SOOGA would like to thank all the participants, vendors, and members for all the hard work that went into this successful event. Despite the weather, this year’s turnout was estimated at over 250 people and was our biggest crowd to date.

A special thank you to the morning presenters: Joe Kunze, United Rental Industrial Division of Marietta; Scott Mapes, Wells Fargo; Darren Mallett, Mallett Electrical Services; Bill Stevens, Stevens Oil and Gas; Barry Bowers, Huffman Bowers; Deryl Perkins, Perkins Supply; Don Burris, Phoenix Specialty; Ron Anderson, Weatherford; Chris Deem, Canaan Industries; Troy Poling, Ken Miller Supply; Wayne Middleton, Harbison Fisher; and Curt Reed, Baker Petrolite. We would also like to thank our afternoon speakers: Scott Mapes, Wells Fargo; Gene Huck, Artex Oil Co.; Marty Miller, Alliance Petroleum; Jim Javins, Integrys Energy; and Rick Simmers, ODNR.

Continued on Page 10
Congratulations to member Dan Stoner, President Brandon Fisher and their staff at Center Rock Inc. for their outstanding work in rescuing the Chilean miners under unbelievably difficult circumstances and stress. This is one more example of how the US Drilling Industry leads the world in technology and engineering. The hole had to be gauged, straight and drilled as fast as possible. There was little coverage of these particular heroes in the mainstream press, but we are very proud to have them represent us to the world.

This is the can-do attitude that will guide all SOOGA members through the current economy and natural gas market. We will adapt to these challenges and the latest regulatory changes as we always have. We are responsible corporate citizens, and in the end this will come through, regardless of the charges made against us.

There is a new law governing motor carriers with a GVW over 10,000 lbs. that you should be aware of. This does not require a CDL, but has most of the same requirements. This will affect almost anyone who pulls a trailer.

Be sure to vote in the upcoming election, it’s the only way we have a chance to influence or turn back some of the new challenges to our businesses.

Stay Strong & be safe.

Gene Huck,
President
2010 CALENDAR OF EVENTS

October 29, 2010
SOOGA Fall Clay Shoot
Hilltop Sports, Whipple, OH

November 1st.– 30th
SOOGA Fall Gun Giveaway

Robert Hesson
Mobile 740.581.0904

H&L
OILFIELD SERVICES LLC
409 Poplar Street, Suite A
Caldwell, Ohio 43724

*FOR ALL YOUR WATER HAULING NEEDS*
Specialized in water work, wench truck, frac tank rental, straight trucks & tractor trailer services

EAGLE RESEARCH CORPORATION
Manufacturer of
Orifice Measurement
Electronics
4237 State Route 34
Hurricane, WV 25526
304-757-6565
www.eaglerearchcorp.com

Your Oil & Gas Production and Drilling Chemical “Solution”

PARKERSBURG TOOL COMPANY
1004 Depot Street | Parkersburg, WV 26101

Warren Drilling Company
305 Smithson St.
Dexter City, OH 45727

P.O. Box 103
Office: 740-783-2375 & 740-783-2345
Phone 304-428-8015
Fax 304-428-8059

ROGER K. RIDDLE, President
DAVID L. MCKAIN, Vice President

Joey Vincent
Industrial Sales Representative
330.405.1899
216.650.8135 cell
jvincent@rainforest.com

8483 N. Boyle Parkway
Twinsburg, OH 44087
330.405.1935 fax
Pump, Pipeline, Tank, Filtration & Spillguard Rentals

2010 CALENDAR OF EVENTS

October 29, 2010
SOOGA Fall Clay Shoot
Hilltop Sports, Whipple, OH

November 1st.– 30th
SOOGA Fall Gun Giveaway
We Buy Wells

Producing or idle, 1 well to 1000. Keep your good wells - we’ll buy your losers! Immediate cash available with proof of ownership. Cash out those old partners NOW! If it must be plugged, we leave it neat and clean every time. References available.

Call Ben Cart or Mark Depew.

PETROX, Inc.
(330) 757-3303
67 Poland Manor, Poland OH 44514

CARPER WELL SERVICE, Inc.
PO Box 273 | Reno OH 45773
Office/24 Hr Number: 740.374.2567
Fax: 740.374.2610

VACUUM SERVICE RIGS | POWER TONGS | SWAB UNITS | ROUST-OUT | VACUUM WATER TRUCKS | BRINE DISPOSAL | TANKS AND PRODUCTION | DISPOSAL WELLS | DOZERS | GENERAL TRUCKING

Millard Carper
Owner
Cell 740.516.5355

Ron Dalrymple
Rig Superintendent
Cell 740.350.1728

Smitty Vandall
Trucking Supervisor
Cell 740.336.0684

TRIAD HUNTER, LLC.

Gary Evans, CEO/Chairman
Jim Denny, President/COO
Rocky Roberts, Senior V. P. of Appalachian Operations
John Tumis, V. P. of Appalachian Accounting
Kim Arnold, V. P. of Appalachian Administration
Kyle Bradford, V. P. of Appalachian Drilling
Jeff Brammer, V. P. of Appalachian Operations
Mike Horan, V. P. of Appalachian Production

Office (740) 374-2940
27724 State Route 7N
P.O Box 430
Reno, Ohio 45773

EDI

QUALITY & SERVICE
MAKE THE “DIFF”
Rich Wynn
Electronic Design for Industry
100 Ayers Blvd
Belpre, Ohio 45714
(740) 401-4000 | Fax (740) 401-4005
www.ediplungerlift.com
Email rwynn@ediplungerlift.com
Curt Reed
Account Manager

Baker Petrolite
Oil Field Chemicals
Route 50 East
Smithburg, West Virginia 26436
Office: 304-873-2073 | Cell: 304-481-6350

ERGON
Oil Purchasing, Inc.
Division Order
1800-273-3364
1-800-CRUDE OIL
Purchasers

Transporters
of Crude Oil
Trucking, Inc.

Magnolia Terminal • Marietta Terminal
1-800-844-2550 1-888-429-1884

Wells Fargo
Serving the oil and gas industry since 1981

Wells Fargo Insurance Services
USA, Inc.
Scott K. Mapes, CIC
Account executive
513-333-2171 or 800-452-4532
1014 Vine St., Suite 1100
Cincinnati, OH 45202-1195
scott.mapes@wellsfargo.com
wellsfargo.com/wfus
© 2010 Wells Fargo Insurance Services
NEW MEMBERS

SOOGA would like to welcome the following new 2010 members:

**DOUG KLINGENSMITH**
Unconventional Solutions, Inc.
527 Union St.
Milford, MI 48381
248-685-7580

**BRAD WELLS**
Western Branch Diesel, Inc.
1616 Metric Ave SW.
Canton, OH 44706
330-454-8800

**FAWN PRICE**
806 North Main St.
New Martinsville, WV 26155

**BRONWYN DAVIS**
Big Oat’s Oil Field Supply
38700 Pelton Rd.
Willoughby, OH 44094
440-942-1800

**FRED HAYES**
KimRay, Inc.
215 Airport Rd.
Indiana, PA 15701
724-349-3411

**ERICH WALLS**
KimRay, Inc.
215 Airport Rd.
Indiana, PA 15701
724-349-3411

**DENNIS POUNDS**
Glenville State College
200 High Street.
Glenville, WV
304-462-6381

**SCOTT BUCCIERE**
Zoresco Equipment
850 Clinton Rd.
Brooklyn, OH 44144
216-409-9317

**THOMAS GIBSON**
Stempede Well Service Corp.
121 Putnam St. Suite 103
Marietta, OH 45750
740-516-0714

**MIKE VUKSIC**
Kroll Energy, LLC
10467 St. Rt. 260
New Matamoras, OH 45767
740-374-2299

**JIM VUKSIC**
Kroll Energy, LLC
10467 St. Rt. 260
New Matamoras, OH 45767
740-374-2299

**BOB KROLL**
Kroll Energy, LLC
10467 St. Rt. 260
New Matamoras, OH 45767
740-374-2299

**PAUL SERGENT**
Professional Land Resources, LLC
P.O. Box 965
Dellslow, WV 26531
304-381-2114

Membership Committee Report: 10-26-2010
By: Wes Mossor - Chairman

Membership in your association currently stands at **348 members**. Don’t forget about our 2010 Membership Drive. It is not too late to win, get out there and sign up some New Members.

