Kleinhentz Report on Taxation

Industry to Pay $1 Billion in State, Local Taxes in 2015 Due to Utica Shale

By: Brian Hickman

A mid talk that the Ohio oil and gas industry could be facing additional taxation, a recent analysis of the current state of Ohio oil and gas taxation was completed by the firm Kleinhentz and Associates. The report states that Utica Shale production will lead to $1.05 billion in new taxes to state and local governments in 2015. This number is based upon the current tax system levied on the industry and does not include any potential tax increases.

The report is an extension of the recent Kleinhenz & Associates Economic Impact Study that specifically analyzed Utica Shale projections. The report breaks down six state and local taxes paid by the industry and projects their revenues in 2015 when Utica production is expected to really begin. These taxes include the Commercial Activity Tax (CAT), income tax, sales tax, severance tax, Ad Valoreum tax, and fuel use tax.

At the state level, Utica Shale development is projected to collect $670 million in tax revenue. This number includes $42.7 million due to the CAT (including $24.9 million in investment and $17.8 million due to the production and sale of oil and gas), $382 million in state income tax (including $362 million from exploration and development and $20 million due to production and sales), and $215 million in state sales tax. This total represents a 4% increase in tax collections from all companies operating in Ohio in 2010. Additionally, the amount of projected 2015 state taxes will represent 9.8% of the total estimated oil and gas revenues.

The largest projected state revenue stream to see an increase will be the severance tax. In 2010, the Ohio oil and gas industry paid the state $11 million in severance tax. In 2015, it is projected that Utica development will rise to $32 million, a 291% projected increase.

County government is expected to see a $129 million increase in revenues. This includes a projected $50 million from the county sales tax and $79 million from the Ad Valoreum tax. The Ad Valoreum tax will see a 1300% growth in tax collections due to Utica development in 2015.

Finally, municipal entities are expected to see $255 million in new revenues from income taxes, a 6% projected increase.

When you combine all three entities, Ohio is projected to see a $1.05 billion increase in tax collections in 2015.

However, the report does make a point to state that some eastern Ohio counties located in the Utica Shale play may see additional revenues. “Individual counties located on the eastern half of the state are likely to collect considerably more,” the report notes.

The report is yet another example of the economic potential of the Utica Shale play under today’s current tax scheme. Any potential change in Ohio’s system of taxation would impact these figures.
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Numerous articles have appeared in your Association’s bulletin, industry publications and the press about the issues facing the oil and gas industry. To ensure everyone is aware of some of the numerous regulations and tax proposals from both the federal and state governments. The latest list of issues facing the Association is listed on this page. To both combat many of these proposals and assist our members in coping with others, your Association has been working long and difficult hours. After discussions, the Board of Trustees approved creating two new positions to assist our members with these issues.

The Ohio Oil and Gas Association recently welcomed two staff members to newly-created positions. Penny Seipel is the Vice President of Community Relations and Peter MacKenzie is the Vice President of Operations.

Ms. Seipel is responsible for the Association’s public and community outreach, building relationships with state and federal entities and is a spokesperson for public-policy issues. In previous positions, she worked for the Ohio Environmental Protection Agency, the Auditor’s Office of Ohio and State Street Consultants. She has been active in political campaigns throughout the state, including being a 2006 “Get Out the Vote” coordinator for the Ohio Republican Party.

Mr. MacKenzie, a certified petroleum geologist and earth scientist, will manage daily operations and assist with recruitment and member relations. Previously, he was president of MacKenzie Land and Exploration, Ltd., an independent oil and gas exploration advisory company, and the vice president of geophysics for CGAS Exploration, Inc.,
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Innovation Ohio

Liberal Think Tank Suggests Windfall Profits Tax, Landowner Bill of Rights in New Report

By: Brian Hickman

Innovation Ohio, a self-proclaimed “progressive think tank”, has recently released a report that states Ohio’s citizens should receive their “fair share” of benefits from hydraulic fracturing. According to the group, they believe that this includes a “Landowner Bill of Rights”, a “reasonable” windfall profits tax, and a “Hire Ohio” policy to ensure jobs created stay within Ohio.

The report, entitled “Fracking, Fairness and the Future” was released on February 2. The report calls on Governor John Kasich and the state legislature to “ensure Ohio workers, landowners and taxpayers receive ‘a fair share and a fair shake’ if the state decides to allow expanded drilling for gas and oil via a controversial technique known as hydraulic fracturing”.

Innovation Ohio goes on to state that a moratorium on hydraulic fracturing should be instituted “if threats to the public health and safety cannot be resolved”. The report goes on to state that if hydraulic fracturing were to continue, the economic benefits should be “shared fairly with ALL Ohioans”.

The report notes three policy changes that should be implemented in an effort to promote this “fairness”. First, a “Landowner Bill of Rights” should be created. This document would include provisions that would ensure that those “selling mineral rights are not cheated, kept in the dark about what chemicals or other hazardous materials will be used on their property, or left with polluted drinking water, despoiled acreage or unrepaired damages to access roads and other property”.

Next a “reasonable Windfall Profits Tax” is proposed on oil and gas companies. The report claims that raising Ohio’s severance tax rate to that of Texas (7.5% on natural gas and 4.6% on oil and natural gas liquids) would raise $2.5 billion over ten years. This does not include the projected revenues from Ohio’s shale plays, where projections range from $5.9 billion to $25.3 billion. The group states that the current Ohio severance tax should be extended to natural gas liquids, which would ensure that Ohio would “capture a portion of the value of all materials now attracting the attention of drillers”.

The reasoning behind increasing the Ohio severance tax is two-fold. Along with covering the regulatory and infrastructure costs related to the increased activity, it is also to fill holes created in previous state budgets for school districts and local governments.

Finally, Innovation Ohio calls for a “Hire Ohio” policy, which is “designed to ensure that Ohio fracking jobs go mostly to Ohioans”. Ideas such as creating tax breaks for companies hiring a certain percentage of their workforce in Ohio and incentives for the creation of training programs and employment of recent graduates were mentioned.

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Penny Seipel has joined the Ohio Oil & Gas Association as Vice President of Community Affairs.

In her new role, Ms. Seipel will be responsible for strengthening OOGA’s public and community outreach, building relationships with state and federal entities and serving as a spokesperson for public-policy issues.

“I am excited about the opportunity to join the Ohio Oil and Gas Association,” stated Seipel. “My goal in this new position is to proactively share the story of and promote the Ohio oil and gas industry.”

Ms. Seipel previous served as the legislative liaison for the Ohio Environmental Protection Agency. Her previous job experience includes the Office of the Auditor of Ohio (Mary Taylor) and with the Columbus lobbying firm, State Street Consultants. She has also been active in political campaigns throughout the state, including being a 2006 “get out the vote” coordinator for the Ohio Republican Party.
Ohio Attorney General

AG DeWine: Ohio Oil and Gas Law Needs to Be Stronger

By: Brian Hickman

Ohio Attorney General Mike DeWine is calling for stronger regulations on the Ohio oil and gas industry. DeWine believes that fines regarding environmental incidents, further disclosure of hydraulic fracturing fluids, and stronger landowner protections need to be implemented into Ohio law. DeWine also stated that he agrees with Governor John Kasich that oil and gas exploration must be done the proper way with the proper protections.

In a recent interview with the Columbus Dispatch, DeWine commented that it was his belief that environmental fines for oil and gas operations were not adequate. These comments came after he ordered his office to review Ohio oil and gas law due to his office representing the Ohio Department of Natural Resources in environmental lawsuits.

DeWine noted that it was his belief these fines should be raised to at least $10,000 per day. Currently, Ohio law allows for fines to range from $2,500 to $20,000 per incident based upon the severity of the violation. DeWine noted that other states, such as Pennsylvania and New York, use per-day penalties regarding violations.

