SOOGA Annual Membership Meeting to be held on April 20, 2017 at the Marietta Shrine Club

The Spring Membership Meeting will be here soon so mark your calendars for April 20, 2017. We have speakers from Ohio and West Virginia such as Charlie Burd (IOGA), Shawn Bennett (OOGA), Rhonda Reda (OOGEEP), Jackie Stewart (EID), Dan Corcoran (Theisen Brock.), Jim Crews (Mark West Energy), Tim Knobloch (JKPC), Wally Kandel & Greg Kozera (Shale Crescent USA) and the Paul Fulton Scholarship winner. We also have Representatives from Ohio and West Virginia such as OH State Representative Andy Thompson, OH Senator Frank Hoagland, WV Delegate Bill Anderson and U.S. Congressman Bill Johnson.

The tentative Agenda for the meeting can be found on page 23. It promises to be a day filled with important information and fellowship. Please call Billie, at 740-374-3203, if you would like to be a sponsor for the meeting.

**Elections**: New Board of Trustees members will be elected at the Annual Membership Meeting. Candidates for the 2017 Board of Trustees shall be elected by secret ballot at the annual meeting. The list of candidates are: Barry Bowers, with Huffman Bowers, Kevin Rothenbuhler, with PDC Energy, and Henry (Winnie) Sinnett, with Buckeye Oil Producing Company. The election ballots will be emailed or faxed and is printed on page 11. Ballots will also be available at the meeting. The results will be announced at the end of the meeting. The candidates’ bios are below and continued on page 11.

**Barry Bowers**

Barry is the President of Huffman-Bowers, Inc., a company that was established in 1967 by his father and grandfather. Even as a young boy, Barry could be found out in the field on a drilling/service rig. Over the years he has dedicated endless hours and worked diligently to uphold the integrity of his family’s business. Huffman-Bowers, Inc. has remained a family business as Barry’s parents have retired from the field, all 4 of his children have followed in his footsteps to keep the family business going. Up until January 2017 Huffman-Bowers, Inc. operated 187 wells in Ohio, but with the recent purchase of the assets of R. Gene Brazel, LLC., they are currently operating 426.

Barry lives in New Lexington, Oh with his wife, Paula, of nearly 36 years. He has always been involved in the community as he served as a volunteer fire firefighter for almost 20 years and as a Perry County Fair Director for 16 years. He enjoys supporting his kids in truck and tractor pulling as well as trap shooting and NASCAR. His interests are numerous but they are geared toward the out of doors and his favorites are any type of hunting and riding ATV’S. He looks forward to the opportunity if given the chance as a Trustee of the Southeastern Ohio Oil and Gas Association to provide his years of experience to their Board of Trustees.

**Kevin Rothenbuhler**

Kevin grew up near Woodsfield, OH and attended River High School. He received his Petroleum Engineering degree from Marietta College in 2004.

(Continued to page 11)
As I begin my term as the President of SOOGA, I wanted to start by acknowledging and thanking Matt Lupardus for his outstanding service and leadership over the past two years. 2016 was a very challenging year in our industry and for many members of our association. Matt and the excellent team of professionals we have on the SOOGA Executive Board, and SOOGA Board of Trustees, have accomplished another successful year while remaining on budget despite the downturn. This is a great group of people, and it is my honor to serve this organization for the next two years as we look forward to better times emerging for the industry.

For those of you who do not know me, my name is Christy Chavez. My father Carl Heinrich is a founding member of SOOGA and has served continuously on the board of Trustees since 1978. I am a second generation Oil and Gas Producer. Together with my husband Brian Chavez, and my parents, we operate many traditional wells in Ohio and West Virginia. I know firsthand the challenges of our industry and have seen many changes throughout my life time.

As I look to 2017, the word that comes to my mind is "Hopeful". No doubt natural gas prices will continue to be a concern in 2017. Additionally, suggestions of over-regulations and tax increases still jeopardize our industry. However, the new federal administration, as well as many local elected officials in Ohio and West Virginia, support our industry and seem to better understand the benefits of jobs and the energy we provide for our country, state, and local communities. We know we are in the midst of one of the world's largest natural gas reserves, and as infrastructure and pipelines continue to be built, this gives our area and our industry a hopeful outlook for the future.

In the first two months of 2017, SOOGA has been busy working on the Spring Membership Meeting. We believe this meeting will continue to provide all of you the best up to date information on our Industry and concerns we face. I look forward to seeing most of the membership during this meeting on April 20th at the Shrine Building in Marietta Ohio. This meeting is free of charge to all SOOGA members, but please strongly consider being a sponsor for the meeting. We could not do this without the generosity of our sponsors! In addition to the membership meeting, SOOGA has partnered with WMOA and is really excited to debut the "Energy Insight" radio spot which is premiering in March. This spot will air every Saturday morning at 8:55am on WMOA radio and will discuss the legacy of our Industry, where it all began and where it is all going. Special Thanks to Brian Chavez, John Wharff, and Austin James for your vision and initiative. Stay tuned for more information on this exciting new program for our community.

In closing, I look forward to a hopeful and successful 2017, and I am honored to serve as the president of SOOGA for the next two years.

