

Marcellus Shale: A Growth Story

How Can Your Company Benefit?

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Presented By



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Moderator

**Brad Gill, Executive Director
Independent Oil & Gas Association NY**



Panelists

Paul Drof, Executive Director, Niagara Falls Water Board

John Felmy, Chief Economist American Petroleum Institute

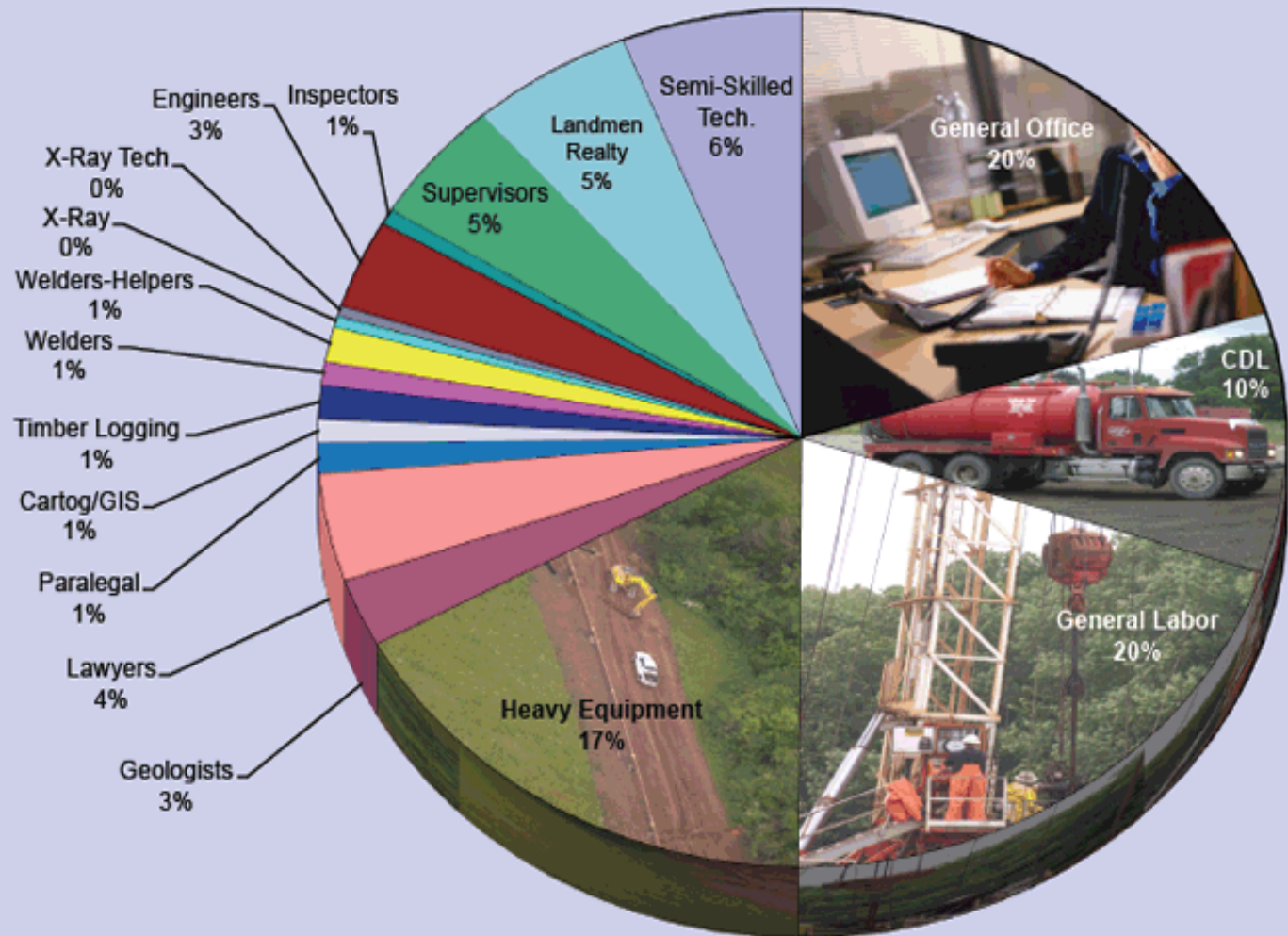
S.Dennis Holbrook, EVP, Norse Energy Company

Gary Marchiori, President, Energy Mark, LLC

David Palmerton, Jr., President, The Palmerton Group



What Specific Jobs Are Required?