**2010 Membership Drive Results**

**37 New Members in 2010** – Welcome Aboard

**CURRENT LEADERS**
Larry Hill – Tech Star, Inc. – 4 New Members
Chris Deem- Canaan Industries – 2 New Members
Curt Murray- Pride of The Hills – 2 New Members

The member that signs up the most new members will win.

**First Place** – **18 hole round of golf and lunch for four at The Marietta Country Club**

**Second Place** – **Free 2011 SOOGA Membership (basic membership only)**

**Third Place** - **$50.00 gift certificate**

Winners will be announced at the 2011 Membership Meeting.

Download membership form from the SOOGA website [www.sooga.org](http://www.sooga.org) or contact the SOOGA office (740)-374-3203, we will be glad to mail or fax forms for you.
This month, and at intervals in the future, I will depart from the previous format of discussing the various geologic formations of our area. There are a number of historically significant wells in the Appalachian Basin and in our part of it which have very interesting stories connected to them. From time to time, these will be presented along with the important technical facts and other interesting information. This month’s article covers a well which has an outstanding production history from the Upper Devonian sand and which also illustrates the potential of the secondary recovery process known as vacuum-recycling.

Quaker State Oil Refining Corporation is the owner and operator of a great many wells in the Appalachian Basin. They own the world’s oldest well with a history of continuous production. This is the famous McClintock #1 in Venango County, Pennsylvania, which has been producing since August, 1861.

In addition to that well, of which they can be justly proud, they also have another well which has set a very enviable record. This is the well which holds the record of having produced the most oil in the Appalachian Basin. Possibly this same well also holds that record for all of the territory east of the Mississippi River. If any of our readers have any information on a well with a larger cumulative oil production, I would appreciate hearing the details.

In the well under discussion is the J.J. Mathews #1 in North Fayette Twp., Allegheny County, Pennsylvania. This is in the McDonald Oil Field. It was drilled in 1891 and its early history is best summarized by the following quote from Bulletin M-29 of the Pennsylvania Geologic Survey written in 1949:

“The Mathews test was originally completed in May, 1891, producing approximately 30 barrels of oil per day form the Gordon sand. In the period July to October of that year it was deepened to the Fifth sand. The initial production from the Fifth sand was 40 barrels per hour. By successive deepenings into the sand, however, its output was increased until, by October 17, it was producing at a rate variously estimated at 500 to 860 barrels per hour. It did not continue to produce at this high rate but steadily declined, and on October 20 its output was 425 barrels per hour. By January, 1892, its hourly output had dropped further to 20 barrels. According to trade journal reports, Mathews No. 1 produced in 8 months (May to December, 1891) about 523,513 barrels of oil. Today, 58 years after being drilled, this remarkable well is still productive, making 6 barrels of oil per day.”

The cumulative gross oil production is in excess of 1, 137,000 barrels. This is a record yield for any known well in the Appalachian Basin. Available records indicate that the well has been cleaned out and shot at least five times. Since 1950 this well and those on adjoining leases have been operated as part of a vacuum-recycling program where the gas is gathered at the wellheads at a vacuum of 25 plus inches of mercury compressed and then reinjected into the reservoir through injection wells at a pressure of 20 psi. Crews who worked on the well during the clean out operations say there is “one hell of a big shot hole down there.” With a well that has been cleaned out as many times as this one has, the statement is understandable.

For those interested in more mundane matters, the Mathews #1 is producing from a section of Fifth sand which is twenty to twenty-five feet thick. Because of the age of the well and the hole conditions, no logs which would indicate reservoir conditions could be run. Birdwell did run a gamma ray - neutron log on the well in the early 1950’s and it shows a sand section which is consistent with other wells in that section of the field. Other more recently drilled wells in the area which were cored show porosity and permeability in the range of 10 to 23% and 100 to 200 md. respectively. The depth to the top of the Fifth sand averages 2260 feet. Part of the sand body contains pebble streaks.

The theory has been advanced that such a productive well is capable of draining a very large area and drilling additional wells nearby would not be justified. The facts in this case do not bear this out. Consider the following:

1. This is not the best producer in the field. Across the valley 1200 feet to the southwest is a well which produces at the rate of 14-15 BOPD.

2. 1700 feet to the north, two wells were drilled in the late 1950’s and early 60’s. In the first fourteen years, production from these two wells has been in excess of 80,000 barrels.

If the Mathews well had been capable of draining the entire field, these results would not have occurred. Sufficient to say that the Mathews well and its neighbors in the Nobles-town section of the McDonald Oil Field are very impressive producers.

The Galey well was originally started early in 1891 by the firm of Guffey in Pennsylvania. Because of financial problems, they enlisted the aid of Michael Murphy and E. H. Jennings.

Murphy and the Jennings brothers were oil producers with large holdings in Ohio, Pennsylvania and later in West Virginia. The Jennings Brothers Oil Company operated the Mathews well and surrounding leases until 1949 when their properties were sold to Quaker State.

If the Mathews #1 had been a dry hole, the future may have been uncertain for Guffey and Galey. However, as it turned out, the well was instrumental in rebuilding their fortunes. Readers familiar with oil field history will recognize James M. Guffey and John H. Galey as the backers (and majority owners) of the first well at Spindletop, Texas, in 1901, and the founders of the Gulf Oil Corporation of November 10, 1901. It is interesting to speculate if there would have been a Gulf Oil had Mathews #1 been dry. It is also interesting to note that while Gulf Oil is a thriving giant of the industry today, the well in Pennsylvania which made it possible is also a giant of its own right and is still producing at a rate far above that of the average Pennsylvania oil well.
**GAS PRICING**

<table>
<thead>
<tr>
<th>Month</th>
<th>NYMEX Settlement</th>
<th>Inside FERC/DTI</th>
<th>Inside FERC/TCO</th>
<th>NYMEX 3-day Average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEPTEMBER 2010</strong></td>
<td>$3.651</td>
<td>$3.700 (Basis: $0.049)</td>
<td>$3.700 (Basis: $0.049)</td>
<td>$3.7797</td>
</tr>
<tr>
<td><strong>OCTOBER 2010</strong></td>
<td>$3.837</td>
<td>$3.910 (Basis: $0.073)</td>
<td>$3.910 (Basis: $0.073)</td>
<td>$3.8393</td>
</tr>
</tbody>
</table>