“Ohio is clearly out of the mainstream in these penalties. My recommendation to the General Assembly is that these laws be changed,” said DeWine.

DeWine also called for “full disclosure” of the fluids used during the hydraulic fracturing process. This includes up-front information from producers on any fluids used (including concentrations) during the process. DeWine noted this was needed not only for environmental concerns, but for assisting emergency responders dispatched to a potential oilfield emergency.

Finally, DeWine called for all landowners who are leasing their properties for oil and gas exploration to be covered under the state’s consumer protection law. DeWine believes this is needed because of the “inequity” of knowledge between the landmen and landowners with little to no prior leasing experience.

“I think the Attorney General is off base,” stated OOGA Executive Vice President Tom Stewart. “My view is, his staff failed to understand the status of the law.”

DeWine did note that he agrees with Governor John Kasich that Utica Shale development is an important economic opportunity for the state. He went on to state that exploration will create several jobs and that the proper protections must be in place.

During his State of the State address, Gov. Kasich said that “you cannot degrade the environment at the same time you’re producing this industry. The biggest companies know that you need to have tough environmental rules.”

Environmental groups seized the opportunity to further regulate the industry. “It’s pretty telling when the top lawman in the state says the penalties aren’t tough enough and the disclosure is not truly tell-all,” stated Jack Shaner of the Ohio Environmental Council.

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Ohio EPA Issues a Final General Permit for Oil and Gas Well Sites

By: Anthony Giuliani, Partner, Vorys, Sater, Seymour and Pease LLP

On February 1, 2012, the Ohio EPA issued its final general permit for oil and gas production sites. The general permit covers equipment used for production activities at Marcellus or Utica/Point Pleasant shale wells in Ohio. The general permit does not impact drilling and completion activities because they are temporary in nature. Nor does the general permit impact existing traditional wells that were vertically completed in the various production zones.

The general permit covers several aspects of the production process including: glycol dehydration units, natural gas-fired spark ignition internal combustion engines, diesel-fired compression ignition internal combustion engines, water and/or petroleum liquid flash/storage tanks, combustor/flare, and ancillary equipment leaks. For each emissions unit, the general permit provides specific operations limitations and emission limits for various pollutants. Along with these limits, the general permit prescribes monitoring, testing and reporting requirements for each emission unit.

It is important to note that the final general permit no longer covers unpaved roadways. The Ohio EPA determined that its existing general permits for unpaved roadways were sufficient to cover oil and gas well sites and parking areas. Thus, operators will need to file for the appropriate general permit for its unpaved roadways and parking areas in addition to applying for a general permit to cover its oil and gas production equipment. In the event that a well site does not meet the criteria for a general permit for unpaved roadways, the applicant will need to apply for a traditional permit to install/operate (PTI/O) for unpaved roadways. It is unlikely that unpaved roadways will be small enough to avoid permitting through the deminimis exemption because of the anticipated volume of truck traffic.

When deciding whether a facility will be able to utilize the general permit, an applicant must determine whether its operations and emission units meet the specific operational requirements and emission limits set forth in the general permit. If an applicant's equipment fails to meet these requirements and/or the emission limits, the applicant will have to apply for a PTI/O covering that equipment. This is also true for the Qualifying Criteria. If an applicant fails to meet all of the criteria, it will have to apply for a PTI/O for all of the equipment covered which means that permitting will take much longer. This will place a significant premium on planning and permitting to make sure that permitting is in place to meet anticipated production schedules.

If an applicant meets the Qualifying Criteria for a general permit along with all of the operating requirements and emission limits, the general permit process will significantly reduce the time needed to obtain the necessary permitting. However, the general permit, like a PTI/O, still requires monitoring, recordkeeping and reporting for each of the covered emission units. It will be important to implement and maintain detailed and organized compliance plans for each permitted site.

Now that the general permit is final, all of the companies that sent letters of intent to be covered by the general permit must submit their applications within thirty (30) days of the public notice which was published February 1, 2012. For all of the other wells that will need a general permit, the applicant must receive the general permit before connecting utilities to any of the equipment covered by the general permit. Ohio EPA anticipates that it will be able to issue final general permits within a few weeks of receiving the application. Once the final general permit is issued for a site, the applicant will have to pay permit fees which will be $2,300 for an oil and gas general permit and around $200 for an unpaved roadway general permit.

Please see page 10
Pennsylvania Institutes New Oil, Gas Regulations, Including Impact Fees

By: Brian Hickman

Hotly debated legislation dealing with substantial changes to Pennsylvania oil and gas law was signed into law by Governor Tom Corbett on February 13. The bill changes several provisions in Pennsylvania oil and gas law, including establishing a local impact fee, increasing setbacks, increasing bonding requirements, requiring water replacement, and changing liability law pertaining to water contamination.

House Bill 1950, dubbed the Marcellus Shale Bill, was a three year legislative battle in Pennsylvania. The core principal of the debate centered around former Democratic Governor Ed Rendell’s proposal to create an oil and gas severance tax. His predecessor, Republican Governor Tom Corbett insisted that an impact fee (that operates similar to a severance tax) be instituted instead.

After much debate and three months of negotiations, the Pennsylvania State Senate passed the bill by a 31-19 vote. The Pennsylvania House narrowly passed the bill by an 11 vote margin (101-90).

The bill, as enacted, does authorize counties in shale regions to adopt an impact fee on “unconventional shale gas development”. This fee is based upon the previous year’s average natural gas price and levied on a per well basis. If natural gas were below $2.00 per mcf, the per well fee would be $40,000. If natural gas was above $6.00 per mcf, the fee would rise to $60,000 per well. At the current price of under $3.00 per mcf, the fee is expected to be $50,000 per well. These fees are projected to decline annually.

It is estimated that producers will be required to pay an estimated $191,000 in retroactive fees for the 2011 production period. It is being reported by Pennsylvania media outlets that the new impact fee will amount to $190,000 to $350,000 in additional fees per shale gas well over 15 years of production.

The impact fee revenues will be distributed to several state and local governmental entities. It is projected the 40% of impact fee revenues will go to state agencies that play some role in shale gas extraction. These include the Department of Environmental Protection, Public Utility Commission, Pennsylvania Emergency Management Agency, State Fire Commissioner and the Fish and Boat Commission.

The remaining 60% will be distributed to impacted counties. It is being reported that a large portion of these funds (around 40%) will go to municipalities in shale producing areas. The rest of the revenues (20%) will go to counties in shale producing areas.

Per House Bill 1950, the impact fee will go into effect immediately, while other provisions of the bill will be enacted within 60 days of the Governor’s signature.

The bill also includes several other changes to Pennsylvania oil and gas law. First, setbacks were increased for various bodies of water. These include new 300 foot setbacks from streams, rivers, ponds, and other bodies of water (previously 100 feet), 500 foot setbacks from buildings and private water wells (previously 200) and 1,000 foot setbacks from public drinking water systems.

Liability language was also part of House Bill 1950. Pennsylvania law now includes “presumed liability” language regarding water quality. This means that the producer is held to a strict “presumed liable” standard for any case regarding possible degradation of water quality and must prove to the court otherwise. Liability was also extend to 2,500 feet from a gas well (previously 1,000 feet) and now lasts for 12 months (previously 6 months).

Additional requirements include increasing blanket bonds by $575,000, from $25,000 previously to now $600,000. Reporting requirements on chemicals used during the hydraulic fracturing process were instituted via online posting.
President’s Comments (cont. from p. 3)

an oil and gas exploration and production company. He also served in the U.S. Army and the Ohio Army National Guard.