Typical New York State

- | Industry not recognized as an asset
- | Swept plugging funds
- | Attorney General undue pressure
- | Severance tax cart before industry horse
- | Remove watersheds (NYC pressure)
- | Lack of legislative support for DEC's efforts
- | Numerous legislative proposals that would kill industry
- | Senate moratorium
- | Current AG position unfavorable
- | Costing \$billions in lost impact, jobs, municipal revenue
- | While we delay, PA and Ohio benefit!



Current Data

PA Dept. of Labor & Industry Report

- 71 Percent of the workers are from PA
- 48,000 hired since 10/1/2009
- 9,000 “New Hires” 1st Quarter 2011
- 2.4% of PA’s Total State Employment
- Average PA ind wage - \$46,222
- Average Marc ancil. industry - \$62,581
- Average Marc core industry - \$76,036



It's Happening in Pennsylvania ... Marcellus Economic Impact

- | \$3.9 billion in total value added 2009, \$8 billion 2010, projected \$14.4 billion 2015, \$18.8 b in 2020
- | \$389 million in state and local taxes in 2009, \$785 million 2010, \$1.4 billion 2015, \$1.87 billion 2020
- | New jobs
 - 2011 Q1 - all PA industries declined by 160,000 jobs
 - Marcellus Shale core industry jobs up by 10,900
 - Total Marcellus Shale employment 214,000!

Niagara Falls Waste Water Treatment Plant



NFWWTP

NFWWTP is Unique

- Available capacity
- Physical/Chemical WWTP
- Have carbon adsorption
- Have approved pretreatment program
- Have strong enforcement program
- Have rail spur and truck unloading
- Have hauled waste program
- Currently tracking waste and reporting to NYSDEC
- Experience treating heavy industrial waste contribution

NFWB Can Provide

- Large quantities of potable/treated water (greater than 10 million gallons per day)
- Unique existing wastewater treatment capability:
 - >15 million gallons per day of excess treatment capacity
 - Carbon treatment
 - Established/proven industrial pretreatment program
 - Advantageous permit structure
 - Capability to accept truck and (with modest upgrade) rail
 - Geographic proximity to sources
 - Cost-competitive

NFWB Drivers

- Sell water and wastewater treatment services.
- Increased utilization of existing capacity at WTP and WWTP.
- Off-set declines in use/revenue from industrial users.
- Stabilize rates for homeowners and industries in Niagara Falls.
- Provide revenue for infrastructure investment.

Economic Impact of Marcellus Shale on Pennsylvania

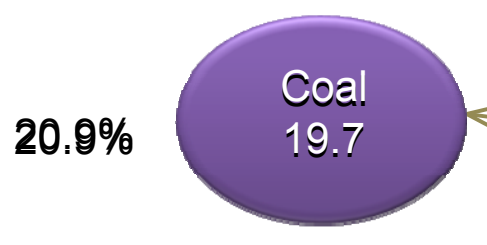
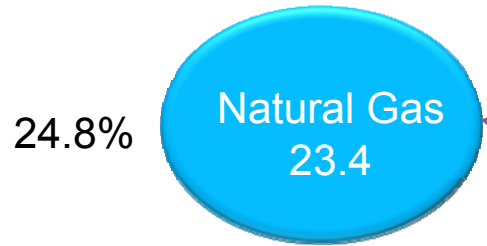
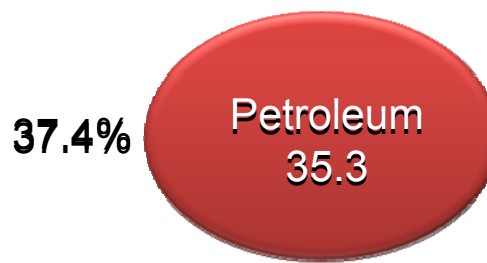
	2009	2011	2015	2020
Employment	44,098	60,755 - 111,413	77,788 – 160,205	87,119 – 211,909
Value Added (millions)	\$3,877	\$5,510 - \$10,219	\$6,957 - \$14,415	\$7,744 - \$18,853
State & Local Taxes (millions)	\$389	\$538 - \$987	\$688 - \$1,417	\$770 - \$1,872
Federal Taxes (millions)	\$1,057	\$724 – \$1,332	\$913 - \$1,893	\$1,016 - \$2,473