Christy Chavez
President
2017 NEW MEMBERS
SOOGA would like to welcome the following new members:

**MIKE SCHULER**
Professional Travelers Oil & Gas
112 Washington Place, Suite 910 Pittsburgh, PA 15219
412-338-3163

**LESLIE BUCINA**
Allied Industry Microbac Laboratories
158 Starlite Drive Marietta, OH 45750
740-373-4071

**DEREK KRIEG**
Student Marietta College/Energy Business Alliance
215 Fifth Street Campus Box 646 Marietta, OH 45750
740-516-0501

**JOE O’DONNELL**
Associate Dominion Field Services
2539 Washington Rd. Upper St. Clair, PA 15241
740-373-5302

**MARK PEAVY**
Royalty Owner FJ Peavy Investments Inc
PO Box 130337 Spring, TX 77393
281-703-9063

**LOU MARTINDILL**
Contractor Martindill Oilfield Services, LLC
3350 St. Rt. 668 South Junction City, OH 43748
740-621-1570

Southeastern Ohio Oil & Gas Association Board of Trustees - 2016

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740-373-5302

Treasurer John Albrecht
740-350-0112

Vice President Don Huck Artex Oil Company
740-373-3313

Secretary Roger Heldman HG Energy LLC
304-420-1107

Past President Matt Lupardus HG Energy LLC
304-420-1127

Executive Secretary Billie Leister SOOGA
740-374-3203

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Carl Heinrich Heinrich Enterprises, Inc.
740-373-5302

Dan Corcoran Theisen Brock, LPA
740-373-5455

Kathy Hill Ergon Oil Purchasing, Inc.
740-350-2804

Brian Chavez Heinrich Enterprises, Inc
740-373-5302

Steve Sigler Buckeye Oil Producing Company
330-264-8847

Melinda Johnson J.F. Deem Oil & Gas, LLC
304-428-0005

Jared Stevens Stevens Oil & Gas
740-374-4542

Robert Gerst, Sr. Ergon Oil Purchasing, Inc.
740-516-6623

Bob Matthey Lippizan Petroleum, Inc.
304-869-3418

Jim Javins 614-561-3118

Don’t forget to mark your calendar for our upcoming Spring Membership Meeting (see agenda on page 23.)
Southeastern Ohio Oil and Gas Association
Gas Committee Report
February, 2017

PRICING

Prices February 7, 2017

One Year NYMEX strip (Mar., 2017 – Feb., 2018) $3.36
Summer NYMEX strip for 2017 (April-October) $3.31

TCO Index Posting – February, 2017 $3.16
DTI Index Posting – February, 2017 $2.98

GAS STORAGE AS OF THE February 1, 2017 Report

Working gas in underground storage, Lower 48 states Summary text CSVJSN

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<th>01/20/17</th>
<th>net change</th>
<th>implied flow</th>
<th>Year ago (01/27/16)</th>
<th>5-year average (2012-16)</th>
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<td></td>
<td>Bcf</td>
<td>Bcf</td>
<td></td>
<td></td>
<td>Bcf % change</td>
<td>Bcf % change</td>
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<td>712</td>
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<td>25</td>
<td>801 -14.2</td>
<td>700 -1.9</td>
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<td>-87</td>
<td>87</td>
<td>2,977 -8.9</td>
<td>2,652 2.2</td>
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Summary

Working gas in storage was 2,711 Bcf as of Friday, January 27, 2017, according to EIA estimates. This represents a net decrease of 87 Bcf from the previous week. Stocks were 266 Bcf less than last year at this time and 59 Bcf above the five-year average of 2,652 Bcf. At 2,711 Bcf, total working gas is within the five-year historical range.
Southern Utes Encouraging Pipeline Development
By: Carl Heinrich
January 2017

With all the news coverage on the blocking of the Dakota Access Pipeline by the Standing Rock group of the Sioux Tribe, readers might find the following article from the Pipeline and Gas Journal, Dec. 2016 issue, informative. Anyone who has traveled in the west will notice that many tribes have gotten much economic benefit from casinos and mineral development on their “nations” which seems to have escaped much of the Sioux tribal communities.

While the Standing Rock Sioux have drawn considerable media coverage for their fight against the Dakota Access Pipeline project, the Southern Utes have attracted scant attention for their 15-year push to make it easier to drill on Indian land. Their goal: Extend financial opportunities that have already given them control of 1,600 wells across four states, while helping to make them one of the richest tribes in the U.S.

“Without a prolonged effort to take control of our natural resources, the Southern Ute Indian Tribe would not be the economic powerhouse it is today,” Tribal Council Treasurer James Olguin told lawmakers during a recent congressional hearing, “We are the best protectors of our own resources and the best stewards of our own destiny.”

Since 2012, the tribe has spent $1.6 million lobbying Washington to ease energy permits, ensure tribal sovereignty and lighten U.S. Interior Department rules on fracking and methane emissions. The Southern Utes met with lawmakers in Santa Fe, NM to argue new laws loosening federal control over their drilling operations. They were joined by representatives of the Navajo Nation, the largest U.S. tribe, and the Arctic Slope Regional Corp.
In his inaugural speech, President Trump talked about “jobs coming back to the USA.” I was surprised and disappointed when some of the pundits commented after the speech, “We know that isn’t going to happen.” I guess that is what happens when media people don’t leave Washington, D.C., or New York City. They become clueless.

A group of successful business people and community leaders here in the Parkersburg-Marietta area figured out that this area now has the cheapest natural gas in the industrialized world. Not only is the natural gas in this area cheap, it is abundant. We have a supply that will last over 100 years based on today’s technology. In addition we are close to 50% of the markets in the USA and Canada. They also realized how our abundant economical natural gas coupled with the Ohio River for process water and transportation, an extensive rail network, an experienced workforce and a community that has a great quality of life is a unique combination that exists in very few places in the world. The problem is, do people in Asia, Europe or even Chicago know this?

