



# VIEWS & VISIONS

A publication of Bowles Rice LLP

Summer 2014



## Utica Shale Provides Economic Opportunities in Ohio

William J. Taylor, Partner  
Kincaid, Taylor & Geyer Attorneys at Law

William J. