrative bias against Ohio’s oil and gas industry.”

OOOGA also questioned ODNR’s secret negotiation of the memo of understanding. “At no point during these ‘extended discussions’ did your Office involve this Association or Ohio’s oil and gas industry – the industry most affected by the outcome of your Office’s secret discussions, including the potential impact of Utica development for the state.”

The letter requested that Director Zehringer withdraw ODNR’s support on the memo of understanding. The letter then requested that consideration be given to defining affected mine in a similar manner to West Virginia. This proposed language would state that an affected mine is a mine that is actually permitted or for which a complete permit application has been received by the ODNR Division of Mineral Resources Management (DMRM).

Due to these recent actions, your Association continues to work with the interested parties to find a resolution that will allow for the exploration of oil and gas within coal-bearing townships.
OOGA Bulletin Corrections

Exhibitor Listing – 2011 Oilfield Expo
Bill Neely's (Tri-State Tublar Inc.) email is tristatetublar@windstream.net

New Members
JT Griffith's (USA Mobile Drug Testing of Central Ohio) business address is: 175 South Sandusky Street, Suite 213, Delaware, Ohio, 43015
Lester Zitkus' contact information is as follows: Vice President - Land, Chesapeake Energy Corporation; 6215 N. Classen, Oklahoma City, OK, 73118; Business Phone: 405-935-3950; Email: lester.zitkus@chk.com

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OOGA Legislative Reception
Tuesday, February 7, 2012
The Atrium, Ohio Statehouse
Columbus, Ohio

Turn to page 9 of this OOGA Bulletin or log on to www.ooga.org for more information

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January 2012
Ohio Oil & Gas Association Bulletin – www.ooga.org
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Economic Development

Halliburton Plans on Bringing 300 New Jobs to Zanesville

By: Brian Hickman

On December 16, the Zanesville-Muskingum County Port Authority announced that Halliburton Energy Services, Inc. has preliminarily agreed to locate a large operations hub in the area. Local officials hailed the move, as the area has struggled with record unemployment.

The Port Authority has agreed to sell 178 acres in the EastPointe Business Park to Halliburton, pending some final details. The site, which was developed by the port authority, includes a 100-acre graded and compacted pad with railroad access. Upon completion, Halliburton would be the third Fortune 500 company to locate within the business park, following Dollar General and Avon.

Zanesville provided an excellent location for Halliburton due to the location of the Utica Shale play. According to reports, Halliburton intends to build an operations hub to support its customers working in the Utica Shale formation in eastern Ohio.

Such news is welcome relief for the area as it continues to battle an unemployment rate of 11%, which is 1.5% over the national average.

“It’s the economic boost we’ve been looking for,” Muskingum County Commissioner Jim Porter said. “Creating jobs, this is the purpose of the Port Authority, and they have done the job.”

“They have been saying the Utica Shale was coming and it would bring jobs, so this is something to be excited about,” said Muskingum County Commissioner Jerry Lavy.
Model Road Use and Maintenance Agreement

Ohio Oil & Gas Energy Education Program

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County Commissioners Pushing for Model RUMA

By: Brian Hickman

County commissioners have stated that a model road use and maintenance agreement (RUMA) is in the “final stages” of review for implementation on shale operations beginning January, 2012. While OOGA has recently been involved in the discussions involving a model RUMA, no such agreement is near the “final stages” as reported.

On December 12, the County Commissioners’ Association of Ohio (CCAO) held their Annual Meeting. During this event, Lloyd McAdam, Ohio Department of Transportation (ODOT) District 11 Director, gave a presentation on model RUMA negotiations for shale operations in Ohio. According to McAdam, a model RUMA has been agreed upon with sign-off by industry and support from the Ohio Department of Natural Resources (ODNR). The “final draft” is currently undergoing “final legal review with a third party lawyer to ensure the agreement is within Ohio law”.

It was also reported that, starting Jan. 1, 2012, any shale permit will have a box the operator must check stating that the operator has a valid RUMA before the permit is issued. If this box is not checked, the permit will be denied by ODNR. ODNR has told OOGA that such an agreement is not in place.

McAdam went on to discuss the relevant points of the model RUMA. First, it defines the “needed route” to the well pad. This “needed route” means that trucks must follow a certain route from the state highway to the well pad. Any deviation from this route would be a violation of the signed RUMA. There is also a requirement for an engineer’s report for this needed route “including videotaping of the route prior to drilling activities”.

The model RUMA requires road bonds to be established unless one of the following three conditions are met. First, a geotechnical report shows the road can withstand the expected truck traffic. Second, the operator agrees to pay for a new road or perform upgrades to the “needed route”. Finally, a bond or surety is already in place.

Operators would also be requires to maintain the “needed route” during the drilling process. Operators must also notify railroads if a rail crossing is involved in their “needed route”. Once notified, the operator would also have to obtain a separate RUMA and bond from the railroad company.

Finally, the model RUMA calls for the creation of an appendix for County and/or Township entities. During the presentation, McAdam specifically told the County Commissioners in the room that they could “pretty much put any requirement in the appendix.”

While OOGA has been recently involved in these discussions, the Association has not agreed to support any model RUMA. In fact, many ideas offered by an OOGA representative at these meetings were not included in the model RUMA proposal.

While the model RUMA is only for shale operations, producers should note that the need for a model RUMA was based on oil and gas activity and its impact on roads. Simply put, local governments are not differentiating between conventional and shale drilling operations but focusing on the industry’s impact on the roads within their jurisdiction.

OOGA is drafting a letter to ODNR Director Jim Zehringer and other entities explaining all objections to the creation of a model RUMA.

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United States House of Representatives

OOGA Provides Testimony Before Congressional Subcommittee on Shale Development

By: Brian Hickman

On November 16th, OOGA Executive Vice President Tom Stewart testified on OOGA’s behalf (in cooperation with the Independent Petroleum Association of America (IPAA)) on the technological advances and regulatory structure of shale exploration in Ohio before the U.S. House of Representatives Subcommittee on Water Resources and Environment. The hearing was designed to discuss the development of resource shale plays and the associated regulations needed, if any, to ensure that the economic benefits of this production are realized.

Testimony began with an explanation of how the technological advances of horizontal drilling and hydraulic fracturing have made shale plays economically recoverable. It is these technologies that have made the Utica Shale play a potential “gamechanger” for Ohio oil and gas exploration and production.

Stewart went on to discuss the recent OOGEEP Economic Impact Study, completed by Kleinhentz & Associates. The study found that producers will reinvest $246 million in new exploration and development, a number that could balloon to $14 billion in 2015 – all due to the Utica Shale play.

However, a proper regulatory policy at the state level must be in place to fully realize the economic impacts of this production. He noted that, while the federal government has the regulatory authority over oil and gas via the Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA), it is state regulators who must have the authority to regulate their individual state programs.

Stewart concluded his testimony by noting the state regulatory process has been validated by independent groups, including the Groundwater Protection Council (GWPC) and the State Review of Oil and Natural Gas Environmental Regulations.

“The State Review Process demonstrates that the states are the best and most efficient point to regulate the industry’s waste streams,” stated Stewart. “The process provides for a system of constant improvement and an opportunity to share and promote new or unique regulatory concepts among the states, while maintaining the flexibility needed to meet individual states’ needs,” he concluded.

After the hearing, Congressman Bob Gibbs, Chairman of the subcommittee, stated that the hearing showed hydraulic fracturing is properly regulated at the state level. “Today’s hearing confirmed that the Clean Water Act is functioning as it was designed to with states adopting their own regulatory frameworks, allowing them to respond best to problems based upon their own local geology and conditions,” stated Gibbs.

“This hearing showed that three different state regulators with three different standards have all been able to achieve this balance. This state-centric regulatory approach is clearly working as there have been 1.2 million fracking operations and not a single incident of water contamination,” concluded Gibbs.

Oil and Gas Producers Fund PAC Reception
Thursday, March 15, 2012
4:30 p.m. - 5:30 p.m.

$100.00 Suggested Contribution
All Proceeds Support Your PAC
The Ohio Oil & Gas Association will hold its annual legislative reception on Tuesday, February 7, 2012 in the Atrium of the Ohio Statehouse.

The event has traditionally been an excellent way for members to talk about the issues with elected representatives from around the state of Ohio. As we start 2012, the Association will be faced with several issues before the legislature. These include additional impact fees, the raising of the oil and gas severance tax, creation of a model road usage and maintenance agreement, affected mine, the implementation of the Great Lakes Compact and others.

These legislators and their staff need to be educated on the issues facing them from the people within the industry working to create economic activity everyday in their districts. While your Association is highly respected in the Statehouse, these legislators and their staff must hear from people voting within their districts on the issues impacting their areas. The legislative reception is your chance to inform them, for example, that without increasing the state’s existing severance tax on oil and gas could net $1 billion in revenues from Utica Shale activity in 2015. Even if severance taxes are not increased this General Assembly, what will local entities do with $1 billion in funds?

In short, your story must be told before someone else (like EarthJustice or the NRDC) tells it for you.

