West Virginia: Governor’s Energy Summit

Natural Gas

A Promise for Tomorrow’s West Virginia

Dave Spigelmyer—Chesapeake Energy
WV: A long history in Natural Gas

- Steel
- Glass
- Plastics
- Chemicals
- Fertilizers
- Powdered Metals
- Electric Generation
- Vehicle Use—major fleets
Natural Gas: Long History in Appalachia

- Origins of this industry in West Virginia
- In early 1800s, WV salt-makers hit oil & gas
- "Old Greasy" Kanawha River
- 1815: Captain James Wilson first discovers natural gas near the present-day Capitol complex in Charleston
- Lot of debate as to where it all began
- Parkersburg Valley or Drake Well in PA
Natural Gas—Fueling WV’s Economy

- 235 BCF of production annually
- 90 BCF of consumption
- 21,000 employees (industry jobs)
- Over 380,000 customers served
Marcellus Shale fairway
Marcellus Shale—A bright future for WV

- Marcellus—an Appalachian industry still in its infancy
- Competing capital in all 4 major shale plays
- Significant job growth expected
- Natural gas independence for the U.S.
- Environmental benefits of burning a green fuel
  - 40% LESS CARBON THAT COAL
  - 30% LESS THAN OIL
  - No particulate matter
  - Significant reductions in both SOx and NOx
What can we expect in WV? Pennsylvania Estimates:

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<tr>
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<th>2009</th>
<th>2010</th>
<th>2020</th>
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<tbody>
<tr>
<td>Economic Value:</td>
<td>$2.2 Billion</td>
<td>$8.2 Billion</td>
<td>$13.5 Billion</td>
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<tr>
<td>State/Local Taxes*</td>
<td>$238 Million</td>
<td>$871 Million</td>
<td>$1.4 Billion</td>
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<td>Total Jobs:</td>
<td>48,500</td>
<td>107,000</td>
<td>174,000</td>
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*Approximately 30 percent of total tax burden remains at local level.
Pace of Drilling:

Assumptions:
• One month or more to drill, complete each well (operating continuously)
• 95,000 square mile formation, assume 50% of it can be developed
• 47,500 drill sites (8 wells drilled per units 380,000 wells/ 16 wells drilled per unit 760,000 wells)
• 500 rigs dedicated to Marcellus Shale play – at the height of Barnett drilling there were 225
• Probability that we will still be drilling wells in a hundred years
During and After:
Efficient use of the surface: (Example only)
Why is Marcellus Important to WV?

• Long term energy security of our nation
• Clear environmental winner!
• Nearly 100% North American produced
• Major jobs producing benefits in an ailing economy
• Developing localize wealth
• New and future tax revenues
• Saving family farms
THANK YOU!