Interest high for oil, gas forum
August 26, 2011 By Brad Bauer-The Marietta Times

Interested in learning more about the potential impacts of natural gas development in the region, many area residents and business owners attended one of two special forums held Thursday in Marietta, A number of local residents have been contracted recently by oil and gas prospectors who are hoping to secure mineral leases.

But for every lease offer, there is a landowner with questions, prompting the need for the forums, held at the Lafayette Hotel and sponsored by Peoples Bank and the Marietta Area Chamber of Commerce.

About 80 people attended the early afternoon session, designed for business owners. The evening session, for landowners, drew a capacity crowd with 125 people in attendance.

“We had another 80 on a waiting list who wanted to come,” said Charlotte Keim, chamber president. “We’re considering doing this again because there’s so much interest and so many questions.”

One of those in attendance was Robin Newhart, of Whipple, who said she was recently contacted about the prospect of leasing her land. She said the promises of upfront cash and royalties is tempting but she worries about potential dangers from the drilling. She asked the panel about risks, including the possibility of contaminating drinking water sources.

“A lawyer (who spoke earlier) said we have nothing to lose but if we have leaking frack water we have a lot to lose,” Newhart said.

(continued to page 21)
As we approach the upcoming fall and winter, it seems inclement weather will be the least of our problems. With all of the public sentiment being aired about the supposed dangers of hydraulic fracturing (“fracing”), the Ohio EPA’s new efforts in seeking air permits for production operations, the federal government’s targeting our industry for regulatory review, and the ever lurking danger of new taxes, state and local regulation, and new reporting requirements, it makes a muddy road to a well location seem like child’s play. Your association will continue to be diligent in monitoring and reporting these issues that affect our industry, and will stay involved in the fight at all levels to insure that our input is heard, recognized, and understood when new rules are being promulgated, especially those that may adversely affect all of us.

With all of the excitement about the Utica play in Ohio and the billions of dollars that it will generate, it has put Ohio and our industry in the national spotlight. Chesapeake Energy has estimated, in various publications, that this could boost their company’s value by 15-20 billion dollars. This play brings a boost to local economies, with many new jobs for people, both within our industry and related businesses, such as supply stores, motels, restaurants, etc. With more companies getting involved in the Utica play, this will grow and receive additional attention, as more local companies gear up to meet the needs of this new play.

SOOGA is getting ready for the Fall Trade Show and Golf Outing to be held September 14th and 15th. The golf outing will be held September 14th at Lakeside Golf Course at Beverly, Ohio, followed by the Trade Show September 15th at the Washington County Fairgrounds. We are excited about the training sessions and technical presentations by the Bureau of Land Management, Marcellus Shale Coalition, the ODNR, and Larry Wickstrom on the Utica shale. Meeting registrations have been mailed. Please get your registration forms completed and sent in early, as this is a trade show you won’t want to miss.

Operate safely, be good stewards of the environment, and stay the course. Our country needs us and our energy products.

President
Jim Javins

**Annual Fall Trade Show Training Sessions**

We still have space available to register for our upcoming training sessions held during our Annual Trade Show September 15th, 2011. The cost is $25.00 to attend three (3) classes of your choice. This is a great, inexpensive opportunity to offer your employees new or refresher classes.

Call the SOOGA office today at 740-374-3202 or email your registration to mail@sooga.org
2011 CALENDAR OF EVENTS

Wednesday, September 7th, 2011
Ergon Fish Fry
11:00 - 1:30
St.Rt. 7, Reno, OH

Wednesday, September 14th, 2011
Fall Golf Outing/8th Annual Trade Show
Thursday, September 15th, 2011
Washington County Fairgrounds
Marietta, OH

Friday, October 14th, 2011
Fall Clay Shoot
Hilltop Sports, Whipple, OH

November 1-30, 2011
Fall Gun Giveaway

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Jim Denny, President/COO
Rocky Roberts, Senior V.P. of Appalachian Operations
Kirk Trosclair, Senior V.P. of Equipment Services
Kim Arnold, V.P. of Appalachian Administration
Jeff Brammer, V.P. of Appalachian Operations
Mike Horan, V.P. of Appalachian Production

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COMPRESSCO
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PRICING

Prices August 04, 2011

One Year NYMEX strip (September, 2011 – August, 2012) $4.31
Summer NYMEX strip (September, 2011 – October, 2011) $3.93
Winter NYMEX strip (November, 2011 – March, 2012) $4.30

TCO Index Posting - August, 2011 $4.45
DTI Index Posting - August, 2011 $4.49

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.

