Sarah Tipka Receives the 2007 Patriot Award

Article by Brian Hickman

During the OOGA Summer Meeting, Sarah was awarded the 2007 Ohio Oil and Gas Association Oilfield Patriot Award. Sarah, Land Manager for A.W. Tipka Oil & Gas, Inc. was selected for the award based upon advocacy and passion for OOGA, OOGEEP and the entire Ohio oil and gas industry. Graduating with a Bachelor of Arts degree from Purdue University, Sarah was an elementary school teacher in Pontiac, Michigan. After her teaching career in Indianapolis, Indiana, Sarah came to Ohio and worked part-time as a leasing agent for A.W. Tipka Oil & Gas, Inc. Sarah is active in other industry organizations, she was recently elected member of the Ohio Oil & Gas Association’s Board of Trustees, a member of the Desk & Derrick and a member of the Ohio Oil & Gas Energy Education Program Board of Trustees. Sarah is also a lifetime member of the Indiana State Teachers Association. It is the combination of these Activities and dedication that has led to her success.

SOOGA would like to congratulate Sarah, on this prestigious award.

Desk and Derrick Awards First Scholarship at Annual Boat Cruise

Telma Anderson, President of the Ohio Valley Desk and Derrick Club, awarded Matthew Hill of Marietta, OH the First Annual Scholarship Award at their boat cruise held July 27, 2007 aboard the Valley Gem Sternwheeler. He is the son of Larry Hill, TechStar and Kathy Hill, Blauser Energy Corporation. Matthew plans to attend the Ohio State University in the Fall majoring in mechanical engineering. Ohio Valley will give out an annual scholarship to a graduating high school senior meeting the following criteria: Applicant must be a dependent of an employee that is currently employed in a petroleum related field or a student seeking a degree in a petroleum related field. For example, oil and gas producer, service company employee (drilling, service rig, pipeline, dozer), title company, utility, etc.

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Hello Everyone,

Well, here we are with the busy summer nearly at an end and it is time for another issue of the Insider. I am sure everyone has been very busy and SOOGA has been no exception.

As always, there is a lot going on within our industry but probably one of the most important issues at this time is the inability of our government to leave us alone to do what we do best, that is, to produce oil and gas. With erratic commodity prices already affecting our cash flow, it is becoming ever more apparent that Congress is determined to throw roadblocks at development rather than to concentrate on any rational energy policies. Most recently, they are trying to take away certain tax incentives we have which help to expand domestic production.

The only way we can avoid these changes in the way we do business is for us as voters to stay in contact with our congressmen and let them know what we are thinking. Congress may be able to avoid the issue, but if enough of their constituents contact them they will listen.

On a lighter note, don’t forget about the upcoming 4th Annual Trade Show and Seminar to be held September 20, 2007 at the Washington County Fairgrounds. The trade show committee has been working for the past several months to make this event the best ever and other than the morning training sessions and lunch, it’s free. It takes people to make a trade show like this work so please take the time to come on out and see what is going on.

September also is the time when tickets go on sale for the Annual Gun Raffle, a gun a day through the month of November.

You need to buy a chance.

Please take a few moments and read this issue of the Insider to find out what is going on at SOOGA and within our industry.

Thank You

Steve Sigler,
SOOGA President
2007 CALENDAR OF EVENTS

August 31st, 2007
Fall Golf Outing
Marietta Country Club, Marietta, OH

September 19th, 2007
Ergon Annual Fish Fry
Newport, OH

September 20th, 2007
4th Annual Oil & Gas Trade Show
Washington County Fairgrounds, Marietta, OH

October 19th, 2007
Clay Shoot
Hill Top Sporting Clays, LLC Whipple, OH

November 1st-November 31st, 2007
Annual Fall Gun Giveaway
If I can show you a way Mr. or Ms. Business Owner that you can have your business pay for your personal life insurance, as well as deduct the cost, would you be interested? Of course you would!

An Executive Bonus Plan funding a permanent life insurance policy may make this possible. Your business would bonus you an amount to not only pay the premium costs, but also any additional income tax you would incur from the bonus. In addition, your corporation can deduct this bonus as compensation.

These plans are easy to implement and administer. The first step is to have the business pay the premium on your personal life insurance policy. These premium payments are treated and taxed as a salary increase to you, the owner. They can be deductible to the corporation under Internal Revenue Service Code Section 162, as long as the corporation is neither a direct nor indirect beneficiary of the death benefit. There is also the need to meet the reasonable compensation test, but your personal tax advisor can guide you further on this aspect.

Let me illustrate using an example. We will assume a corporation is in the 34 percent income tax bracket and the business owner is in a 28 percent income tax bracket. The business owner needs $500,000 of life insurance coverage. If the premium for the life insurance policy is $9,068 per year for 15 years, then the business would bonus a total of $12,595 to the owner. This would be enough to cover the premium plus the business owner's additional income tax of $3,527. Keep in mind the business could deduct this bonus, so the after tax outlay for the company in this example would be $8,313.

This method also works very effectively for key employees as part of their overall benefit package.

