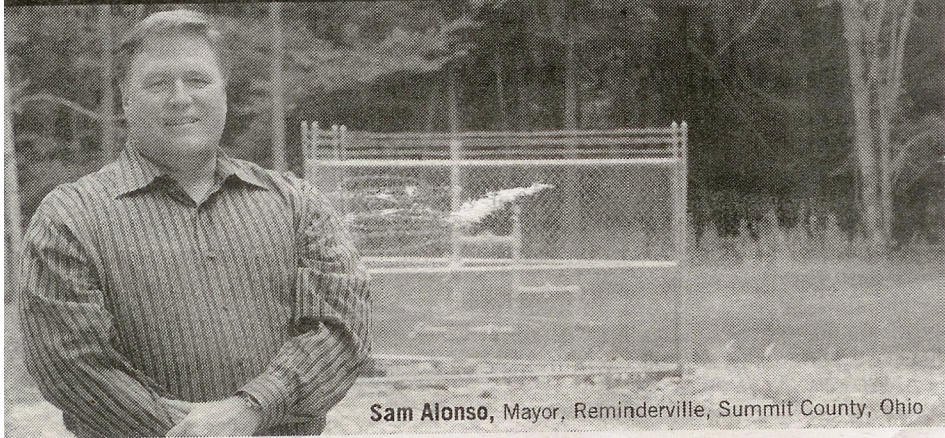


Ohio Oil and Gas Industry Advertisement

Ohio's Natural Gas & Crude Oil Industry Produces Local Energy Benefits.

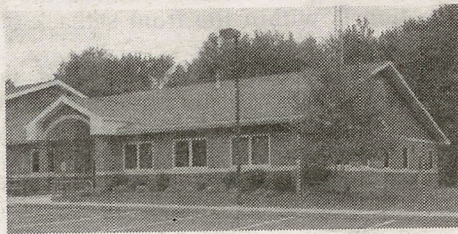


Sam Alonso, Mayor, Reminderville, Summit County, Ohio

Did you know Ohio has energy solutions available right *NOW*? The fact is, our state has an abundance of natural gas and crude oil resources.

Last year, Ohio produced more than 5.4 million barrels of crude oil and 86 billion cubic feet of natural gas. That's enough natural gas to heat over 1,000,000 Ohio homes. Ohio's industry also distributed over \$126 million in royalty payments, provided \$74 million in natural gas to Ohio landowners, and generated \$1.5 billion in Gross State Product.

The Municipal Center, in Reminderville has a natural gas and crude oil well, just one of over 60,000 wells producing local energy 365 days a year.



"It's time we do more with our own energy resources in Ohio. We're proud to be doing something here in our community."

– Sam Alonso, Mayor

Discover more stories from Ohio landowners and learn more about our local energy resources at www.oogeep.org.

Ohio's Natural Gas and Crude Oil Industry – A Vital Part of Ohio's Energy Solution!

Chagrin Valley Times – October 2008

An Additional Perspective

Oil & Gas Industry Claim #1

- Ohio produces 5.4 million barrels of crude oil per year.

Facts

- The United States consumes 21 million barrels per day of crude oil (7,665 million barrels per year).
- Ohio's entire yearly crude oil production can fuel the Nation's annual needs for only 6 hours per year.
- Ohio crude oil wells average less than 10 barrels per day of production which ranks these wells as small, marginal, stripper wells.

Conclusion

- Ohio supplies an undetectable amount of crude oil to the US energy supply pool which has absolutely no impact upon product availability or in limiting energy price increases.
- Rather than drill Ohio's small, unproductive, depleted oil fields, a better use of the scarce capital and equipment resources would be to deploy them to the large, high-potential, domestic oil fields which would optimize the utilization of these resources and leverage the impact of the investments.

Oil & Gas Industry Claim #2

- Ohio produces 86 billion cubic feet of natural gas per year.

Facts

- The US consumes over 63 billion cubic feet of natural gas per day (23,000 trillion cubic feet per year).
- Ohio's entire yearly natural gas production can fuel the Nation's needs for just over one day.
- Ohio natural gas wells average less than 8 MCF per day of production which ranks them among the smallest producing gas wells in the world.

Conclusion

- Ohio supplies a virtually negligible amount of natural gas in the overall US supply picture. Ohio gas has absolutely no impact upon product availability or in curbing energy prices.
- Rather than drill Ohio's small, unproductive, depleted oil fields, a better use of the scarce capital and equipment resources would be to deploy them to the large, high-potential domestic oil fields which would optimize the utilization of these resources.

Oil & Gas Industry Claim #3

- Ohio's 60,000 wells contribute \$126 million each year in royalty payments.

Facts

- The average royalty payment per well is \$2,100 per year for all landowners in the drilling pool.
- In residential areas (called urban wells) the \$2,100 must be divided among the 10-15 landowners that make up the drilling unit. Thus, the average, after-tax, royalty payment received by each household is only \$150 per year.

Conclusion

- Having an oil and gas well in the neighborhood and assuming the significant risks of health, safety and environmental problems, reduction in home real-estate values, loss of residential quality of life, increased truck traffic, and the many other problems associated with wells is not worth any amount of money, certainly not \$150 per year. In addition,

drilling in residential neighborhoods is dividing communities and pitting neighbor against neighbor.

Oil & Gas Industry Claim #4

- Ohio's 60,000 wells provide \$74 million worth of natural gas to Ohio landowners.

Facts

- Only the landowner who allows the well to be drilled on their property may receive free natural gas.
- The average value of gas received by the well-site landowner is only \$100 per month (which is considered taxable income just like royalties).

Conclusion

- Compensation of a mere \$100 per month can hardly begin to offset well-site landowners for their large risks of personal health, safety and environmental problems; reduction in their home real-estate value; loss of residential quality of life; increased truck traffic, dirt and dust; ruining their relationship with the community and their neighbors; and the many other problems associated with having an oil and gas well on one's property.

Oil & Gas Industry Claim #5

- Ohio's oil and gas industry generated \$1.5 billion in Gross State Product.

Facts

- The State of Ohio had a total Gross State Product of \$448 billion during the same time period. Thus, the oil and gas industry accounted for a mere three-tenths of one percent (0.3 %) of Ohio's Gross State Product...hardly irreplaceable.
- The industry's claim is based upon a convoluted, 80-page, academic study that the Ohio Oil and Gas Association paid a consultant to prepare for the industry.
- The oil and gas industry-commissioned study used a complex computer modeling methodology known as a "counterfactual study" that employed numerous rough estimates, industry averages and typical economic multipliers to arrive at a generalized, broad estimate of the impact upon Ohio's economy had the oil and gas industry ceased all operations totally.
- The industry's own study admits that, "The purpose of the methodology is to examine the possible (emphasis added) changes on the Ohio economy..."

Conclusion

- The Gross State Product value derived by the study is, at best, a "pie-in-the-sky" guess, of the value of the industry to the state, prepared by a non-independent party that had a strong vested-interest in providing a result favorable to their client (i.e. the Ohio oil and gas industry). Furthermore, the study totally ignores the most realistic outcome. Had the same capital employed by the oil and gas industry been deployed in any number of alternative, worthwhile, more productive pursuits, the Gross State Product would have benefited to an even greater degree than from urban drilling.