EIA UPDATE:

Price Update – EIA:

Per the latest EIA report and forecast for natural gas production, the EIA expects demand for gas to be stronger than previously expected, but the benefits will be largely offset by increased supplies. US natural gas production is expected to increase 5.8% in 2011 to 65.4 Bcf per day, up for the previously projected growth rate released last month. The current EIA forecast for the second half of 2011 is that the average Henry Hub price average for 2011 will be $4.26 per DTH, and $4.54 in 2012.

EIA also expects natural gas consumption will grow 2.0% to 67.4 Bcf/d in 2011. Projected total consumption drops slightly in 2012 to 67.3 Bcf/d.

Price Update – 2011: Last month Raymond James and Associates came out with their updated forecast for 2011. They have lowered the forecast for the average price of gas from $4.25 to $3.75, and $4.25 for 2012, and Oil for 2011 will average $90/bbl, and $100.00 (or higher) in 2012. Goldman Sachs says Crude Oil to average $110/BBL in 2012, up from a forecast of $100. Goldman Sachs forecast is based on “the better prospects for continued robust world economic growth”.

Merrill Lynch this week lowered their price forecast for natural gas from $5.00 to $4.60 for 2011. There is “upside” to prices from 2013 onward, Merrill said.

Barclays sees nemic Northeast natural gas growth. Power generation and exporting natural gas to Canada are seen as potential relief points for regional oversupply.

Looking forward toward fall, there continues to be a stability in price, as weather demand coupled with storage levels may indicate some sideways trading between $4.25 and $4.70.

GAS RESERVES:

The EIA came out with their Proved Gas Reserve Report. U.S. natural gas proved reserves, estimated as “wet” gas which includes natural gas plant liquids, increased by 11 percent in 2009 to 284 trillion cubic feet (Tcf), the highest since 1971. Last year’s increase demonstrates the importance of shale gas exploration and production technologies per the agency. Louisiana led the nation in additions to natural gas proved reserves with a net increase of 9.2 Tcf (77% increase), and Arkansas (Fayetteville Shale) and Pennsylvania (Marcellus Shale) nearly doubled their reserves.

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2011 NEW MEMBERS
SOOGA would like to welcome

RON SMITH
Allied Associate
Buckeye Supply Company
P.O. Box 1480
Zanesville, OH 43702-1480
740-525-3641

ANITA ASHLAND
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1700 Lincoln St. Suite 1800
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303-285-4958

JOE PREUSSER
Professional
Cimarex Energy Co.
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303-285-2332

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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

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

Ohio Energy Proud.org

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
Berea Production at Macksburg

Last month a brief history of the first well to test the Berea in the Macksburg area was presented. This was the Mitchell well northeast of Dexter City. While this was the first well to test the Berea and establish the producing potential of the area, the product was gas. Since the producers in 1877 were looking for oil and there was little market for gas at the time, the well did not arouse much interest. If all of this sounds familiar, remember that history always seems to repeat itself.

The first well to produce oil from the Berea in the Macksburg field was completed by George Rice in August of 1879. This well produced at the rate of fifteen barrels per day and enough gas to pump several shallow wells on the same lease. Because this rate of production was not that spectacular, little notice was taken of this well also.

The next productive well in the Macksburg field was located on the Lund farm just north of town. It produced gas, but no oil, when completed in 1881.

The next year three light wells were completed in the Berea on the Dearth, Perkins and Atkinson farms just south of Macksburg along Duck Creek.

These wells were light producers and did not attract much attention to the area. The Macksburg field had been producing from the shallow sands for a number of years with satisfactory results and, thus, the results of these deeper and more expensive wells were not spectacular enough to get a boom started.

On July 23, 1883 the Oil City (Pennsylvania) “Derrick” reported on the status of the Macksburg field at that time. They listed the wells in the field as 8 deep wells and 20 shallow wells. The deep (Berea) wells each produced 4 to 7 barrels per day while the shallow wells ranged from 1/2 to 2 barrels per day each. As an indication of future events, the paper reported that seven rigs were drilling and a large number of leases had been taken up by operators from Pennsylvania.