An Executive Bonus Plan can provide the life insurance coverage you need for personal planning while letting your business pay the premiums on a tax-advantaged basis. If you're a business owner, it's a win-win strategy that you can't afford to ignore!

****Directory Update****
THE 2007 DIRECTORY HAS BEEN COMPLETED AND SENT TO PRINT. LEE WEB DESIGN WILL BE MAILING THEM OUT THE WEEK OF SEPTEMBER 17, 2007. I WOULD LIKE TO THANK EVERYONE FOR THEIR TIME AND PATIENCE WITH US DURING THIS PROCESS TO MAKE THIS YEAR DIRECTORY EVEN BETTER. ALSO A SPECIAL THANKS TO ALL THE SPONSORS.
Candidate must have maintained a grade point average of 3.0 or above (copy of high school transcript required.) Desk and Derrick also presented awards to some of their generous supporters who have gone out of their way to make the organization a success by donating either time or funds numerous times. Those awards were presented to Bobby Anderson of Anderson Drilling, Kean Weaver of Triad Resources, Ergon Oil Purchasing, accepted by Keith Britton and Fred Cannon of Parmaco accepted by Eddy Cannon.

The Ohio Valley Desk and Derrick Club meets the third Tuesday of each month. Anyone who would like additional information may call Cathy Pyles at 740-374-2940 ext. 29.

Back in the old days (10-15 years or so), World Oil Magazine had a wonderful editor/oil country philosopher named R.W. Scott. His editorials were gems far and above that of most of his colleagues. For the last several years, Les Skinner has graced World Oil’s editorial pages with a column called “Drilling Advances” which is becoming a worthy successor to R.W. Scott.

For your reading pleasure we have included a few tidbits from his column in the July issue:

“We hear of dwindling numbers of ice flows in the Arctic Sea and loss of habitat for thousands of species, all caused by global warming, resulting from burning fossil fuels. Of course, it’s all the oil companies’ fault for providing the fuel needed to power an entire economy. If it’s such a horrible thing, why do we keep putting gasoline in our tanks? Why is there global warming on Mars?”

“Most environmental activists fail to understand that the oil industry saved the whale. That’s right, boys and girls. Lamps in the mid-to-late 1800’s needed oil to burn. When coal oil from petroleum was made available at affordable prices, whale oil became too expensive. Thus, harvesting those marvelous creatures for their blubber became obsolete to the immense benefit of the whale. Are we credited with this? No, but what does one expect?”

Perhaps, we need a bumper sticker that says something like:

“OIL AND GAS PRODUCTION SAVED THE WHALE.”
“I’m not disputing the coal mine’s rights or the judge’s decision, but all deed language is different,” said Mike Datkuliak, a Beallsville resident whose family has been ordered to plug and cap a gas well that has been serving family members for the last 17 years. “I wouldn’t have a problem with the property across the road (part of the over 100 acre farm), the language is different in that deed.”

Mike Datkuliak is speaking of a recent Monroe County Common Pleas Court decision that concerns his family and could have far reaching affects in the oil and gas industry. Case has been appealed to the Seventh District Ohio Appellate Court and other entities have become interested in the outcome of that decision.

Mike’s parents, Charles and Beverly Datkuliak own the Sunbury Township property and the well in question is owned by Charles. It has provided free and reliable gas to a residence and other buildings on the Datkuliak property since 1990.

Datkuliak’s daughter Elaine and her husband Lawrence Truex and two children, Jesse and Sarah, live on the farm and depend on the gas well for heat. “Jesse is really upset by this situation,” said Mike. Other farm buildings and an ultra light airplane hangar are also heated by gas well.

Also in jeopardy are the water resources on the property on which 130 cattle are pastured. The mining operation has already caused subsidence in the hayfield making “some springs dry up” and damaging fencing. In some cases the fences are so tight they have snapped above the posts and in other areas, the fence is very loose and sagging.

In 1922, in a Coal Severance Deed, title to the coal estate and rights to the surface estate were separated, but with a very important reservation- “Said Grantors reserve unto themselves and their heirs and assigns the right to drill and operate through said vein of coal for oil, gas and other minerals.” The reservation in the deed dated November, 1922, was made when previous owner Johnson Orn sold the No. 8 vein of coal to A.A. Caldwell. In 1923 Caldwell sold the vein of coal to S.H. Robbins. The reservation stayed in the deed language.

Charles and Beverly purchased the property in 1973 and 1987 they entered into an oil and gas lease with The Oxford Oil Company. The gas well was drilled in 1989 and in 1990, the Datkuliaks purchased the gas well from The Oxford Oil Company.

In December, 2006, American Energy Corp. who acquired ownership of the coal rights in 1995, notified the Datkuliaks that they would be long wall mining under their property and their well would have to be plugged and capped.

According to Datkuliak’s attorney, Richard Yoss, on April 24, 2007, without the knowledge or consent of the Datkuliaks, American Energy Corporation completed and filed with the Division of Mineral Resources an expedited application to plug the well, signing under oath that they were the owner or authorized agent of the owner of the well.