We encourage everyone to welcome these two individuals to our Association. Please contact Penny Seipel, Peter MacKenzie, Tom Stewart, Brian Hickman, Kristy Hawthorne or any of our capable staff members to assist you with the issues that are important to you.

Ohio EPA Issues a Final General Permit for Oil and Gas Well Sites (cont. from p. 8)

While the general permit will serve as an effective tool to expedite air permitting at Marcellus/Utica well sites, it may not be available in every instance. If any of the equipment that will be used at a well site fails to meet the requirements of the general permit, the applicant will need to file a separate PTI/O application for that equipment. Similar to the general permit, a PTI/O must be in place before the applicant begins connecting utilities to the covered emission units.

Finally, it is also important to note that the general permit does not cover mid-stream facilities. The equipment and processes at those facilities will most likely need air permits prior to construction of the facilities depending upon the amount and nature of the emissions involved. For those companies that anticipate installing mid-stream facilities, they will need to plan ahead to make sure that they apply for and obtain a PTI/O prior to commencing construction.
Federal Budget Bill

Obama Budget Proposal Includes Oil, Gas Tax Increases, Additional EPA Funding

By: Brian Hickman

As in the previous year’s budgetary proposal, President Obama has included several provisions in his 2013 budget proposal that would raise taxes on oil and gas production. According to the Oil & Gas Journal, the taxes U.S. oil and gas producers pay will increase to nearly $27 billion over 10 years.

President Obama has called for the repeal of several fair tax treatments pertaining to the oil and gas industry. These include the repeal of the expensing of Intangible Drilling Costs (IDC’s), Percentage Depletion, Passive Loss Limitations for working interests in oil and natural gas properties; Enhanced Oil Recovery Credit; Marginal Wells Credit; Tertiary Injectants; and the elimination of the increased geological and geophysical period for independent producers to seven years.

The U.S. Environmental Protection Agency (EPA) is also being provided additional funds for several projects related to hydraulic fracturing. First, EPA has requested millions of dollars in an effort to expand its current study on the process into areas such as air, water, and ecosystems. EPA has also requested an additional $14 million in funds to further study the potential impacts of hydraulic fracturing on drinking water.

Additional research projects on hydraulic fracturing have also been included in the President’s budget. The EPA, U.S. Department of Energy (DOE), and U.S. Geological Survey (USGS) are provided $45 million in total funds aimed at “reducing the potential health, safety, and environmental risks of hydraulic fracturing for natural gas and oil production from shale formations”. An additional $12 million in funds are set aside to study advanced technologies and methods to develop natural gas resources in America.

U.S. Interior Secretary Ken Salazar praised these research proposals. “I think the best thing we can do is to stand up the natural gas industry, as the president has proposed, and support it by making sure that fracking doesn’t create environmental or water quality problems,” he noted. “Natural gas is a very important part if the nation’s energy portfolio. The science we’ll get from USGS will make sure the gas we recover from fracking is produced safely.”

IPAA Chairman Virginia “Gigi” Lazenby had a different view of the President’s budget. “While the President believes his proposal targets ‘Big Oil’, it instead burdens the heart of America’s energy base - the thousands of small and independent American oil and natural gas producers,” stated Lazenby. “Additional taxation will harm this linchpin for American energy production as it would any business no matter what industry - all the while cutting jobs and reducing revenues on which so many states rely.”
We reported, last year at this time, discussions/proposals/banter in Washington, DC relative to taxation of our industry. At that time, we also included current provisions that apply to general as well as industry specific taxation issues. Since we are currently in the midst of the tax filing season for calendar year taxpayers, we will deal only with the provisions to aid in the preparation process.

Individuals

- The so called “Bush Tax Cuts” are extended through the end of 2012 with inflation adjusters for years 2011 and 2012.
- The employees’ portion of Social Security tax is reduced by 2 percentage points (6.2% to 4.2%) for year 2011. This reduction applies to self employed persons in the calculation of SE tax. This provision is set to expire on February 29, 2012. It may be extended to December 31, 2012. As of this writing, this reduction has not been extended.
- Self employed persons may no longer take a deduction for medical insurance premiums in calculating adjusted gross income.
- There are homebuyer credits that should not be overlooked. Income limits and the alternative minimum tax may limit the benefits.
- The personal exemption amount is $3700 for 2011 and will be increased to $3800 for 2012.
- The loss of itemized deductions and personal exemptions due to income phase-outs was repealed for 2010. That legislation extends the repeal through 2012.
- Individual Retirement Account owners who have attained age 70 ½ can designate an annual charitable deduction up to $100,000 out of his/her IRA through 2012. It is not reported as a taxable withdraw and, therefore, not included in adjusted gross income. A designated charitable contribution can count as part or all of the required minimum distribution.
- Maximum 401(k) employee deferral is $16,500 for year 2011. Anyone age 50 and older can contribute an additional “catch up” amount of $5500 resulting in a maximum deferral of $22,000. The maximum deferral for 2012 will be $17,000 plus the “catch up” of $5500 for those who qualify.
- There are continuing credits available for various energy saving devices, home improvements and appliances. Income limits and the alternative minimum tax may limit the benefits.

Federal Gift, Estate and Generation Skipping Transfer Tax Changes

- The new law reinstated the gift and estate tax as of January 1, 2010. The estate tax laws include a $5million per person exemption and a maximum tax rate of 35%. The gift tax has been

Please see page 14
On February 6, the U.S. Department of State announced that the documentary “Gasland” had been selected as a special feature for international audiences as part of their “American Film Showcase” program. The move will highlight both Gasland and Director Josh Fox to international audiences and make them available for special events worldwide.

Several members of the oil and gas industry were disappointed with the announcement, including the Independent Petroleum Association of America (IPAA) and Energy In-Depth (EID). The disappointment stemmed from both groups recently working with the State Department on the Global Shale Gas Initiative, an effort that works with foreign entities to explain the issues and economics of natural gas.

As a result, the oil and gas industry has taken action. The Independent Petroleum Association of America (IPAA) has met with the State Department to convey their grievances, worked with leaders on Capitol Hill to make them aware of the State Department’s actions, and coordinated with other trade associations to ensure the industry’s position is fully conveyed to appropriate parties.

“I must have missed the news about Roger Ebert taking up a post at State,” said Chris Tucker, of Energy In-Depth. “Obviously, this is disappointing, especially given the endless stream of obvious, admitted and yet uncorrected errors that pollute the film basically from start to finish.”

Gasland was one of 30 movies selected for the program, which is designed to bring the films “to foreign audiences through events worldwide,” according to the state department. The program will be run in conjunction with the University of Southern California.
a $1 million exemption for 2010 and $5 million exemption for 2011 and 2012. The gift tax maximum rate is also 35%. After 2012, the gift and estate tax rules revert to a $1,000,000 exemption and a tax rate of 55%.

- The new laws also introduced a new concept of “portability” of unused exemption at the time of the death of the first spouse. This “portability” will allow a husband and wife to aggregate gift and estate tax exemptions and pass up to $10,000,000 to beneficiaries of their estates even without the use of a trust. For portability to work for estates, however, both a husband and wife must die during 2011-2012 since the law expires December 31, 2012.

- The estate of a person dying in 2010 will be able to elect out of the new estate tax laws and use the law that was in effect during 2010 (i.e.: no federal tax is imposed but a modified basis adjustment would apply). The basis of assets could be increased by $1.3 million dollars, and a surviving spouse is eligible to increase basis by an additional $3 million. Elections were to be made on Form 8939 in January, 2012.

- The Generation Skipping Transfer Tax (“GST”) is revised for 2011 and 2012. The GST exemption is $5 million and the maximum tax rate is 35%. For 2010 there was no GST in effect. Beginning January 1, 2013, the maximum GST rate will increase to 55%, and the exemption will drop to about $1.4 million dollars depending on inflation during the interim period.