One of the more successful of the early wells was drilled on the Ohio Coal Company tract in Section 5 of Jefferson Township, Noble County. This well started producing at the rate of 100 barrels per day. This was the exception, however, as many of these early wells started at rates of 15 to 60 barrels of oil per day.

By April of 1884, activity in the field had increased to the point where six wells were completed that month with an average yield of 24 barrels each. During the early development of the Macksburg field, several attempts were made to make “mystery wells” out of wildcard wells.

A “mystery well” was a phenomenon that existed in the industry during the 1880’s. During this period there were a great number of small refining companies, and production of oil fluctuated widely with the opening of new fields and the depletion of older areas. The price of oil changed daily, sometimes even hourly, as the many refineries bid for oil to run their plants. Standard Oil Company of Cleveland, headed by John D. Rockefeller, was just coming on the scene, but did not have complete control over the refining and transportation segments yet. The price of oil was that set by the Joseph Seep Purchasing Agency at their office in Oil City, Pennsylvania. These prices were then flashed to each producing area by telegraph. This information was of utmost importance and was handled on a priority basis by the telegraph companies. The only news which took precedence in the oil regions would have been something ranking in importance with a declaration of war. The oil market was very sensitive to producing rates and volumes of oil held in storage. The opening of a new prolific field would flood the market with a large volume of oil and depress the price. Often the price of oil would fluctuate anywhere from fifty cents to eight dollars a barrel.

Thus, when a producer who had much unsold oil in stock discovered a new field which had the potential for large production, it was to his advantage to keep this news secret until he had sold his oil at the higher price. Many times, upon drilling into oil show, the well would be temporarily plugged with wood plugs. Then armed guards would be posted and all signs of oil around the rig carefully washed away. The well was then called a “mystery well” as no one knew its true potential.

At various times other subterfuges were resorted to such as simulating a drilling into the sand and getting an apparent dry hole. This would be done by letting the tools swing instead of drilling on bottom and by dumping carefully prepared samples which showed no oil.

While the guards were keeping people away from the rig, “oil scouts” were doing their utmost to find out accurate facts about the well. An “oil scout” was a man with wide oil field experience who worked for the large producers and whose sole job was to investigate mystery wells. The information he provided enabled his employer to make vital decisions on buying or selling oil. In addition to being a good oil man, the scout had to be an expert at Morse Code and telegraphy. He had to be able to tap a telegraph line to intercept messages. In other cases when he found out important information and no telegraph office was nearby or open, the scout would climb the nearest pole and tap into the line to send a message to his office. This was done using code words and simulating the technique and rhythm of a regular telegraph operator.

(continued to page 10)
GAS PRICING

JULY 2011
NYMEX Settlement: $4.357
Inside FERC/DTI: $4.490 (Basis: $0.133)
Inside FERC/TCO: $4.480 (Basis: $0.123)
NYMEX 3-day Average: $4.2807

AUGUST 2011
NYMEX Settlement: $4.370
Inside FERC/DTI: $4.490 (Basis: $0.120)
Inside FERC/TCO: $4.450 (Basis: $0.080)
NYMEX 3-day Average: $4.3753

OIL PRICING

AVERAGE APRIL 2011 & MAY 2011

ERGON PURCHASING WEST VIRGINIA
June Ohio Tier 1: $93.0583
June Ohio Tier 2: $91.0583
June Ohio Tier 3: $89.0583
June West Virginia Tier 1: $91.5583
June West Virginia Tier 2: $89.5583
June West Virginia Tier 3: $87.5583
June Appalachian Light: $74.002

July Ohio Tier 1: $93.7823
July Ohio Tier 2: $91.7823
July Ohio Tier 3: $89.7823
July West Virginia Tier 1: $92.2822
July West Virginia Tier 2: $90.2823
July West Virginia Tier 3: $88.2823
July Appalachian Light: $74.6410

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

6/21 to 6/30 Group 1 OH: $89.23
Group 2 OH: $87.23
Group 3 OH: $85.23
App. Light: $69.20