This combination created prosperity here in the Mid-Ohio Valley in the late 1800s and again after World War II. Industry left when the local oil and gas industry declined and oil and natural gas had to come from outside the area. The same pipelines that brought natural gas into the region are now carrying natural gas out of the northeast and to places like the Gulf Coast and Virginia. These leaders asked the question, “Isn’t it time to use our abundant cheap natural gas to bring industry and prosperity back to the Mid-Ohio Valley?”

These leaders took action and formed Shale Crescent USA, a nonprofit organization to promote the Mid-Ohio Valley as a premier place for businesses to grow and relocate. The mission of Shale Crescent USA is to encourage business growth in the Mid-Ohio Valley based upon the lowest natural gas prices in the industrialized world that allows manufacturers to operate more efficiently while producing products more economically with access to fresh water and half the population of the United States and Canada.

The ultimate goal is to bring in high wage permanent industrial jobs so that people don’t have to leave the area to find work.

These business and community leaders didn’t wait for government or industry to make something happen. They took action. That is what leaders do. Shale Crescent USA (SCUSA) introduced their initiative to the community last June with a kickoff event in Marietta. Over 800 people attended. Jim Tressel, former Ohio State football coach and current president of Youngstown University opened the event. But it was the panel discussion that got the public excited about the potential of the Mid-Ohio Valley.

Currently SCUSA has been making progress in publicizing the benefits and creating interest in the Mid-Ohio Valley for business. SCUSA has been reaching out using the internet and traditional media like radio and print. SCUSA also will get face to face with the executives of potential new business at events like the World Petrochemical Conference in Houston, Texas in March and the Marcellus to Manufacturing Conference and Expo in Morgantown in May. This is just the beginning.

Bringing a company to the Mid-Ohio Valley is a lengthy process. It starts with creating awareness. SCUSA wants to make sure that the Mid-Ohio Valley is on the radar screen of petrochemical, glass and other industries as a place to grow or relocate. Government can do a lot to help bring in business but typically doesn’t do a very good job of staying focused on marketing and sales. SCUSA can help. SCUSA doesn’t care which side of the river an industry chooses to relocate. Every win is a win for the region by providing jobs. Prosperity is contagious.

(Continued on Pg.19)
SOOGA Legacy Fund
The oil and gas industry has been a big part of our community for more than 120 years. Our history with the community led us to partner with the Marietta Community Foundation to establish the SOOGA Legacy Fund in 2013. This fund was established to give back to our communities across Ohio and West Virginia and to honor the memory of members who have dedicated their life's work to this industry. To give a tax deductible gift make checks payable to:
Marietta Community Foundation
SOOGA Legacy Fund
MCF, P.O. Box 77
Marietta, OH 45750
Phone: 740.373.3286

*The SOOGA Board serves as the advisor to the fund.*

2017 SOOGA Calendar of Events

**Spring Membership Meeting**
Thursday April 20, 2017
Marietta Shrine Club
Marietta, OH

**Spring Golf Outing**
Friday May 26th, 2017
Oxbow Golf Course
Belpre, OH

**Spring Clay Shoot**
Friday June 16, 2017
Hilltop Sports, LLC
Whipple, OH

**Fall Golf Outing**
Friday August 25, 2017
Lakeside Golf Course
Beverly, OH

**Annual Fall Trade Show**
Thursday September 21, 2016
Washington County Fairgrounds
Marietta, OH 45750

**Fall Clay Shoot**
Friday October 20, 2017
Hilltop Sports, LLC
Whipple, OH

**Annual Gun Raffle**
November 1, 2017

**OOGA Winter Meeting**
March 8-10, 2017

SUMMER JOBS WANTED
FOR PETROLEUM ENGINEERING and GEOLOGY MAJORS AT MARIETTA COLLEGE
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EIA FORECAST FEBRUARY 7, 2017:

Natural Gas

- U.S. dry natural gas production is forecast to average 73.7 billion cubic feet per day (Bcf/d) in 2017, a 1.3 Bcf/d increase from the 2016 level. This increase reverses a 2016 production decline, which was the first decline since 2005. Natural gas production in 2018 is forecast to increase by an average of 4.1 Bcf/d from the 2017 level.

- In January, average Henry Hub natural gas spot prices fell by 29 cents per million British thermal units (MMBtu) from December levels to $3.30/MMBtu. Mild January temperatures, which were the warmest since 2006, contributed to lower prices.

Increasing capacity for natural gas-fired electric generation, growing domestic natural gas consumption, and new export capabilities contribute to the forecast Henry Hub natural gas spot price rising from an average of $3.43/MMBtu in 2017 to $3.70/MMBtu in 2018. NYMEX contract values for April 2017 delivery traded during the five-day period ending February 2 suggest that a price range from $2.42/MMBtu to $4.38/MMBtu encompasses the market expectation of Henry Hub natural gas prices in April 2017 at the 95% confidence level.

PIPELINE REPORT:

In the March, 2017 Gas Report, there will be an update on all of the proposed Appalachian Pipeline Projects to date. My apologies for not having it in this issue, but still missing some information to complete it.

UTICA WELL PRODUCTION

During the third quarter of 2016, Ohio’s horizontal shale wells produced 3,954,095 barrels of oil and 360,681,356 Mcf (360 billion cubic feet) of natural gas. Natural gas production from the third quarter of 2016 showed an increase over the third quarter of 2015, while oil production was reduced for that same period.

Horizontal shale well operators are required to submit production data by the 45th day following the close of each calendar quarter. Operators submit the amount of oil, natural gas and brine that each well produces, as well as the number of days that the well was in production.

