Keys to Unlocking the Marcellus Shale:

Legislation to modernize the Regulatory Landscape

Steve Rhoads
East Resources, Inc.

Natural Gas
Tapping Pennsylvania's Potential
drilled each year for decades

- Several thousand shallow wells produce natural gas for 60 years
- Hydraulic fracturing wells to the late 1800s
- Fueling American homes since natural gas
- 150 years producing oil and
Why is Marcellus important to PA?

Development of Pennsylvania’s Marcellus Shale reserves means:

- Long-term energy security of our nation
- Cleanest-burning fossil fuel for power generation
- Solid alternative to foreign oil
- Smaller footprint on the landscape
- Many new family-sustaining jobs
- Significant new wealth in rural PA
- New and future tax revenue
- Greater opportunity to save family farms

www.PaMarcellus.com

NaturalGas
Tapping Pennsylvania’s Potential
Marcellus Shale Wells drilled in 2009

Marcellus Shale Development

Tapping Pennsylvania's Potential.

NaturalGas
Each rig creates 350 direct jobs.

- In 2012, 15 rigs running.
- In 2010, 3 rigs running.

and the percentage is growing.

80% Pennsylvania residents.

Additional 60 new hires planned for 2010.

- In 2010, 210 full-time employees.
- In 2008, 172 full-time employees.

East Resources' Employment Opportunities
been Marcellus-related.

- The Lion's share of new employment has past 6 months.
- Lower than the national average for the months
- Lower than the PA average for the past 3
- 8.2% in March 2010 dropped from 11.5% in March 2009

Tioga County Unemployment Rate
In 2010:
- $470 million in well drilling and pipelines
- $50 million for lease acquisition

In 2009:
- $160 million in well drilling and pipelines
- $75 millions for lease acquisitions
- Price of Gas at the wellhead
- Estimated Ultimate Reserves (EUR)
- Number of wells drilled

Future Royalty Growth based on:

Royalty Payout in 2020: est. $60 million

**Wealth Creation:**

**East Resource's Role: Vacant Area**

**Natural Gas:**

Tapping Pennsylvania’s Potential
Royalty Revenues to Landowners

Wealth Creation:

East Resource's Role
Our Objectives:

Job and Wealth Creation
Government and Public Concerns
Proactive Resolution of Landowner,
  ○ Minimal Impact on the Landscape
  ○ Reuse of Produced Water
  ○ Responsible Use of Water Resources

Environmentally Responsible Development of Marcellus Shale:

Our Goal:

To produce clean, domestic natural gas to secure our nation's energy future.
address key issues legislative regulatory leaders to
○ Industry working closely with
development needs reform
○ Statutory foundation for natural Gas
Fragmented regulatory framework
○ Local ordinances set inconsistent,
○ Modernizing technical standards
Streamlining permitting
○ Streamlining inspections and enforcement
○ Dedicated funding to enhance enforcement program needed
○ Efficient, effective permitting and
generation to incentivize natural gas-fired power

AEPS Amendments

and fleets to expand natural gas vehicle infrastructure

AFIC Incentives

sound well spacing in coal areas to enable economical & environmentally

to incentivize development of the resource

Coal Gas Coordination (Act 214)

Fair Pooling to facilitate development of the resource

Legislative Modernization Initiatives

Where Pennsylvania is now:

Municipal Ordinance Reform