The reception will have a different look this year. OOGA, OOGEEP, Energy In-Depth Ohio, and the Ohio Petroleum Council will have booths set up around the Atrium. This will help spur conversation and provide additional information to those wanting to know the facts about Ohio oil and natural gas production.

To register for the event, please contact Stuart Darfus via email (sdarfus@ooga.org) or phone (740-587-0444). We would love to have your support at this event.

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Ohio Energy Resource Alliance

OOGA, OOGEEP Charter Members of the Ohio Energy Resource Alliance

The following is a press release issued on December 14, 2011 announcing the formation of the Ohio Energy Resource Alliance (OERA).

In an effort to answer Ohioans’ questions about the economic development, job growth and energy security opportunities presented by the vast oil and natural gas reserves that underlie Ohio, several Ohio oil and gas industry associations have formed a new organization, the Ohio Energy Resource Alliance.

The Ohio Energy Resource Alliance is comprised of Ohio Petroleum Council (OPC), a division of the American Petroleum Institute (API); the Ohio Oil & Gas Association (OOGA); the Ohio Oil & Gas Energy Education Program (OOGEEP); Energy In Depth – Ohio (EID Ohio), and the Buckeye Energy Forum.

“Shale exploration, drilling and production have the potential to recharge Ohio’s economy, get Ohioans back to work, and help ensure Ohio’s and our country’s energy security,” said Rebecca Heimlich, director of the Ohio Energy Resource Alliance. “We understand that many of our state’s community leaders and citizens have questions and concerns about oil and gas development, and we want to make sure they get the answers they need.”

Ohio’s natural gas and oil landscape is rapidly evolving with the recent interest in oil and gas development in the Marcellus and Utica Shale found in many areas of Ohio. Though the natural gas and oil has been trapped in hard dense deposits of shale formed from ancient sea basins many years ago, only recent innovations combining hydraulic fracturing with horizontal drilling in shale formations make it economical for exploration and development.

In September, OOGEEP released a study detailing the economic impact of Ohio’s abundant oil and natural gas resources that indicated how the oil and natural gas industry could create more than 200,000 new jobs.

The Ohio Energy Resource Alliance will hold a series of forums and events across the state to address questions Ohioans may have about oil and gas exploration and production and the impact it will have on Ohio’s economy. In early 2012, the Alliance will hold events and forums in partnership with the Marietta Chamber of Commerce, We the People Ohio Valley, Empower U Ohio and other groups. Details will be announced in the upcoming weeks.

To schedule a forum please contact Rebecca Heimlich at heimlichr@api.org
OOGA Welcomes Peter MacKenzie as Vice President of Operations

By: Brian Hickman

The Ohio Oil & Gas Association is proud to announce the hiring of Peter MacKenzie as the new Vice President of Operations for the Ohio Oil & Gas Association. In his new role, Pete is responsible for managing all day-to-day internal operations regarding the Association.

“I am honored to be serving this industry in this great State and this Association,” stated MacKenzie.

MacKenzie is the President of MacKenzie Land & Exploration, Ltd. He has been an OOGA member since 1997 and recently served on the OOGA Board of Trustees. He is a U.S. Army and National Guard Veteran, earned his Geological Sciences B.S. degree from The Ohio State University in Columbus, Ohio. He is a member of several Professional Societies, SIPES, AAPG, and AIPG, member of the Independent Producers Association of America (IPAA). Mr. MacKenzie is a past President of the Eastern Section of the AAPG, Chair of the Board of Governors for the AAPG GeoDC Washington DC Office, member of the Ohio Geology Advisory Council, and Trustee of the Ohio Academy of Science.

OOGA Announces the Hiring of Additional Staff During 2011

The Ohio Oil & Gas Association has hired other individuals during 2011 to address the Association’s growing needs and to better serve our members.

In July, the Association hired Stuart Darfus as an Administrative Specialist for Membership Services. He assists in the preparation and implementation of all OOGA meetings and events, the administration of line locates for the Oil & Gas Producers Underground Protection Service (OGPUPS) and other tasks related to OOGA Membership Services.

Stuart holds a BA in History from Ohio University and was attending Ashland University for Integrated Social Studies before joining OOGA.

In October, Georgette McElroy officially joined the OOGA staff as the Executive Assistant to the Executive Vice President. McElroy had been providing OOGA with temporary help since this summer. Her duties include supporting the Executive Vice President and serving as the main contact for managing and maintaining his schedule. Additionally, Georgette provides the necessary support for the Association’s day-to-day operations, including answering incoming calls, assisting in financial and membership functions and other tasks as needed.

Prior to OOGA, Georgette has established a background in the accounting field. She holds an Associates’ degree in Accounting from Franklin University, Columbus, Ohio. Georgette previously served as a manager for H&R Block Tax Services, choosing to take a supporting role to dedicate more time to her family.

Finally in December, Amanda Parker was hired as the Administrative Assistant for Accounting Services. Her job duties entail performing record keeping and reconciliation processes for accounts payable and receivable, assisting in the administration of OOGA Services, LLC and managing data related to new membership applications.

Amanda is returning to OOGA after finishing her Associate of Arts and Sciences degree through The Ohio State University.

Become a Member of the Ohio Oil & Gas Association

The Ohio Oil & Gas Association offers key benefits for those involved in the industry:

- Bi-weekly and Monthly Publications
- Complete Membership Directory
- Industry Activity Reports
- Government Relations
- Service Opportunities
- Education, Networking and Contracts
- Insurance Opportunities
- Workers’ Compensation

For more information, please visit our website at www.ooga.org
On December 5th, both the Ohio Oil & Gas Association (OOGA) and the Ohio Oil & Gas Energy Education Program (OOGEEP) presented testimony on workforce development before the Ohio House of Representatives Legislative Study Committee on Workforce Development. The committee was interested in learning more about the issues surrounding workforce development as it pertains to Ohio’s shale plays.

OOGA’s testimony, presented by Kristy Hawthorne, explained that the Association is focusing on small business development initiatives. It explained how traditionally small businesses have been the economic backbone for the oil and gas industry. It was noted that up to 75 different companies could be involved in the exploration, development, and production of one well. These two factors will lead for enormous opportunities for small businesses involved in Ohio’s oil and gas industry.

“As an example, there is a small hydraulic hose supply company just north of Pittsburgh,” noted Hawthorne. “Providing a component in the drilling process, their company grew from 3 employees to 150 employees in 15 months time with the Marcellus Shale production in Pennsylvania.”

Testimony went on to detail OOGA’s current efforts to explain such opportunities to communities across the state. The Association has taken an active role to explain these economic opportunities, including the recent Oilfield Expo, continued efforts to work with JobsOhio, the Ohio Department of Jobs and Family Services and the Ohio Department of Development and an upcoming small business development seminar.

OOGEEP’s testimony, presented by Rhonda Reda, explained the projected benefits related to workforce development from the recent Kleinhentz & Associates Economic Impact Study.

“Results from the Study concluded that Ohio’s natural gas and crude oil industry could help create and support more than 204,000 Ohio-based jobs from the leasing, royalties, exploration, drilling, production and pipeline construction activities for the Utica shale reserve,” commented Reda.

Testimony went on to explain OOGEEP’s efforts in discussing with state colleges and universities and the state a model training program to properly train oilfield workers. Testimony concluded by stating that training is one of the keys to survival in an industry built on uncertain conditions.

The Study Committee’s Chairman, State Representative Timothy Derickson (R-Oxford), noted that the committee will soon be issuing a report on their recommendations on the wide variety of workforce development issues that were presented before the Committee.
West Virginia Passes Shale Legislation

By: Brian Hickman

On December 14, the West Virginia State Legislature passed legislation that regulates horizontal drilling, hydraulic fracturing and other portions of shale development. The legislation ends three years of debate within the state on how to properly regulate Marcellus Shale activity.

The legislation, called the Natural Gas Horizontal Wells Control Act, applies to any horizontal well (except a coaled methane well) that falls under one of two conditions. The first conditions is that the horizontal well disturbs three acres or more of surface. Secondly, the horizontal well uses more than 210,000 gallons of water in any 30-day period.

If the well falls under these criteria, then the operator would need to do all of the following:

- Obtain their drilling permit before the beginning of site preparation work
- Raises permit fees 900% from $400 per well to $10,000 for the first horizontal well and $5,000 for each well thereafter.
- Provide notice to all surface owners, coal seam owners, operators, and lessees that the operator has filed a drilling permit
- Provide advance notice of seismic operations before the operator enters the property
- Provide advance notice of drilling operations before the operator enters the property
- Develop a plan regarding both erosion and sediment control and water management
- Disclose via the permit application the anticipated additives to be used during hydraulic fracturing operations
- Disclose via a mandatory completion report what additives were actually used during hydraulic fracturing
- Create a record of the amount of produced water and flowback water recovered during hydraulic fracturing
- Locate such a well 250 feet from any existing water well, 650 feet from any occupied dwelling, 100 feet from any lake or perennial stream, 300 feet from any naturally reproducing trout stream and 1,000 feet from any intake of a public water supply
- Post either a $50,000 bond for each well or a blanket $250,000 bond to guarantee the performance of the operator’s duties

The bill contains two other important provisions. In regards to lawsuits being filed by landowners who claim their water wells have been impacted by oil and gas activities, the bill creates a rebuttable presumption that the operator has caused

Please see the following page
The members of your Tax Committee would like to update you on two important topics.