- As pointed out above, these new laws are set to expire December 31, 2012. Everyone faces a variety of decisions in his/her estate planning during 2012. The increased exemption of $5 million will eliminate the need for a large number of estates to file returns and pay estate taxes. However, this benefit does not eliminate the need for trusts because there are many nontax reasons why trusts remain viable for estate planning.

Business

- Bonus depreciation allows a 100% current deduction for cost of qualified (new) fixed assets acquired and placed in service after September 8, 2010 and before January 1, 2012. A bonus depreciation of 50% of cost will be available for new assets acquired and placed in service in 2012. There are special extension rules for assets such as airplanes that have a long production period. Look for special rules and limitations for autos and light trucks.

- Special rules apply to qualified real property for 2011. Taxpayers can elect up to $250,000 of the $500,000 limit for qualified leasehold improvement property, qualified restaurant property and qualified retail improvement property. The new law does not extend those special rules beyond 2011. The new law does renew a 15 year recovery period for such property

- The new law extends Code Section 179 expensing for 2012 but not at the 2010 and 2011 levels. The dollar limits and the maximum investment amounts for 2010 and 2011 are $500,000 and $2,000,000, respectively. The 2012 comparable amounts are $125,000 and $500,000, respectively. Section 179 expensing can be elected on used as well as new qualifying property. Please check how these rules apply to leasehold improvement property.

- Expired credits as of the end of 2009, such as the Employer Wage Credit for Activated Reservists and the current deduction for environmental cleanup of hazardous material, have been extended through 2011.

Oil and Gas Specific Items

- The suspension of the rules limiting percentage depletion on marginal properties has been extended for years 2010 and 2011. Thus, loss wells that are considered marginal will qualify for percentage depletion.

- Percentage depletion and intangible drilling costs remained untouched and, where applicable, will continue to be available until further changes.

- The working interest exception from the passive activity rules remains untouched.

- Amortization of geological and geophysical expenditures continues over a 24 month period beginning at the midpoint of the tax year in which incurred.

- The depreciation changes, indicated above, offer those involved in gathering line development an opportunity for a tremendous tax depreciation benefit at 100% of the cost if it were possible to have placed such new assets in service prior to January 1, 2012. If not placed in service until year 2012, those assets will qualify for a 50% bonus depreciation expense.

- Pipeline transportation assets qualify for bonus depreciation and could be subject to the extension rules due to a long production period since the MACRS life is more than 10 years.

- Please refer to the January newsletter, Tax Committee Article, about sale/subleasing of deep rights.

The Ohio Oil and Gas Association's website has recently undergone an extensive redesign. The redesign includes several new features and functions that will make information readily available to both members and the general public.

When you now log on to www.ooga.org, you will notice a focus on current industry issues. This includes featuring a “slide show” which is intended to highlight important industry facts for members and the general public. Additionally, a “Current Issues” section is now located on the main page. This tool will show all recent updates to relevant industry issues with quick links to the associated webpage. The main page will also prominently feature the OOGA market report and upcoming OOGA events.

A section has also been created to explain the Ohio oil and gas industry. This includes explaining the process of hydraulic fracturing, the exploration and production process, environmental and safety topics (focusing on federal and state regulation), and a brief guide for landowner’s looking to lease their mineral rights.

Finally, industry job postings have been altered slightly. Now, not only may job seekers may submit resumes to be posted online, but those looking for internships will have their own section. Member companies looking to post job opportunities may continue to submit those postings to the Association as well.

Those are just a few of the new features of the newly redesigned OOGA website. Log on today and explore the redesigned website for yourself.

The Association would like to thank Susan Houser of Susan Houser Graphic Design, for her assistance on this project.
Ohio Map of Utica Shale Activity

Provided By: MacKenzie Land & Exploration Ltd.
Launched by the Independent Petroleum Association of America (IPAA) in 2009, Energy In Depth (EID) is an outreach and education campaign focused on researching, explaining and (when needed) setting the record straight on the promise and potential of onshore energy development in America. And just in case you haven’t heard: Here in Ohio, that promise is as great as anywhere else in the entire country.

But for all the excitement these new and traditional oil and natural gas “plays” have generated in our state, successfully converting that potential into jobs, revenue and opportunity for everyday Ohioans will require a whole lot more than drill bits and pressure treatments. It will require a sustained, coordinated and perhaps unprecedented effort aimed at explaining the way energy development works – who does what, where and how, and what steps will be taken to ensure our air, water, land and surrounding environment are protected.

EID’s Ohio project will seek to engage in and add something meaningful to that critical conversation, identifying and mobilizing as many friends as we can find along the way to stand up in support of a commonsense, homegrown energy strategy for Ohio. The good news is that, thanks to groups such as the Ohio Oil and Gas Association (OOGA) and Ohio Oil and Gas Energy Education Program (OOGEEP), this work is already well underway. The bad news is that well-funded efforts to distort those facts — mostly directed from outside the state — are already up and running here as well.

In recognition of that reality, and in partnership with OOGA and OOGEEP, EID’s goal is to engage the public with the answers they need, on the platforms they use, on the issues about which they care the most.

www.EIDOhio.org

Are Your Facilities Clearly Marked?

**OOGEEP Danger Signs**

- **14” x 10” Vinyl Sign** – $1.50 each
- **8” x 12” Hard Plastic Sign** – $6.50 each
  (Polyethylene sign with 4 holes and fence ties)

Ohio Oil & Gas Energy Education Program

To order, please call **740-587-0410** Visit us online at [www.oogeep.org](http://www.oogeep.org)
Pennsylvania Institutes New Oil, Gas Regulations Including Impact Fees (cont. from p. 9)

at FracFocus.org. Water quality replacement standards were also enhanced in the final version of the legislation. Finally, counties and municipalities may not apply standards to the oil and gas industry that are stricter than those imposed upon other industries.

Governor Corbett commented that the future of energy industry in Pennsylvania is bright. “This growing industry will provide new career opportunities that will give our children a reason to stay here in Pennsylvania,” stated Corbett. “Thanks to this legislation, this natural resource will safely and fairly fuel our generating plants and heat our homes while creating jobs and powering our state’s economic engine for generations to come.”

Register for the 2012 Winter Meeting Online
Go to: www.ooga.org today!
The Ohio Oil and Gas Association

Winter Meeting

Celebrating 65 Years of Serving a Great Industry in a Great State

March 14 – 16, 2012

Hilton Easton
3900 Chagrin Drive, Columbus, Ohio
Phone: 614-414-5000

Register online at www.ooga.org

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

4:00 p.m. to 5:00 p.m.
Ohio Geological Society Meeting
(Winter Meeting registration not required to attend)

4:00 p.m. to 6:00 p.m.
Desk & Derrick Meeting
(Winter Meeting registration not required to attend)

5:30 p.m. to 7:30 p.m.
Explorer Foundation Member Reception
(Corporate Members Only)

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 H. 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.
**Business Session**

**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

**Special Event Schedule**

**Wednesday, March 14, 2012**

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

Matt Hammond, Director of Corporate Development and Government Relations of Chesapeake Energy Corporation will present "Utica Shale Operations: Chesapeake Energy Corporation’s Planning, Development and Economics."
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. 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 José, 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 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 lead by Bruce Levengood, President of Sound Energy Company, Inc.

