

Ohio Oil and Gas Association

**Oil & Gas Issues
In Ohio's
Wayne National Forest**

February 12, 2002

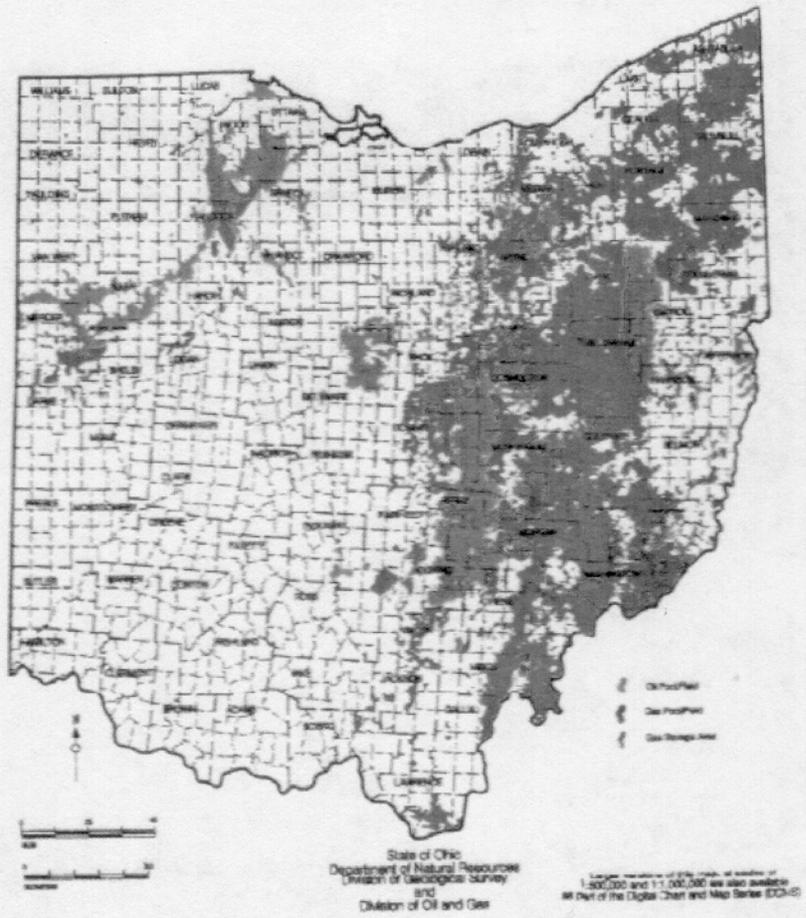
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Ohio Oil and Gas Fields



Ohio Counties with Oil and Gas Production Impacted by the Wayne National Forest



BACKGROUND:

- Ohio counties that are covered by the Wayne National Forest (WNF) represent one of the oldest oil and gas producing provinces in North America. Oil was discovered in a well in Noble County in 1814. Commercial production of oil and gas began in Washington County in 1860. Today, Washington County still ranks within the top-ten drilling counties of Ohio.
- Oil and gas drilling and production are not new or mysterious processes to this area. In fact, the Southeastern Ohio community and oil and gas development have peacefully coexisted for over a century.

ISSUES:

REVERTING MINERALS

- As the WNF has acquired land over the years, sellers often reserved their mineral rights for extended reservation periods and received oil and gas extraction royalties pursuant to private lease agreements with producers. As reservations have expired, oil and gas producers must make arrangements with the Bureau of Land Management (BLM) to convert and operate pursuant to a federal lease. This new federal lease is subject to stipulations imposed by the surface management agency – WNF.
- The inability (or unwillingness) of the WNF to respond in a timely manner to federal lease conversions has left oil and gas producers in regulatory and legal limbo regarding their existing production and potential new drilling development on existing lease tracts.

EXISTING FEDERAL LEASES

- The shocking inability of the WNF to review and implement reasonable surface occupancy stipulations in a timely manner have precipitated extensive delays in BLM issuing drilling permits. The result has been to discourage, if not prohibit, oil and gas development in the area.
- For example, a producer recently proposed a development-drilling project on an existing federal lease that already hosts two other wells. Due to WNF delays in issuing surface stipulations, 18 months elapsed before BLM was able to issue the permit. During that time period state drilling permits were issued and expired and natural gas prices went from \$2.00 to \$11.00 to \$2.00 per MCFG – a most unfortunate economic loss opportunity. All while government leaders were publicly questioning why natural gas was in short supply.

BONA FIDE LEASE SALES

- Since the 1987 Lease Reform, BLM has conducted only one lease sale in the WNF. This sale offered only scrub acreage, the tracts for which often failed to meet state spacing requirements and was suspect to the value of the potential oil and gas reserves. Often the surface management stipulations attached to the tracts made development impossible. To this date there have been no wells drilled on this acreage.
- In regard to lease sales and existing leases, there appears to be a gross imbalance between environmental objectives and oil and gas development. Even though WNF personnel are to follow the WNF Forest Plan, nevertheless the intent of the plan ends up corrupted.
- It is in the best interests of America, Ohioans and the Southeastern Ohio community to have the orderly development and production of our native resources.
- **Ohio and Ohio oil and gas producers need a genuine lease sale of WNF acreage that offers reasonable surface occupancy stipulations, timely issuance of permits and access to economic oil and gas opportunities and reserves.**



The Ohio Oil and Gas Association ("OOGA") is a trade association comprised of oil and natural gas producers, oilfield drilling and service contractors, natural gas pipeline companies, natural gas marketers, and other businesses providing services, goods, and equipment to the oil and natural gas industry in the State of Ohio. OOGA's 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. The OOGA's membership totals 1300 members, the majority of which are small business entities.