First, InvestOhio is a program that offers a 10% personal income tax credit to investors that invest new equity into Ohio small businesses. The small business is required to reinvest that equity within six months. The tax credit can only be claimed after the investor has retained ownership for two years. Both the investor and small business must register through the Ohio Business Gateway. The first day for registering was December 5, 2011.

The tax credit is available to: (1) individuals, (2) estates, (3) trusts subject to Ohio income tax, and (4) pass-through entities in which an interest is held by (1), (2) or (3). For example, an S-Corp owner making a contribution to capital would qualify. However, a C-Corp is not a qualified investor.

There are two primary qualifiers for small businesses to be eligible. First, large businesses must have at least 50 full-time equivalent employees in Ohio. Or, if the business has fewer than 50 full-time equivalent employees in Ohio, the Ohio full-time equivalent employment must be at least 50% of its total employment. Second, the business must have less than $50 million in assets or less than $10 million in revenue.

A “qualifying investment” is defined by Ohio Revised Code 122.86(A)(1)(c). The business must (within six months of receiving the investment) invest in or incur the cost of one of the following:

1) Tangible personal property (e.g. equipment) used by the business
2) Motor vehicles purchased in Ohio and necessary for operation of the business
3) Real property used in business
4) Intangible personal property (e.g. patents, copyrights, trademarks, etc.)
5) Compensation for new or retained employees for whom the business withholds income tax

Investments must be located in Ohio for the duration of the investor’s holding period (2 years). (NOTE: Acquisition of an existing business does NOT count as a qualifying investment.)

Secondly, interest in the Utica Shale formation has brought a number of major developers to Ohio who are negotiating for the purchase of these deep rights to oil and gas. Many, if not all, of these negotiations provide for a sale of all or a portion of the working interest and a reservation of an overriding royalty (ORR) interest.

A lessee who is in the process of selling deep rights is deemed to have entered into a leasing transaction rather than a sale transaction if he/she/it retains and ORR. The payment received will be a lease bonus which is taxed as ordinary income. Leasehold owners should consider disposing of the ORR prior to the sale of the working interests which should provide a better opportunity to obtain IRC Section 1231 treatment (ultimately a long term capital gain if the holding period is sufficient) on the transaction.

West Virginia Passes Shale Legislation (cont. from p. 13)

the contamination. This means that the operator is assumed to have created the problem unless evidence is provided that states to the contrary. This presumption extends 1,500 feet from the operators well pad if the contamination occurred within 6 months of the gas well's completion.

The operator must also supply a replacement water supply, even if the operator questions or disputes the claim, until the Department of Environmental Protection (DEP) or a court states otherwise.

Finally, the bill establishes additional fines and, in certain instances, the possibility of imprisonment for violating the law.

The passage of this bill is seen as a significant victory for Governor Earl Ray Tomblin. Governor Tomblin was behind the crafting of this legislation, which only received minor amendments during the legislative process. Also, it was a surprise that such significant legislation was passed during a short special session of the state legislature.

“The potential this legislation holds for our state has proven significant,” Gov. Tomblin said during a press conference celebrating the bill’s passage. “The Marcellus Shale Horizontal Well Act is the catalyst we need to launch new job opportunities throughout West Virginia. I’m proud to say that many of those jobs have already begun. This legislation will spur many more.”

To view a copy of the act (House Bill 401, Fourth Special Session), go to: http://www.legis.state.wv.us/Bill_Status/bills_history.cfm?year=2011&sessiontype=4X
A recent study by the National Association of Manufacturers entitled “Shale Gas: A Renaissance in US Manufacturing” highlights the importance of natural gas from shale plays to the manufacturing industry. Specifically, the key findings included manufacturers being able to employ one million additional workers and reduce expenses by $11.6 billion annually – all due to the impacts of increased natural gas production from shale.

The study, which was completed by PwC US, concludes that natural gas production from shale has the ability to create a “renaissance” for the U.S. manufacturing industry over the next few years. Not only does the study attribute this to increased shale gas production, but the impact that this production has to create an affordable feedstock for the manufacturing industry. With this feedstock, manufacturers can expect greater investment in their U.S. facilities.

It is also noted that these positive impacts are being felt already by the industry. The study notes that recent company announcements are already indicating an “upward trend” on shale gas’ impact on manufacturers from increased investment and feedstock demands. The study expects these trends to continue even despite concerns over whether domestic energy from shale should be produced.

The study also delves into the long-term energy cost advantages, which it notes are usually neglected when dealing with shale's projected impacts. “We estimate a cost savings for US manufacturers of approximately $11 billion annually, by combining recent natural gas consumption levels with potential natural gas prices” under differing recoverable scenarios the study concludes.

In addition to these costs savings, another long-term benefit highlighted is an increase in jobs. “Given the historical relationship between domestic energy prices and manufacturing employment, we believe that a high-level of shale gas recovery could lead to approximately one million more manufacturing jobs by 2025, and by 2035, when compared to low shale gas recovery scenarios.”

The study also notes that manufacturers will only benefit “if shale gas is extracted profitably and safely”. However, manufacturers also must effectively communicate the value that shale gas can create for U.S. workers and communities, noting it is “essential to achieving these outcomes”.

David Holt, President of the Consumer Energy Alliance, hailed the report’s findings. “Today’s announcement underscores that the economics and resource base of shale gas are indeed a ‘game changer’ for domestic manufacturers of steel, petrochemicals, fertilizer, agricultural goods and other natural gas based products,” he commented in a press release. He also stated that “by leveraging U.S. resources – from the Midwest to the Northeast, and across the nation – we can create an economy-boosting energy plan for America”.

The Consumer Energy Alliance (CEA) is a nonprofit, nonpartisan organization that supports the thoughtful utilization of energy resources to help ensure improved domestic and global energy security and stable prices for consumers.

To view the study in its entirety, go to: http://www.pwc.com/shalegas.
Energy In-Depth Ohio Update

By: Dan Alfaro, Communications Director, EID-Ohio

Be sure to visit Energy In Depth–Ohio at www.EIDOhio.org for the latest in Ohio energy news. Some of the highlights from the past month:

EID-Ohio Guest Writers Dave Hill and Jerry James: Injecting Some Facts, History into the Conversation over Seismicity

“Injection of produced fluids deep underground has proven to be safe and highly-effective means of protecting the environment, while generating much-needed revenue for the state of Ohio. Unfortunately, some of the folks speaking with the loudest voices right now in opposition to these wells appear to be among the folks with the least awareness of the decades-long history associated with the UIC program.”

EID-Ohio Takes on EPA Draft Report on Pavillion

Draft report from EPA in Denver produces lots more questions than answers; EID poses a few of its own in “Six Questions for EPA on Pavillion.”

“Set aside the breathless headlines for a moment and the triumphant quotes from a small segment of folks committed to ending the responsible development of natural gas, and one’s left with a pretty straightforward question: Is EPA right? And if so, what exactly does that mean moving forward?”

EID-Ohio: Cracking the Nut on OSU’s Jobs Report

EID breaks down report from Ohio State researchers predicting “only” 20,000 new jobs from Utica Shale development:

“British historian Thomas Carlyle is credited with coining the phrase “the dismal science” to describe the study of economics. But though he devised that expression in the 19th century in reference to the work of Thomas Malthus, it may be an appropriate way to describe the report released last week by two researchers from Ohio State.”

*Also featured: EID-Ohio Guest Writers Jack Kleinhenz, Ph.D - Principal and Chief Economist of Kleinhenz & Associates and Timothy Considine, Ph.D - Professor of Economics, Univ. of Wyoming add their expertise to discussion on the Ohio State report.

Featured EID-Ohio Guest Writer: Congressman Bill Johnson, OH-06

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estimated to receive 12%. This includes the taxes associated with oil and gas development such as severance, Ad Valorem, income and commercial activity taxes, but not including payroll taxes for the workers.

So, what does the operator get after doing all the work and taking all the risk? He is projected to net around 10% after taxes. Please note that this number may be way too optimistic during times of low natural gas prices such as the prices we are experiencing right now. The operator’s share is less than the government’s share and about equal to the royalty owners.

Now, you may be thinking that the ten percent for the producer is too conservative. However, in an earlier column, I cited the API study which indicated that the 5 top major oil and gas companies averaged, after tax profit, less than 10% over the last few years. Between 2006 and 2010, the five largest oil and natural gas companies operating in the U.S. (Shell, ExxonMobil, BP, Chevron, ConocoPhillips) reported a net income of $484 billion. Yet, after taxes during the same period, the profit margin for these companies averaged just 6.65%. So, to our detractors who think we keep 87.5% of the revenue… they are only off by a factor of almost 10! It appears to me that about ninety percent (90%) of the revenue goes to American workers, landowners and the government.