Source: Timothy J. Considine, “The Economic Impacts of the Marcellus Shale: Implications for New York, Pennsylvania and West Virginia,” July 2010

Table 3: Estimated Impacts on Value Added in Pennsylvania by Sector during 2009

Sector	Millions of 2010 Dollars			
	Direct	Indirect	Induced	Total
Ag, Forestry, Fish & Hunting	3.7	3.9	2.2	9.8
Mining	501.0	11.0	2.4	514.4
Utilities	29.9	28.4	27.4	85.8
Construction	330.1	10.7	8.4	349.2
Manufacturing	34.4	62.1	29.0	125.5
Wholesale Trade	306.0	68.6	56.9	431.5
Retail trade	152.0	11.1	133.0	296.1
Transportation & Warehousing	49.5	48.3	22.9	120.7
Information	9.2	51.6	37.4	98.2
Finance & Insurance	23.8	92.6	112.2	228.7
Real estate & rental	163.1	96.9	232.8	492.8
Professional- scientific & tech services	91.2	178.2	50.9	320.3
Management of companies	0.0	50.6	11.8	62.4
Administrative & waste services	14.9	59.0	26.6	100.5
Educational services	50.2	0.9	23.0	74.2
Health & social services	119.1	2.0	179.8	300.9
Arts- entertainment & recreation	14.9	3.2	14.8	32.9
Hotel & food services	44.7	12.7	39.4	96.9
Other services	33.0	20.8	42.1	95.9
Government & Misc.	11.2	15.1	13.8	40.1
Total	1,982.0	828.0	1,066.5	3,876.5

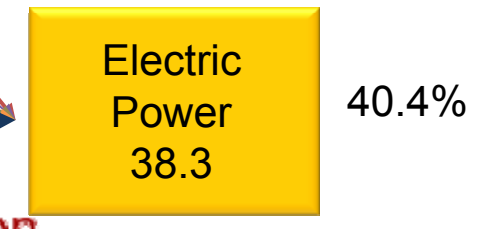
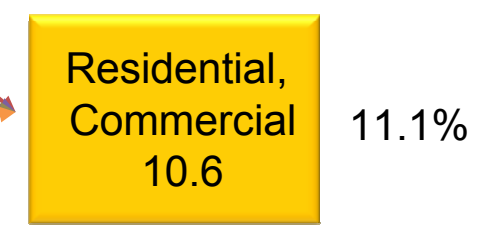
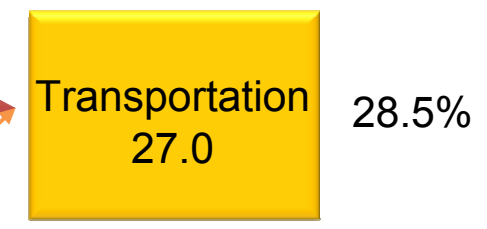
Percent Quadrillion BTUs



