

WORKFORCE DEVELOPMENT SEMINAR MARCELLUS SHALE INITIATIVE

OIL AND GAS INDUSTRY OVERVIEW

May 26, 2011

What is OOGA?

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- Statewide trade association with 1,500 members who are involved in the exploration, development and production of crude oil and natural gas within the State of Ohio.
- Our mission is to protect, promote, foster and advance the common interests of those engaged in all aspects of the Ohio crude oil and natural gas producing industry.

What do OOGA members do?

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What do OOGA members do?

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- We are independent oil and gas producers. The business is the exploration, development and production of natural gas and crude oil from the wellhead.
- We are not major oil companies. We do not own refineries, sell gasoline or operate pipelines.
- We are the ultimate upstream of the industry

What do OOGA members do?

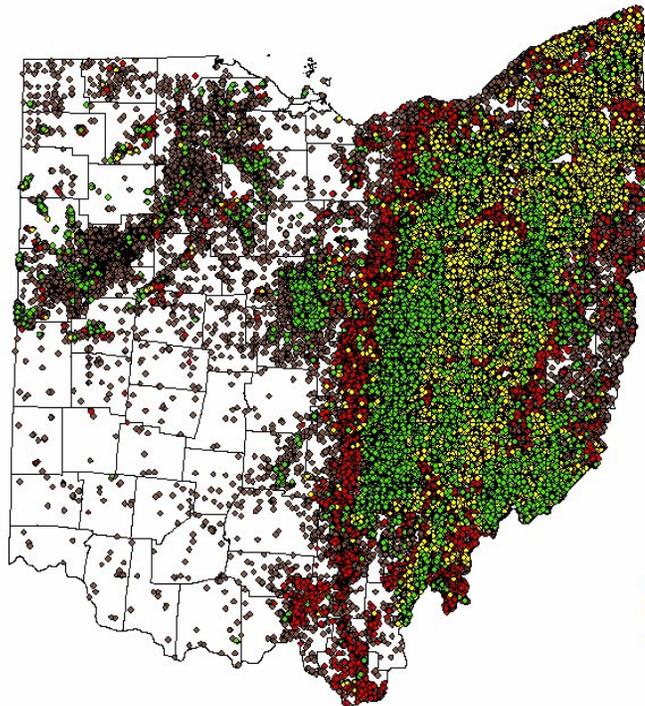
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- Independent producers in the United States
 - ▣ Drill 90% of the wells
 - ▣ Produce 85% of the natural gas
 - ▣ Produce 68% of the crude oil
- Independent producers in Ohio
 - ▣ Employ 25 employees or less
 - ▣ Multigenerational family owned businesses
 - ▣ Largest employer in the Southeastern part of the state

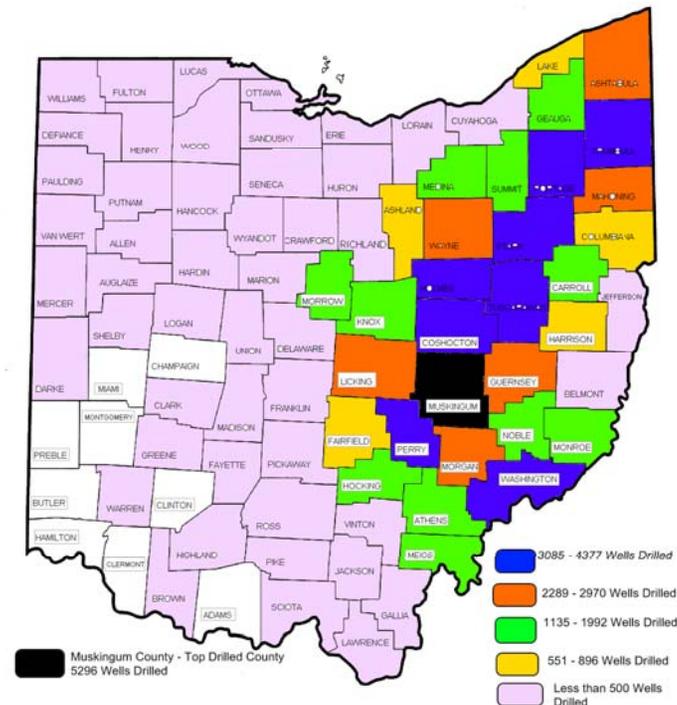
Oil and Gas in Ohio

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- Ohio well spot map shows significant development in three of four Ohio quadrants.
- And, while geology dictates that eastern Ohio is dominant, in modern times wells have been drilled in 79 of 88 counties.