Jerry James
President
Energy Subsidies: An Abused Concept

By: James Halloran

One of the hot topics these days is the degree to which governments provide subsidies and support for various energy sources. The subsidies topic has reached the front page in ignominious fashion lately, with the bankruptcies of Solyndra, Evergreen Solar, et al. It is not likely to diminish too greatly through the coming election cycle, with more bankruptcies and political scandals waiting in the wings. The topic of funding energy projects has also risen to the fore due to several European countries significantly paring their subsidy commitments to renewable energy sources. In the U.S. many observers of the energy scene have tried to justify subsidies to renewable energy sources by comparing them to so-called subsidies for fossil fuel sources. In bubbling to the top, the concept of what constitutes a “subsidy” has become misused, confused and abused, a subject worthy of discussion here.

A 2010 study of global energy subsidies by the International Energy Agency defined a subsidy as “a financial contribution by a government or public body that confers a ‘benefit’”. While this sounds simple enough, the IEA proceeds for the next 35 pages to attempt to characterize, and then quantify, energy subsidies on a global scale. In the process, it notes that, depending on the desired outcome, subsidies can be directed to affect either consumption (making energy sources cheaper for consumers) or production (incentivizing producers to expand the supply).

Subsidies can flow from the government in several forms, including inducement funds to lower the local market price. This occurs in many countries, such as China and Iran. In the case of oil products, this does not greatly benefit oil companies, since their raw material costs are largely based on global market prices. Subsidies can also accrue in the form of various tax breaks, but too often all energy tax breaks tend to be lumped together as a group despite the fact that some (such as up-front deduction of oil & gas intangible drilling costs) are timing issues, while Renewable Energy Production Tax Credits are a straight reduction of taxes owed based on kilowatt-hours produced.

Another form of subsidy is a government-mandated payment to a supplier by the public population based on amount use. The most obvious is the feed-in tariff paid to utilities by customers for renewable energy generation. This is, in reality, a tax collected by the power distributor which serves to give guaranteed rate of return to the renewable source. There are few, if any, examples around the globe of subsidies providing guaranteed returns to hydrocarbon producers.

In chronicling so-called subsidies to oil & gas companies, the industry detractors try to include many items that are timing differences besides the IDC. These include percentage depletion, and quick write-off of other upfront costs. They also include deductions (such as use of last-in, first-out inventories) that are available to companies in virtually all industries. This may reflect tax policy for better or worse, but they are hardly “subsidies” to oil & gas.

So it can be seen that more definition of terms is needed than any reporter will ever provide before the subject of energy subsidies can be intelligently discussed. In fact this paper only scratches the subject. But that does not stop reporters and pundits from discussing energy subsidies as if all of them are equivalent. But some basic statistics from the IEA report may put the different pockets of subsidies in perspective:

- In 2008, there was an estimated $557 billion spent on fossil-fuel-related consumption subsidies spent globally. This was used to provide energy at below-market prices to consumers, and did not directly benefit the suppliers (especially since in most cases the supplier had to also take a below-market price even with the government payment). This number has been used, incorrectly, to inflate the notion of energy subsidies.
- Subsidies to providers (which includes many of the items mentioned earlier in terms of timing differences) amount to about $100 billion per year globally.
- Measured by kilowatt-hours, the subsidy for fossil fuels is estimated to be 0.8 cents per kWh, while it is estimated to be 5.0 cents per kWh for renewable fuels.

It is fascinating to see how these subsidies are paid for. This writer has been fond of saying, “Government looks at energy projects as sources of revenue, not as sources of energy.” The IEA report seems to bear this out. It notes: “ OECD countries have been raising taxes (negative subsidies) on energy, mainly fossil transport fuels, in amounts exceeding $400 billion (excluding Goods and Services Tax and Value Added Tax) in each of the years between 2003 and 2008 (the latest years available to the study); these taxes significantly affect relative end-use prices for fuels”. What the governments give in subsidies, they get back in buckets.

James Halloran is an Investment Advisor, and is a member of the Board of Trustees of OOGA. He has been an energy analyst for many years. He can be contacted at jamesrhalloran@hotmail.com
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- Completion Cards – Distributed via U.S. mail (Monthly) $100.00/year
- Scout Report – Distributed via U.S. mail (Monthly) $100.00/year
- American Oil & Gas Reporter Magazine – Distributed via U.S. mail (Monthly) $5.00/year
- OOGA Safety Manual – Generic guideline for your company to meet OSHA requirements $50.00

Ohio Oil and Gas Association
To order, please call 740-587-0444 Visit us online at www.ooga.org
Over the course of the years I have been a member of the Ohio Oil & Gas Association, we have had a diverse parade of keynote speakers for the Winter Meeting Membership Luncheon. Politicians being the most popular (*sic), economists, analysts of various types, media correspondents, and comedians. Frankly, there is an argument that they all may have been comedians in hind sight. Some have been engaging and interesting, John Stossel (2002) seems to be particularly memorable to me for some reason. I remember John Kasich (2009) for other reasons at the moment. I wish I had paid more attention when Dick Cheney (1998) spoke; he seems like one I should remember more of.

Our speaker, who we are in the final stages of engaging for the Winter Meeting Membership Luncheon for 2012, is in many ways, an amalgamation of all our previous speakers. He is a PhD (Caltech and Harvard trained) geologist, pilot, administrator, businessman, director, writer, and former US Senator.

Oh yeah, he is also an Astronaut and one of the last of 12 men to set foot upon the Moon.

Dr. Harrison Hagan Schmitt was selected for the Scientist-Astronaut program in 1965. He organized the lunar science training for the Apollo Astronauts, representing the crews during the development of hardware and procedures for lunar surface exploration. He oversaw the final preparation of the Apollo 11 Lunar Module Descent Stage, and served as Mission Scientist in support of Apollo 11. Following training as the back-up Lunar Modular Pilot for Apollo 15, Schmitt flew in space for Apollo 17 - the last Apollo mission to the Moon. On December 11, 1972, almost 40 years ago, he landed in the Valley of Taurus-Littrow as the only scientist and of the last of 12 men to walk on the Moon.

Elected to serve a six-year term in the U.S. Senate in 1972 representing New Mexico, Schmitt served as the only “natural scientist” in the Senate since Thomas Jefferson. During his tenure, he maintained close ties with various space related agencies and businesses.

He presently serves as the Chair Emeritus of The Annapolis Center (risk assessment) and the Adjunct Professor of Engineering, University of Wisconsin-Madison, teaching “Resources from Space.” Schmitt became a consultant to the Fusion Technology Institute at the University of Wisconsin in 1986, advising on the economic geology of lunar resources and the engineering, operational, and financial aspects of returning to the Moon.

In 1997, Schmitt co-founded and became Chairman of Interlune-Intermars Initiative, Inc., advancing the private sector’s acquisition of lunar resources and Helium-3 fusion power and clinical use of medical isotopes produced by fusion-related processes. He is the author of “Return to the Moon” (2006 Springer-Praxis) that describes a private enterprise approach to providing lunar helium-3 fusion energy resources for use on Earth.

Schmitt also publishes commentary on current national policy issues as they relate to Constitutional intent at “America’s Uncommon Sense” (http://americasuncommonsense.com/blog/).

Providing the viewpoints of a spaceman, statesman, scientist and scholar, Dr. Schmitt brings a diverse and impressive background to the podium. He is a recognized authority on science, technology, energy, politics and public policy -- as well as a genuine American Hero.

It is a Membership Luncheon presentation you will not want to miss, first hand stories from Apollo 17 to perspectives on the modern day energy policy issues, and beyond.
Schedule of Events

**Wednesday, March 14, 2012**

9:30 a.m. to 11:30 a.m.
Government Affairs / PAC Committee Meeting (Committee Members Only)

11:30 a.m. to 1:30 p.m.
Past Presidents Council Lunch

1:00 p.m. to 5:30 p.m.
Registration Desk Open

1:30 p.m. to 4:00 p.m.
OOGA Board of Trustees Meeting & Picture

**Thursday, March 15, 2012**

8:00 a.m. to 6:00 p.m.
Registration Desk Open

8:00 a.m. to 5:30 p.m.
Trade Show Open
(Must register for Winter Meeting to walk show)

9:00 a.m. to 10:00 a.m.
OGPUPS Annual Meeting

11:30 a.m. to 1:00 p.m.
SPE Lunch (Separate registration required)

1:00 p.m. to 4:30 p.m.
Business Session

4:30 p.m. to 5:30 p.m.
PAC Reception

5:30 p.m. to 7:30 p.m.
President’s Reception

**Friday, March 16, 2012**

7:30 a.m. to 12:00 p.m.
Registration Desk Open

7:30 a.m. to 9:00 a.m.
Membership Breakfast Buffet

7:30 a.m. to 12:00 p.m.
Trade Show Open
(Must register for Winter Meeting to walk show)

9:00 a.m. to 12:00 p.m.
Business Session

12:00 p.m. to 2:00 p.m.
Membership and Awards Luncheon with keynote, Dr. Harrison Schmitt, a geologist, pilot, administrator, businessman, director, writer, former US Senator, and Apollo 17 Lunar Module Pilot, of the last two of twelve humans to set foot on the moon.
Thursday Session  1:00 – 4:30 p.m.