**OIL PRICING**

**AVG. SEPTEMBER & OCTOBER 2010**

**ERGON PURCHASING WEST VIRGINIA**
- September Tier 1 Ohio: $70.9083
- September Tier 2 Ohio: $68.9083
- September Tier 3 Ohio: $67.4083
- September Tier 1 West Virginia: $69.4083
- September Tier 2 West Virginia: $67.4083
- September Tier 3 West Virginia: $65.9083
- September Appalachian Light: $47.9523

Tier 1 - 156 + net barrels of crude oil
No more than 2% BS&W (if the BS&W is over 2% it will then qualify for Tier 2 pricing)

Tier 2 - 60-155.99 net barrels of crude oil
Two Stops within 5 miles

Tier 3 - 30-59.99 net barrels of crude oil

**AMERICAN REFINING GROUP**

- 9/1 to 9/10  Group 1 OH: $69.33
  Group 2 OH: $67.93
  Group 3 OH: $66.43
  App. Light: $45.63
- 9/11 to 9/20 Group 1 OH: $71.25
  Group 2 OH: $69.25
  Group 3 OH: $67.75
  App. Light: $46.78
- 9/21 to 9/30 Group 1 OH: $71.55
  Group 2 OH: $69.55
  Group 3 OH: $68.05
  App. Light: $47.04
- 10/1 to 10/10 Group 1 OH: $77.68
  Group 2 OH: $75.68
  Group 3 OH: $74.18
  App. Light: $52.37
- 10/11 to 10/20 Group 1 OH: $77.55
  Group 2 OH: $75.55
  Group 3 OH: $74.05
  App. Light: $52.27
Berry Well Service
Call for your service rig needs.

BILL MITTON
VP Field Operations

DONNIE STRANGE
Rig Supervisor

Phone: (740) 787-1391

Other Services: Water Hauling & Pipeline Construction

A division of Knox Energy, Inc.

Pettigrew Pumping Service, Inc.

Matthew J. Pettigrew
PO Box 809, Ravenna, OH 44266
PPSI@Bright.net

Mt. Gilead, OH
Office: (419) 768-9977
Fax: (419) 768-9900

Ravenna, OH
Office: (330) 297-7900
Fax: (330) 297-7901

PERKINS SUPPLY, INC.

OILFIELD & INDUSTRIAL SUPPLIES
ROUTE 1 - BOX 200
PENNSBORO, WV 26415

Deryl L. Perkins  Greg Powers
Vice President  Manager

Phone: 304-659-3570  Fax: 304-659-3575
Email: perkinssupply@yahoo.com

Columbia Gas Transmission, East Ohio Gas,
Dominion Gas Transmission,
Big Sandy and East Tennessee

Formation Cementing
Oil Well Cementing * Placing * Plugging
Wire Line Measure and Minor Industrial Cleaning

P.L. LORI SERVICES, LLC
Phil Lori, Owner
P.O. Box 2667
Ripley, West Virginia

39490 Pauline Bocard Rd. Caldwell, OH 43724
Pipeline Construction | Roustabouts | Build & Reclaim
Locations | Tanks Batteries

Francis Brothers, LLC
Ripley, West Virginia

Steve: 304-273-3559  304-582-1990
John: 304-273-2176  304-532-0207
Paul: 304-273-5264  304-532-0299
Larry: 304-927-5443  304-532-7443
Office: 304-372-5452  Fax: 304-372-5453
Email: FRANCISBROTHERS@VERIZON.NET

804-273-9092 • Fax 804-273-9093
4461 Cox Road, Suite 113 • Glen Allen, Virginia 23060
www.eServices.cc
Peter Kinsella VP Business Development
804.754.6131 (cell)
pkinsella@eServicesllc.com
Inside Booth winner—Canaan Industries,

Outside Booth winner—Producers Service

SPONSORS-ADVERTISERS

F.L. Tanks
Fiberspar Line Pipe, LLC
Fox Engineering
G&W Industrial Sales, Inc
General Graphics
Glenville State College
H&L Oilfield Services, Inc.
Huffman Bowers.
Intergys Energy
J&R Oil
JABO Supply
Kimray Sales & Service
Kingsley Compression
Leslie Equipment
Mallett Electrical Services
Miller Supply/Harbison Fischer
New River Equipment
North East Fuel, Inc.
Noshok, Inc.
OOGEEP
Parmaco of Parkersburg
Parkersburg Tool Co.
Pettigrew Pumping Services
Phoenix Specialty
Pride of the Hills MFG
Producers Service Corp.
Rain For Rent
Rep Sales Inc.
Select Energy Services
Silver Creek Meter Services
SilverSmith Inc.
Tech Star, Inc.
Triad Hunter, LLC
Unconventional Solutions.
United Rental/Leasco
Universal Well Services, Inc.
Weatherford International
Wells Fargo Insurance
Wes Banco
Westerman Companies
Western Branch Diesel, Inc
Worldwide Drilling Resource
Zoresco

2010 TRADE SHOW

VENDORS

4th Financial
ALFAB Oilfield Equipment
A.W. Tipka
Baker Petrolite
Barengo Insurance
Bi-Con Services, Inc.
Big Oats Oilfield Supply
Brad Penn Lubricants/ARG
Bruce Allen Pipeline Contractor
Buckeye Oil Producing Co.
Canaan Industries
Civil & Environmental
Cobra Pipeline
Coulson Compression
Dominion East Ohio
DXP/RA Mueller
Eagle Research
Eastern Solutions, LLC
EDI
Englefield Oil Field
Ergon Oil Purchasing, Inc.
Ergon Trucking
Extellan
Fiberspar Line Pipe, LLC
Fox Engineering
G&W Industrial Sales, Inc
General Graphics
Glenville State College
H&L Oilfield Services, Inc.
Interbey Energy
JABO Supply
Kimray Sales & Service
Kingsley Compression
Mallett Electrical Services
Miller Supply/Harbison Fischer
New River Equipment
North East Fuel, Inc.
Noshok, Inc.
OOGEEP
Parmaco of Parkersburg
Parkersburg Tool Co.
Pettigrew Pumping Services
Phoenix Specialty
Pride of the Hills MFG
Producers Service Corp.
Rain For Rent
Rep Sales Inc.
Select Energy Services
Silver Creek Meter Services
SilverSmith Inc.
Tech Star, Inc.
Triad Hunter, LLC
Unconventional Solutions.
United Rental/Leasco
Universal Well Services, Inc.
Weatherford International
Wells Fargo Insurance
Wes Banco
Westerman Companies
Western Branch Diesel, Inc
Worldwide Drilling Resource
Zoresco

THANKS TO EVERYONE FOR THEIR PARTICIPATION IN OUR ANNUAL TRADE SHOW. IF I MISSED YOU PLEASE LET ME KNOW!!
The current production calendar which consists of ten 4-week periods and two 6-week periods (a total of 364 days) results in a one-day shift backwards (or a two-day shift for leap years) of the chart change periods every year. Since the inception of the current production calendar ten years ago, we have shifted back 12 days which means we now have production periods ending in the prior month, for example, the October period ended the week of September 19th. What this means is that October gas is produced and sold before the October NYMEX settlement price is known. Dominion East Ohio (DEO) and the Ohio Oil and Gas Association (OOGA) through the efforts of the Executive Committee, the Producers Committee DEOG Calendar Month Subcommittee and the Commerce Committee have developed a onetime solution that will adjust the production periods to account for the movement of the calendar over the last 10 years. To return to the original schedule it was necessary to add two weeks of production to the December 2010 production period, making it a 6-week period. This is a onetime fix and will not keep this issue from returning in the future so OOGA and DEO will continue to work towards the ultimate goal of moving production periods to a calendar month basis.