- Oil Wells
- Combo Wells
- Gas Wells
- Dry Wells



Oil & gas wells in Ohio

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- Over time there have been 275,774 wells drilled for oil and gas in Ohio
- Today, there are 64,378 wells in production in Ohio
- Across all of Ohio the drill bit has tested oil and gas reservoirs at depths ranging from less than 100 feet to over 13,700 feet
- A new Ohio record for deepest vertical well ever drilled was established in 2010 in Belmont County, drilled to 13,727 feet

Economic Impacts

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- Generates approximately \$1.5 billion per year in gross state product with statewide sales of \$3.1 billion per year
- Industry reinvestment approximately \$281 million for exploration and development of new wells
- Ohioans save \$60 million per year in avoided interstate pipeline transportation costs
- Royalty payments to landowners generate \$200 million dollars annually

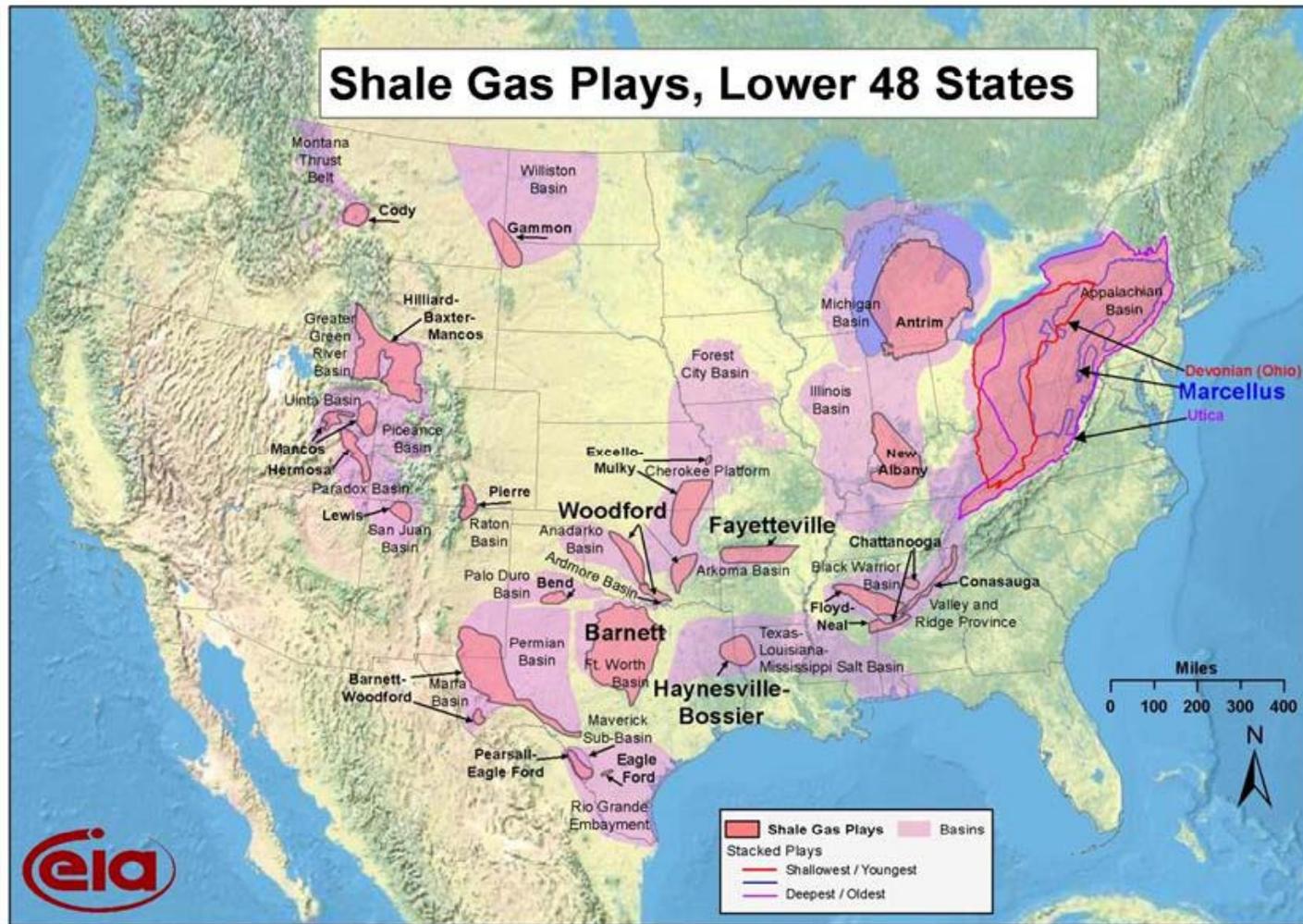
Ohio Jobs

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- ▣ Industry produces approximately 14,400 direct and indirect jobs
- ▣ Auxiliary jobs exceed 75,000
- ▣ Our industry via its multipliers is responsible for \$730 million per year in personal income.

Shale – Growing Impact

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Source: Energy Information Administration based on data from various published studies.
Updated: March 10, 2010

What does the industry look like?

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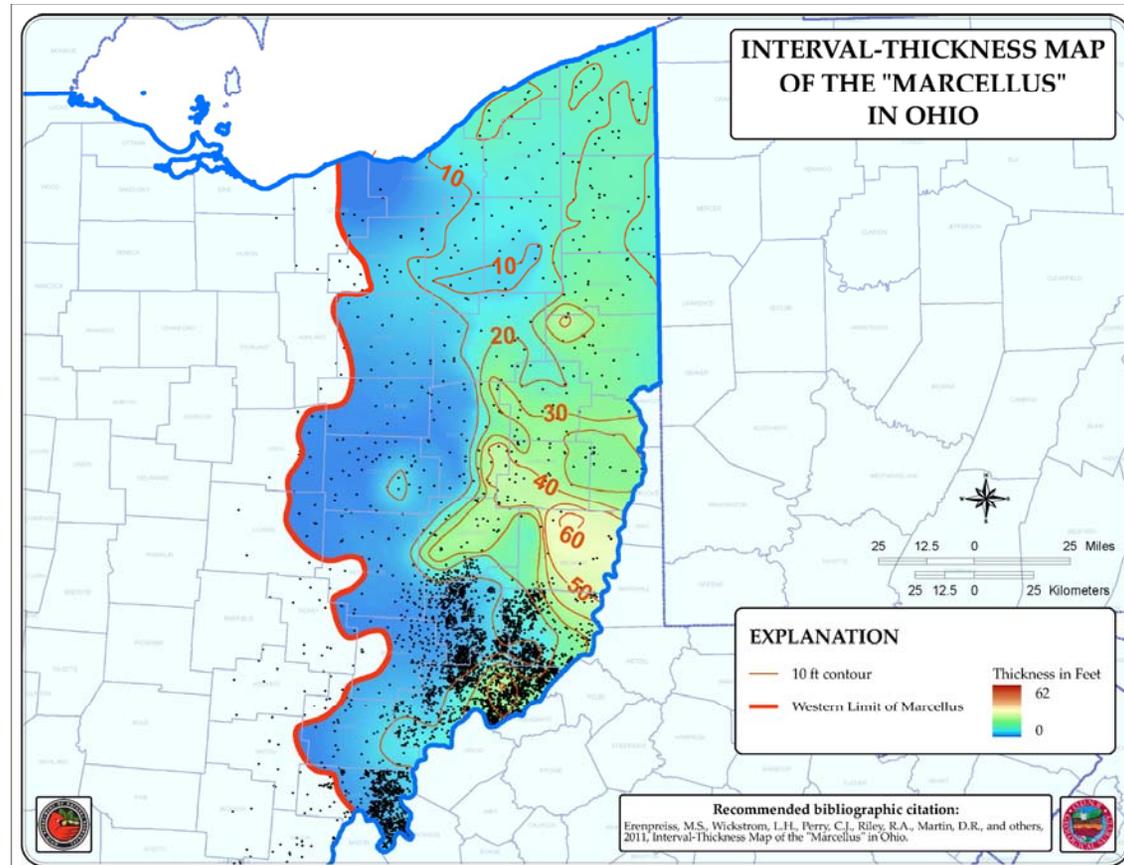
□ Shale Operation