**DOGMR Chief**
Rick Simmers – Division of Oil and Gas Mineral Resources

**McCormac Report – Oil & Gas Activity in Ohio**
Mike McCormac – Division of Oil and Gas Mineral Resources

**Midstream Activity in Ohio**
Tom Booth – BHI
Tim McNutt – Dominion East Ohio
Brent Breon – Caiman Eastern Midstream, LLC
Chuck Wilkinson – Stonehenge Energy Resources

**Ohio Oil & Gas Economics, Taxes and Regulations**
Jerry James – Artex Oil Company

**Regulatory and Policy Update**
Tom Stewart – Ohio Oil & Gas Association
Tom Niehaus – President Ohio Senate

Friday Session  9:00 a.m. – 12:00 p.m.

**Geology Update and Activity of the Ohio Utica-Point Pleasant Play**
Larry Wickstrom – Ohio Geological Survey

**Public Outreach Activity Panel**
Rhonda Reda, Ohio Oil & Gas Energy Education Program
Mike Chadsey, Energy in Depth – Ohio
Rebecca Heimlich, Ohio Energy Resource Alliance

**IPAA Update**
Virginia Lazenby – CEO, Bretagne, LLC
– Chairman, IPAA

**Future Technology Trends**
James Venditto – Trican

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Special Event Schedule

**Wednesday, March 14, 2012**

**Ohio Geological Society Meeting**
4:00 – 5:00 p.m.

The Ohio Geological Society (OGS) is dedicated to advancing the science of geology as it relates to petroleum, natural gas and associated liquids, ground water, coal, shale plays, and other natural resources. OGS will have a relevant presentation as Ohio experiences unprecedented changes in the oil and gas industry, to be announced at a later date. Winter Meeting registration not required to attend.

**Desk & Derrick Club Meeting**
4:00 – 6:00 p.m.

The Desk and Derrick Club’s purpose is to promote the education and professional development of individuals employed in or affiliated with the petroleum, energy and allied industries and to educate the general public about these industries. Dan Stoner from Center Rock, Inc. will be the guest speaker. On August 22, 2010 the world was shocked to find out that 33 men trapped in a San Jose, Chile mine were alive in a safe room — 17 days after the mine collapsed. Brandon Fisher, President and CEO of Center Rock, Inc. in Berlin, Pennsylvania knew his company had the tools and technology to rescue the miners. In what would later become to be known as “Plan B”, CRI used their Down-the-Hole drilling technology. Brandon and his Center Rock team worked around the clock and ultimately played a key role in this historical rescue mission. This team’s never say quit attitude and their innovative ideas and technology impacted the lives of 33 men and their families. Hosted by the Tuscarawas Valley Desk and Derrick Club, the meeting is open for anyone to attend, Winter Meeting registration is not required.

**Thursday, March 15, 2012**

**Environmental Regulations in Ohio**
9:00 – 11:00 a.m.

As focus on the Utica Shale becomes more intense, so too are compliance issues with environmental regulations. Processes for permitting for air, water and spill prevention are under consideration. Panelists, Kristin Watt and Anthony Giuliani from Vorys, Sater, Seymour and Pease as well as Rick Simmers from ODNR-Division of Oil and Gas Mineral Resources Management will discuss the Ohio permitting process.

**Working with Local Government: RUMA**
9:00 – 11:00 a.m.

As a result of local government’s concerns of road usage due to the shale exploration, a road use and maintenance agreement (RUMA) has been proposed. Ohio Department of Transportation and county engineers have developed the proposed agreement to be used. Discussion of the impact on producers will be led by Bruce Levengood, President of Sound Energy Company, Inc.

**Society of Petroleum Engineers Scholarship Lunch**
11:30 a.m. – 1:00 p.m.

Since being chartered in 1962, the Society of Petroleum Engineers – Ohio Petroleum Section has provided technical information relating to all aspects of the Ohio oil and natural gas industry. In a continued sign of this support, SPE has created a scholarship fund providing financial support to students pursuing a degree in Petroleum Engineering at accredited colleges and universities. Help support this fund and meet the future of the industry at this special luncheon. Registration is an additional $50 per person with any proceeds realized going to the fund. SPE Membership is not required to attend this event.
Trade Show

Supporting and enhancing the crude oil and natural gas industry, vendors will display their services and products during this event.

Booth space sold out. Contact Kristy Hawthorne at khawthorne@ooga.org or call 740-587-0444 with any questions.

Trade Show Hours

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
<th>Time</th>
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<tbody>
<tr>
<td>Set up</td>
<td>Wednesday, March 14th</td>
<td>12:00 p.m. – 4:00 p.m.</td>
</tr>
<tr>
<td>Open</td>
<td>Thursday, March 15th</td>
<td>8:00 a.m. – 5:30 p.m.</td>
</tr>
<tr>
<td>Open</td>
<td>Friday, March 16th</td>
<td>7:30 a.m. – 12:00 p.m.</td>
</tr>
<tr>
<td>Tear Down</td>
<td>Friday, March 16th</td>
<td>2:00 p.m. – 4:00 p.m.</td>
</tr>
</tbody>
</table>

Hotel Information

Host Hotel
Hilton Easton
3900 Chagrin Drive, Columbus, OH 43219
614-414-5000
Discounted Room Rate: $195

Alternate Hotels
Courtyard by Marriott
3900 Morse Crossing Road, Columbus, OH 43219
614-416-8000
Discounted Room Rate: $179

Residence Inn Columbus Easton
3999 Easton Loop West, Columbus, OH 43219
614-414-1000
Discounted Rate for Studio/One Bedroom Suite: $184

Area Attractions
Visit www.eastontowncenter.com for area restaurants and entertainment. For additional details and directions, visit www.ooga.org

Embassy Suites – Columbus Airport
2886 Airport Drive, Columbus, OH 43219
614-536-0500
Discounted Room Rate: $149

Four Points by Sheraton – Columbus Airport
3030 Plaza Properties Blvd., Columbus, OH 43219
614-475-8383
Discounted Room Rate: $119

Registration Opens January 9, 2012
Visit www.ooga.org for details
OGIA Expands Energy Team

OGIA Insurance Agency, serving OOGA members since 1979, has established a strategic partnership to better serve its growing client base. The partnership will mean expanded resources to better assist businesses as they navigate through the challenges of the new Utica play. The team is headed by Mark Freshwater of OGIA and Matt Yost of Taylor Agency and assisted by Linda Custer in Grove City as well as additional support staff at both agencies.

OOGA member businesses of all sizes will have available a full range of insurance products, bonding and advisory services. All existing clients and brokers represented by the two firms will continue to deal with their respective offices.

Please contact Mark Freshwater, OGIA President, by emailing msfreshwater@aol.com for additional information.

JWI Capital Invests in Weaver Express

JWI Capital, LLC (JWI), a Cleveland, Ohio based investment firm completed a controlling equity investment in Weaver Express Blower Services, LLC (“Weaver Express”). Weaver Express, based in Sugarcreek, OH, is the leading installer and manufacturer of compost-based filter socks and other compost-based products for erosion and sediment control applications.

Weaver’s compost-based filter sock products and services primarily focus on eliminating or minimizing sediment run-off from construction sites. Weaver also provides other environmental services such as stream bank restoration, and steep slope stabilization by utilizing “green” bio-engineered technology.

Weaver Express was founded in 2000 by Kevin and Keith Weaver, who have retained an ownership position in the business and will continue to work for the company on a full-time basis. Kevin Weaver stated, “The opportunity to partner with JWI is a very positive for both Weaver Express and our customers. JWI brings more than just capital to the table; they bring a wealth of knowledge with a hands-on operational approach, strategic leadership and financial support. JWI’s expertise will enable us to continue growing and expanding the business to serve our customers.”

Weaver Express is very active in the entire Marcellus and Utica shale areas, currently operating installation crews from two regional facilities – Sugarcreek, OH, and Burgettstown, PA, along with a distribution center in Lock Haven, PA. Weaver Express also manufactures and distributes pre-filled filter socks on pallets primarily in Pennsylvania, Ohio and West Virginia.

Marc Walinsky, Managing Director of JWI Capital stated, “We were attracted to Weaver Express, first and foremost, by its founders Kevin and Keith Weaver. Kevin and Keith have steadfastly built a great and rapidly growing business by being at the forefront of the filter sock industry by delivering excellent customer service and innovatively fulfilling customer requirements.”

Aldine Capital Partners, LP (“Aldine”), a Chicago-based mezzanine debt fund, provided mezzanine capital and an equity co-investment to support the investment and provide additional capital for expansion of the business.