Third Quarter – 2016 – Utica Production Volumes:

<table>
<thead>
<tr>
<th>2015 QUARTER 3</th>
<th>2016 QUARTER 3</th>
<th>PERCENTAGE CHANGE</th>
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<tbody>
<tr>
<td>Barrels of Oil</td>
<td>5,994,632</td>
<td>3,954,095</td>
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<tr>
<td>MCF Nat. Gas</td>
<td>247,541,749</td>
<td>360,681,356</td>
</tr>
</tbody>
</table>

As of February 5, 2016, there have been 2,373 Utica shale permits issues in 23 counties in Ohio to 29 companies, and 1897 of them have been developed. There are currently 1,483 Utica shale wells in production, with 21 rigs
U.S. Environmental Protection Agency (EPA) is withdrawing its request that owners and operators in the oil and natural gas industry provide information on equipment and emissions at existing oil and gas operations. The withdrawal is effective immediately, meaning owners and operators — including those who have received an extension to their due dates for providing the information — are no longer required to respond.

At this time, EPA Administrator Scott Pruitt would like to assess the need for the information that the agency was collecting through these requests. This action also comes after the agency received a letter on March 1, 2017, from nine state Attorneys General and the Governors of Mississippi and Kentucky, expressing concern with the pending Information Collection Request for Oil and Gas Facilities.

“By taking this step, EPA is signaling that we take these concerns seriously and are committed to strengthening our partnership with the states,” said EPA Administrator Pruitt. “Today’s action will reduce burdens on businesses while we take a closer look at the need for additional information from this industry.”

Under the previous administration, EPA sent letters to more than 15,000 owners and operators in the oil and gas industry, requiring them to provide information. The information request comprised of two parts: an “operator survey” that asked for basic information on the numbers and types of equipment at all onshore oil and gas production facilities in the U.S., and a “facility survey” asking for more detailed information on sources of methane emissions and emission control devices or practices in use by a representative sampling of facilities in several segments of the oil and gas industry. EPA is withdrawing both parts of the information request.

PDC ENERGY
Ohio Field Office
2167C State Route 821, Marietta, OH 45750
Phone: (740) 336-7831

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Kevin Rothenbuhler (Continued)

He worked offshore with Baker Hughes Inteq in the Gulf coast region. He moved back to the northeast in fall 2005 to work for Linn Operating as a drilling engineer for them until Fall of 2008.

Kevin held many jobs w/PDC for 3 years as a Drilling & Completions Engineer over PA & WV and moved to Denver for small time. He worked with Penn Virginia Oil & Gas for 1.5 yrs as Drilling & Completions manager of NE. Penn Virginia shut down NE operations and he moved to Cabot O&G as a Drilling Engineer for 4 months.

Kevin returned to PDC and for the past 3 years he has held positions as a Drilling Supervisor of the NE, Field Project Supervisor and Production Supervisor. In the Fall of 2106, he became the District Operations Manager for PDC.

Henry (Winnie) Sinnett

My name is Henry Sinnett, most of you know me as Winnie. I currently live in Calhoun County West Virginia with my wife Brenda. We have four daughters and seven grandchildren. I started in the oil and gas industry immediately out of high school in May of 1984 working with the W.H. Patten Drilling Co, as a roustabout while working my way to being a well tender. I spent 15 years at Patten Drilling before taking a position in 1998 with Buckeye Oil Producing Co. and I am currently still employed there.

Throughout my years in the oil and gas industry I have always been interested in the business and technical aspects of the industry and I was given the opportunity to work in West Virginia doing larger roustabout work and also being involved in drilling and completions, as well as land and light title work. In 2003 I was made Field Superintendent of Buckeye Oil Producing Co. West Virginia operations and moved to Calhoun County. I currently manage all day to day operations, as well as production.

SOUTHEASTERN OHIO OIL AND GAS ASSOCIATION

2017 OFFICIAL BALLOT

IN KEEPING WITH ARTICLE IV, SECTION 1 OF THE ASSOCIATION’S REGULATIONS, FOLLOW THE SECRET BALLOT VOTING INSTRUCTIONS.

1. You may vote for up to three (3) candidates. This includes any name written in.
2. If you vote for more than three (3) candidates, your ballot will Not be counted.
3. Mark an “x” in the box by the name of each candidate you are voting for including any “write-in”.
4. Mail your ballot to the SOOGA office or bring it to the Spring Membership Meeting.
5. Election results will be announced on Thursday, April 20, 2017 at the Annual SOOGA Membership Meeting.

All mailed in ballots must be received by noon on Wednesday April 19, 2017 in order to be counted.
COLD WEATHER SAFETY

Working outside in the winter can be a dirty job, but many of us have to do it. Are you ready for winter work? Below is a list of potential hazards you might encounter while working outside this winter.

WIND CHILL

is the term used to describe the rate of heat loss on the human body, resulting from the combined effect of low temperature and wind. As winds increase, heat is carried away from the body at a faster rate, driving down both the skin temperature and eventually the internal body temperature. Wind cools because of the evaporative cooling effect of water. For people and animals, the cooling effect of wind depends entirely on the amount of exposure of skin. People of different sizes, shapes, and metabolic rates are affected differently. A well-protected person does not experience any wind chill factor, no matter what the wind speed. While exposure to low wind chill can be life threatening to both humans and animals alike, the only effect that wind chill has on inanimate objects, such as vehicles, is that it shortens the time that it takes the object to cool to the actual air temperature (it cannot cool the object down below the temperature.)