**Society of Petroleum Engineers Scholarship Lunch**
11:30 a.m. – 1:00 p.m.
Guest Speaker: Josh Mandel, State Treasurer of Ohio
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**

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<td>Thursday, March 15th</td>
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<td>Open</td>
<td>Friday, March 16th</td>
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<td>Tear Down</td>
<td>Friday, March 16th</td>
<td>2:00 p.m. – 4:00 p.m.</td>
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**Exhibitors**

- Allstate Peterbilt Ford of Youngstown
- American Refining Group
- BBU Environmental Services
- Biosolutions, LLC
- Buckeye Career Center
- CESO, Inc.
- Clean Harbors
- CTL Engineering, Inc.
- Cobra Pipeline Co Ltd
- CompManagement Health Systems, Inc.
- CompManagement, Inc.
- Cummins Bridgeway
- David Bodo & Associates, Inc.
- Dawson Companies
- Dominion East Ohio
- Dresser
- Eagle Research Corporation
- Edgen Murray
- EDI (Electronic Design for Industry)
- EDI (Exploration Development Inc.)
- Fiberspar
- General Graphics
- GeoShack
- Ground Control Erosion Control Services
- Hammontree & Associates
- Hapco Inc.
- Hess Corporation - Energy Marketing
- Integrys Energy Services
- Interstate Gas Supply, Inc
- Learn Tax Now, LLC
- J-W Energy
- Kelchner
- Ken Miller Supply
- Multi Plunger Lift
- Navigator Wireline Service
- NOSHOX, Inc.
- OGIA Insurance Agency
- Ohio Utilities Protection Service
- One Aquasource, Inc.
- Packers Plus Energy Services
- Petroleum Equipment Suppliers Association (PESA)
- Pettigrew Pumping Service
- PJ Operating Corporation
- Plante Moran
- Precision Pipeline Equipment, Inc.
- R.L. Laughlin and Company
- RETTEW
- The Rulin Company
- Schramm
- Shaledirectories.com
- Shaw-American Plastic Pipe & Supply
- Sherware, Inc.
- Silversmith
- Steptoe & Johnson PLLC
- Stockdale Mine Supply
- Superior Well Services
- Taylor Agency
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- Universal Well Service
- Utility Technologies International Corp.
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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](http://www.ooga.org)
The Buckeye Companies, Inc.
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905 Zane Street, Zanesville, Ohio
Contact: Larry Messner (Phone) 740-452-3641 (Fax) 740-454-3311

14,200 SF Class A Office Building  ~  Up to 7100 SF on 2nd Floor  ~  Up to 7100 SF on 3rd Floor
3490 SF in Basement for storage
Both floors have open floor plan with executive offices and/or conference rooms
Brick construction ~ 9’ ceiling height ~ Building wired with both cat 5 and T1 telecommunications conduits

ENERGY ADVOCATES. INDUSTRY LEADERS.
Located in the heart of Ohio’s Utica Shale play, our law firm represents oil and natural gas producers, pipeline companies and energy service providers. Krugliak, Wilkins, Griffiths & Dougherty’s Oil and Gas Team has more than three decades of experience providing representation in the areas of:

- Lease & Title Issues
- Easements
- Acquisitions
- Contracts
- Operating Agreements
- Litigation
- State & Local Government Disputes
- Joint Ventures
- Gas Transportation

With 51 attorneys in more than 25 practice areas, Krugliak, Wilkins, Griffiths & Dougherty has a proven record in the legal industry.

From left: Owen J. Rarric, John B. Schomer, David E. Butz, Dean A. Swift, William G. Williams, Nathan D. Vaughan, Scott M. Zurakowski and Gregory W. Watts.
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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<td>Dansco Manufacturing and PumpUnit Service, LP.</td>
<td>32</td>
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<tr>
<td>D &amp; K Supply &amp; Equipment, Inc.</td>
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<tr>
<td>Eastern Solutions</td>
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<tr>
<td>Merit Pump &amp; Equipment Co., Inc.</td>
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<tr>
<td>Miller Supply, Inc., Ken</td>
<td>18</td>
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<tr>
<td>MULTI-Products Co.</td>
<td>7</td>
</tr>
<tr>
<td>Parmaco of Parkersburg, Inc.</td>
<td>30</td>
</tr>
</tbody>
</table>
In Memorium

Robert J. Mannes

Robert J. (Bob) Mannes went to be with his Lord and Savior on Sunday, December 18, 2011.

Bob was born December 29, 1939 in Holland to Glenn and Edythe (Boeve) Mannes.

Bob spent his professional career as an independent oil and gas producer and was one of the youngest Presidents elected to serve the Michigan Oil and Gas Association. He also served on various Boards and provided fundraising leadership to organizations such as Camp Roger, Trinity Christian College, Wildlife Unlimited and the Michigan Oil and Gas Association.

Bob was a member of the Ohio Oil & Gas Association joining in 1990.

He is survived by his loving wife of 52 years, Rose (Jousma), children and grandchildren; Bob and Kristen (Yeomans) Mannes (Katy, Kevin and Kelli), of Traverse City, Dan and Tonya (Caywood) Mannes (Weston and Nolan), of Zeeland, Suzanne and Dean VanderZee (Case, Luke, Shane and Grant), of Holland; siblings, Jeanne and Kelly DeWys, Tom and Bonnie Mannes and Paul and Dotty VanDrunen, all of Holland; in-laws; Ed and Max Jousma, of Holland, Phil and Scott Reyburn, of Spring Lake, Irn and Karen Jousma, of Jenison, Pat and Dan Vos, of Bellflower, Cal.; numerous nieces, nephews and cousins. He was preceded in death by his parents, brother, Chuck and infant daughter, Sharon.

Memorial contributions may be made to the Michigan Geologic Repository for Research and Education at Western Michigan University, Holland Christian Schools or the Choir fund at Christ Memorial Church. An online registry is available at langelandsterenberg.com.
Alliance Petroleum Corp. Announces the Retirement of John W. Miller

It is with mixed emotions that Alliance Petroleum Corporation ("Alliance") announces the retirement of our President, John W. Miller. John has been with Alliance for 24 years and has served as President and Chief Executive Officer of Alliance for 20 years.

John holds a B.A. degree in accounting and an MBA degree from Kent State University and is also a Certified Public Accountant. From 1975 through 1977, John was employed in public accounting. In 1977, he joined Belden and Blake Corporation, a publicly held oil and gas company, where he served as Corporate Controller from 1981 through 1987 before joining Alliance in 1988 as Chief Financial Officer.

John has left an indelible mark on Alliance and we will miss his professional expertise and friendship. The staff and employees of Alliance wish John only success and happiness in his future endeavors and hope they are all he desires!

Lake Fork Resources Acquires the Stock of Alliance Petroleum Corp.

Lake Fork Resources Acquisition Corporation ("Lake Fork Resources") announced today that it has acquired the stock of Alliance Petroleum Corporation ("Alliance"). Alliance is an independent oil and gas company headquartered in Canton, Ohio and will operate as a subsidiary of Lake Fork Resources. Alliance owns interest in 1,484 wells and operates 1,034 wells in Ohio, Pennsylvania and West Virginia.

Thomas S. Wright, President of Lake Fork Resources has assumed the role of President of Alliance. Mr. Wright is pleased to announce that Dora L. Silvis has been promoted to Executive Vice President and Chief Operating Officer and Martin L. (Marty) Miller will remain as Vice President of Operations. John W. Miller, who served as President of Alliance for the past 20 years, is retiring this month but will continue to serve Alliance in an advisory capacity.

“We look forward to building on the solid foundation that John Miller, his management team and employees have created at Alliance,” said Mr. Wright. “We plan on growing Alliance through strategic acquisitions that compliment our existing properties in Ohio, Pennsylvania and West Virginia. We will continue to work at maintaining the highest standards in our operations, business practices and environmental stewardship.”

Lake Fork was assisted in this transaction by the law firm of Goodwin & Goodwin, LLP, of Charleston, West Virginia, James Knobloch Petroleum Consultants, Inc., of Marietta, Ohio and financing was provided by the Bank of Oklahoma.