7/1 to 7/10 Group 1 OH: $92.70
Group 2 OH: $90.70
Group 3 OH: $88.70
App. Light: $72.18

7/11 to 7/20 Group 1 OH: $93.50
Group 2 OH: $91.50
Group 3 OH: $89.05
App. Light: $72.89

7/21 to 7/31 Group 1 OH: $95.09
Group 2 OH: $93.09
Group 3 OH: $91.09
App. Light: $74.31

7/1 to 7/10 Group 1 OH: $85.15
Group 2 OH: $83.15
Group 3 OH: $81.15
App. Light: $65.65

7/11 to 7/20 Group 1 OH: $93.50
Group 2 OH: $91.50
Group 3 OH: $89.50
App. Light: $72.89

7/21 to 7/31 Group 1 OH: $95.09
Group 2 OH: $93.09
Group 3 OH: $91.09
App. Light: $74.31
ST. MARYS, W.Va. - Deryl L. Perkins, 61, of St. Marys, W.Va. (formerly of Mountain Community near Pennsboro, W.Va.), departed this life on Saturday (July 23, 2011) at his residence, following a courageous fight with cancer.

Deryl was born Jan. 10, 1950, in Harrisville, W.Va., a son of Carl and Louise (Fortney) Perkins of St Marys, W.Va. He was a graduate of Pennsboro High School with the class of 1968. He attended Marietta College for two years, studying petroleum engineering, before transferring to David Lipscomb University in Nashville, Tenn., and receiving his Bachelor's Degree in Business Administration. Upon returning home, he helped reorganize Carl D. Perkins Drilling of Pennsboro, W.Va. (founded by his father) into Perkins Oil & Gas Inc., and also in 1976, he helped incorporate New Martinsville Supply. In 2002, he was the founder of Perkins Supply of Pennsboro, W.Va.

Deryl also was a graduate of Worldwide Auctioneering in Mason City, Iowa and served as an auctioneer for the local community and was a licensed member of the West Virginia Auctioneer Association. He was a past officer of the Southeastern Ohio Oil & Gas Association, achieved his real estate license, and remains very involved and devoted to his 1968 classmates of Pennsboro High School. He has been a member of the Pennsboro Church of Christ for many years and faithfully worshiped at the Dewey Avenue Church of Christ in St. Marys, W.Va. Deryl was an active leader of Boy Scout Troop #225 of St. Marys, W.Va., for many years, an avid supporter of all the local youth groups and sporting events, greatly enjoyed working at his farm, and enjoyed his friends, family, and co-workers dearly.

In addition to his parents, he is survived by his beloved wife of 39 years, Judy; two sons, Clay Perkins and his wife Rhonda of Newport, Ohio, and Clinton Perkins of Midland, Texas; granddaughters, Carrie and Amber Perkins; sister, Carla Parks and her husband, Dave, of St. Marys, W.Va.; and nephews, Darren Parks and his wife, Terri, of St. Marys, W.Va., and Drew Parks of Myrtle Beach, S.C.

Funeral services were 11am on Friday (July 29, 2011) at the Pennsboro Church of Christ with Evang. Terry Jones, Pastor Dan Kessinger, and Youth Pastor Andrew Jones officiating. Burial followed in the Spring Hill Cemetery, near Joseph's Mills, W.Va.

In lieu of flowers, the family requests that donations in Deryl's name be sent to the WV Christian Youth Camp, 207 Fairmont Ave., Fairmont, W.Va. 26554; or to the Spring Hill Cemetery in care of Perry Haught HC 74 Box 26, Wilbur, W.Va. 26320.

Online condolences may be expressed to the family at www.mcculloughraiguel.com.
The scouts were also good woodsmen, able to move close to a well without being detected by the guards. While no scouts were ever killed, many were shot at. The scouts lived a rugged life, often on the job or in the saddle 24 hours a day for days on end.

When there was a mystery well, as many as five or ten scouts could be watching it. At the moment of truth when the true facts of the well, be it gusher or dry hole, could no longer be kept secret, the scouts would make a dash for the nearest telegraph office. The race went to the swiftest with the best information.

With this background, there were several mystery wells during the early development of the Macksburg field. Since the production from the Berea was an unknown quantity, several of the Pennsylvania operators attempted to manipulate the oil market with news of large or small wells.