FROSTBITE

A condition in which localized damage is caused to skin and other tissue due to freezing. Frostbite is most likely to happen in body parts farthest from the heart and those with large exposed areas. The initial stages of frostbite are sometimes called frostnip.

At or below 0 °C (32 °F), blood vessels close to the skin start to constrict, and blood is shunted away from the extremities. The same response may also be a result of exposure to high winds. In extreme cold, or when the body is exposed to cold for long periods, this protective strategy can reduce blood flow in some areas of the body to dangerously low levels. This lack of blood leads to the eventual freezing and death of skin tissue in the affected areas. There are four degrees of frostbite. Each of these degrees has varying degrees of pain.

HYPOTHERMIA

If your body becomes so cold that it can not produce enough heat to keep it warm you are in danger of becoming hypothermic. Hypothermia usually happens slowly and the signs can go unrecognized until it is life threatening. There are four major factors that cause hypothermia: Cold, wind, water, and fatigue. Cold is the most common factor of hypothermia. Cold air cools down the body and along with other factors such as wind chill and dampness it can be a serious problem.

The basic principle to treating hypothermic victims is to stop heat loss, and slowly help the individual regain a normal, non-hypothermic, core body temperature. In all cases of hypothermia it is important to handle the victim VERY gently as it is possible to cause heartbeat irregularities and even death when moving the victim. In cases of mild hypothermia it is usually enough to remove all wet clothing and get the victim into warm, dry clothing, or a dry, warm body wrap. Do NOT attempt to suppress shivering as this is one of the ways the body generates heat. Do NOT massage any of the extremities, you want to warm the body from the core outwards, and not from the extremities inwards. Medical treatment should be sought for all but the most mild cases of hypothermia - if in doubt, contact your local emergency room.
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## GAS PRICING 2017

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## OIL PRICING 2017

### ERGON OIL PURCHASING WEST VIRGINIA MONTHLY AVERAGE

- December Ohio Tier 1: $51.2071
- December Ohio Tier 2: $48.2071
- December Ohio Tier 3: $46.2071
- December West Virginia Tier 1: $51.2071
- December West Virginia Tier 2: $48.2071
- December West Virginia Tier 3: $46.2071
- December Marcellus/Utica Condensate: $36.2071
- December Marcellus/Utica Medium: $51.2071
- December Marcellus/Utica Light: $45.7071

- January Ohio Tier 1: $51.7703
- January Ohio Tier 2: $48.7703
- January Ohio Tier 3: $46.7703
- January West Virginia Tier 1: $51.7703
- January West Virginia Tier 2: $48.7703
- January West Virginia Tier 3: $46.7703
- January Marcellus/Utica Condensate: $36.7703
- January Marcellus/Utica Medium: $51.7703
- January Marcellus/Utica Light: $45.2703

**Tier 1** - 150 + 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** - 60-149.99 net barrels of crude oil
- Two Stops within 5 miles

**Tier 3** - 30-59.99 net barrels of crude oil
- Please contact Ergon at 1-800-278-3364 for clarification on split load pricing.

The prices as posted are based upon computation of volume by using tank tables, or as measured by a deduction for all BS&W and correction for temperature deductions or allowances shall be made on the oil purchased shall be free of contamination and/or alteration by foreign substances or chemicals not associated with virgin crude oil. These include but are not restricted to, oxygenated and/or chlorinated compounds.

The Marcellus/Utica Shale produced crude oil will be purchased based on the monthly average for the following postings:
- 38.0-49.9 API Gravity—Marcellus/Utica Medium crude oil
- 50.0-59.9 API Gravity—Marcellus/Utica Light crude oil
- 60.0+ API Gravity—Marcellus/Utica Condensate (formerly posted as Appalachian Sweet Light-ALS).

Other parameters will be evaluated on a farm by farm basis.

You can now find EOP WVA Crude oil Price Bulletin on the internet at: www.ergon.com

### OIL PRICING 2016/2017

#### AMERICAN REFINING GROUP AVERAGE

- 12/11 to 12/20 Group 1 OH: $50.93
- Group 2 OH: $47.93
- Group 3 OH: $45.93
- 12/21 to 12/31 Group 1 OH: $52.34
- Group 2 OH: $49.34
- Group 3 OH: $47.34
- 1/1 to 1/10 Group 1 OH: $52.15
- Group 2 OH: $49.15
- Group 3 OH: $47.15
- 1/11 to 1/20 Group 1 OH: $51.21
- Group 2 OH: $48.21
- Group 3 OH: $46.21
- 1/21 to 1/31 Group 1 OH: $51.93
- Group 2 OH: $48.93
- Group 3 OH: $46.93
- 2/1 to 2/10 Group 1 OH: $52.33
- Group 2 OH: $49.33
- Group 3 OH: $47.33

#### ARG GROUP PRICING CATEGORIES AND DEFINITIONS FOR PENNSYLVANIA GRADE CRUDE OIL (LEGACY)

**Group 1 (OH/PA/NY)** - 150.0 barrels from a single location, with a BS&W of 2% or less,

**Group 2 (OH/PA/NY)** - 60.0-149.99 net barrels from a single location

**Group 3 (OH/PA/NY)** - 30-59.9 net barrels from a single location

For questions relating to ARG Group Pricing or Utica / Marcellus Shale pricing, please contact:

Gary Welker, Mgr. - Crude Supply & Gathering - 1-330-813-1898; gwelker@amref.com

www.amref.com
Ohio’s top six Utica Shale counties collected more than $43.7 million in real estate property taxes on production from 2010-2015, according to a new report by Energy In Depth and the Ohio Oil and Gas Association. The report entitled “The Utica Shale Local Support Series: Ohio’s Oil and Gas Industry Property Tax Payments,” consults ad valorem tax collection data from six Utica Shale mineral producing counties from 2010-2015 to examine the impact made from the first three years of Utica Shale production in these six counties. The report includes breakout statistics for each county as well, including Belmont, Carroll, Guernsey, Harrison, Monroe and Noble.