All inquiries should be directed to:
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Alliance Petroleum Corporation
4150 Belden Village Avenue NW
Suite 410
Canton, Ohio 44718-2553
330.493.0440 Office
330.493.3409 Fax
dora_silvis@alliancepetroleum.com
www.alliancepetroleum.com
Great Lakes Truck Driving School Gears Up for Oil & Gas Industry

Great Lakes Truck Driving School is pleased to announce the addition of its new Oil Field Safety Certification Course. Located in Lorain County Ohio, Great Lakes Truck Driving School is one of the few training facilities in the nation to offer professional driving, heavy equipment operation, and oil & gas industry training all in one location.

The school received full accreditation from the International Association of Drilling Contractors to provide graduates with a Health, Safety, and Environmental RIG PASS Card and SafeLandUSA Endorsement. The school’s new Oil Field Safety Course also includes certifications in OSHA, First Aid, and Rigging.

This course was developed to meet the anticipated demand of workers due to the Marcellus and Utica Shale Exploration. The school has already located ten drilling contractors that are seeking to immediately fill over 4,000 positions with a starting annual pay between $50,000 and $65,000. These companies have indicated a need for CDL Drivers and Heavy Equipment Operators with a preference for the credentials offered in the Oil Field Safety Certification Course.

“Much of our school’s success has come from understanding where the demand is for jobs and how our graduates can get those jobs. The oil and gas industry is one of those areas, as this is an industry that will be supplying jobs to our state for many years to come.” Doris Young, Owner of Great Lakes Truck Driving School.

Since its opening in July 2008, the school has trained and placed over a thousand graduates into careers as professional drivers and heavy equipment operators. The new course is anticipated to provide even greater job opportunities for graduates.

The Oil Field Safety Certification Course is scheduled to begin February 27th, 2012. For more information, visit the Great Lakes Truck Driving School website www.greatlakestds.com or call (866) 932-3436.

If you would like more information about this topic, or to schedule an interview with Doris Young, please contact Melissa Snyder at (866) 932-3436 or by e-mail msnyder@greatlakestds.com

See how other OOGA members have saved nearly $35 million since 1991 in workers’ compensation premiums

3 Simple Ways to Save Money Today!

1. Complete the Temporary Authorization to Review Information (AC-3) form on the website and fax to (866) 567-9380

2. Contact a Customer Support Unit representative at (800) 825-6755, option 3 for verbal authorization

3. Scan code below with QR reader on smart phone to explore reducing workers’ comp premium

To learn more, contact us at 800-825-6755 ext. 8168 today or visit www.compmgt.com
New OOGA Members (as of 1/29/12)

Member Profiles

John S. (Steve) Boddecker
Vice President/Manager of Natural Gas
Fisher Associates PE, LS, PC
www.fisherassoc.com

Experienced in gas pipeline including Marcellus and Utica gas development reaching in the Appalachian Basin in New York, Pennsylvania, Ohio and West Virginia including routing, environmental permitting, GIS, surveying, mapping and stakeout.

Alfredo “Al” Carranza
President and CEO
AI’s Property Management, LLC
www.alsproperty.com

AI’s Property Management, LLC is a leading provider of property management services, cleaning and environmental services, building and grounds maintenance, and commercial office rentals.

Scott Doran
Partner
Taft, Stettinius & Hollister LLP
www.taftlaw.com

Attorney focused in the environmental law area representing clients in all aspects of state and federal permitting and permit appeals, rulemaking, and environmental regulation of land use including wetlands, historic preservation and endangered species.

Tanya Flores
Associate
Plante Moran
www.plantemoran.com

Thirteen years providing audit, tax and consulting services to the oil and gas industry with the nation’s 12th largest CPA firm across 21 offices, including Columbus, Cincinnati, Cleveland and Toledo.

Allied Industry

Zane Bennett
Devco Oil, Inc.
2522 Glenn Highway, Cambridge, OH 43725
740-439-3833
devcocoil@earthlink.net

Kathy Boehmig – Sales Rep
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airtak@airtak.com

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740-826-7900

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chasfoy@att.net

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814-686-2285

Matt Huff
New PIG Corporation
One Pork Avenue, Tipton, PA 16684
814-686-2285

Mike Hummel – President
Holmes Oil Distributing
5866 CR 201, PO Box 148, Millersburg, OH 44654
800-248-2871
mike@holmesoildistributing.com
New OOGA Members (cont.)

Allied Industry (cont)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
<th>Address</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louis Kalani</td>
<td></td>
<td>Shaw/ American Plastic Pipe &amp; Supply</td>
<td>725 S. Friendship Drive, New Concord, OH 43762</td>
<td>740-826-7900</td>
<td></td>
</tr>
<tr>
<td>Steve Matthew</td>
<td>President</td>
<td>Wooster Hydrostatics, Inc.</td>
<td>4570 W. Old Lincoln Way, Wooster, OH 44691</td>
<td>330-263-6555</td>
<td></td>
</tr>
<tr>
<td>John Nicolozakes</td>
<td>President</td>
<td>Marietta Coal Company</td>
<td>67705 Friends Church Road, St. Clairsville, OH 43950</td>
<td>740-695-2197</td>
<td><a href="mailto:mariettacoal@zippytech.com">mariettacoal@zippytech.com</a></td>
</tr>
<tr>
<td>David Noss</td>
<td>Manager</td>
<td>Dominion Transmission</td>
<td>500 Davisson Run Road, Clarksburg, WV 26301</td>
<td>304-627-3728</td>
<td><a href="mailto:david.a.noss@dom.com">david.a.noss@dom.com</a></td>
</tr>
<tr>
<td>Brian Papa</td>
<td>President</td>
<td>Chaltron Systems, Inc.</td>
<td>PO Box 836, Chardon, OH 44024</td>
<td>440-639-6400</td>
<td><a href="mailto:brian.papa@chaltron.com">brian.papa@chaltron.com</a></td>
</tr>
<tr>
<td>Beth Powell</td>
<td></td>
<td>New PIG Corporation</td>
<td>One Pork Avenue, Tipton, PA 16684</td>
<td>814-686-2285</td>
<td></td>
</tr>
<tr>
<td>Margo Roby</td>
<td>Fleet Marketing Executive</td>
<td>Ricart Ford</td>
<td>4255 S. Hamilton Road, Columbus, OH 43125</td>
<td>614-506-5986</td>
<td><a href="mailto:margoroby@ricart.com">margoroby@ricart.com</a></td>
</tr>
<tr>
<td>Ron Similo</td>
<td>Vice President</td>
<td>Lykins Oil Company</td>
<td>5163 Wolfpen Pleasant Hill Road, Milford, OH 45150</td>
<td>800-875-8820</td>
<td><a href="mailto:rjsimilo@lykinscompanies.com">rjsimilo@lykinscompanies.com</a></td>
</tr>
<tr>
<td>Tommy Smith</td>
<td>Senior Market Manager</td>
<td>EDGEN Murray Corporation</td>
<td>5225 Heyl Road, PO Box 1733, Wooster, OH 44691</td>
<td>330-466-9696</td>
<td><a href="mailto:tom.smith@edgenmurray.com">tom.smith@edgenmurray.com</a></td>
</tr>
<tr>
<td>Troy Vickers</td>
<td></td>
<td>Shaw/ American Plastic Pipe &amp; Supply</td>
<td>725 S. Friendship Drive, New Concord, OH 43762</td>
<td>740-826-7900</td>
<td></td>
</tr>
<tr>
<td>Jason Ziss</td>
<td>Business Development</td>
<td>Kurtz Bros., Inc.</td>
<td>6415 Granger Road, PO Box 31179, Independence, OH 44131</td>
<td>216-986-7000</td>
<td><a href="mailto:jasonz@kurtz-bros.com">jasonz@kurtz-bros.com</a></td>
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Member Profiles

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Ray Hegarty</td>
<td>Technical Sales</td>
<td>Enviroserve</td>
<td><a href="http://www.enviroserve.com">Enviroserve website</a></td>
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</table>

Enviroserve provides vacuum tankers, turbovacs, rolloff boxes, frac tanks, waterblasters, and service crews. Additionally, Enviroserve provides waste management and disposal services.