According to Mike Datkuliak, an employee of the Division of Mineral Resources contacted the family and found no authorization had been given. The expedited application was denied by the Division of Mineral Resources.

On May 7, the coal company filed a complaint against the Datkuliaks asking the Monroe County Common Pleas Court for an order compelling the well to be plugged.

The Datkuliaks filed a declaratory judgment action against the coal company. According to Yoss, the cases were consolidated and “fast tracked” due to the fact that the area where the well is located is scheduled to be mined in early November.

After a two-day trial, Judge Julie Selmon, Monroe County Common Pleas Court, rendered a decision stating that American Energy Corp. has the right to mine the Pittsburgh No.8 vein of coal without liability for damages to the surface or to Datkuliaks’ well. She so ordered the Datkuliaks to immediately plug and cap the well at their own cost with no compensation due for the loss of the well or the cost of plugging and capping it.

According to Mike Datkuliak, who has done extensive research and documentation on his family’s case, the Ohio Revised Code mandates compensation. “But the judge gave it all away,” he lamented. The cost of plugging and capping could cost the family $15,000 or more. They are currently attempting to find a contractor to comply with the judge’s order, but hope the Court of Appeals reverses the decision.

According to a summary provided by Yoss, “the case has far reaching ramifications and would logically require the plugging of any well in the path of any long wall mining, regardless of the commercial value of the well.” According to Yoss, the cost of drilling a well is between $175,000 and $200,00. “If this precedent stands up, it’s frightening,” said the attorney.

(continued to page 19)
SOOGA would like to welcome the following new 2007 members:

Ronald Markey  
R&R O&G, LLC

Randy Fleeman  
R&R O&G, LLC

Phillip Hunter

Anthony Motto  
Energy Listings, LLC

Ron Nutt  
J.F. Deem Oil & Gas

CARPER WELL SERVICE, Inc.
P.O. Box 273
Reno, OH 45773
Office: 740-374-2567  
24 Hour Number: 740-374-2610

Millard Carper  
Owner  
Cell 740-516-5355
Ron Dalrymple  
Rig Superintendent  
Cell 740-350-1728
Smitty Vandall  
Trucking Supervisor  
Cell 740-336-0684

Luke Mallett
PO Box 206  
New Concord, OH 43762

• Service Rigs  
• Consulting  
• Drilling-Competing  
• Producing  
• Swab Rigs  
• Pump Jack Repair  
• Pipe Line  
• Roust About  
• Oil Spill Cleanup

Millard Carper  
Owner  
Cell 740-516-5355
Ron Dalrymple  
Rig Superintendent  
Cell 740-350-1728
Smitty Vandall  
Trucking Supervisor  
Cell 740-336-0684

Gerald Benson
Owner
61322 Southgate Parkway  
Cambridge, OH 43725
M - F 8:30 am - 6 pm  
Sat. 9 am - 2 pm, Sun. closed
740.435.9877 Tel  
740.435.0042 Fax
740.260.2020 Cell  
store4848@theupsstore.com

The UPS Store

ELECTRICAL INSTALLATION & SERVICE  
OH LIC # 32130

MALLETT SERVICES  
13245 STONEY POINT ROAD  
NEW CONCORD, OHIO 43762

DARREN MALLETT  
740-826-4164 - Mobile 740-584-9010
NEWS FROM THE GAS DESK

By: Jim Javins

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PRICING:

Prices at 9:30 a.m. August 22, 2007:

One yr. NYMEX strip
(Sept, 2007-Aug, 2008) $7.45

Summer Nymex strip
(Sept, 2007-October, 2007) $5.81

Winter NYMEX strip
(November, 2007-March, 2008) $7.81

TCO Index posting for August, 2007 $6.34

DTI Index posting for August, 2007 $6.43

GATHERCO

Retainage for May is as follows for the Gatherco systems. Treat was 6% (down 4% from last month), Miley was 9.1% (down 0.09% from last month), Meigs was 8.93% (down 1.07% from last month), York was 3.89% (down 2.11% from last month), Elk and Grimes – had not heard back from Gatherco as of this report date.

Several new projects have been brought to the table as a result of SOOGA’s efforts to assist producers with the line loss issue, and producers are encouraged to continue to work with Gatherco in resolving any line loss issues.

EAST OHIO GAS

EOG enhancement committee encourages anyone to let a committee member know of any worthwhile project or idea that they may have for improvements on the EOG systems.

East Ohio did a presentation at the Holiday Inn in Marietta a couple of weeks ago, and three plans were presented for discussion and review by the producers. You can contact Brent Breon for a copy on the presentation. A large number of producers were in attendance.

CNR/COLUMBIA GAS TRANSMISSION

Columbia Gas Transmission shut in the Eastern Kentucky producers on March 12, 2007. The duration of this shut in will be approximately two weeks due to pressure reduction because of long wall mining that between Grant Compressor and Holden Valve during exposure of pipeline in order to monitor and prepare for potential subsidence. On March 19, 2007 production will be shut in again for 2 months due to coal mining relocation, which affects CNR02 and MA 16., with an internal constraint at Boldman. Currently, almost all of CNR is shut-in in Eastern KY.