Shale – The Marcellus

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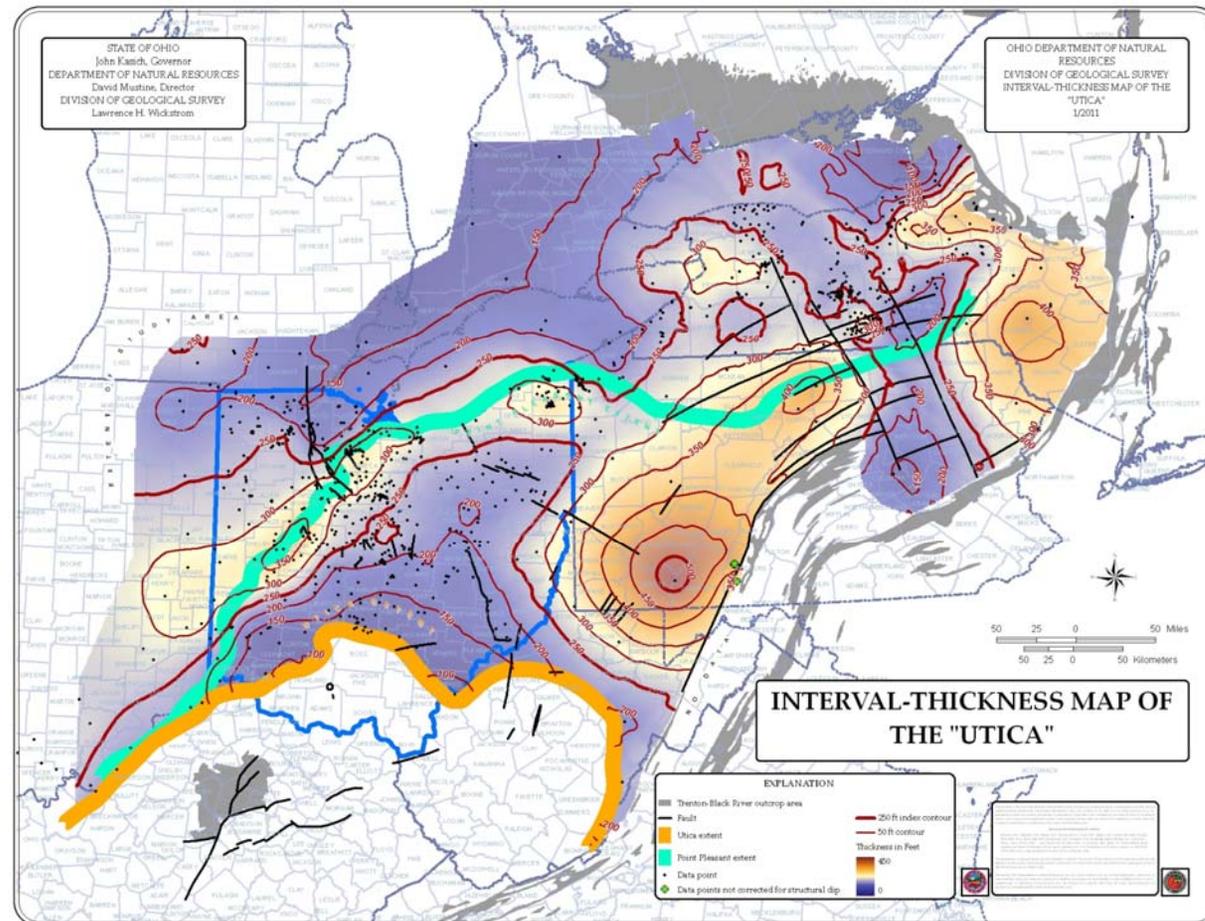
- The Marcellus thins under Ohio. The impact will be limited to the eastern counties.



Shale – The Utica

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- Utica will have impact across Ohio



Potential Shale Impacts

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□ Pennsylvania

- 94% increase in core industries from 2008-2010
- Marcellus Shale industries total employment is 141,000 equaling 2% of total PA employment
- Average wage for core and ancillary industries is \$63,967

□ West Virginia

- 23,000 new jobs this year because of industry activity
- Already seen the economic boost of \$1.3 billion during 2009

What does the industry look like?

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Contact information

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