M&M is an oilfield supply company with operations in Illinois, Indiana and Kentucky and looking to expand into Ohio. We offer a full line of oilfield parts, tubulars and casing.

| George Karas      | Vice President            | Enviroserve                                 | [Enviroserve website](http://www.enviroserve.com)                      |                |                                            |

Enviroserve provides vacuum tankers, turbovacs, rolloff boxes, frac tanks, waterblasters, and service crews. Additionally, Enviroserve provides waste management and disposal services.

| Elizabeth Kozenko | Senior Tax Manager        | Cohen & Company, Ltd.                        | [Cohen & Company, Ltd. website](http://www.cohencpa.com)               |                |                                            |

Elizabeth is a tax accountant who works on a variety of tax services and specializes in the oil and gas industry. Her clients range from independent producers, operators, drillers, water hauling and rig services to investors.

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

**Contractor (cont.)**

**Michael Kuester** – Owner  
**Water Transport**  
100 Sammi Drive, Hopedale, OH 43976  
740-264-9999  
mikewatertransport@yahoo.com

**Dan Witzigreuter** – Vice President  
**Gateway Tank, Inc.**  
828 Miller Road, Avon, OH 44011  
440-930-5101  
dan@gatewaytank.com

**Paul Wright** – Business Development  
**Nabors Well Services**  
1500 Christmas Run Boulevard, Wooster, OH 44691  
330-466-0372  
pjepaul@aol.com

**Producers**

**Mitchell Baker** – Land Agent  
**Bakerwell, Inc.**  
PO Box 425, 10420 County Road 620, Killbuck, OH 44637  
330-276-2161  
mitch@bakerwell.com

**Chris Ezell** – Engineer  
**Devon Energy Corporation**  
1200 Smith Street, Houston, TX 77002

**Brad Fowler** – Project Operations Director  
**Hess Corporation**  
1501 McKinney Street, Houston, TX 77010  
713-496-5962  
bfowler@hess.com

**Stephen Gibson** – Consultant  
**Marksmen Energy**  
Suite 700, 700 4th Avenue, SW, Calgary, AB T2P-3J4  
403-265-7270 Ext. 205  
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**Tim Levengood** – President  
**Industry Standard Supplies, Inc.**  
1427 Parkdale Drive, Dover, OH 44622  
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**Joaquin Martinez** – Operations Manager  
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**Kristyn Noeth**  
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**Chris Reyes** – Senior Gas Trader  
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**Professional**

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New OOGA Members (cont.)

**Professional (cont.)**

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**Kevin Bradford** – Attorney  
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**Scott Burnsworth**  
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**William Cseplo** – Financial Advisor  
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**Thomas Daye** – Owner  
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**Matt Eckelberry** – Marketing Manager  
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**Michael Furcolow** – Director of Sales  
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330-252-2026  
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**Rusty Hines** – Co-owner/Realtor  
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**Sean Jacobs** – Attorney  
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**Opal Johnson** – Laboratory Director  
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**Robert Kovey** – Partner  
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**Dave Lanzola** – Account Executive  
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**Geoff Lewis** – Sales Manager  
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**James Linder**  
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Please see the following page

---

**Member Profiles**

**Johnny Mitchell**  
National Program Director - Oil and Gas  
TestAmerica Laboratories, Inc.  
www.testamericainc.com

TestAmerica Laboratories has 100 locations and is a preeminent supplier of environmental data to the oil and gas sector. TestAmerica offers comprehensive programs including pre-drill baseline monitoring, waste characterization, disposal testing, and well closure analytical services.
New OOGA Members (cont.)

### Professional (cont.)

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Joseph Martin</strong></td>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
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</tr>
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</tr>
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</tr>
<tr>
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</tr>
<tr>
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<td>Phone: 212-401-1200, <a href="mailto:ntschmitz@taumsaukinvestments.com">ntschmitz@taumsaukinvestments.com</a></td>
</tr>
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</tr>
</tbody>
</table>
New OOGA Members (cont.)

### Professional (cont.)

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**Eric Short** – Survey Manager  
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erics@mcsteen.com  

**Michael Sikora** – CPA  
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**Dan Steffy** – NE Business Development Manager  
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Emens and Wolper Law Firm  
One Easton Oval, Suite 550, Columbus, OH 43219  
614-414-0888  
bwolper@emenswolperlaw.com

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**OOGA Membership Luncheon**  

**Friday, March 16, 2012**  
**12:00 p.m. - 2:00 p.m.**  

**Keynote Speaker:**  

**Dr. Harrison H. 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.*

For more Winter Meeting information, turn to pages 19-21 of this OOGA Bulletin or log on to:  

[www.ooga.org](http://www.ooga.org)
Additional Publications & Services Available to OOGA Members

**Permit List** – Distributed via email, fax, or U.S. mail (Weekly) $110.00/year

**Plugging List** – Distributed via email, fax, or U.S. mail (Weekly) $100.00/year

**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

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Ohio Oil and Gas Association

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**OXFORD OIL CO.**

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Oil and Gas Producers Fund PAC Reception

Honoring Senate President Tom Niehaus

Thursday, March 15, 2012
4:30 p.m. - 5:30 p.m.

$100.00
Suggested Contribution

All Proceeds Support Your PAC
The most comprehensive approach, however, is for the employer to specify and issue FR baselayers to be worn under FR uniforms. In addition to taking the choice of undergarments out of the hands of employees, FR baselayers deliver the added protection of a 2nd FR layer and will not support combustion if a worker inadvertently leaves his shirt unbuttoned or untucked. In the case of protection against electric arc exposure, only FR layers can contribute to a composite ATPV rating, so issuing an FR baselayer to be worn under an FR shirt is one way to increase ATPV and possibly move from HRC 1 to HRC 2 protection. FR baselayers usually have moisture management capability for improved comfort.

General principles of layering FR clothing require that the outermost layer be FR and that inner layers not contain meltable fibers. This means never allowing non-FR outerwear to be worn over an FR uniform and always providing guidance on the appropriate fiber content of undergarments. Under the worst circumstances, lack of guidance on baselayer clothing could leave an employee at risk for burns. Consider the extent of the injury that could be sustained if a t-shirt made of synthetic fibers melts under the FR clothing. In a thermal event, the outermost FR layer will self-extinguish but enough thermal energy could transfer to the t-shirt underneath causing it to melt to the wearer’s skin.

One simple way to manage this issue is to mandate that all undergarments be made of 100% cotton or other natural fiber. This option places the responsibility of choosing compliant squarely on the employee and, to some extent, requires management to police the program.

For more than 40 years, Bulwark has been a leader in designing and producing flame-resistant (FR) protective apparel. Known for its innovation and quality, Bulwark provides unparalleled protection, comfort, and durability to thousands of workers in electrical utilities and the chemical, oil, gas, and petrochemical markets.
President’s Reception
Thursday, March 15, 2012
5:30 p.m. - 7:30 p.m.