TCO has another open season for 60,000/day for an expansion project in Eastern Ky that will flow gas off TCO and CNR into the new Equitable line that is in the process of being built, with an interconnect with Tennessee Pipeline. That open season has been extended until December 15, 2006 for any producers who would like to take part in it. Total throughput through the Equitable line will be about 130,000/day in to TN, which will provide a year round market for producers who participate in this project. This project may be on hold due to the new FT offering below:

UPDATE: NEW FIRM TRANSPORT OFFERING ON COLUMBIA GAS TRANSMISSION

COLUMNIA GAS TRANSMISSION CORPORATION

NOTICE TO ALL INTERESTED PARTIES

JUNE 15, 2007

Notice ID: 11264
5 - NO RESPONSE REQUIRED

COLUMNIA GAS TRANSMISSION CORPORATION NOTICE OF OPEN SEASON AND REVERSE OPEN SEASON APPALACHIAN BASIN ON-SYSTEM EXPANSION

OVERVIEW:

Columbia Gas Transmission Corporation "TCO") hereby notifies interested parties that it is conducting a non-binding Open Season and Reverse Open Season to solicit interest in firm transportation service designed to transport natural gas from the Appalachian region to delivery points located in Market Area 19 upstream of Lanham Compressor Station. This capacity would enable shippers to move natural gas from receipt points on some or all of the following pipelines:

- Line PM-3 in its entirety in Letcher, Perry, Knott, Floyd, and Pike Counties, Kentucky;
- Line PM-17 in its entirety in Pike County, Kentucky;
- Line PM-30 in its entirety in Floyd and Pike Counties, Kentucky;
- Line PM-83 in its entirety in Floyd and Pike Counties, Kentucky;
- Line PM-83 in its entirety in Floyd and Pike Counties, Kentucky;

(continued to page 10)
Line P in its entirety in Wayne County, West Virginia and Floyd, Johnson, and Lawrence Counties, Kentucky;
Line KA in its entirety in Pike County, Kentucky and Mingo, Wyoming, Raleigh, Mercer, Summers, Monroe, and Greenbrier Counties, West Virginia; Line SM-116 in its entirety in Mingo, Logan, Lincoln, and Cabell Counties, West Virginia;
Line BM-74 in its entirety in Cabell and Wayne Counties, West Virginia; Line S in Cabell, Lincoln, and Putnam Counties, West Virginia; and Line SM-123 in its entirety in Mingo and Wyoming Counties, West Virginia.

In addition to these pipelines, in this Open Season, TCO will also consider receipt point requests on lateral pipelines connected to the pipelines detailed above.

TCO anticipates there will be two separate recourse rates for the proposed service; one rate would apply to service utilizing receipt point's on the low pressure pipelines of the Appalachian System and another rate would apply to service utilizing receipt point's on the high pressure pipelines of the Appalachian System. The high pressure pipelines include Line SM-116 north of Grant Compressor Station, Line SM-123, Line KA downstream of the Huff Creek Compressor Station, and all laterals feeding into these pipelines. The low pressure pipelines include the remaining pipelines referenced above. TCO’s customers, and not TCO, are ultimately responsible for making all construction and service arrangements on other pipelines upstream and downstream of TCO custody transfer points. To the extent that third party processing fees and/or retainage are applicable, interested parties, and not TCO, are ultimately responsible for those processing fees and/or retainage.

TCO invites interested parties to submit requests for service. To the extent that adequate interest is demonstrated to justify moving forward with the proposed expansion, as determined by TCO in its sole discretion, TCO will award, or allocate, as necessary, capacity in accordance with the provisions stated below.

To the extent that an interested party desires service, that party must submit an Open Season Request Form in response to this Open Season. In addition, TCO will consider negotiated rate alternatives to the recourse rates for this project. Therefore, to the extent that interested parties would like to explore the possibility of a negotiated rate with TCO, please contact either Tom Brasselle by telephone at 304-357-3276, or by electronic mail at tbraselle@nisource.com, or Bud Yeager by telephone at 304-357-2880, or by electronic mail at jyeager@nisource.com. An interested party requesting a negotiated rate will also be required to submit an Open Season Request Form under this Open Season.

LENGTH OF OPEN SEASON/REVERSE OPEN SEASON

The Open Season/Reverse Open Season period will commence on June 15, 2007 and close at 4:30 p.m. E.T. on July 6, 2007. During the Open Season/Reverse Open Season, interested parties desiring service or desiring to turn back capacity must submit an open season request form in accordance with the minimum requirements set forth in this notice. Please note that request forms submitted must identify desired meter numbers which must be located only on TCO’s system (not meter numbers located on facilities interconnected with TCO), and associated quantities, or the request forms may be rejected.

EQUITABLE

Equitable’s Big Sandy Pipeline in KY:
The Big Sandy Pipeline, being built to take gas from East Kentucky into the Tennessee Pipeline, is in the process of laying pipe, and working to get added electric facilities to handle their processing of the gas before delivery into Tennessee. The 1300,000/day pipeline is scheduled to be in service later this year, or perhaps during the first half of 2008.