When the average daily yield of the Berea wells at Mackburg was compared with wells capable of producing two and three thousand barrels per day at Thorn Creek in Butler County, Pennsylvania, it was obvious that the Macksburg region would not materially affect the overall industry productions. Then the “mystery well” business ceased and the oil scouts went to greener pastures back in Pennsylvania. By the 1890’s the Rockefeller interests so completely dominated the refining and transportation of oil that the market became much more stable. With this, the period of mystery wells was over. However, for a brief period of a hundred years ago at Macksburg, there was much intrigue and excitement as new wells were drilled.
SOOGA’S ANNUAL FALL GUN GIVEAWAY IS NOW UNDERWAY!!

IF YOU WOULD LIKED TO PURCHASE A GUN RAFFLE TICKET $20.00 EACH
OR WOULD LIKE TO HELP YOUR ASSOCIATION IN SELLING TICKETS.
PLEASE CONTACT THE SOOGA OFFICE AT 740-374-3203 OR MAIL@SOOGA.ORG.
THANK YOU!
GAS STORAGE AS OF THE August 4, 2011 Report

Working Gas in storage was 2,758 Bcf as of Friday, July 29, 2011. At 2,758, total working gas is within the 5 year historical range.

<table>
<thead>
<tr>
<th>Region</th>
<th>07/29/11</th>
<th>07/22/11</th>
<th>Change</th>
<th>07/29/10</th>
<th>07/29/10</th>
<th>5 Year Avg.</th>
<th>Change</th>
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<td>East</td>
<td>1,380</td>
<td>1,338</td>
<td>42</td>
<td>1,488</td>
<td>-7.3%</td>
<td>1,504</td>
<td>-8.2%</td>
</tr>
<tr>
<td>West</td>
<td>396</td>
<td>389</td>
<td>7</td>
<td>476</td>
<td>-16.8%</td>
<td>409</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Producing</td>
<td>982</td>
<td>987</td>
<td>-5</td>
<td>980</td>
<td>0.2%</td>
<td>913</td>
<td>7.6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,758</td>
<td>2,714</td>
<td>44</td>
<td>2,944</td>
<td>-6.3%</td>
<td>2,826</td>
<td>-2.4%</td>
</tr>
</tbody>
</table>

Storage is 70.9% full compared to normal as of this report, with normal total capacity of 3,890 at the start of the withdrawal season.

GATHERCO

Retainage for May, 2011 is as follows for the Gatherco systems. Treat was 2.0%, Miley was 4.21%, Meigs was 2.0%, York was 5.0%, Grimes was 17.7%, and Elk was 2.0%.

DOMINION EAST OHIO GAS

Update on 2011 enhancement surcharges:

Per Dominion East Ohio:

New enhancement rate is $.32 for 2011 (Enhancement $.25, OOGA Surcharge $.06, and OOGA Admin Fee $.01).

It is estimated that the $.06 surcharge will be completed in September, 2011, and that charge will terminate.

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

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

Line P on TCO is scheduled for a 95 day shut in this summer. This shut-in began July 5, 2011 and will last for 95 days. Columbia indicated there is a possibility that it may be completed in a shorter time frame.

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:

EQT Corporation has sold the Langley Gas Processing complex in Langley, KY to MarkWest energy partners, L.P. for $230 million. The acquisition includes a 100 million cubic feet per day (MMcf/d) cryogenic processing plant, a 75 MMcf/d refrigeration processing plant, approximately 28,000 horsepower of compression, and a partially constructed NGL pipeline that MarkWest will complete.
EQT Corporation announced the sale of The Big Sandy Pipeline in Eastern Kentucky to Spectra Energy Partners, LP for $390 million. The transaction is expected to close during the third quarter of 2011. Big Sandy is a 70 mile, 20 inch diameter pipeline with a capacity of 171,000/dth per day capacity, transporting gas from Langley, Kentucky to the Mid-Atlantic and Northeast markets.