For more Winter Meeting information, turn to pages 19-21 of this OOGA Bulletin or log on to: www.ooga.org
## Events Calendar

### January
- Martins Ferry High School, January 16, 2012
- Ohio Association of Career Colleges & Schools, January 24, 2012
- Portage County/ Randolph Township Town Hall, January 25, 2012
- Marcellus Safety Interactive Conference, January 26, 2012
- Marietta Chamber of Commerce, January 27, 2012
- Cleveland Business Group, January 31, 2012

### February
- Ashland University Public Forum, February 1, 2012
- Coshocton County Landowners Association, February 2, 2012
- OOGA Legislative Reception, February 7, 2012
- Ohio Farm Bureau Town Hall, New Philadelphia, February 8, 2012
- Ohio Township Association 2012 Trade Show, February 8 - 10, 2012
- Zanesville Town Hall, February 14, 2012
- Ashtabula County/ Trumbull Township Town Hall, February 16, 2012
- The University of Akron Wayne College, February 21, 2012
- Buckeye Trail Middle School, February 23, 2012
- Zanesville Chamber of Commerce, February 24, 2012
- Medina Township, Medina County, Town Hall Meeting, February 29, 2012

### March
- Ohio Economic Education Summit, March 6 - 7, 2012
- Mahoning Valley Safety Council, March 9, 2012
- Stark County Energy Symposium, March 10, 2012
- Cleveland Engineering Society, March 14, 2012
- OOGA Winter Meeting, March 14 - 16, 2012
- Kenyon College Town Hall, March 20, 2012
- Licking County Energy Summit, March 22, 2012
- Ohio Safety Congress & Expo, March 27 - 29, 2012
- Oilfield Emergency Response Training Workshop, March 31 - April 1, 2012

### April
- Clermont County Town Hall, April 3, 2012
- Ohio University, Energy Summit, April 11, 2012
- SOOGA Annual Membership Meeting, April 25, 2012
- Desk & Derrick Regional Meeting, April 28 - 29, 2012
- Oilfield Emergency Response Training Workshop, April 28 - 29, 2012

### May
- State Science Fair, May 5, 2012
- East Liver Pool Economic Development Summit, May 7, 2012
- Cincinnati Town Hall, May 21, 2012

### June
- Marietta College Teacher Workshop, June 13 - 14, 2012
- Ohio Department of Education “HOT” (Hands-on-Training) Teacher Workshop, June 14, 2012
- Coshocton Central Ohio Technical College Teacher Workshop, June 21 - 22, 2012

### July
- Ohio Fire Chiefs Association, July 14 - 18, 2012

### August
- COSI Teacher Resources Day, August 7, 2012
- Belmont County Teacher Workshop, August 8 - 9, 2012

### September
- SOOGA Trade Show, September 12 - 13, 2012
- 2012 Eastern Section AAPG, September 22 - 26, 2012
- AAPG Cleveland Teacher Workshop, September 24, 2012

### October
- Women’s International Network of Utility Professionals Conference, October 8 - 9, 2012
- Oilfield Emergency Response Training Workshop, October 13 - 14, 2012

### November
- Oilfield Emergency Response Training Workshop, November 3 - 4, 2012
- Career Technology Education Center Career Fair, November 20, 2012

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**Ohio Oil & Gas Association Bulletin – www.ooga.org**

[www.facebook.com/OOGEEP](http://www.facebook.com/OOGEEP) | [www.twitter.com/OOGEEP](http://www.twitter.com/OOGEEP) | [www.youtube.com/OOGEEP](http://www.youtube.com/OOGEEP)
Ohio Oil & Gas Energy Education Program Names Charles W. Dixon Safety and Workforce Training Administrator

Granville, Ohio, Feb. 3, 2012 - As crude oil and natural gas exploration and development increases in the state, so has the need for a qualified workforce and specialized training for emergency responders. To help meet the growing need, the Ohio Oil and Gas Energy Education program (OOGEEP) has expanded its staff with the addition of Charles W. Dixon as safety and workforce training administrator.

With a 35-year career as an emergency responder and instructor and related work experience in the oil and gas industry, Dixon brings real-life experience and know-how to the safety and workforce training administrator position.

Dixon will assist with OOGEEP’s safety training programs, including the well-respected “Responding to Oilfield Emergencies Workshop”, which provides local first responders hands-on training in evaluating and responding to oil-and-gas-related emergencies. Dixon has served as lead fire instructor for the workshop since 1999, which is the first of its kind in the U.S. Dixon will also assist with the creation, implementation and promotion of training programs aimed at preparing Ohioans for jobs in the oil and gas industry.

Previously, Dixon was an EMS instructor with the Columbus Department of Public Safety Division of Fire, where he was responsible for curriculum development. He also served as a fire-training supervisor with the State Fire Marshal and the Ohio Fire Academy.

Dixon was also a firefighter, paramedic and EMS coordinator for the Granville, Ohio Volunteer Fire Department and a firefighter and certified fire-safety inspector for the Bladensburg, Ohio, Volunteer Fire Department. Prior to his career as a first responder, Dixon held a variety of jobs related to crude oil and natural gas production, including being a contract well tender and service rig operator.

OOGEEP Firefighter Training and Student Scholarships

Registration forms now available for the 2012 Responding to Oilfield Emergencies Firefighter Training Workshop Series.

Now Accepting Applications for the 2012 Ohio Oil and Gas Energy Education Foundation Scholarships. Deadline March 31, 2012

For more information log on to www.oogeep.org
### Ohio Oil & Gas Association Events

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

#### March

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

See pages 19-21 of this OOGA Bulletin for additional information.

#### April

**Digital Oil Patch 2012 - From Prospect to Pipeline**  
April 16 - 18, 2012  
Doubletree Hotel/Monroeville Convention Center, Monroeville, PA

**March 2012 Ohio Business Matchmaker**  
March 20 - 21, 2012  
The Nutter Center, Wright State University, Dayton, OH

**Marcellus and Utica Shale Conference and Expo**  
April 1 - 3, 2012  
The Greenbrier, White Sulphur Springs, WV

#### July

**2012 Summer Meeting**  
July 30 - 31, 2012  
Zanesville Country Club, Zanesville, OH

**2012 Oilfield Patriot Award**  
July 30, 2012  
Zanesville Country Club, Zanesville, OH

#### December

**2012 Oilfield Expo**  
December 4 - 6, 2012  
IX Center, Cleveland, OH

### Industry Events

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

#### March

**2012 Ohio Business Matchmaker**  
March 20 - 21, 2012  
The Nutter Center, Wright State University, Dayton, OH

#### April (cont.)

**Ohio Valley Regional Oil and Gas Expo**  
April 24 - 25, 2012  
Blemont County Games Center, St. Clairsville, OH

#### April

**IPAA Midyear Meeting**  
June 27 - 29, 2012  
The Broadmoor, Colorado Springs, CO

#### June

**IPAA Midyear Meeting**  
June 27 - 29, 2012  
The Broadmoor, Colorado Springs, CO
### Ohio Posted Crude Oil Prices

#### Ergon – As of 1/28/12

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**Note:** Oil prices only. Some postings do have transportation adjustments.
Crude Oil Prices
NYMEX v Ohio Wellhead Posted Prices
February 2, 2011 - February 2, 2012

Natural Gas Index Pricing
NYMEX Close & Appalachian Index

Settle Price, Natural Gas
New York Mercantile Exchange (NYMEX)
Monday, February 13, 2011
$ per MMBtu's

2011-2012 Gas Index Prices

<table>
<thead>
<tr>
<th></th>
<th>November</th>
<th>December</th>
<th>January</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCo</td>
<td>3.560</td>
<td>3.410</td>
<td>3.110</td>
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<tr>
<td>Dominion</td>
<td>3.610</td>
<td>3.530</td>
<td>3.160</td>
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<tr>
<td>NYMEX</td>
<td>3.524</td>
<td>3.364</td>
<td>3.084</td>
</tr>
</tbody>
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