Equitable’s purchase of Dominion Hope and Peoples Gas:
Equitable’s purchase of Dominion LDC’s Hope Gas in West Virginia and Peoples Gas in Pittsburgh is waiting on all of the approvals to move that purchase along. NEMA is opposing the acquisition, saying that it would harm the development of the competitive gas market. Equitable proposed in a settlement that it wouldn’t file for a distribution rate rise until 2009 to sweeten the merger deal. NEMA says that only postpones unbundling Equitable’s commodity rates and leaves supply related costs in distribution rates. Equitable’s distribution rates are higher than Dominion’s, so Dominion customers would be locked into paying higher rates without justification.

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Equitable’s citygate capacity charge is higher--$1.89/mcf - than Dominion’s .66/mcf including balancing charges. Per NEMA, switching Dominion customers to Equitable’s charges would cost them a cool $88 million/year more. They also said that switching gas deliveries to Equitable’s system means abandoning or removing transmission interconnects or distribution lines – thus affecting deals marketers had made with customers.

DOMINION TRANSMISSION

DTI has been doing some compressor and engine repairs on parts of their wet system, which has resulted in some higher line pressures and short term shut-ins of production over the last couple of months. Please stay in touch with your marketer for any notices of shut-ins or curtailments. You can use the link set out below, and click on “Appalachian Produc- er Notices” on a daily basis to keep in touch with maintenance that may affect your wells and production.

http://www.dom.com/about/gas-transmission/index.jsp

OTHERS:

There has been considerable discussion and press about the new Rocky Mountain Express pipeline system being built by Kinder Morgan Energy Partners, Sempra, and ConocoPhillips. The 1,663 mile project originates in Rio Blanco County, Colo., and extends to the Clarington Hub in Monroe County, Ohio. FERC has granted preliminary approval for the first leg of this new pipeline.

Update – March 19, 2007 – Rockies Express Pipeline

Rockies Express Western segment gets favorable final EIS from FERC

The 795-mile Western segment of the giant Rockies Express natural gas pipeline proposed to stretch from Wyoming to eastern Ohio can be built without doing significant damage to the environment, a Federal Energy Regulatory Commission report concluded on Friday.

The project parts proposed by Rockies Express Pipeline, TransColorado Gas Transmission and Questar Overthrust Pipeline are being developed separately, but FERC assessed them in one environmental impact statement because they are interconnected and essential components of a larger, combined transportation system. The segment received a favorable EIS draft in the fall (GD 11/6).

In total, the combined Western segment would include nearly 800 miles of pipeline and 237,000 HP of new compression. The 713-mile first east-west segment, called REX-West, would extend from the Cheyenne Hub in Weld County, Colorado, to an interconnection with Panhandle Eastern Pipe Line in Audrain County, Missouri.

Construction of the so-called REX-West segment is scheduled for completion in 2008 if the commission approves the project by the end of this month. The original Rockies Express proposal with an endpoint in Clarington, Ohio, is tagged for completion in 2009.

Once completed, the long-haul system would be capable of transporting up to 1.5 Bcf/d of Rocky Mountain gas to markets in the Midwest and Northeast.

FERC must still approve the project in full before it can be built. JK

Rockies Express files for approval of East leg from Missouri to Ohio

On Monday, Rockies Express Pipeline filed an application for FERC approval to build the 638 miles REX-East segment of the long-haul project to ship gas from the Rocky Mountains to Eastern markets.

REX-East is the second major segment of the giant 1,663 mile system sponsored by Kinder Morgan Energy Partners, Sempra energy, and ConocoPhillips. It would go from Audrain County, Missouri, to Clarington, OH.

Early Discussion about the impact of REX-East on local supply in Ohio:

This pipeline will bring approximately 140,000 into Clarion, Ohio, which has an interconnect with East Ohio at that point. It is subject to 5% fuel, which equates to about $.32/dth in an $8.00 market.

The 140,000/day delivery to Clarion is about the same as the total local supply on East Ohio Gas, causing some concern that if a large amount of this gas I delivered into East Ohio, that local supply may be backed off, or in the least, suffer some pricing setbacks. Per discussions that I have been in, the consensus is that basis may be affected, at least for short term, and may be less that what we have seen historically. The impact of this may not be known until June or July, 2009, when gas flows to Clarion, The new gas may cause some access issues for local supply in 2009, and this could develop in a price hit to that local supply, as it competes with the Rockies gas. This may cause producers to look at their rate of return based on what the new price may be vs. their current lifting costs.

(continued to page 12)
It has also been noted that the Gulf and the Southwest may be hurt more than local supply, as that gas may be backed off as this new supply comes on and takes its place at a more favorable delivered rate, driving prices lower in the Gulf. Bentek believes that this gas will be priced from $.80 to $1.17 lower than Gulf gas.

There are new sources of gas coming East, but no offsetting increase in demand. This will cause a couple of interesting years as this project is completed. The resulting backing off of Gulf, Southwest, Midwest, and Mid-continent supplies will cause them to be re-directed to other intrastate markets (Oklahoma, Texas, and California, with price points at Cheyenne, Opal, and Northwest South of Green River rising relative to other points in the country).