Much of Weaver Express’ products are based on technology developed by Filtrexx International, LLC. Weaver Express has been a certified Filtrexx™ installer and manufacturer since 2000 and is the #1 Filtrexx™ team worldwide. In 2010 Weaver installed and manufactured over 150 miles of Filtersoxx™.

Please contact Mark Walinsky, Managing Director, by calling (610) 745-7698 or emailing mwalinsky@jwicapital.com for additional information.
The Ohio Oil & Gas Association would like to thank the following companies for their support through advertising in the Bulletin. Classified advertisements for these companies can be found on the pages indicated.

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New OOGA Members (as of 12/29/11)

Member Profiles

William R. Barth, Jr.
Senior Project Manager/Operations Manager
Groundwater and Environmental Services, Inc.
www.gesonline.com

Scott E. Elizar
Of Counsel
McNees Wallace & Nurick
www.mwn.com
McNees Wallace & Nurick is a regional law firm with office located in Columbus, Harrisburg, PA and Washington D.C. MWN has had an active energy, utilities and communications practice group since it was founded in 1935.

Larry Ludwig
Vice President
Chagrin Valley Engineering, Ltd.
www.cvelimited.com
CVE offers a full range of professional engineering and consulting services from initial property surveying and ecological studies to environmental permitting and civil/site design.

Gwendolyn Lyons
President
Icon Investigations & Security, Inc.
iconinvestigationsohio.net
With more than 30 years’ concentrated security/investigative hands-on experience, Icon’s team is comprised of high-integrity, trustworthy and ethical professionals committed to reporting the truth and building long-term relationships based on performance and value.

Correction from December, 2011 Bulletin

Producer

Lester Zitkus – Vice President - Land
Chesapeake Energy Corporation
6215 N. Classen, Oklahoma City, OK, 73118
405-935-3950
lester.zitkus@chk.com

Associate

Travis Carpenter – Land Agent
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320 Springside Drive, Suite 320 Akron, OH 44333
330-664-2416
travis.h.carpenter@dom.com

Jim Polster – Business Development
Modular Space Corporation
11282 Williams Court, Carmel, IN 46033
317-538-1577
james.polster@modspace.com

Sheryl Smith – Senior Project Manager
URS Corporation
277 W. Nationwide Boulevard, Suite 500
Columbus, OH 43215
614-464-4500
sheryl.smith@urs.com

Susan Sobole – Land Agent
Dominion East Ohio
320 Springside Drive, Suite 320 Akron, OH 44333
330-664-2508
susan.a.sobole@dom.com

Chad Wells – Oil Field Service Coordinator
Western Branch Diesel, Inc.
1616 Metric Ave., SW, Canton, OH 44706
330-454-8800
cwells@wbdiesel.com

Allied Industry

Doug Allen – EVP
Kenan Advantage Group, Inc.
4366 Mt. Pleasant Street, NW, North Canton, OH 44720
800-969-5419 ext. 2216

Lucas Campbell
Gatherco, Inc.
300 Tracy Bridge Rd., Orrville, OH 44667
330-682-7726

Jerry Cignarella – Branch Manager
D & W Diesel
14201 Industrial Avenue, S., Cleveland, OH 44137
216-663-6413
j.cignarella@dwdiesel.com

Ricky Erwin – Business Development
Wild Well Control
2202 Oil Center Court, Houston, TX 77073
713-252-5060
rerwin@wildwell.com

Ray Givens
Caiman Eastern Midstream, LLC
3500 Masillon Road, Suite 280 Uniontown, OH 44685
724-754-9366

Diana Hibbs – Marketing Manager
Young Truck Sales, Inc.
4970 Southway Street, SW, Canton, OH 44706
330-477-6271
dhibbs@youngtrucks.com
**New OOGA Members (cont.)**

**Allied Industry (cont.)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
<th>Phone/Ext.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linda Hillgrove</td>
<td>Caiman Eastern Midstream, LLC</td>
<td>724-754-9366</td>
</tr>
<tr>
<td></td>
<td>135 Technology Dr., Suite 501 Canonsburg, PA</td>
<td></td>
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<tr>
<td></td>
<td>15317</td>
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<tr>
<td>Cindy Hornyk</td>
<td>Caiman Eastern Midstream, LLC</td>
<td>724-754-9366</td>
</tr>
<tr>
<td></td>
<td>3500 Massillon Road, Suite 280 Uniontown, OH</td>
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<tr>
<td></td>
<td>44685</td>
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<tr>
<td>Lenny Lottig –</td>
<td>ITI Trailers and Truck Bodies Inc.</td>
<td>814-634-0080</td>
</tr>
<tr>
<td>President</td>
<td>PO Box 59 Meyersdale, PA 15552</td>
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<td></td>
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<tr>
<td>Brian McClain –</td>
<td>Stauffer Glove &amp; Safety</td>
<td>330-484-4197</td>
</tr>
<tr>
<td>Account Manager</td>
<td>3866 Kropf Avenue, SW, Canton, OH 44706</td>
<td></td>
</tr>
<tr>
<td>Drake Millier –</td>
<td>Caiman Eastern Midstream, LLC</td>
<td>724-754-9366</td>
</tr>
<tr>
<td>President</td>
<td>3500 Massillon Road, Suite 280 Uniontown, OH</td>
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<td>44685</td>
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<tr>
<td>Lauren Moore –</td>
<td>Future Pipe Industries</td>
<td>281-847-2987 ext. 107</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>11811 Proctor Road, Houston, TX 77038</td>
<td></td>
</tr>
<tr>
<td>Thomas Phillips –</td>
<td>Promark Repair Services, Inc.</td>
<td>330-875-3380</td>
</tr>
<tr>
<td>President</td>
<td>5401 Louisville Street, NE, Louisville, OH</td>
<td></td>
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<tr>
<td></td>
<td>44641</td>
<td></td>
</tr>
<tr>
<td>Robert Post –</td>
<td>Diversified Resources</td>
<td>205-408-0909</td>
</tr>
<tr>
<td>Vice President</td>
<td>PO Box 381087 Birmingham, AL 35238</td>
<td></td>
</tr>
<tr>
<td>Jeff Richards –</td>
<td>Columbus Equipment Company</td>
<td>614-443-6541</td>
</tr>
<tr>
<td>Marketing</td>
<td>65 Kingston Avenue, Columbus, OH 43207</td>
<td></td>
</tr>
<tr>
<td>Ed Spahr –</td>
<td>SunSource Hydraulic Service &amp; Repair</td>
<td>888-231-2625</td>
</tr>
<tr>
<td></td>
<td>2301 Windsor Court, Addison, IL 60101</td>
<td></td>
</tr>
<tr>
<td>Tim Totten –</td>
<td>Gatherco, Inc.</td>
<td>330-682-7726</td>
</tr>
<tr>
<td></td>
<td>300 Tracy Bridge Rd., Orrville, OH 44667</td>
<td></td>
</tr>
<tr>
<td>Joe Wade –</td>
<td>Universal Well Services, Inc.</td>
<td>330-264-1109</td>
</tr>
<tr>
<td>Field Engineer</td>
<td>2489 Bauman Rd., Wooster, OH 44691</td>
<td><a href="mailto:joe.wade@univwell.com">joe.wade@univwell.com</a></td>
</tr>
<tr>
<td>Jack Wollitz –</td>
<td>Innis Maggioni</td>
<td>330-492-5500</td>
</tr>
<tr>
<td>Director Public Relations</td>
<td>4715 Whipple Avenue, NW, Canton, OH 44718</td>
<td><a href="mailto:jack@innismarriore.com">jack@innismarriore.com</a></td>
</tr>
<tr>
<td>Timothy Woofter –</td>
<td>Stanwade Metal Products Inc.</td>
<td>800-826-5243</td>
</tr>
<tr>
<td>President</td>
<td>6868 State Route 305, PO Box 10 Hartford, OH</td>
<td></td>
</tr>
<tr>
<td></td>
<td>44424</td>
<td><a href="mailto:khunkus@stanwade.com">khunkus@stanwade.com</a></td>
</tr>
</tbody>
</table>

*Please see the following page*
New OOGA Members (cont.)