The current 2010 production calendar should be discarded and replaced with the Revised 2010 Production Calendar which is printed on the next page. A copy of the 2011 Production Calendar is included as well.

The revised production calendar allows for three 6-week periods in 2010 to compensate for the annual shift in production periods inherent with the six- and four-week periods.

This third 6-week period will be the December 2010 production period which will begin during the 10/31 – 11/6 chart change week and end during the 12/12 – 12/18 chart change week.

Once this 6-week period has been completed, the 2011 production calendar will indicate the next chart change week for the January 2011 period. The OOGA and DEO have worked with your integrators/processors to make them aware of this change. During the initial conversion period (Dec. 2010) it is very important that all charts be sent to the integrators/processors as soon as possible; the integrators request that charts be sent as they are changed on a weekly basis. The final charts for the December 2010 period should be placed in the mail no later than December 17, 2010. Doing so will ensure the integrators/processors have ample time to integrate charts and send those volumes into DEO for processing. OOGA and DEO encourage all producers to communicate with their integrators/processors to establish deadlines for chart submission. DEO will change all DEO owned meters as usual and will follow the above mentioned guidelines to ensure all volumes are credited during the proper production period.

If you have questions you may contact your marketer or any of the following:

Jeremy Grabowsky, Engineer, Dominion East Ohio
216-736-6725

Duane Clark, Chair DEOG Calendar Month Sub Committee
330-757-8886

Connie Slocum, Chair Commerce Committee
614-776-1383

See SOOGA Website for a copy of the 2010 and 2011 Production Calendar—Gas Measurement
The Insider

DXP
27835 State Route 7 Marietta, OH 45750
(304) 482-6184
E-MAIL: rgorrell@dxp.com
FAX (513) 247-5330

REPRESENTING:
Chemineer G & L
Chempump Goulds
Corken Greenco
DXP-HP Plus ITT Allis Chalmers
Eco & Isocherm John Crane/Sealol
Viking

Meyco Eastern
Pfaudler Flux
Pulsafedder FMC
Roto-Jet Kenics
Tranter Maag
Worren Bunn Micropump

Tech Star, Inc.
2100 Clay Road
Post Office Box 449
Junction City, Ohio 43748-0449
(800) 987-5556
(740) 987-8888 FAX
Larry D. Hill
Home (740) 376-9103
Mobile (740) 568-8966

Natural Gas Measurement
- Integration
- Calibration
- Instrumentation
- Gmoa approved
- Gas analysis
- Roots proving
- Meter sales & service
- Auditing

United Chart Processors
WWW.UCPGAS.NET Ph: 740.373.5801

OGIA Insurance Agency
P.O. Box 146
Grove City, OH 43123

Linda Custer
Agent & Customer Service
Grove City (Cof's, OH) 800-334-5488
Fax: 614-875-6482

Mark Freshwater
Agent
Reynoldsburg, OH 888-231-8426
Cell: 614-202-0842

OGIA Insurance Agency
P.O. Box 146
Grove City, OH 43123
Email: MSFRESHWATER@AOL.COM

Planning a Solid Foundation for Your Success

STONESTREET ASSOCIATES, LLC
INSURANCE BROKERAGE FIRM
G. KEITH STONESTREET
334 4th Avenue
South Charleston, WV 25303
keith@stonestreetassociatesllc.com
www.stonestreetassociatesllc.com

Tim Brown
tim@timcoinc.net

57051 Marietta Road
Byesville, Ohio 43723
800-485-2594 or 740-686-2594
Cell: 740-686-4646
Fax: 740-686-2730

Serving the Oil and Gas Industry Since 1978

Integrys
energy services

$$ Buying Appalachian Production $$
OH * PA * KY * WV

Fortune Magazine’s -
“America’s Most Admired Companies”

Forbes Magazine -
“Best Managed Companies in America”

Jim Javins at 614-844-4308
cell# 614-561-3118
Southeastern Ohio Oil and Gas Association
Gas Committee Report
October, 2010

PRICING

Prices October 12, 2010 at 2:00 p.m.

One Year NYMEX strip (November, 2010 – Oct., 2011) $4.24
Summer NYMEX strip (April, 2011 – October, 2011) $4.37
Winter NYMEX strip (November, 2010 – March, 2011) $4.09
TCO Index Posting - October, 2010 $3.91
DTI Index Posting - October, 2010 $3.91

It appears that high storage levels combined with enhanced production capabilities and slow usage growth could keep gas prices from rising dramatically over the next couple of years. The current EIA forecast for 2010 is that the average Henry Hub price will be $4.49 per DTH, and that the average 2011 Henry Hub price will be $5.06 per MCF.

Price Update – 2011: This week, Raymond James and Associates came out with their updated forecast for 2011. They have lowered the forecast for the average price of gas from $4.75 to $4.25, and Oil from $90 /bbl to $80/bbl.

In a recent EIA report, the Agency projected demand during the first half of this year as being up some 4.3% from the first half of 2009. Primary impetus for this consumption strength was the industrial sector. However, onshore production also increased enough to offset a large portion of the unexpectedly strong demand gains and as a result, storage levels were able to remain near a record.

Looking forward toward Fall, there continues to be a softening in price, as weather demand coupled with storage levels may indicate some sideways trading between $3.50 and $4.00.

GAS STORAGE AS OF THE October 7, 2010 Report

Working Gas in storage was 3,499 Bcf as of Friday, October 1, 2010. At 3,499, total working gas is within the 5 year historical range.

<table>
<thead>
<tr>
<th>Region</th>
<th>10/01/10</th>
<th>09/24/10</th>
<th>Change</th>
<th>10/01/09</th>
<th>10/01/09</th>
<th>5 Year Avg.</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>1,920</td>
<td>1,867</td>
<td>53</td>
<td>1,987</td>
<td>-3.4%</td>
<td>1,884</td>
<td>1.9%</td>
</tr>
<tr>
<td>West</td>
<td>497</td>
<td>497</td>
<td>0</td>
<td>496</td>
<td>0.2%</td>
<td>445</td>
<td>11.7%</td>
</tr>
<tr>
<td>Producing</td>
<td>1,082</td>
<td>1,050</td>
<td>32</td>
<td>1,166</td>
<td>-7.2%</td>
<td>951</td>
<td>13.8%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,499</td>
<td>3,052</td>
<td>85</td>
<td>3,648</td>
<td>-4.1%</td>
<td>3,279</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

Storage is 91.0% full compared to normal as of this report, with normal total capacity of 3,846 at the start of the withdrawal season.

GATHERCO

Retainage for June, 2010 is as follows for the Gatherco systems. Treat was 9.98%, Miley was 9.4%, Meigs was 9.41%, York was 6.5%, Grimes was 21.4%, and Elk was 5.0%.