Below are the report’s key findings, by the numbers,

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Property Tax Paid for Six Counties</td>
<td>$43.7 Million</td>
</tr>
<tr>
<td>Projected Property Taxes To Be Paid (2016-2026)</td>
<td>$200-$250 Million</td>
</tr>
<tr>
<td>Amount of Tax Directly Paid to Local Government/Schools</td>
<td>100 Percent</td>
</tr>
<tr>
<td>Percent of Property Tax Collection to Ohio Local Schools</td>
<td>60-70 Percent</td>
</tr>
</tbody>
</table>

The report helps to quantify taxes to be paid over the next 10 years, based on payments already received to six counties from the first three years of Utica Shale production (taxes collected in the latest year available, 2015, reflect 2013 production). Using the Freedom of Information Act, we were able to obtain the data from these six counties on real estate property taxes collected, as well as the breakout of real estate property taxes paid specifically from wells or ad valorem taxes.

Considering Utica Shale oil production has increased by 496 percent and natural gas production has increased by 852 percent since 2013, it is reasonable to conservatively project Ohio Utica Shale counties will reasonably receive an additional $200-$250 million boost from real estate property taxes on wells over the course of 10 years (2016-2026). Of course this is only one tax the oil and natural gas industry pays in Ohio. As EID has previously reported, sales tax revenues have skyrocketed by 65 percent in these same counties over the past five years as well. Real estate taxes paid on wells accounted for, on average, 22 percent of the total real estate property taxes paid in 2015 to these counties. To access the full report, and the county specific fact sheets, click the links below:

Belmont County Fact Sheet
Carroll County Fact Sheet
Guernsey County Fact Sheet
Harrison County Fact Sheet
Monroe County Fact Sheet
Noble County Fact Sheet
PAUL FULTON SCHOLARSHIP UPDATE

There are several great Paul Fulton Research Contest Projects underway this year. Four topics of research were selected by the SOOGA Paul Fulton Committee last fall and final research papers are due the first week of April. The winning project will be presented at the Annual SOOGA Spring Membership Meeting on Thursday, April 20th 2017 at the Marietta Shrine Club. The following is a list of this year’s research projects:

Water flood Analysis of the Cow Run Formation in Washington County – Adam Lang & Jacob Freeman
Optimization of Drilling and Completion of Shallow Horizontal Clinton Wells – Jenny Starkey & Jon Hinson
Reducing Costs in Mature Oil Fields with High Water Cuts – Aaron Dillon & Aaron Smith
Engineered Stage Design & Optimization of Horizontal Shale Completions in Appalachia – Westyn Bennington

The Paul Fulton Committee and SOOGA Board look forward to reviewing these great projects! The results of this research will be made available on the SOOGA website after the April SOOGA Spring Membership Meeting.

Matt Lupardus
Chair, Paul Fulton Committee
Don’t forget to mark your calendar for our upcoming Spring Membership Meeting (see agenda on page 23.)

**INTRODUCING:**

**Energy Insights**

Brought to you by
Southeastern Ohio oil and Gas Association (SOOGA)
with Austin James as your host
Saturdays @ 8:55 A.M.

**** Beginning Saturday March 4th ****

* Tune in on Saturday mornings at 8:55 as Austin James talks to community members, oils and gas experts, historians, and area business professionals to get an inside view and local perspective on oil and gas progress in the Mid-Ohio Valley.

Listen on these great local radio stations!
Shale Crescent USA (SCUSA) is an example of how leadership can bring people together to achieve a common goal. A group of people formed into a Team can achieve far more than individuals or individual organizations and that is what is beginning to happen.

For more information on SCUSA go to www.shalecrescentusa.com.

You can also follow Shale Crescent USA on Facebook. Activity updates are posted regularly. We know that we now have the power to bring high wage, permanent jobs back to this area. SCUSA is one vehicle that can help bring about that change. But it is a total team effort. Everyone has a role.

We need to continue to be that well maintained, vibrant, welcoming community that businesses will want to become part of. It is time to use the gift of our abundant natural gas and the Ohio River to bring industry and high wage permanent jobs and prosperity back to the Mid-Ohio Valley. Everyone can pass that message on to their network. It starts with a vision of what can be and the belief that anything is possible, if we work together and take action.

Greg Kozera is the director of marketing for Shale Crescent USA.
WEST VIRGINIA UPDATE
Article by: Bob Matthey 2/27/17

Now that the West Virginia legislature is back in session, several bills have been introduced involving oil and gas. Those involve lease integration (forced pooling), the right to enter properties for pipeline surveying, a bill involving eminent domain, co-tenancy, and a bill requiring producers to notify royalty owners if their well or lease is sold and who the new owners are. There have been nuisance lawsuits filed in West Virginia dealing with air, noise and dust pollution. Thusly, an anti-nuisance suit bill has been filed in the legislature. A shut-in bill is being introduced so if production is shut-in for a month, no firm transportation changes would be paid to the pipeline company.