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 says 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

OTHER APPALACHIAN BASIN NEWS:

Exclusive: Exxon buys two Marcellus companies for $1.7 billion. Reuters. Exxon Mobil Corp (XOM.N) said it bought privately held natural gas company Phillips Resources and related company TWP Inc for $1.69 billion last week, picking up about 317,000 acres for exploration in the Marcellus shale basin. The action highlights the importance Exxon is placing on natural gas assets after spending about $30 billion last year to buy natural gas company XTO Energy, adding one of the leading developers of shale gas and a resource base of 45 trillion cubic feet of gas equivalent.

MARCELLUS AND UTICA NEWS:

Three Marcellus Shale natural gas drilling sites in Pennsylvania are among seven case studies that the EPA will use to gather data for its ongoing national study of the impacts of hydraulic fracturing on local and regional drinking water sources. Two of the sites — including a prospective Range Resources drilling site in Washington County, PA — will be used to monitor and study the hydraulic fracturing process throughout the life cycle of unconventional shale gas well development. Well sites in Bradford and Susquehanna counties in Pennsylvania will examine the effect of already fracked and completed wells on ground water and drinking water sources in those areas. They are looking at other prospective sites in North Dakota, Texas, and Louisiana as well.

A recent Penn State University study indicates companies involved in the Marcellus Shale gas development plan to increase their investment to more than $11 billion in 2011, up from $4.5 billion in 2009 and $8.8 billion in 2010. The study reported that the next wave of investment would focus on creation of the energy industry supply chain supporting Marcellus Shale gas extraction and distribution.

The U.S. Energy Information Administration is currently projecting natural gas production in the United States will increase by 26 percent between 2009 and 2035, from 21 trillion cubic feet to 26 trillion cubic feet, largely because of shale gas.

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

http://www.energyindepth.org/

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.
$\$ Buying Appalachian Production $\$

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
Fifteen Things to Remember
When Working With Electricity

1. Keep water & electricity far apart.
2. Make sure all equipment is properly grounded and plugged into grounded circuits.
3. Inspect all electrical equipment, tools, cords and outlets for defects. Only use equipment that is in good working order. Report any unsafe conditions you may find.
4. Never wear metal jewelry or headgear when working with electrical parts.
5. Always wear protective equipment such as rubber gloves, sleeves and boots.
6. Use nonconductive or double-insulated tools.
8. Never use worn or frayed extension cords.
9. Be aware of flammable or corrosive chemicals and follow your company’s procedures for operating electrical equipment in their vicinity.
10. Use ground fault circuit interrupter (GFCI) outlets.
11. Keep clear of energized parts.
12. Keep conductive materials, such as steel wool, metallic cleaning cloths and some chemical solutions, away from sources of electricity.
13. Be aware of lockout/tagout procedures to keep electrical equipment turned off during maintenance and repairs.
14. Never fasten extension cords with staples or hang them from nails or wire; it can damage the cord's insulation.
15. Use a wooden or nonconductive fiberglass ladder, never metal.
Atlas Copco Compressors & Boosters

Atlas Copco Portable Energy products include:
- DrillAir range of high-pressure portable air compressors
- TwinAir containerized high-pressure compressor
- Atlas Copco Hurricane Rig-Safe boosters
- Nitrogen membrane separation systems
- Desiccant air dryers
- Tier 4a compliant generators, compressors, and boosters

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The Membership Committee is excited to announce the 2011 Membership Drive.

- The Member who signs up the most "NEW MEMBERS" wins $500.00 “Cash”
- The Member who signs up the most Ohio Producers wins $250.00 “Cash”
- The Member who signs up the most West Virginia Producers wins $250.00 “Cash”

All New Members signed up in 2011 will be entered in a drawing for a prize valued at $100.00.

Don’t wait, start signing up those new members.

Winners will be announced at the January 2012 Board of Trustees Meeting and prizes awarded (Board members and employees are excluded).

Contact the SOOGA Office for Membership Applications or visit the SOOGA website @ www.sooga.org

**To receive credit for New Members, your name must be listed as referred by**.
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Robert Chase, professor and chair of Marietta College’s Department of Petroleum Engineering and Geology, said although there are risks, there is no evidence a fracking well has ever contaminated a drinking water supply. He said the process has been used safely for decades.

Chase said oil and gas companies know and understand the risks involved in drilling and are prepared to respond to problems quickly.

“Should we shut down the whole industry because there’s a 1 in 25,000 risk of something happening?” Chase asked. “You tell me.”