Lebanon, in Ohio, is constrained. Any Rex volumes that move to this point will not provide much in the way of Incremental supplies. Rather, it will displace existing supplies, mostly coming from the Gulf and Mid-Continent production areas. For the most part, the same conditions may exist when Clarion becomes operational. The expanding supply options may/will drive down prices in Ohio relative to the Gulf.

For a current update on the status of this new pipeline project, please go to thus link: http://www.kindermorgan.com/business/gas_pipelines/rockies_express/

DOMINION EAST OHIO UPDATE

Dominion East Ohio met with the Noble, Monroe and Washington County Oil and Gas Producers on July 26th in Marietta to request interest and volumes for 2 potential pipeline expansion projects. Dominion East Ohio has initiated a project to move gas and lower pressures in the Woodfield area by laying a pipeline either east or west depending on producer input and volumes.

The second project pertains to a proposed pipeline project that will move gas from the Marietta market into Dominion's north-south Noble Gathering System. This project will help move gas from the Ohio River and lower pressures in Marietta distribution systems.

Dominion East Ohio has requested estimated volumes for both pipeline expansions in an effort to correctly size pipelines and compression needs.

Please forward your volumes ASAP either by Email or phone to:

Steve J. Williams
Gas Business Development Representative
Dominion East Ohio Gathering and Production
7015 Freedom Ave. NW
North Canton, Ohio 44720
Phone: 330-266-2147 / 8-655-2147
Cellular: 330-575-8552
Fax: 330-266-2057 / 8-655-2057
Chesapeake Energy and Petroedge, (a Ritchie County Producer) have made a request to the WV Oil and Gas Conservation Commission for special field rules in Drilling Marcellus Shale wells in different parts of WV.

Some of the areas involved are Braxton, Calhoun, Gilmer, Roane, Jackson, Harrison, Upshur, Randolph, and Taylor counties, as well as others. A Marcellus Shale well in WV is classified as a shallow well. There are no spacing requirements on drilling shallow wells in WV. A shallow well can only PENETRATE the Onondaga by 20 feet. To drill any deeper into the Onondaga you have to permit a deep well in WV. A deep well has more stringent requirements. A deep well must be 400 feet from the property line and they have to be at least 3000 feet apart. The request of Chesapeake and Petroedge asked to drill 75 feet into the Onondaga, allowing Marcellus wells to be drilled 50 feet from the property line and 1000 feet apart. A hearing was scheduled in early August on the matter but was continued till further notice. Apparently some companies have been permitting shallow wells and drilling them to the Oriskany. This has created a real debacle.

(Article by: Bob Matthey, Jr.)
To help foster better oil and gas energy education, the Ohio Oil and Gas Energy Education Program offered a special Summer Teacher workshop at Marietta College on July 9 - 10. Flyers were mailed to teachers in early May promoting the two day workshop, and teacher registration filled to capacity in less than 10 days.

Day One included instruction of OOGEEP’s six part curriculum unit which includes background information, classroom labs/ experiments, graphic organizers, career connections, state and national science standards and a variety of other materials. The hands-on activities included: (1) Formation of Natural Gas and Oil; (2) Migration and Trapping of Natural Gas and Oil; (3) Exploration of Natural Gas and Oil; (4) Drilling and Production; (5) Petroleum Refining; and (6) Products from Natural Gas and Oil.

In addition, a variety of specialized presentations were given by the industry volunteers. Presenters included: Sarah Tipka, A.W. Tipka Oil and Gas, Inc., Rhonda Reda, OOGA/OOGEEP, Chuck Moyer, Great Lakes Energy Partners, LLC, Jim Hanlon, North Coast Energy, Inc., and the team of Carol Warkentien and Jeanne Gogolski, OOGEEP’s Teacher Consultants.

Teachers received CEU credits and many took advantage of the Ashland University Graduate Credit.

After a full day in the classroom, and before retiring to the dorm rooms at Marietta College, the teachers were treated to a special dinner cruise aboard the Valley Gem. This event was sponsored exclusively by:

Buckeye Water Services Co.
David R. Hill, Inc.
Devco Oil, Inc.
Ergon Oil Purchasing, Inc.
Energy Services Corporation
Moore Resources, LLC
Producers Service Corp.
Universal Well Services

The second day included an oilfield tour throughout southeastern Ohio. Special thanks to the following for their help in educating these teachers about Ohio’s oil and gas industry:

Marty Miller, Alliance Petroleum, Inc.
(OOGEEP Board Member and Field Trip Coordinator)
Jim Edgington, Dominion East Ohio
Bob Gerst, Ohio Oil Gathering Corp.

Finally, special thanks and appreciation to Dr. Robert W. Chase, Chair and Benedum Professor, Marietta College, Department of Petroleum Engineering & Geology, and the entire staff of Marietta College for hosting the workshop and providing overnight dorm accommodations to the group! Thank you!