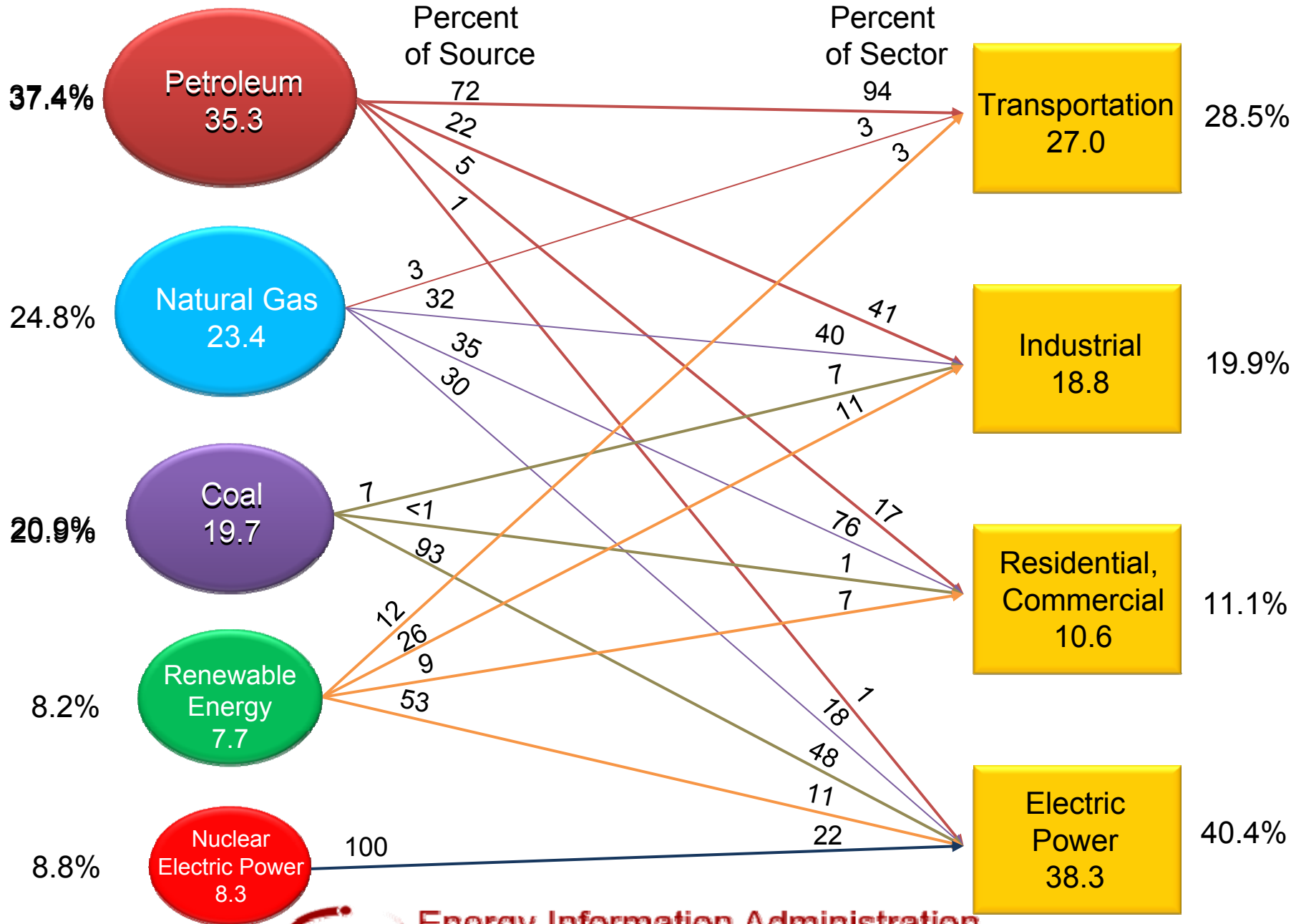
Percent of Source

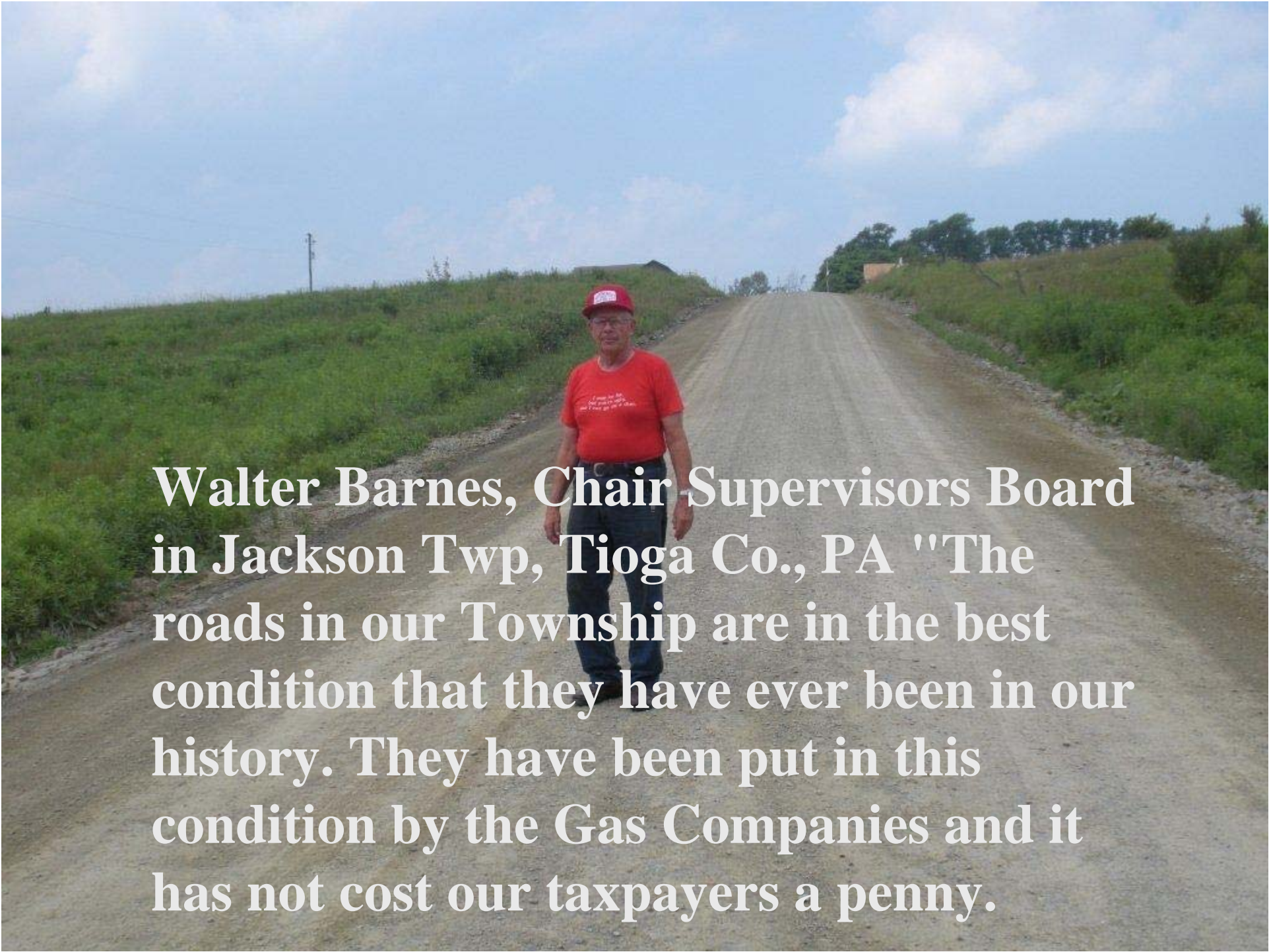
Percent of Sector

Quadrillion BTUs Percent

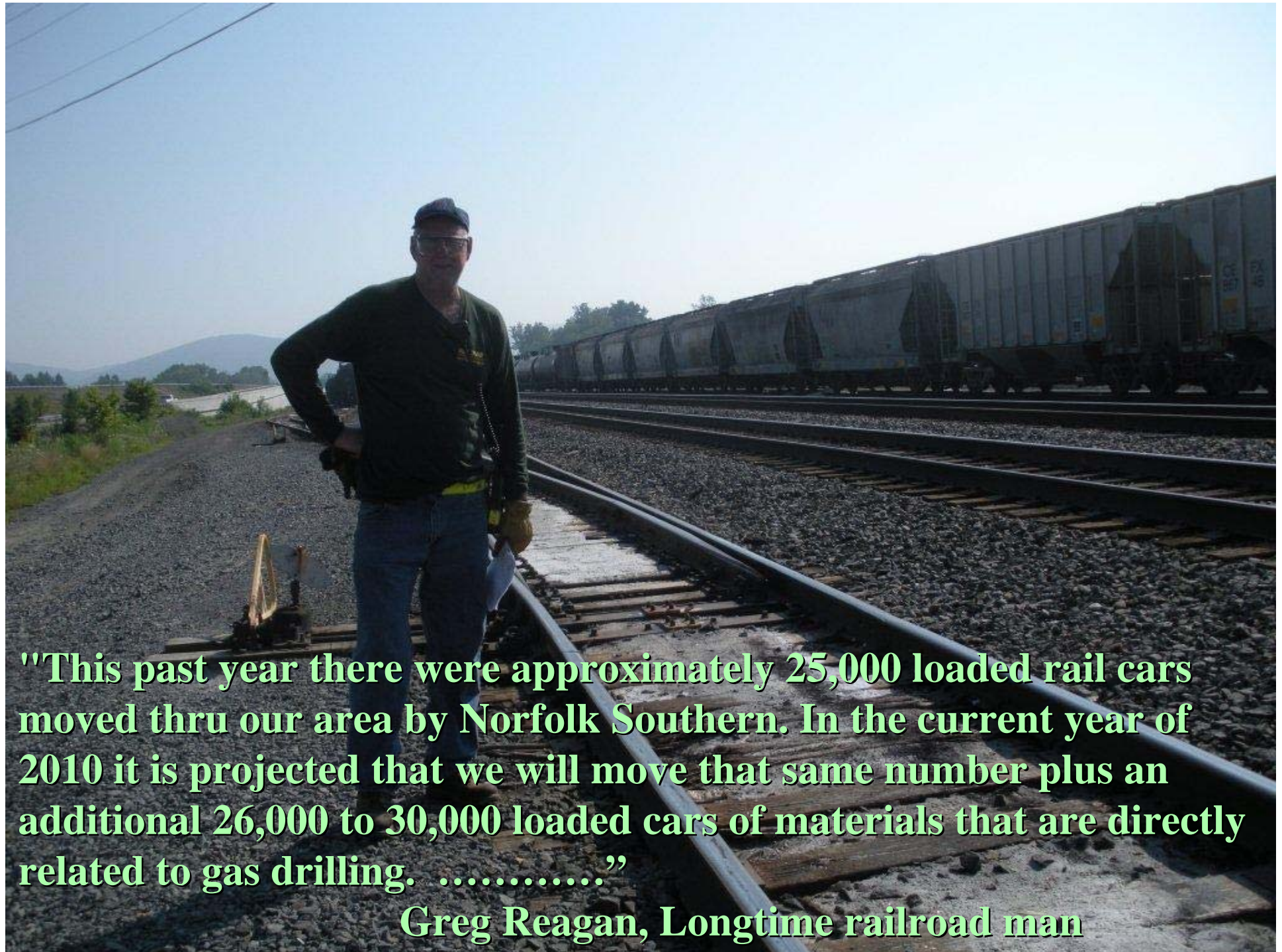


Energy Information Administration
Official Energy Statistics from the U.S. Government



A photograph of Walter Barnes, a man wearing a red t-shirt, a red baseball cap, and dark pants, standing in the center of a wide gravel road. The road stretches into the distance, flanked by green grassy hills. In the background, there are some trees and a utility pole under a blue sky with scattered white clouds. The text is overlaid on the lower half of the image.

**Walter Barnes, Chair Supervisors Board
in Jackson Twp, Tioga Co., PA "The
roads in our Township are in the best