DOMINION EAST OHIO GAS

UPDATE:

Production Period and 6 weeks production:

Dominion will provide the marketers with the normal 6 week’s worth of gas in November as in the past. However, in December marketers will be given another 6 week’s worth of gas just as in November, which will aid in getting caught up to a point sometime in the future to potentially go to calendar month production, resulting in three 6 week periods in 2010.

(Continued to page 16)
**Weatherford**

**Ron Anderson**, Eastern District Manager

**Clearwater Wholesale Products**
Weatherford International Ltd.
100 Leetsdale Industrial Drive, Suite A
Leetsdale, Pennsylvania 15056

724/318-1050 Main Office
800/995-4294 Toll Free
724/318-1049 Fax
304/482-0383 Cell

ron.anderson@weatherford.com
www.cwichem.com

**Engineered Chemistry**

**Huffman - Bowers Inc.**
450 South State Street P.O. Box 538
New Lexington, Ohio 43764

Barry L. Bowers, President
Office (740) 342-5205
Cell (740) 605-6011
Fax (740) 342-7376

**Berry Well Service**
*Call for your service rig needs.*

Bill Mitton, VP Field Operations
Donnie Strange, Rig Supervisor
740-787-1391

Other Services: Water Hauling & Pipeline Construction

A division of Knox Energy, Inc.

**ALFAB Oilfield Equipment**

ALFAB Oilfield Equipment custom manufactures a variety of equipment for the natural gas and oil producing industry, as well as providing repair services for your existing damaged or used equipment. Specialty products, such as toolboxes, cab guards, fenders, or tanks can be fabricated to your specifications.

**ALFAB Oilfield Equipment**
Rt. 16 N / PO Box 26
Smithville WV 26178

www.alfab.com

Phone: 304-477-3356
Fax: 304-477-3040

**CHANCELLOR INSURANCE**

Since 1862

James Shriver
President

613 Market Street
Parkersburg, WV 26101
304/422-3563
FAX 304/422-3565

www.alfab.com

bknight@alfab.com
Flammable liquids are used in many different ways. They present unique hazards to the people that use them. Flammable liquids can cause a fire or explosion, and like many other substances, they can also cause serious health effects from overexposure.

Flammable liquids are liquids with a flash point of less than 100 degrees Fahrenheit. The flash point is the lowest temperature at which a liquid gives off enough vapor to form a flammable mixture with air. On the NFPA diamond label, a fire hazard rating of three or four denotes a flammable liquid. Other labels used to identify flammable liquids are red with appropriate wording and they usually contain a fire symbol.

The vapors of a flammable liquid often present the most serious hazard. The vapors can easily ignite or explode. Flammable liquid vapors are heavier than air and may settle in low spots, or move a significant distance from the liquid itself.

The explosive concentration of vapors in air has a lower and upper limit. The lower explosive limit, or LEL, is the lowest concentration that will ignite. The upper explosive limit, or UEL, is the highest concentration that will ignite. If the vapor concentration is between the LEL and UEL, there is serious risk of fire or explosion.

To minimize the risk of ignition of flammable liquid or vapors, follow these precautions:

- Always check the MSDS for the material you're using to understand the specific hazards involved.
- Store flammables in cool, well-ventilated areas away from corrosives, oxidizers, and ignition sources.
- Label all containers and cabinets with appropriate “flammable materials” signs.
- Never smoke in an area where flammable liquids are used or stored.
- Minimize the amount of flammable liquids used.
- Use only approved safety cans to store flammable liquids.
- Ground and bond flammable liquid containers to prevent static charge buildup.
- Never pour flammable liquids down a drain or sink.
- Dispose of empty flammable containers in an approved manner.
- Wear appropriate personal protective equipment (aprons and goggles) when handling flammables.

Inhalation of flammable liquids can cause irritation to respiratory passages, nausea, headaches, muscle weakness, drowsiness, loss of coordination, disorientation, confusion, unconsciousness, and death.

Skin contact with flammable liquids can cause the skin's oils to be removed, resulting in irritated, cracked, dry skin, and rashes.

Eye contact with flammable liquids can cause burning, irritation, and eye damage.

Ingestion of flammable liquids can irritate the digestive tract, cause poisoning, and death.

Flammable Liquid Safety.pub © 2001 Safety Resources Company of Ohio, Inc.
This third 6 week period will be the December, 2010 production period which will begin during the 10/21 – 11/6 chart change week and end during the 12/12 -12/18 chart change week. OOGA and DEO has worked with the integrators/processors to make them aware of this change. During the initial conversion period (Dec. 2010) it is very important that all charts are sent to the integrators/processors as soon as possible; the integrators request that charts are sent as they are changed on a weekly basis. The final charts of Dec. 2010 should be placed in the mail no later than Dec. 17th, 2010.

This will give the integrators/processors ample time to integrate charts and send volumes to DEO for processing. Please communicate with your integrators to establish deadlines for chart submittal.

There will be letters going out to all producers with updated 2010 production calendar’s for chart changes, as well as the new 2011 calendar.

DEO has also introduced their Producer Free Consumer Program, which allows a free gas consumer who has an East Ohio meter on the premises as well to receive his free gas from DEO after signing the appropriate agreements. This would eliminate dual feed manifolds for Ohio producer free gas consumers. DEO will provide the free gas allotment, and then start billing at their normal rate after reaching the maximum allotment for the free gas use. This program is voluntary, and the producer’s marketer will nominate the Annual free gas allocation per the lease agreement to the Producer Free Consumer pool via E-Script. A copy of this Program is available at the SOOGA office for your review.

Dominion also reported that local supply on their system has gone down to 175,000/day from 185,000/day earlier in the year.

DEO Tariff Heat Content Agreement Fee Effective April 1, 2010

Dominion East Ohio’s Heat Content Agreement Fee will be:

HEAT CONTENT AGREEMENT FEE

<table>
<thead>
<tr>
<th>Period</th>
<th>Heat Content Agreement Fee</th>
<th>Surcharge Fee</th>
<th>OOGA Administration Fee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 10 - Mar 11</td>
<td>$0.28/Mcf</td>
<td>$0.06/Mcf</td>
<td>$0.01/Mcf</td>
<td>$0.35/Mcf</td>
</tr>
<tr>
<td>Apr 09 - Mar 10</td>
<td>$0.29/Mcf</td>
<td>$0.06/Mcf</td>
<td>$0.01/Mcf</td>
<td>$0.36/Mcf</td>
</tr>
<tr>
<td>Apr 08 - Mar 09</td>
<td>$0.41/Mcf</td>
<td>$0.06/Mcf</td>
<td>$0.01/Mcf</td>
<td>$0.48/Mcf</td>
</tr>
</tbody>
</table>

Effective Aug 09 - Meters located in the Woodsfield area will be charged $0.66/Mcf in addition to the Heat Content Agreement fee outlined below.

