

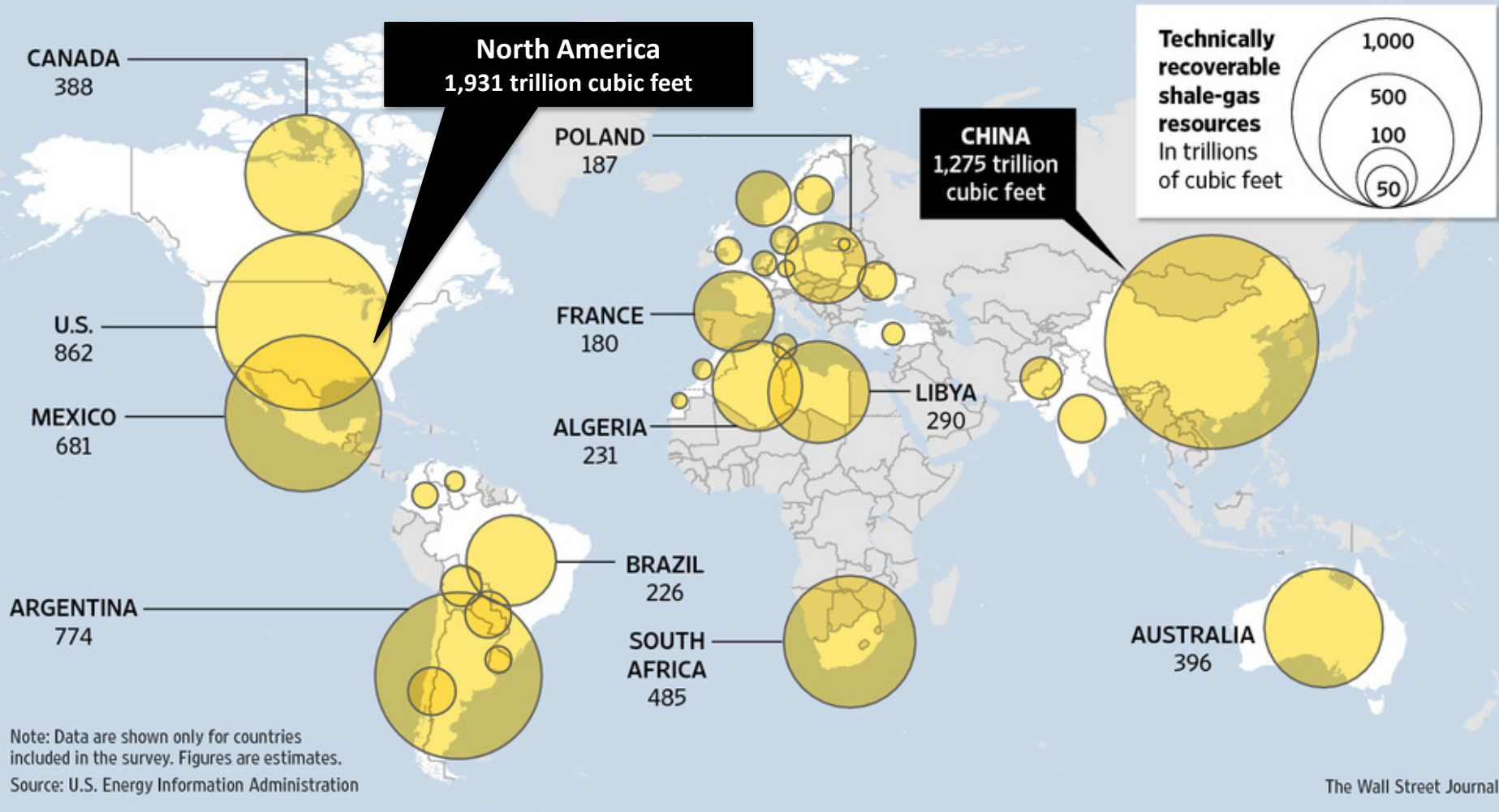


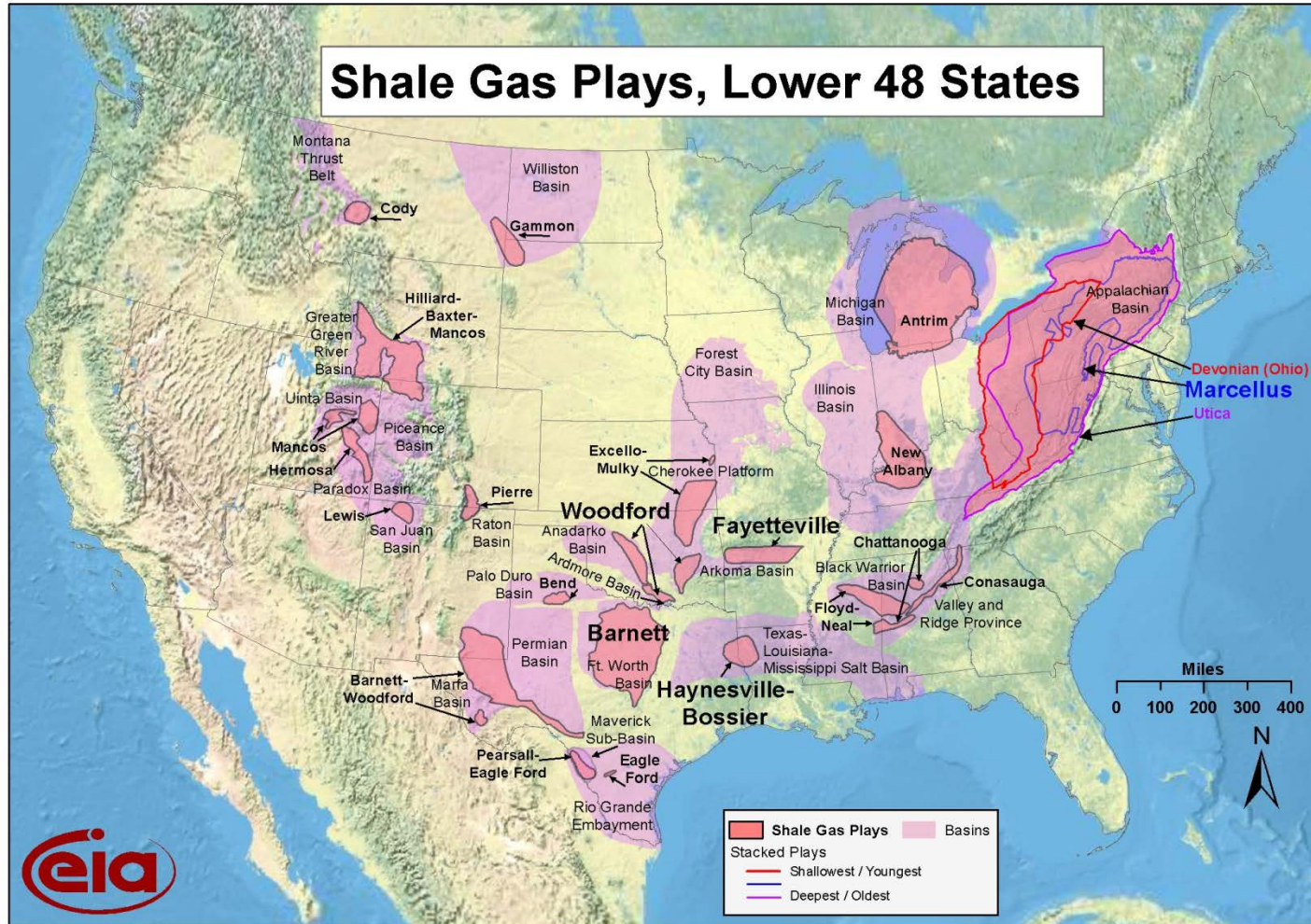
Shale Development and Opportunities: An Industry Update