Contractor

Joe DeLullo – Evets- Division Manager
Evets Oil & Gas Construction Services
977 Tibbetts-Wick Road, Girard, OH 44420
330-539-4044
Jdelullo@vecohio.com

David Downs – Vice President
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2040 Alum Creek Drive, Columbus, OH 43207
614-445-8421 ext. 113
david.downs@igelco.com

Rick Gerrard
Buckeye Well Site Services, Inc.
PO Box 4456 Akron, OH 44321
330-618-5550
rgerrard@neo.rr.com

John Igel – President
George J. Igel & Co., Inc.
2040 Alum Creek Drive, Columbus, OH 43207
614-445-8421 ext. 120
john.igel@igelco.com

Josh Kinney – Ohio Superintendent
Black Bear Energy Services
3523 Cliff Street, PO Box F, Finleyville, PA 15332
724-782-0293
jkinney@blackbeares.com

Rodney Knorr – Sales Manager
Taurus Services, LLC
1693 US 131, PO Box 36 Elmira, MI 49730
231-546-3123
rodneyjk72@yahoo.com

Bill Leoni
WPM Inc.
8127 Industrial Park Drive, Grand Blanc, MI 48439
810-606-1400

Jim Lewan – Business Development Manager
Allied Barton Security Services
18919 Rashell Drive, Walton Hills, OH 44146
440-915-3037
jim.lewan@alliedbarton.com

Gerald Orn – CEO
Central Allied Enterprises, Inc.
PO Box 80449, Canton, OH 44708
330-477-6751
gorn@central-allied.com

Gary Seals
Berne Reclamation Construction
1535 Lake Road, SE, Lancaster, OH 43130
740-653-2902

Dominic Spelich – Client Relations Manager
Evets Oil & Gas Construction Services
977 Tibbetts-Wick Road, Girard, OH 44420
330-539-4044
Dspelich@vecohio.com

Robert Spencer – Owner/President
B & P Electric, Inc.
105 Main Street, PO Box 486 Magnolia, OH 44643
330-866-2176
bandpelectric@att.net

Brad Swallie – Superintendent
George J. Igel & Co., Inc.
2040 Alum Creek Drive, Columbus, OH 43207
614-361-5872
brad.swallie@igelco.com

Tim Yoder – President
Yoder Drilling & Geothermal Inc.
997 State Route 93 Sugarcreek, OH 44681
330-852-4342
tim@yodergeothermal.com
New OOGA Members (cont.)

Producer

Nathan Anderson – Asset Director
PDC Energy, Inc.
1775 Sherman Street, Suite 3000 Denver, CO 80203
303-860-5800 nanaderson@petd.com

Brad Bacon – Manager Exploration
PDC Energy, Inc.
1775 Sherman Street, Suite 3000 Denver, CO 80203
303-860-5800 BBACON@PETD.COM

Todd Bart – Director, Accounting
Eclipse Resources
301 Science Park Road, Suite 308 State College, PA 16803
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Rick Bender – VP, Land & Administration
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301 East Main Street, Suite 700 Lexington, KY 40507
859-246-3200 rbender@blackridgeusa.com

Randy Duncan
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Cold weather primarily affects the body's extremities because the extremities are thinner than the core and cool down faster. Hands and feet are farthest from the body core and have less blood flow than the core. Cold exposure can occur in weather that is not freezing. When the wind blows, the wind chill factor takes effect. The wind, humidity and moisture remove body heat. Dress according to the weather. Wear several layers of loose, bulky clothing to provide better insulation. You can remove a layer if the body becomes overheated. Avoid wearing tight clothing, it reduces blood circulation. In extremely cold weather, protect the ears, face, hands and feet. A hat will keep your entire body warmer by reducing heat loss from the head. Wear a couple pairs of socks and insulated, waterproof boots.

On extremely cold days, limit the amount of time outside. Move into a warm location periodically. Carry cold weather survival gear, including a thermos of hot liquid, a change of clothes, extra socks, gloves, hats, a jacket and blankets. When it is cold, do not touch or brush up against metal surfaces with bare skin because the skin may stick to it and get immediate frostbite.

Greases and oils get thick and hard, which makes equipment difficult to use. If you must heat equipment to make it work, follow the proper procedures and use the right tools. Tools also get brittle in the cold, so use caution.

Working with the feet under cold water or in wet fields for a long time causes trench foot or immersion foot. The feet feel cold and numb, and blisters often form. As the feet begin to warm, they become red and feel hot. To care for trench foot, gradually warm and elevate the feet. Put on a sterile dressing, taking care not to break the blisters. Get medical attention, because trench foot can cause severe disability. Repeated, prolonged exposure to cold weather can cause chilblains — red, swollen areas that feel hot, tender and itchy. Chilblains can occur on the ears, fingers and toes and are chronic, which means they can re-occur when there is another prolonged exposure to cold weather. If chilblains occur, cover the affected area and see a physician.

Hypothermia is the general cooling of the entire body. When body temperature drops much below normal, problems can arise. Symptoms of hypothermia include uncontrollable shivering, numbness, drowsiness and difficulty doing simple tasks. As hypothermia progresses, the shivering stops, breathing and pulse rate slow down and eyesight may begin to fail. The person may begin to stagger and become uncoordinated. If the person does not receive treatment, he or she may become unconscious and possibly die. To treat hypothermia victims, immediately get them into a warm environment and gradually warm them. Never immerse the person in warm water; the water warms the victim too quickly. Remove any wet clothing, dry the person and dress him or her in dry clothing. Wrap him or her in blankets, and use heating pads and other heat sources to warm them. Keep a barrier, such as a blanket, towel or clothing between the person and the heat source. If the person is alert, give him or her warm liquids. Get medical treatment for the victim immediately. Handle the person gently until medical help arrives. Frostbite occurs when parts of the body freeze. Ice crystals, which can destroy the tissue and kill the affected part, form inside the skin. The areas most often affected are the ears, nose, fingers and toes. Frostbitten areas in light-skinned people turn reddish and can be painful. Frostbitten areas turn pale on dark-skinned people. The pain subsides and the area then becomes white or grayish-yellow and very cold to the touch. To treat victims of frostbite, gradually warm the area. Do not use alcohol or rub the frostbitten skin. Use lukewarm water to soak the affected part. Loosely bandage the area with a dry, sterile dressing, taking care not to break any blisters. Get medical attention as soon as possible.
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Events Calendar

January
Medina County Tea Party, January 14, 2012
Martins Ferry High School, January 16, 2012
Ohio Association of Career Colleges & Schools, January 24, 2012
Marcellus Safety Interactive Conference, January 26, 2012
Marietta Chamber of Commerce, January 27, 2012

February
Kenyon College Community Meeting, February 1, 2012
Coshocton County Landowners Association, February 2, 2012
OOGA Legislative Reception, February 7, 2012
Ohio Township Association's Winter Conference, February 8-11, 2012
Zanesville Town Hall, February 14, 2012
The University of Akron Wayne College, February 21, 2012

March
Ohio Economic Education Summit, March 6 - 7, 2012
Mahoning Valley Safety Council, March 9, 2012
Annual Engineering Conference, March 14, 2012
OOGA Winter Meeting, March 14 - 16, 2012
Licking County Energy Summit, March 22, 2012
Ohio Safety Congress & Expo, March 27 - 29, 2012
OOGEEP Fire Training, March 31 - April 1, 2012
Why FR?

The author of this article, David Honeycutt, VF Imagewear, presented at OOGEEP's 2011 Industry Safety Training Series with an overview of flame resistant clothing, rules and regulations and its impact on Ohio's natural gas and crude oil industry.

Why FR?

Federal OSHA places the responsibility for all aspects of worker safety squarely on the employer. As stated in the General Duty Clause, paragraph 5(a)1 of the federal OSH Act, “Each employer shall furnish to each of his employees employment and a place of employment which are free from recognized hazards that are causing or are likely to cause death or serious physical harm”. This means that an employer must be aware of all hazards in the workplace and take necessary precautions to protect their employees from them.

In a workplace where the threat of garment ignition exists due to thermal hazards such as flash fire, electric arc, open flame, radiant heat, molten metal splash or welding slag, workers should be wearing proper PPE (personal protective equipment) including flame resistant (FR) clothing. Wearing FR clothing doesn't guarantee that an employee won't sustain burn injury while on the job, but it does give assurance that the extent of the burn injury will be minimized because FR clothing is made to self-extinguish once the source of ignition is removed. Most catastrophic burn injuries occur because everyday wearing apparel, which is non-FR, can ignite and continue to burn if exposed to enough thermal energy.

Conducting a hazard risk assessment of the workplace is the first step in understanding the risks in each work environment. Appropriate flame resistant clothing can be selected based on the employer's evaluation of the workplace hazards. Once the hazards are defined, employers should reference common performance standards which address specific threats. NFPA 70E, Standard for Electrical Safety in the Workplace, for example, defines proper protection for electricians who may be exposed to a momentary electric arc flash while engaged in the installation, operation, maintenance and demolition of electrical systems. In environments having the potential for flash fire, NFPA 2112 is commonly referenced for details concerning the performance and design requirements of appropriate FR clothing. In addition to evaluating garments for their protective qualities, other factors such as comfort, wear life, appearance and how the clothing will be laundered should be considered.

FR clothing program managers should specifically address issues such as undergarments and outerwear. Undergarments made of meltable, synthetic fibers like polyester or nylon should never be worn under flame resistant clothing. Even if the outer layer clothing does not ignite, layers next to the skin could be hot enough to melt causing a severe burn to the wearer. As well, only flame resistant outerwear is appropriate to be worn over a flame resistant uniform.