Chesapeake’s new gathering rates for the new 64 month term beginning September 1, 2010, are as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1, 2010 to December 31, 2011</td>
<td>$.65/dth gathering</td>
</tr>
<tr>
<td>January 1, 2012 to December 31, 2012</td>
<td>$.70/dth gathering</td>
</tr>
<tr>
<td>January 1, 2013 to end of Primary term</td>
<td>$.78/dth gathering</td>
</tr>
</tbody>
</table>

Below is the website for Dominion East Ohio, where you can find notices about interruptions, shut-ins, contacts, maps, and information about current enhancements projects being worked on and considered by the enhancement committee.

http://www.dom.com/about/gp-services/index.jsp

CNR/COLUMBIA GAS TRANSMISSION

New Rates for Chesapeake (Old CNR)

Chesapeake’s new gathering rates for the new 64 month term beginning September 1, 2010, are as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1, 2010 to December 31, 2011</td>
<td>$.65/dth gathering</td>
</tr>
<tr>
<td>January 1, 2012 to December 31, 2012</td>
<td>$.70/dth gathering</td>
</tr>
<tr>
<td>January 1, 2013 to end of Primary term</td>
<td>$.78/dth gathering</td>
</tr>
</tbody>
</table>
Shrink is fixed at 8% until December 21, 2012, and at 7.5% for the balance of the 5 year agreement. This new rate is not binding, and producers are free to negotiate other gathering arrangements with Chesapeake. For shut in notices on Columbia Gas Transmission, please use the link below.


**COBRA PIPELINE COMPANY, LLC**

Effective February 6, 2008, Cobra Pipeline Company LLC purchased The Churchtown, North Trumbull, and Holmesville systems from Columbia Gas Transmission. Cobra took over the ownership and management of those systems on that date.

Cobra Pipeline Company website: https://www.quicknom.com/cobra/

**EQUITABLE**

The Big Sandy Pipeline, being built to take gas from Eastern Kentucky into the Tennessee Pipeline system, is now in full operation and taking delivery into Tennessee. More information and updates will be forthcoming as it becomes available.

For updates on the Big Sandy Pipeline, use this link: http://www.eqt.com/midstream/transmission.aspx

**DOMINION TRANSMISSION**

Dominion has been experiencing some line pressure issues on parts of their system, as well as maintenance. This has resulted in some intermittent shut-ins for producers.

Dominion Reaches lease Deal to Move Marcellus natural Gas to New York:

Dominion Transmission and Tennessee Gas Pipeline have reached a ten-year lease agreement to move Marcellus shale natural gas from northern Pennsylvania to upstate New York. Dominion Transmission’s parent Dominion, announced the agreement with Houston-based Tennessee Monday. Richmond-based Dominion say the Ellisburg-to-Craigs Project includes construction of additional compression facilities and new regulating facilities. If federal regulators approve the project, construction would begin in March 2012 and operations would begin November 1, 2012. Dominion says it plans to file in December for a certificate from the FERC.

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

**OTHERS:**

**Kinder Morgan:**

Kinder Morgan Liquids division is going to lay a 16” liquids pipeline from Clarington to Chicago. Some producers have received correspondence to this affect.

----------------------------------------------Pipeline

Company Kinder Morgan Energy Partners is mulling the option to backhaul natural gas supplies on its Rockies Express Pipeline, largely because of the boom in shale gas production near where the line ends.

The opening up of significant supplies in the Marcellus Shale in the US Northeast is calling into question transport economics, with backhaul --- the movement of gas from a point on the pipeline to one upstream --- one option pipelines are considering, sources said.

(Continued to page 19)
SOOGA is collecting applications from individuals interested in working 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.
Narrowing basis price differentials between the Rockies and Northeast markets make transporting gas along the nearly 1,700-mile pipe far less economical now than when the line first went on-stream in 2006. As such, the growing market chatter regarding offering backhaul capacity on REX has been increasing with the pipeline company even mentioning it as an area of growth for next year in an investor presentation in January.

Kinder Morgan spokesman Joe Hollier confirmed this, stating: "REX is well situated to provide growing Marcellus production access to Midwest markets, storage and alternate paths to Canadian and Northeast markets.

"The receipt and delivery points for backhaul transportation on the REX system are being discussed with interested shippers. Backhaul transportation is a possibility for a portion or the entirety of the system," Hollier said.

In July, Kinder announced and concluded what it termed a limited backhaul open season on REX, to move gas by displacement only between its intersection with ANR Pipeline in Brown County, Kansas, and its interconnect with Northern Natural Gas in Gage County, Nebraska.

In contemplating backhaul, REX is joining other companies that have already looked at alternatives, such as Tennessee Gas Pipeline and Transcontinental Gas Pipe Line.

Tennessee announced recently it has contracted for some 400,000 Mcf/d of backhaul capacity from Marcellus to Southeast markets this year and projects to have about 936,000 Mcf/d in 2012. Transco officials also announced the pipe has the ability to move gas West to Leidy, Pennsylvania, and even back down to Transco zone 5 in the mid-Atlantic.

**Nabors Industries:**

Nabors Industries has agreed to buy oilfield services company Superior Well Services for about $735.6 million to boost is pressure pumping operations, a key requirement for shale drilling. Superior Well is the top independent player in the pressure pumping business, and gives Nabors control of over 430,000 hydraulic fracturing horsepower, crucial for horizontal drilling in shale plays.

**Marcellus Play**

The link below is a good one to keep up with the events and concerns surrounding the Marcellus Play in the North East.


**Use of Data:**

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

**Disclaimer:**

Neither the information, nor any opinion expressed, shall be construed to be, or constitute, an offer to buy or sell or a solicitation of an offer to buy or sell any futures, options-on-futures, or fixed price natural gas. From time to time, this publication may issue reports on fundamental and technical market indicators. The conclusions of these reports may not be consistent.
Morgantown, W.Va.(AP)- Six gas company representatives were named Thursday to a new nine-member task force that will help the Department of Environmental Protection determine how to better regulate West Virginia's booming industry.

DEP Secretary Randy Huffman, who provided the names to the Associated Press, also appointed a lobbyist for the West Virginia Environmental Council, a coal industry lawyer and an advocate for landowners' rights. Many of the industry executives have also served in regulatory roles, Huffman said, so they bring diverse perspectives, technical expertise and practical advice.

The DEP is reviewing oil and gas operations amid the growing rush to tap the natural gas supply in the Marcellus shale field that underlies West Virginia, Pennsylvania, Ohio and New York.

Huffman is considering a two-tiered regulatory system—one for conventional wells and one for the kind of deep, horizontally drilled wells that are required to reach the Marcellus reserves.

The task force will try to find consensus on some issues as DEP staff write the necessary rules, regulations and legislation. The panel even includes a small, conventional gas drilling company to make sure new regulations don’t place an undue burden on those companies, Huffman said.

“This is not the beginning of the process,” said Huffman, whose staff has been holding private meetings with stakeholders for months. “We’re really closer to the end than we are to the beginning.

The number of gas wells being permitted in West Virginia is growing faster than the DEP’s inspectors’ ability to keep pace. How to hire and pay the salaries of more inspectors is among the many issues to be worked out.

Huffman said he also wants to create a site-specific permitting and certification system, work with the Division of Highways on how to pay for road damage caused by gas companies and develop a “cradle to grave” plan for water management issues.

The hydraulic fracturing technology used for Marcellus drilling requires vast amounts of water to break the gas free, and Huffman said the state must address not only the source and storage of that water, but how the polluted water is disposed of after drilling.

The industry representatives on the task force are:

- Mike Brownell, director of regulatory affairs for Oklahoma-based Chesapeake Energy Corp. and former chief of the water resources management division at the Susquehanna River Basin Commission.
- Joe Dawley, an attorney with EQT Corp. of Pittsburgh and former general counsel to the West Virginia DEP;
- James Grey, president of Trana services Co. of Charleston;
- Denny Harton, former chief executive of GasSearch Corp. of Parkersburg and a former president of the Independent Oil & Gas Association;
- Ted Streit, vice president of operations for Gaddy Engineering Co. of Charleston and a former director of the DEP’s oil and gas office;
- Don Supcoe, secretary and general counsel for Colorado-based Energy Corporation of America.