And now the one that has interest to us all, the AST (Above Ground Storage Tank) regulations. My understanding is that a bill will be introduced the week of February 27th to provide relief from the current AST Bill. The bill will include exempting tanks that are in the zone of peripheral concern, Level 2 and other tanks not in any zone. Further, our goal is to try and be able to self-inspect tanks instead of hiring a certified AST inspector. The bill would ease the regulation on the closure process and the deregistering of tanks. We are also attempting to get oil tanks back under the jurisdiction of the oil and gas division instead of AST inspectors.
Did you know that you could save paper and receive your Insider via email? Contact us at mail@sooga.org to sign up.
Southeastern Ohio Oil & Gas Association
2017 Annual Spring Membership Meeting
Thursday, April 20th, 2017
8:00am - 4:00pm
Marietta Shrine Club 249 Pennsylvania Ave, Marietta, OH 45750

7:30-8:00 Registration
8:00-8:15 Introduction and Opening Remarks - Christy Chavez, President SOOGA
8:15-8:45 West Virginia Update - Charlie Burd, IOGA of West Virginia
8:45-9:00 West Virginia State House Update - Delegate Bill Anderson
9:00-9:30 Ohio Update - Shawn Bennett, Ohio Oil and Gas Association
9:30-9:45 Ohio State House Update - Representative Andy Thompson
9:45-10:00 Ohio State Senate Update - Senator Frank Hoagland
10:00-10:15 Break
10:15-11:00 Federal Update - U.S. Congressman Bill Johnson
11:00-11:30 “Shale Crescent” Update - Wally Kandel and Greg Kozera
11:30-12:30 Buffet Lunch/SOOGA Awards - Theo’s Restaurant
12:30-1:00 Paul Fulton Contest - Winning Project Presentation
1:00-1:30 Legal Update - Dan Corcoran, SOOGA Legal Committee
1:30-2:00 OOGEEP Annual Presentation - Rhonda Reda
2:00-2:30 Energy in Depth Ohio Update - Jackie Stewart, EID Ohio
2:30-2:45 Break
2:45-3:15 Midstream Projects & Impact on Gas Prices - Jim Crews, Mark West Energy Partners
3:15-3:45 Appalachian Basin Mergers & Acquisition Activity - Tim Knobloch, JKPC
3:45-4:00 Membership Contest Winners, Door Prizes, Grand Prize Drawing, Closing Remarks

Spring Meeting Sponsorship Levels
Platinum - $1500 & up   Gold - $1000 - $1499   Silver - $500 - $999   Bronze - $100 - $499

Company Name:_________________________________________  Method of Payment
Address:________________________________________________ Bill Me ______
Contact Person & Phone #: ________________________________

Any Sponsorship amount would be greatly appreciated!
Gov. Jim Justice promised Wednesday night that on his watch West Virginia business and industry would stop hearing “no” from the state Department of Environmental Protection, an 800-person agency whose rank-and-file inspectors the governor singled out for harsh criticism for — the governor alleged — wearing “T-shirts and old jeans” and “not having shaved in forever.”

In his first State of the State address, Justice made it clear he’s told new DEP Secretary Austin Caperton, a former coal executive, that he expects significant changes in the way the agency operates. Justice again projected what most experts say is an unlikely return to booming times for West Virginia’s coal industry, cheered on continued success in natural gas production and repeated his hope for major growth in timbering to fuel a new furniture-making sector.

The governor repeated his call for some sort of “tiered” severance tax system that he said would help coal operators when the industry is struggling, but milk mining companies for tax dollars if prices and production are high. Justice also offered support for some version of a controversial “forced pooling” bill that could make holdout mineral owners sign leases.

But what most citizen group leaders were talking about after Justice’s speech was his pointed attack on DEP inspectors, and his promise that the agency — which most environmental groups don’t exactly see as tough on industry — would be reined in and made more friendly to new, existing and expanding businesses.

“This is alarming,” said John Street, the lead lobbyist for the West Virginia Environmental Council. “I followed his comments about regulatory agencies and I don’t know who he is talking about.”

Angie Rosser, executive director of the West Virginia Rivers Coalition, said she can’t understand the “mixed message” that Justice sends when he talks about promoting tourism in the state, but trying to dismantle or weaken environmental regulatory agencies.

“It’s like he wants to give free rein to businesses and the way they operate and move leeway to the polluters,” Rosser said. “I don’t understand how you can say that and then say we’re going to enforce the laws and protect the environment.”

Like most West Virginia political candidates last year, Justice campaigned on a promise to continue opposition to U.S. Environmental Protection policies on coal, and Democrat Hillary Clinton won the presidential race.

But the Justice campaign said little, if anything, about DEP’s state policies on environmental permitting, regulation-setting or enforcement. Two weeks into his job at DEP, Caperton fired the agency’s environmental advocate and its communications director, moves environmental groups saw as hostile to public involvement in regulatory decisions.

The governor made his views of DEP’s role in state government and West Virginia’s economy even more abundantly clear Wednesday night.

“So many times our regulatory agencies absolutely, no matter what on earth we try to do, they’re there to tell you ‘no,’” the governor said. “They’re not there to tell us ‘no.’”

Under his administration, the governor said, “No matter what the request may be, I think the first words out of their mouths should be we’re going to try with all in us to do what you want to do.”

If that wasn’t enough, Justice blasted the DEP’s inspection force for their appearance, just a few days after Caperton told employees that part of the agency’s budget cutting effort would slice the uniform allowance inspectors receive.