condition that they have ever been in our
history. They have been put in this
condition by the Gas Companies and it
has not cost our taxpayers a penny.**



"This past year there were approximately 25,000 loaded rail cars moved thru our area by Norfolk Southern. In the current year of 2010 it is projected that we will move that same number plus an additional 26,000 to 30,000 loaded cars of materials that are directly related to gas drilling."

Greg Reagan, Longtime railroad man



Mike Austin, owner of Austin Construction, LLC, Campbell, NY. has added 50-60 additional employees because of the increase in business due to gas drilling. .

12/15/2011

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Phil Dickson of Dickson's Environmental Services has been working in the Northern Tier of PA hauling both fresh and waste water for Gas Field Specialists, a company that works for several Gas Drilling Operations. Phil says "Since we have been servicing this industry we have tripled our fleet of trucks and increased our payroll by 30%."



Tim Walters, owner of Walters Chevrolet of Elkland said "The effects of this Gas Drilling in the Northern Tier of Pennsylvania are far reaching.

.....for the first time in recent memory our sales and service people can see a positive and upbeat attitude among our customers. It is because of the jobs, opportunities and excitement being generated by one thing; gas drilling."

"There is no

negative side to it"

More info at

- www.iogany.org
- www.exploreshale.org
- www.Facebook.com/iogaofny
- www.anga.us
- www.eidmarcellus.org