Rounding out the committee are Dave McMahon of the West Virginia Surface Owners’ Rights organization; Nick Preservati, an attorney with the West Virginia Coal Association; and Don Garvin, Legislative coordinator for the West Virginia Environmental Council.

Huffman said he hopes the group also will help address more complicated issues, including how to prevent the holders of mineral rights from being by passed.

Horizontal drilling allows a gas company to buy an adjacent property and drill into the reserve, taking gas that technically belongs to someone else without ever crossing that person’s land. “That issue will have to be addressed,” he said.

Huffman hopes to brief Gov. Joe Manchin on his plans in November, then offer proposals to legislators in January.

But that package of legislation “is probably not going to deal with everything everybody wants,” he cautioned. “… it’s a platform for future legislation.”
2010 FALL GOLF SPONSORS

A.W. Tipka
American Refining Group, Inc.
Artex Oil
Barengo Insurance
Bruce Allen Pipeline Contractor
Buckeye Oil Producing
Canaan Industries, LLC
DK Supply
Dominion East Ohio
Dominion Field Services
Eastern Solution
EDI
Engle Field Oil Co.
Ergon Oil Purchasing
Huffman Bowers, Inc.
IGS Energy
Integrys Energy Services
Leslie Equipment Company
Mallett Electrical
Miller Supply
Navigator Wireline Service, Inc.
NGO Development Corp.
Northwood Energy Corp.
Ohio Oil Gathering
Parkersburg Too;
Parmaco of Parkersburg, Inc.
Perkins Supply
Phoenix Specialty
Producers Service Corp.
Rain for Rent
Select Energy Services
Smith Land Surveying
Stephen B. Oge & Assoc.
Tech Star
Triad Hunter, LLC
Universal Well Services, Inc.
Weatherford International Ltd.
Wells Fargo Insurance Services
Westerman Companies

*If I missed anyone please let me know*

Dear Members;

Thanks again for your support and generosity, this allows us to grow our events bigger and better than last year.
Things are already in the works for next year, we are looking forward to giving the membership another good year of SOOGA events.

Billie Leister,
2010 SOOGA FALL GOLF FOURSONES
THANKS TO ALL OF YOU. THIS WAS OUR
BIGGEST ATTENDANCE YET!!
Natural gas’ bright future

Most of the efforts currently under way to tap into the new fields are being done in northeast Ohio, Pennsylvania and New York, said Martin Miller, vice president of operations at Alliance Petroleum Corp. in Reno. The local company operates more than 1,000 oil and gas wells across the region.

"How much it affects us (in Washington and surrounding counties) will depend on how the trend goes. We may find we're sitting in the right spot, who knows?" he said. "The way things look, I believe the day is coming for southeast Ohio."

The excitement in the natural gas industry surrounds breakthroughs in tapping into thick shale formations that are buried at 5,000 to 15,000 feet deep.

Most of the current work in the industry is along the Marcellus Shale formation, which runs across upstate New York, through western Pennsylvania and much of West Virginia.

A portion of the Marcellus formation extends into eastern Ohio, but the best chance for a major boom here is finding ways to tap into the Utica Shale formation which covers most of the eastern half of the state, according to oil and gas experts.

Miller said companies are scrambling to lease properties from landowners in hopes of someday tapping into the resource. Still, he said, it could be years before the Utica Shale is fully exploited.

"Booms in gas and oil are brought about by two things: changes in technology and gas and oil prices," Miller said. "The change in technology is what is bringing the current boom north and east of us, but the price and demand (for oil and gas) will determine how much drilling there is."

Chase said natural gas prices are currently about $3.60 per Mcf, down from about $12 just a few years ago. "Consequently, with all of the current leases and expected development along the Marcellus, I expect natural gas prices to stay low for some time, which will discourage development of the Utica Shale here in Ohio," he said. But that all could change with the development of more natural gas-fired power plants or a transition from gasoline to natural gas-powered vehicles. "If that happens, then more people would definitely be inclined to put their resources into the Utica Shale formation," Chase said.

Miller said most conventional vertical wells that reach 5,000 to 6,000 feet cost $300,000 to $400,000 to open. He said the new wells, which reach similar depths, but cut across horizontally several thousand feet cost between $4 million to $5 million to open.

Miller said recent developments in vertical drilling technology is allowing for the exploration of the region's shale formations.

Attorney Abe Sellers, with local firm Theisen Brock, said there has been a rush by companies to secure land leases because of the drilling advancements.

"The past few years there has been what I could call an oil and gas rush in certain parts of West Virginia and to a very limited extent, certain parts of Ohio," Sellers said. "So far, it hasn't been too much locally. Basically, I think because we're talking about geological formations that are different."

In addition to a flat-fee for securing land acreage, Sellers said landowners typically see a one-eighth percentage in royalties from well production.

"It could mean thousands upon thousands each year or very little, just depending upon the well and how it produces," he said.

According to the Ohio Oil and Gas Energy Education Program, an industry-funded initiative, more than $2.4 million in landowner royalties are paid in Washington County each year.

There are 15,075 oil and gas wells in Washington County, with 4,485 currently producing, according to the Ohio Oil and Gas Energy Education Program, which.

There are more than 273,000 oil and gas wells across the Buckeye state, and in terms of natural gas and crude oil production, Ohio follows only Texas, Oklahoma and Pennsylvania.
A little bit of Bainbridge is part of the new pavement project at Daytona International Speedway.

Ergon, a nine-employee plant on Spring Creek Road, is producing 82.5 tons of PG82-22, a special asphalt mix that is being used for the new repaving project at the Super Bowl of auto racing. The local manufacturer is also supplying 2,400 tons of another asphalt mix that doesn’t have the special characteristics that the PG82-22 has.

“We’re very proud. It’s kind of a feather in our cap,” said Georgia Bedwell, the manager of the Bainbridge Ergon plant.

The special asphalt is a big part in repaving the 2.5-mile, 30-degree steep-banked track. Everything down to the historic track’s original limestone base is being removed and repaved. The special asphalt is being mixed with other components to comprise the new track.

According to NASCAR.com, the entire repaving project encompasses 1.4 million square feet, which will take approximately 50,000 tons of asphalt—not including the new concrete pit boxes.

“It’s a special mix we make for race tracks,” Bedwell said. Although Ergon has produced the special formula for other race track repaving projects, such as Talladega’s, this is the first time the Bainbridge plant has produced the special mixture.

Ergon developed the special polymer mixer in 2008. The liquid mixture is shipped from Bainbridge to Daytona at 360 to 380 degrees. The contractor, Lane Construction, then mixes the special formula with other elements to exact specifications in a mobile asphalt plant located in a parking lot behind Turn 2 of the speedway.

What’s so special about PG82-22?

It has memory.

A sample of the asphalt the length of a pencil can be stretched to more than 3 feet, then it would snap back to its original shape. That’s key when there are 3,500-pound cars traveling close to 200 mph on 30-degree banking.

“You can pull it and it goes back to its original form,” said Bedwell, who is scheduled to visit the race track and the paving project’s progress. “That’s why it’s so good on race tracks.”