“I told Austin Caperton, I said, Austin, we have people come from everywhere with any kind of business request under the sun, “Justice said. “A lot of times our inspectors show up, and they show up, and I hate to say this because you’re going to probably think, ‘has he really lost it now?’ But they show up with a T-shirt on and an old pair of jeans and they maybe haven’t shaved in forever. And they got a badge in their pocket.

“Listen, I think they ought to look like something,” the governor said, loud applause from the joint legislative session attending his speech. “And they will look something or we’ll have them out tending to Grizzly Adams.”

Justice insisted his agenda wasn’t aimed and wouldn’t harm the state’s environment. “Now I underline, underline, underline, underline, nobody loves the outdoors as much as me,” the governor said. “Nobody loves the waters as much as me. We’re not going to do anything to damage the environment to the best of our abilities… but we are not going to just say no.”

(Continued to page 25)
Justice’s coal operations have had their own run-ins with environmental regulators. But last year, when the federal EPA settled thousands of water pollution violations by Justice’s Southern Coal for a $900,000 in fines and $5 million in environmental improvement measures, then-DEP Secretary Randy Huffman turned down a potential state share of the fine because the state had recently taken enforcement action against Southern Coal and Huffman said he didn’t see any reason to “double down” on the company.

Justice offered no specific examples in his address of actions DEP has taken in any permitting matter, enforcement case, or rulemaking to support his criticism of the agency.

After the speech, lobbyists for the state’s coal, natural gas and manufacturing industries welcomed the governor’s talk of the DEP that would be more friendly to their companies. But all of them also said that they already viewed their relationship with agency officials as professional, productive, and cooperative.

Bill Raney, president of the West Virginia Coal Association, said that he views any movement toward helping the mining industry rebuild as positive, but that his members have no serious disagreements or problems working with Harold Ward, who has for several years been acting director of the DEP Division of Mining and Reclamation.

“We’ve had some difficulties sporadically with permitting,” Raney said. “But in the last few years there has been an effort to try to work through things.”

Likewise, Charlie Burd, president of the West Virginia Independent Oil and Gas Association, said he welcomes efforts to make the regulatory climate more friendly, but that DEP oil and gas chief James Martin and his staff have “implemented fairly the rules that apply to our agency.”

Rebecca McPhail, president of the West Virginia Manufacturers Association, said that while “increasingly the timelines of permit issuance” would help make her members more competitive for investments in state facilities, her members “have enjoyed a cooperative working relationship with the DEP.”

(Continued from page 24)
NOTICE OF OHIO OIL AND GAS ENERGY EDUCATION PROGRAM AMENDMENTS

In accordance with Ohio Revised Code Sections 1510.04 and 1510.05, the Ohio Department of Natural Resources, Division of Oil & Gas Resources Management, Technical Advisory Council, hereby notifies all interested parties that they are in receipt of proposed Program amendments. The amendments were submitted by the Ohio Oil and Gas Energy Education Program, along with qualified petitions signed by Ohio producers.

Copies of the proposed Program amendments are available by contacting the Ohio Oil and Gas Energy Education Program, P.O. Box 187, Granville, OH 43023, (740) 587-0410, redo@oogeep.org.

All comments should be mailed directly to OOGEEP and must be postmarked no later than January 20, 2017.

NOTICE OF REFERENDUM VOTING PERIOD

In accordance with Ohio Revised Code Section 1510.05, the Ohio Department of Natural Resources, Division of Oil & Gas Resources Management, Technical Advisory Council, has established a three-day voting period of March 8 – 10, 2017, during which eligible producers may vote either in person during normal business hours, or by mail-in-ballot, to approve or disapprove of amendments to the Ohio Oil and Gas Energy Education Program at any of the following established polling places:

Ohio Oil and Gas Association’s Winter Meeting, Hilton Columbus at Easton
3900 Chagrin Drive, Columbus, OH 43219

Southeastern Ohio Oil and Gas Association’s Office
214 ½ Warner Street, Marietta, OH 45750

NOTICE OF REFERENDUM BALLOT REQUEST FORM

In accordance with Ohio Revised Code Section 1510.05, the Ohio Department of Natural Resources, Division of Oil & Gas Resources Management, Technical Advisory Council, hereby publishes this “Ballot Request Form” for any qualified producer that would like to vote by mail in the Referendum to be held on March 8 – 10, 2017, to approve or disapprove of amendments to the Ohio Oil and Gas Energy Education Program.

REFERENDUM BALLOT REQUEST FORM

I am a qualified Ohio producer, as defined in Ohio Revised Code 1510, and hereby request that a mail-in-ballot be sent to the following address. I further recognized that it is my obligation to make sure this is returned to the Ohio Oil and Gas Energy Education Program, P.O. Box 187, Granville, OH 43023, and postmarked no later than March 10, 2017.

Name: ______________________________ Company: ____________________________________________
Address: ____________________________ City: __________________ State: ______ Zip Code: _________

Remit this Ballot Request Form to: OOGEEP, P.O. Box 187, Granville, OH 43023
Southeastern Ohio Oil and Gas Association
2016 Membership & Advertising Form

Date: _____/_____/_____

Name ___________________________ Com ___________________________ 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 of Company)

$75.00 Annually
- Royalty Owner /Non-Operating Investor

$50.00 Annually
- Student

Independent Package $600.00
- Special Acknowledgement—Logo/ad at all association events & functions
- One free ticket to association golf or clay shoot outing (OF YOUR CHOICE)

Producer Package $250.00
- Special Acknowledgement—Logo/ad at all association events & functions

Welltender Package $150.00
- Special Acknowledgement—Logo/ad at all association events & functions

For additional advertising options visit: www.sooga.org

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