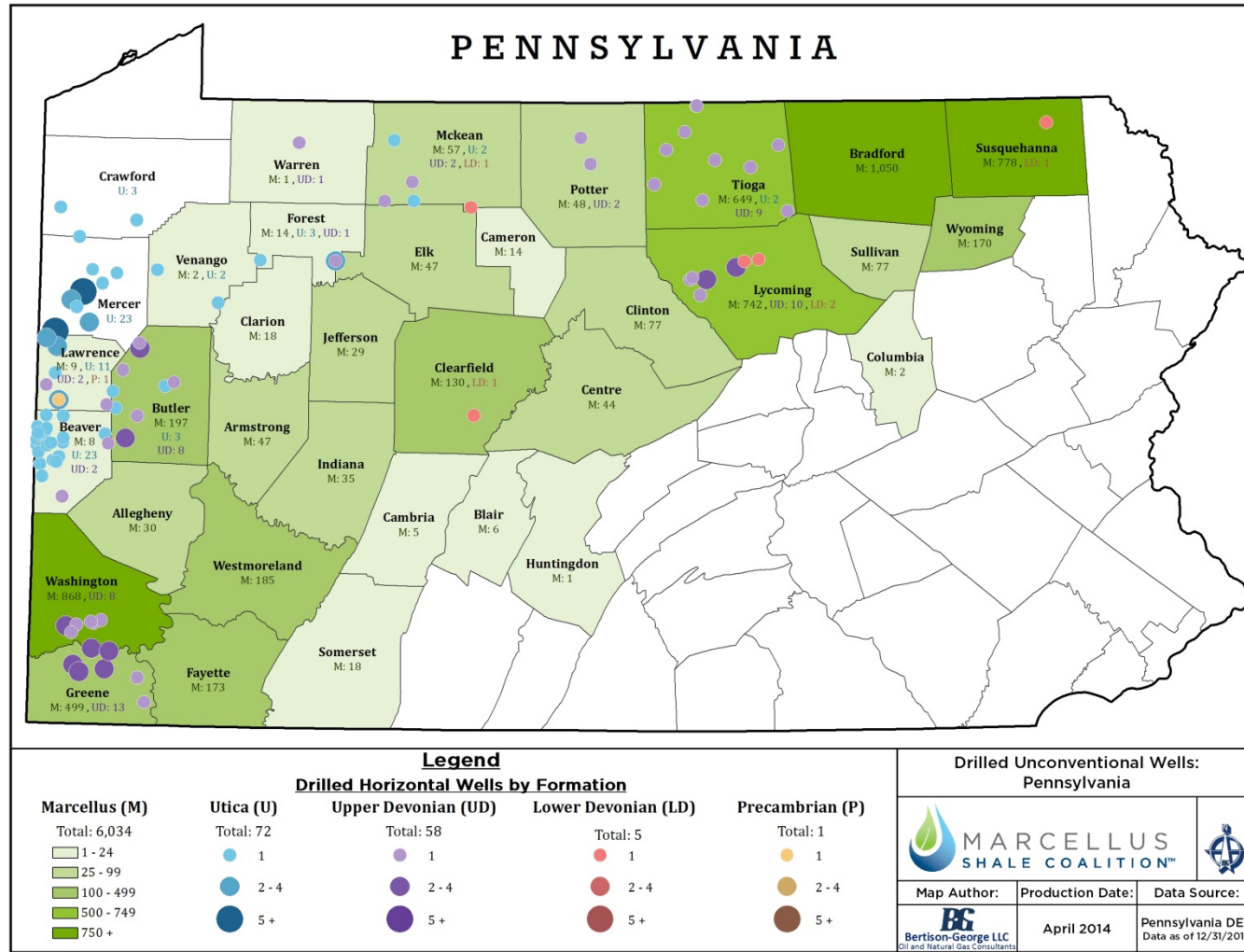
**Dave Spigelmyer
President
Marcellus Shale Coalition
April 22, 2014**

An Elusive Prize | Many nations are believed to have large shale deposits





Source: Energy Information Administration



New-well gas production per rig
thousand cubic feet/day

Region	March 2014	April 2014	change
Bakken	488	497	9
Eagle Ford	1,272	1,280	8
Haynesville	5,142	5,167	25
Marcellus	6,402	6,476	74
Niobrara	1,723	1,713	(10)
Permian	269	274	5
Rig-weighted average	1,394	1,386	(8)

Source: Energy Information Administration, March. 2014

About Us

- Approximately 300 members strong
- Producers, midstream, suppliers



Our Focus

- Long-term development
- Maintain high standards
- Addressing landowner, government and public issues
- Benefits to our region's future

We recognize that to succeed in business, we not only embrace these principles, we live by them each and every day. This will be our legacy.

- ✓ ***We provide the safest possible workplace for our employees, with our contractors, and in the communities in which we operate;***
- ✓ ***We implement state-of-the-art environmental protection across our operations;***
- ✓ ***We continuously improve our practices and seek transparency in our operations;***
- ✓ ***We strive to attract and retain a talented and engaged local workforce;***
- ✓ ***We are committed to being responsible members of the communities in which we work;***
- ✓ ***We encourage spirited public dialogue and fact-based education about responsible shale gas development; and***
- ✓ ***We conduct our business in a manner that will provide sustainable and broad-based economic and energy-security benefits for all.***

Jobs
Revenue
Expanded Markets

- **PA Department of Labor and Industry**

- 241,926 employees in Marcellus and related industries as of 2013 Q2*
- Since 2009 core industries have grown by 174+%
- Core Industry occupations
 - Crude Petroleum & Natural Gas Extraction (\$112K)
 - Natural Gas Liquefied Extraction (\$103K)
 - Drilling Oil and Gas Wells (\$85K)
 - Support Activities of O&G Operations (\$71K)
 - O&G Pipeline & Related Structures (\$82K)
 - Pipeline Transportation of Natural Gas (\$85K)
- \$84,400 average core industry wage (\$35,600 higher than PA avg.)*



*Source: Marcellus Shale Fast Facts, January 2014, PA Department of Labor and Industry

- **PA Department of Labor and Industry**

- Despite a recession and sluggish national economy, ancillary industries have grown by 8% since 2009
- Ancillary Industries
 - Non-residential site preparation contractors (\$53K)
 - Trucking (general freight, specialized freight) (\$43-\$53K)
 - Commercial & industrial machine and equipment repair (\$54K)
 - Water Supply, Sewage treatment facilities, and infrastructure construction (\$45-\$65K)
 - Environmental Consulting, Engineering Services (\$68-\$79K)
- \$65,200 average ancillary industry wage (\$ higher than PA avg.)*