But don’t expect Bedwell to be in awe of just being at the historic track during one of its more important renovation projects in recent history.

“I know who Jeff Gordon is and someone named Stewart,” Bedwell said, admitting that she doesn’t follow NASCAR much. She has been with Ergon for 27 years, but transferred to Bainbridge from the company’s Memphis, Tenn., terminal in 1993 when Ergon moved to Bainbridge.

The special asphalt is also supposed to minimize wear and tear on a track, and that memory could also prevent the track from forming any ruts or groves, Bedwell said.

Six tests are performed on the asphalt mix before it leaves Bainbridge.

Mitch Comerford, the lab technician with Ergon, knows the asphalt is ready for Daytona’s track when a black sample of the mixture, placed under a microscope, is actually all yellow. Unlike some asphalt that is used for other applications such as Department of Transportation projects on highways that has some specs of black in it, Comerford won’t give the OK for the mixture until he detects zero black specs.

If the mixture passes all its tests, it will not flow when it’s poured onto the track, but will be stationary once its cooled and formed.

During last February’s running of the Daytona 500, the race was stopped because the old pavement was coming up; the repaving project was started shortly after the finish of the track’s Fourth of July race. The project is expected to be completed in time for the next running of the Daytona 500.

Bedwell said the whole process using their special asphalt mixture has been thoroughly researched.

“This affects people’s lives,” Bedwell said.
WV producers are faced with new dilemmas each day. With the Marcellus Shale activity in WV, it is changing the whole atmosphere in West Virginia.

The West Virginia Division of Environmental Protection has put together a nine person panel to update the oil and gas regulations in West Virginia. I understand most changes will be with the Marcellus (horizontal wells) and not with conventional wells.

The West Virginia Department of Highways bonding issue is still being tossed around for changes. I know IOGA WV has a meeting with the WVDOH on October 21, 2010.

Recently, producers were to shut in production on Dominion and maybe Equitable for a few days (Hastings Outage) and some producers may have opted to not shutin. The pipeline companies have stated that they can shut the meters in and assess a penalty of $25 per dekatherm. Curtailments have recently existed on the Bridgeport system and Coronado system.

The East Resources and Mountaineer Gas acquisition has been tentatively approved.

The West Virginia Public Service Commission has initiated an investigation of Equitable’s plan to abandon some of their pipelines. Apparently, some individuals have filed a complaint because they were turned down by Equitable for a house tap to buy gas. Further, Dominion Hope has intervened and said the abandonment of the pipelines would affect around 1,000 customers that they service.

We have recently learned that Dominion Transportation is having producers buy more GMOA meters on their gathering system at $400 each. Supposedly, these are for meters making less than 10 dekatherms a day average over a six month period.

So what will be next?
Even though this has been a poor year for the market, you may realize short-term capital gains. What do you do about them? You could do what many investors do – you could “cash in your losses” and practice tax loss harvesting.

**Selling losers to offset winners.** Tax loss harvesting means taking capital losses (you sell securities worth less than what you first paid for them) to offset the short-term capital gains you have amassed.

While this doesn’t get rid of your losses, it can mean immediate tax savings. It can also help you diversify your portfolio. It may even help you to position yourself for possible long-term after-tax returns.

**The tax-saving potential.** Sure, you can use this technique to put your net gains at $0, but that’s just a start. Up to $3,000 of capital losses in excess of capital gains can be deducted from ordinary income, and any remaining capital losses above that can be carried forward to offset capital gains in upcoming years.\(^1\)

So by taking a bunch of losses this year and carrying over the excess losses into 2009, you can potentially shelter some (or maybe even all) of your long-term and short-term capital gains next year. This gives you a chance to shelter winners you’ve held (even for less than a year) from being taxed at up to 35%.\(^1\)

**The strategy in action.** It is really quite simple. Step A is to pick out the losers in your portfolio. Step B is deciding which losers to sell and telling your financial representative what you want to do.

However, both investor and representative have to watch out for the IRS “wash sale” rule. You can’t claim a loss on a security if you buy the same or “substantially identical” security within 30 days before or after the sale.\(^2\) In other words, you can’t just sell a stock or mutual fund to rack up a capital loss and then quickly replace it.

Here’s a heads-up: a new IRS ruling (Revenue Ruling 2008-5) says you can no longer use an IRA to acquire “substantially identical” securities within the 61-day wash sale window – and you can’t boost your tax basis in said IRA by the amount of the disallowed loss.\(^4\)

**The drawbacks.** You may not wish to alter a carefully chosen portfolio to the degree that you must for tax loss harvesting, especially if it has been built for the long term. Also, you could end up missing a potential rally. Transaction costs do add up; so you’ll want to take that into account when tax loss harvesting.

**Will long-term capital gains be taxed more in the future?** They could. President-elect Barack Obama has talked about possibly raising the long-term capital gains tax rate for taxpayers earning over $250,000 per year from 15% to 20%.\(^5\) Is that you? If so, you might think of triggering excess capital losses in 2008 and using the losses to shelter future long-term capital gains that could be taxed at a higher rate.

**Not just a year-end tactic … also a year-round strategy.** Some investors harvest losses throughout the year, not just in December. You may want to ask your financial professional how you can harvest losses this holiday season and beyond.
Southeastern Ohio Oil and Gas Association Membership Form

Name: __________________________  Company: __________________________  Title: __________________________

Address: _________________________  City: __________________________  State: __________________________  Zip: __________________________

Phone: __________________________  Fax: __________________________  Email: __________________________

Membership Classification (Please Check One)

$150 Annually  ☐ Producer  ☐ Contractor  ☐ Allied Industry  ☐ Professional
$100 Annually  ☐ Associate (Additional employees in a Member company)
$75 Annually  ☐ Royalty Owner  ☐ Non-Operating Investor

☐ Special (select only one, please)  ☐ Wildcatter Package $1,200.00

• Special Acknowledgement, logo/ad at all association events and functions
• One free ticket to association golf and clay shoot outings
• Tee sponsorship at each golf outing, clay shoot
• Grand Ad Package (business card website, full page directory, double ad in Insider)
• Four total company employee memberships (3 Associate)

☐ Derrick Package $850.00

• Special Acknowledgement, logo/ad at all association events and functions
• Tee sponsorship at each golf outing, clay shoot
• Queen Ad Package (business card website, 1/3 page directory, single ad in Insider)
• One free ticket to association golf and clay shoot outing (OF YOUR CHOICE)
• Two total company employee memberships (1 Associate)

CALL FOR ADDITIONAL INFORMATION ON MEMBERSHIP AND ADVERTISING PACKAGES,

MAKE CHECKS PAYABLE TO: Southeastern Ohio Oil and Gas Association (SOOGA) and mail to

Southeastern Ohio Oil and Gas Association
P.O. Box 136
Reno, OH 45773
740-374-3203 - Phone Number
740-374-2840 - Fax Number
mail@sooga.org - Email Address

The information presented herein is for informational purposes only and should not be considered as legal or other professional advice. To determine how various topics may affect you individually, consult your attorney and/or other professional advisors. Southeastern Ohio Oil & Gas Association, its Board of Trustees, Officers, Members and/or Staff are not liable or responsible for any damage or loss resulting from the use of information in this publication or from inaccuracies contained herein.