A well-executed FR clothing program protects the employee from potential burn injury while fulfilling the employer's responsibility to provide for the overall safety of their employees.
Ohio Oil & Gas Association Events

For the latest information on these and other events, including how to register, go to www.ooga.org

February

Legislative Reception
February 7, 2012
The Atrium, Ohio Statehouse, Columbus, OH

Please see page 9 of this OOGA Bulletin for more information on this event.

March

2012 Winter Meeting
March 14 – 16, 2012
The Hilton Easton, Columbus, OH

Room block now open for reservations. Please call 614-414-5000 to reserve your room.

Industry Events

Contact Kristy Hawthorne at 740-587-0444 or khawthorne@ooga.org to have an event listed.

January

Ohio Geological Society Winter Gala
January 20, 2012
Columbus, OH

IOGA-West Virginia Oil & Gas Day
January 25, 2012
Charleston, WV

PIOGA & The Energy Forum
Marcellus Safety 2012
January 26, 2012
Pittsburgh, PA

April

Eastern Regional Technology Expo and Conference
April 16 - 18, 2012
Monroeville, PA
## 2011 Bulletin Article Index

### Commentary

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### Education/Public Relations

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<tr>
<td>OOGA Participates on Fracing Panel in Stark County</td>
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<td>OGPUPS Logo Design Leads to Scholarship Funding</td>
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### Governmental/Legislative/Regulatory

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<tr>
<td>Both Sides of Fracing Debate Hit Capitol Hill</td>
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<td>David Mustine Appointed as New ODNR Director</td>
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<td>Developments Reguarding Bonding of Overweight Vehicles</td>
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<td>Enviros Push President Obama to Halt Fracing by Any Means</td>
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<td>EPA to Scale Back Modifications to Governed Waters</td>
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<td>Governor's Energy Summit Focuses on the Impact of Utica Shale</td>
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<td>Gov. Kasich Signs First Executive Order, Creates “Common Sense Initiative”</td>
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<td>Gov. Kasich Signs State Lands Leasing Bill</td>
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<td>Great Lakes Compact Legislation Vetoed by Governor Kasich</td>
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<td>Grendell Wants Year Moratorium on Disposal Wells, Joint Study on Fracing</td>
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<td>House Democrats Introduce Anti-Oil and Gas Bills</td>
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<td>House Passes Resolution Urging Obama to Reconsider Oil and Gas Tax Proposals</td>
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IPAA Responds to NRDC Petition to Reopen Produced Waters Debate
Kasich Heads to Houston for Two-Day Shale Trip
Legislators Complain Over Frac During House Debate
ODNR Releases Draft Well Construction Rules
Ohio Chamber to Start Shale Coalition Focused on Education
Ohio EPA Looking at Air Permits for Production Operations
Ohio EPA Publishes Draft General Air Permit for Public Comment
Ohio House Announces Committees for Upcoming General Assembly
Ohio Passes State Lands Leasing Bill
Ohio Senate Announces Committees for Upcoming General Assembly
Panel Addressing fracking Impacts From Shale Gas
PUCO Rescinds Rules on Regulation of Motor Vehicles
Sixth Circuit Holds That Kentucky Follows the “At the Well” Rule
Senate Bill 5 Enacted, debate Unlike Any Other Around the Ohio Statehouse
Sen. Grendell to Re-Introduce Bill Creating the Gasoline Price Oversight Commission
State Lands Leasing Gathering Discussion, Support Around the Ohio Statehouse
Rep. Snitchler Selected to Chair PUCO
Removing Historic Oil and Gas Tax Policies Will Cost Our Country
Sen. Brown Wants to End Oil and Gas Tax “Giveaways”
State Budget Bill Passes Final Legislative hurdles and enacted
STRONGER Presents Testimony Before DOE Fracing Panel
STRONGER Praises Ohio Regulation of Fracing
U.S. EPA to Begin Rulemaking on Hydraulic Fracturing Fluids Under TSCA
U.S. EPA Drafting Fracing Waste Document Under RCRA, Enviros Not Happy
U.S. EPA Facing Several Lawsuits on Regulatory Enforcement
U.S. EPA “Struggling” to Strengthen Air Quality Regulations for Oil and Gas Operations
U.S. EPA Wants Additional Wastewater Standards for Fracing Fluids
U.S. House Begins Moving Bills to Increase the Production of American Energy Waters Debate
White House, U.S. EPA Want to Issue Strict Fracing Rules
Zehringer named Chief, Simmers to Lead Oil and Gas Division

Industry News

April 20th is “Action against Extraction” Day
Attorney General Finds No Evidence of Fraud in “Landman Gate”
Building a Better Ohio’s Statement on Issue 2
Citizen Suit Seeks Aggregation of Sources and Application of New Source Review
DEO Announces Open Season For Transportation of Ohio Production to Eastern Markets
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<td>NYT, Env. Group Falsely Claim Proof of Groundwater Contamination from Fracing</td>
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<td>The Oil &amp; Gas Producers Underground Protection Service Marketing Initiative</td>
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<td>Produced Waters Becoming More of a Focus in Ohio</td>
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<td>Recent Study Reports Approx. 1.9 Quadrillion Cubic Feet of Undiscovered Natural Gas in U.S.</td>
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<td>Shell Announces New World-Scale Chemical Plant in Appalachia</td>
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### News From Other Associations/Organizations

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<td>Meet the Energy In-Depth Ohio Team</td>
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<td>OOGEEP Releases Economic Impact Study</td>
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### OOGA Meetings

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<td>Jan. 8</td>
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<td>Steve Grose Receives 2011 Oilfield Patriot Award</td>
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<td>Oilfield Patriot Award Dinner Slated for August 1st</td>
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<td>Nominations for the 2012 OOGA Board of Trustees</td>
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<td>Oilfield Expo Brochure</td>
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<td>2012 OOGA Board of Trustees Election Results</td>
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### Safety

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<td>10-Step Business Plan for Safety</td>
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<td>Classes for Ohio Workers April - June</td>
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<td>SPCC Compliance Deadline is November 10th</td>
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### Taxes

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<tr>
<td>Ohio Dept. of Taxation Administrative Journal Entry</td>
<td>Mar./Apr. 10</td>
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**President’s Reception**

**Thursday, March 15, 2012**

5:30 p.m. - 7:30 p.m.

For more Winter Meeting information, turn to pages 20-24 of this OOGA Bulletin or log on to: www.ooga.org
**Ohio Posted Crude Oil Prices**

**Ergon – As of 12/21/11**

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**ARG – As of 12/21/11**

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<td>12/21/11</td>
<td>98.72</td>
<td>95.72</td>
<td>92.72</td>
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Note: Oil prices only. Some postings do have transportation adjustments.
Crude Oil Prices
NYMEX v Ohio Wellhead Posted Prices
December 28, 2010 - December 28, 2011

Natural Gas Index Pricing
NYMEX Close & Appalachian Index
December, 2010 - December, 2011

Settle Price, Crude Oil
Light Sweet
New York Mercantile Exchange (NYMEX) Thursday, January 5, 2011
$ per Bbl

<table>
<thead>
<tr>
<th>Month</th>
<th>Settle Price</th>
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<tbody>
<tr>
<td>Feb. 2012</td>
<td>102.58</td>
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<tr>
<td>Mar. 2012</td>
<td>102.80</td>
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<tr>
<td>Apr. 2012</td>
<td>103.00</td>
</tr>
<tr>
<td>May 2012</td>
<td>103.12</td>
</tr>
<tr>
<td>Jun. 2012</td>
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<td>Jul. 2012</td>
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<td>Nov. 2012</td>
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<td>Jan. 2013</td>
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Settle Price, Natural Gas
New York Mercantile Exchange (NYMEX) Thursday, January 5, 2011
$ per MMBtu’s

<table>
<thead>
<tr>
<th>Month</th>
<th>Settle Price</th>
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<tbody>
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<td>Feb. 2012</td>
<td>3.082</td>
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<tr>
<td>Mar. 2012</td>
<td>3.109</td>
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<td>Apr. 2012</td>
<td>3.186</td>
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<td>3.216</td>
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<td>Jun. 2012</td>
<td>3.288</td>
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<td>Jul. 2012</td>
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<td>3.375</td>
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<td>Sept. 2012</td>
<td>3.382</td>
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<td>Oct. 2012</td>
<td>3.417</td>
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<td>Nov. 2012</td>
<td>3.544</td>
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<tr>
<td>Dec. 2012</td>
<td>3.824</td>
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<td>Jan. 2013</td>
<td>3.951</td>
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2011 Gas Index Prices

<table>
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<tr>
<th></th>
<th>October</th>
<th>November</th>
<th>December</th>
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<tbody>
<tr>
<td>TCo</td>
<td>3.770</td>
<td>3.560</td>
<td>3.410</td>
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<tr>
<td>Dominion</td>
<td>3.840</td>
<td>3.610</td>
<td>3.530</td>
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<tr>
<td>NYMEX</td>
<td>3.759</td>
<td>3.524</td>
<td>3.364</td>
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ASSOCIATION OF PETROLEUM GEOLOGISTS

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