The forum featured local experts who discussed the impact of gas drilling from legal, accounting, financial planning and economic perspectives.

Another landowner asked if they could restrict where gas pipelines are located after agreeing to a lease. Local attorney Jim Huggins said it depends on what was agreed to in the lease.

“Unless there’s something specific in the lease, they have the right to reasonable use of the land to develop, market and sell natural gas,” he said.

Huggins strongly encouraged individuals to contact an attorney before signing any lease.

Depending on the location, some prospectors are paying up to $3000.00 per acre up front with promises of 12 to 18 percent in royalties.

Traditionally, oil and gas leases have paid as little as $10 per acre and about one-eighth in royalties. Huggins said.

The recent frenzy is over gas being recovered from Marcellus and Utica shale formations, both of which can be found in Washington County. Scientists have always known the formations, which run from 8,000 to 15,000 feet below ground, held large amounts of natural gas but only recently have oil companies developed the techniques to tap into the resource.

The Marcellus formation alone is believed to hold more than 50 trillion cubic feet of recoverable gas.

Caldwell resident Rome Lori said he came to Thursday’s meetings to learn more about how the potential boom may effect his business and land. Lori owns a motel and restaurant in Noble County. He said he also owns more than 100 acres there.

“Some of the prospectors spending time over at the courthouse have been staying at the motel, so I’ve seen a little impact so far,” he said. “What I really want to know is what will this really mean for the local economy.”

Thursday’s forums were divided with a two-hour session in the afternoon for business owners and an evening session for landowners. Lori attended both.

One land owner asked the panel if there was concern for too much development of the local natural gas supply.

“How are we going to sell it all?” he asked. “Will there be a market or will prices drop to where we can’t make any money?”

Jerry James, president of Artex Oil Company in Marietta, said he anticipated demand for natural gas will grow as supplies grow. He said natural gas-fired power plants will be used more, especially as coal-fired plants are shuttered.

He said there is potential for more vehicles to be built or converted to run on natural gas.

James also noted that more than 100 years ago, during Ohio’s first gas boom, the abundance of gas led to business development, especially for glass production.

“There’s the potential for another market to develop,” he said.
Spill Partners Program.

The Southeastern Ohio Oil & Gas Association’s Board of Trustees is reactivating, improving and up-dating our Spill Partners Program.

The Spill Partners Program is a resource which contains valuable information along with a list of contacts available to efficiently respond to a spill. We believe this is a useful tool and of benefit to both our members and our industry. We believe this program is vital in keeping our members as informed leaders, united in protecting the environment and enhancing the industry’s public image.

There is no-charge to our members for being listed in the manual. It is our goal to provide the manuals to all SOOGA members at no cost.

We are looking for support and sponsorships with this endeavor. We are estimating SOOGA costs for this project to be approximately $3,500.00. Please consider contributing to this important effort. You or your company would receive acknowledgement as a sponsor in the manual along with an ad, available as follows.

- Business card size ad @ $250.00
- ¼ page ad @ $500.00
- Half page ad – inside cover and back cover @ $1000.00 (only 2 available)

Information forms to collect data for the Spill Partners Manual will be sent to all SOOGA members in the 4th quarter of 2011, with a goal to publish and distribute the Manuals early in 2012.

To sign-up to be a sponsor, please contact Billie Leister, SOOGA Executive Secretary at 740-374-3203 or mail@sooga.org.
IHS CERA releases report questioning EPA’s emission calculations. Energy research firm IHS CERA released a report this week critiquing the Environmental Protection Agency’s (EPA) estimates that the shale gas industry releases 198 million metric tons of CO2-equivalent emissions each year. This estimate was more than twice the EPA’s previous 2006 estimate of 90.2 million metric tons. In the report entitled “Mismeasuring Methane,” IHS CERA critiqued the methodology used by the EPA. The report assessed that the agency made incorrect assumptions about the type of methane gas not captured during well completion, which lead to overestimated conclusions. IPAA’s Lee Fuller was not surprised by IHS CERA’s findings, telling E&E News, “Anybody in the industry who was looking at those numbers were really believing that they were way too large. One company I talked to was looking at the volumes compared to the number of wells they drilled, and I think they concluded that if they had been venting as much gas as those estimates had suggested, it would have had a value that would have been enough for them to drill 80 more wells.”
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September 15, 2011—Washington County Fairgrounds, 922 Front St., Marietta, Ohio

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The Economic Contribution of the Onshore Independent Oil, Natural Gas Producers to the U.S. Economy

How many jobs and how much domestic energy do America’s independent oil and natural gas producers produce? What’s the long-term, economic and employment impact of domestic onshore energy production?