*Source: Marcellus Shale Fast Facts, January 2014, PA Department of Labor and Industry

Paid by Natural Gas Industry

Overall taxes since 2006¹

> \$2.1 billion

Road construction investments since 2008²

> \$750 million

Royalty payments to state in 2011³

\$177 million

**Permitting and enforcement fees to increase
DEP personnel since 2009 ⁴**

\$40.5 million

Impact Fee in first three years ⁵

\$630 million

¹ – PA Department of Revenue

² – On-going Survey of Marcellus Shale Coalition Members

³ – Pennsylvania Department of Conservation and Natural Resources, 2013

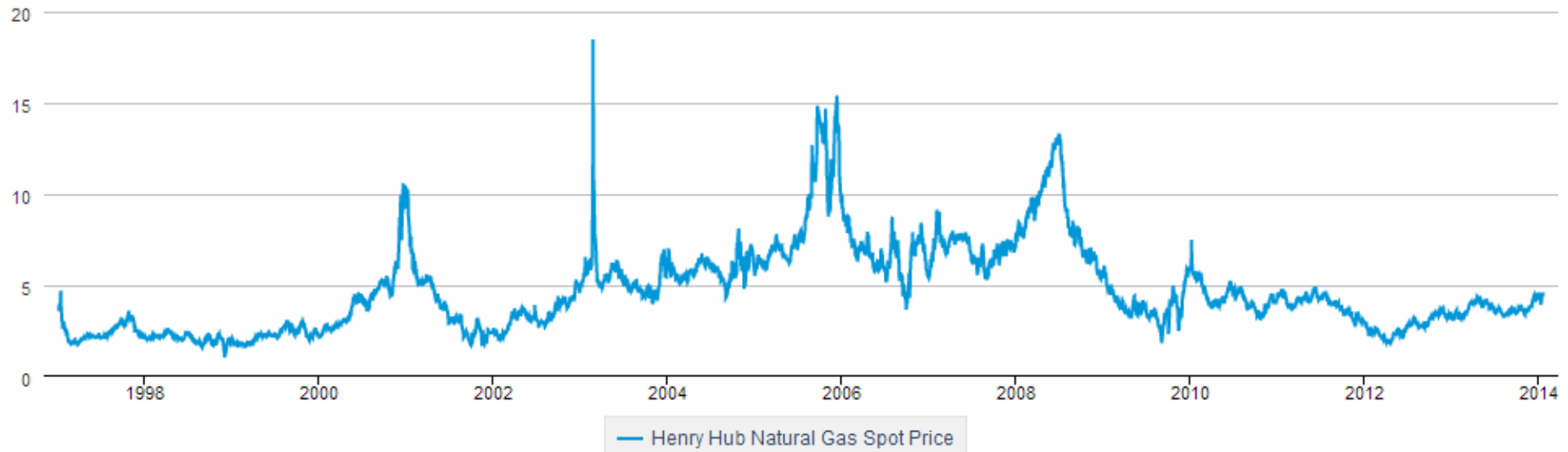
⁴ – Pennsylvania Department of Environmental Protection, 2013

⁵ – Pennsylvania Public Utility Commission

- Landowner opportunities
 - Mutually beneficial contracts, protected under the law
 - Gas must get to market to have value
- Combined heat and power applications
- Light and heavy duty transportation applications
- Feedstock for industries and other liquids use
 - Rebirth of manufacturing

Henry Hub Natural Gas Spot Price

Dollars per Million Btu



Winter of 2008: \$13.71 at the wellhead

Today: ~\$6.00

Challenge

Maintain a competitive regulatory and economic playing field

Opportunity

Build infrastructure, develop new markets

- MSC members and their partners
- Local governments
- Legislators
- Downstream markets
- Chambers, conservation community, landowners
- The Public

Building a grassroots network.

The logo features the letters 'USA' in a large, bold, blue 3D font. To the right of the 'A' is a stylized American flag with red and white stripes, and a blue circle containing a white flame-like shape. Below this graphic, the words 'UNITED SHALE ADVOCATES' are written in a bold, blue, sans-serif font, followed by a small trademark symbol (TM).

USA UNITED SHALE ADVOCATES™

- Take Action on public policy priorities
- Connect with shale supporters
- Get involved in advocacy events
- Access timely shale-related information

Pennsylvania JOBS Pennsylvania ENERGY — RALLY —

- May 6: On the Capitol Steps in Harrisburg
- Landowners, conservation groups, local officials, unions
- Speak with one voice in support of PA Energy
- Register today: ShaleAdvocates.com



THANK YOU!