**Quotes from Teachers Attending the Workshop:**

“Wow! Lots of incredible resources, information and hands-on experience in a short period. I thought this was a well rounded workshop. The field trip helped cement the information in place!”

“Fantastic workshop. Staff was so compassionate and helpful. This was 2 of the best days I have spent learning in my 20 years of teaching.”

“Everyone who talked was enthusiastic and seemed to care a lot about their topic and career. Keep the ride down the river.”

“Excellent, wonderful, awesome, terrific and outstanding!! I can’t wait to teach this!”

“Very interesting and eye-opening experience. Great ideas to incorporate in the classroom.”
Governor Manchin’s bill in support of oil and gas drillers was stopped in the special legislative session, but will likely be reintroduced in the next 60 day session. Landowners that were affected by the Garrison Tawney case have contracts that state they are to be paid for the gas when taken from the well. The bill proposed by the Governor would have allowed producers to charge for post-production costs of getting the natural gas to a pipeline and any preparatory items. The Governor presented the bill as an attempt to “promote a healthy business environment in West Virginia and ensure that changes in federal regulations and unsettled law would not impede development of the West Virginia oil and natural gas industry and lead to uncertainty and expensive litigation of existing business relationships”.

The bill would have been pivotal for the June decision in Roane County that upheld the more than $405 million royalties verdict against natural gas companies, including $270 million in punitive damages. Chesapeake Energy, NiSource and other gas-drilling businesses in the state are in the process of appealing to the state Supreme Court. Manchin’s proposal also included his failed idea from the last legislative session to take away state tax breaks on coalbed methane gas. Lawmakers rejected the idea in March, but may consider it now.

Lawmakers stated that the issue is too complex to have passed the bill on such a short notice. Hopefully, with more time and further clarification of the details in the bill, it will be passed in the next 60 day session.
APPLICATIONS ON HAND
SOOGA is collecting applications from individuals interested in the oil and gas industry. Please feel free to stop in any time Monday - Friday between 8:00 A.M. and 4:30 P.M. and find your new hire. Several of the applicants have stated their enthusiasm for the possibility of having their applications reviewed by members of the Southeastern Ohio Oil and Gas Association. Take advantage of being a member and use this service in place of or in addition to running advertisements in the classified section of the local papers. There are also resumes from the applicants that applied for the Executive Secretarial position being kept in the SOOGA office.
Your participation would be greatly appreciated.

CLASSIFIED ADS
Hubbard Oil is looking to purchase stripper wells located in the northern region of Washington County, Noble County, and the southern region of Monroe County. Anyone interested in talking with Hubbard Oil, please contact Christie at 740-374-2772.

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THE INSIDER
Currently, there are no specific OSHA regulations covering driving of cars, trucks, and other on-road vehicles (there are regulations covering forklifts and other powered industrial trucks). However, OSHA’s General Duty Clause requires employers to maintain a workplace free of hazards. It makes sense for employers to require employees to follow safe driving practices like wearing seat belts when driving or riding in motor vehicles on company business. Although there are no specific OSHA training requirements for driving, following safe practices can reduce accidents and even save lives.

More people are killed or injured in motor vehicle accidents than in any other way, both on and off the job. Here are a few statistics for a typical recent year:

- Motor vehicle accidents are the number one cause of all accidental deaths, accounting for nearly half of them.
- More than 40,000 motor vehicle deaths.
- More than 2 million disabling injuries caused by motor vehicles.
- More than $60 billion of lost wages and productivity due to motor vehicle deaths and injuries.

**Identifying Hazards**

- Ignoring traffic signs and signals
- Following too close to another vehicle
- Driving in the wrong lane
- Failing to yield to another vehicle
GAS PRICING

JULY 2007
NYMEX Settlement: $6.929
Inside FERC/DTI: $7.310 (Basis: $0.381)
Inside FERC/TCO: $7.370 (Basis: $0.441)
NYMEX 3-day Average: $6.9153

AUGUST 2007
NYMEX Settlement: $6.110
Inside FERC/DTI: $6.430 (Basis: $0.320)
Inside FERC/TCO: $6.340 (Basis: $0.230)
NYMEX 3-day Average: $5.9927

OIL PRICING

Effective Date 9/1/07

ERGON PURCHASING WEST VIRGINIA
Ohio All Fields: $69.25
West Virginia Northern: $68.75
West Virginia Central: $68.00
West Virginia Southern: $67.75

AMERICAN REFINING GROUP
OH/WV: $69.25

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An expedited appeal was filed with the appellate court. The Court of Appeals granted the Datkuliaks’ request and ordered AEC to file an answer brief within 10 days after the complete record on appeal is filed. The court stated that the matter would “be promptly scheduled for oral argument once all briefs have been filed.” The 10 day period ended Aug. 16.


Sarah and Jessie Truex wrote letters to the officials. “When I grow up, I would like to live somewhere on my grandparents’ farm,” wrote Sarah. I am planning on using the gas well if it is still here. I was hoping to use the gas well for free heat and not have to worry about running out of propane or whatever I use for heat.”