A new study from IHS Global Insight, Inc., commissioned by the Independent Petroleum Association of America (IPAA), offers interested parties answers to those fundamental questions.

In 2016, almost 4 million direct, indirect and induced jobs were supported by the independents’ business ecosystem.

Numbering close to 18,000 companies in total -- operating in 32 states -- independent oil and natural gas producers account for nearly 80 percent of the 800,000 producing wells and 94 percent of all new wells drilled in the U.S.

Currently, onshore independents account for 65 percent of the total U.S. natural gas production, and close to 45 percent of total U.S. oil production in the United States. Over the next ten years these figures are expected to continue to increase as the responsible development of oil and natural gas derived from shale plays ramps up. This study (combined with an earlier, similar IHS study on offshore independents) means that independents -- onshore and offshore -- collectively produce 54% of domestic oil and 86% of America’s natural gas, accounting for 67% of total U.S. production (oil and natural gas).

With a recovering economy and increased volatility in the global energy markets, the contributions of independents to the U.S. economy are clear: America’s independent oil and natural gas producers are creating millions of jobs, drilling nearly every new well, and developing technologies to further reduce the environmental footprint needed to produce the reliable, homegrown energy that drives our economy.

Employment

- In 2010, almost 4 million direct, indirect and induced jobs were supported by the independents’ business ecosystem, accounting for over 3% of all U.S. jobs.
- Of this, upstream activities supported 2.1 million jobs or 1.8% of U.S. jobs, while the remaining 1.5% or 1.9 million jobs were attributable to mid/downstream activities.
- In percentage terms, the contribution of upstream jobs as well as mid/downstream jobs to U.S. employment is sustained from 2010 to 2020.

Value Added to GDP

- The independents’ business ecosystem contributed $579 billion (4.0%) of U.S. GDP in 2010.
- The upstream branch posted 2.2% ($321B) while the mid/downstream contributed 1.8% ($258B).
- By 2020, those contributions are expected to increase to 2.4% ($467B) and 1.9% ($367B), respectively.

Labor Income and Taxes

- In 2010, independents’ (upstream) employees paid $30.7 billion in income taxes (federal and state), sales tax and excise taxes.
- Upstream corporate taxes, severance taxes and federal royalty payments in 2010 totaled $38.4 billion. The entire direct/indirect/induced ecosystem of the independents generated $131 billion of federal and state taxes in 2010, a figure that will increase to $189 billion by 2020.
- In terms of taxes, every $1 million dollars of capex results to $1.1 million of total taxes generated in the upstream sector.

Return on Capital Investment

- In 2010, upstream independents are estimated to have spent $62.6 billion on capital expenditures (capex). This translates to the creation of 6 direct and 33 total upstream jobs for every $1 million dollars of capex.
- In value added terms, every $1 million dollars of capital expenditure results in $2.4 million of direct and $5.1 million of overall contribution to GDP.

Decades of private investment in research and development have brought to bear new technologies that now enable independents the ability to produce more energy, while drilling fewer wells -- further reducing the surface and environmental footprint of the industry. Prior to 2008, more than 31,000 annual new natural gas wells were required to sustain 58 BCF/d of gas production; now it is possible to produce almost 83 BCF/d with the drilling of only 19,000 new gas wells per year.

This reduction in wells drilled, while producing more energy, is made possible by the deployment of new technologies which enable the oil and natural gas industry to tap resource-rich shale formations across the nation.

For questions or more information, please contact IPAA at (202) 857-4722, or visit www.IPAA.org
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- Special (select only one, please) [ ] Wildcat Package $1,200.00
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  - One sponsorship at each golf outing, clay shoot outing
  - 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
  - One sponsorship at each golf outing, clay shoot outing
  - Queen Ad Package (business card website, 2/3 page directory, single ad in Insider)
  - 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

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P.O. Box 136
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