The gas well means a lot to me…” wrote Jessie. “My question is why can’t they just move over about 10 feet?” If the mining path stopped 900-1200 feet less, it would save the well, surmised the family. The tree line where the mining path ends can be seen easily from the family residence.

Several entities have taken an interest in this case due to its ramifications. Motions for Leave to File Amicus (friend of the court) Briefs have been filed by the Ohio Farm Bureau and the Monroe County Farm Bureau and the Ohio Oil and Gas Association, in the support of the Datkuliaks.

In the motion filed by the Farm Bureaus, it reads: “Initially, the Ohio Farm Bureau and the Monroe County Farm Bureau feel it is important for this Court to understand the importance of this issue to rural Ohioans. There are approximately 63,000 active oil and gas wells in Ohio which in 2006 generated in excess of $125 million of royalties to landowners. Moreover, there are more than 4,100 landowners who actually own the wells on their property used to provide free natural gas to their homes, barns … The revenue and free gas provided by these wells are significant to and relied upon by many rural families, particularly within Monroe and other economically struggling counties in Southeast Ohio.

By contrast, the mining of the one seam of coal owned by Appellees will not produce any royalties or other revenue to the landowners… The importance of potential oil and gas production to landowners was clearly reflected in the original severance deed from which the Appellees’ entire interest is derived—the landowner expressly reserved the right to do exactly what the trial court has now eliminated, namely the right to drill oil and gas though the severed seam of coal and to operate those wells… The words “drill” and “operate” are significant. If the intent of the parties was to allow wells to be drilled, but to require those wells to be plugged a week, year or five years after the wells are drilled, there would have been no reason for the parties to expressly reserve the right to “operate” the wells…”

“If this ruling stands in its present form,” said Bud Rousenberg, local oil and gas developer, “it could be detrimental to coal bearing counties like Monroe. This is not just some small decision. People are not aware of the ramifications for present and future oil and gas development in counties like Monroe. We certainly need any industry we can get in Monroe County. It was noted that Monroe County has led the state in oil and gas production for the last several years.

“It is clear in the deed that the Datkuliaks have the property ownership and access to the gas well,” said Tom Stewart, executive vice-president of the Ohio Oil and Gas Association. The coal company, led by Bob Murray, has taken that away from them. Murray purports that by an Ohio statute initiated by the Coal Development Office that coal has a dominance over oil and gas,” said Stewart.

“The only singular reason for the statute was to help the coal industry because Ohio coal is flawed. It is full of pollutants and the government was helping them out. It did not mean that a coal company can seize the man’s property,” continued Stewart. “I admire Mr. Datkuliak for standing up and defending his property rights against the coal company and in particular Bob Murray. My industry and the coal industry have managed to get along pretty well but this is a flagrant abuse of property rights!” Stewart said.

Regardless of the outcome said Mike Datkuliak, “Dick Yoss and Jason Yoss have done a heck of a job.”

A follow-up on the appellate decision will be published in the Beacon.

(by Martha Ackerman Staff Writer)
Southeastern Ohio Oil & Gas Association

2007 Annual Trade Show

WELL TENDING SEMINAR

Registration 7:30AM

Cost: $25.00 (Includes Lunch)

Each session will be given in 1/2 hour increments with 10 minute breaks in between to allow you to attend all six sessions in the order you choose. Please take advantage of the 10 minute breaks to visit the booths, it is a good opportunity for sharing information.

1. SERVICE RIG SAFETY (Deryl Perkins of Perkins Supply)
2. GAS COMPRESSION MAINTENANCE, SIZING, & TROUBLESHOOTING (Chris Deem of Canaan Industries and Charlie Ford of Lippizan Petroleum, Inc.)
3. GAS MEASUREMENT (Ralph Cunningham of Little Kanawha Gas Measurement)
4. PUMPING PRACTICES (Mark Hackett of Genesis Exploration)
5. PARAFFIN TREATMENT (Ron Anderson of Clearwater, Inc.)
6. DOWNHOLE PUMPING & TROUBLESHOOTING (Scott Gillespie of Harbison-Fischer and Scott Craycraft of Miller Supply)

The schedule for each of the sessions will be:

8:00AM-8:30AM (10 MIN BREAK)
8:40AM-9:10AM (10 MIN BREAK)
9:20 AM-9:50AM (10 MIN BREAK)
10:00AM-10:30AM (10 MIN BREAK)
10:40AM-11:10AM (10 MIN BREAK)
11:20AM-11:50AM

AFTERNOON TECHNICAL SEMINAR (1:00PM to 4:00PM) TOPIC OF THIS SESSION WILL BE THE MARCELLUS SHALE, WITH SPEAKERS FROM HALLIBURTON, BJ SERVICES, & UNIVERSAL WELL SERVICES

TO BE HELD AT THE WASHINGTON COUNTY FAIR GROUNDS
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Trade Show Registration Form

To Register: Call Billie Leister at (740) 374-3203; fax (740) 374-2840 or by mail;

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Make checks payable to: Southeastern Ohio Oil & Gas Association

RSVP By: September 14, 2007 HURRY!!!!!!

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

Refunds are limited to registration fees.
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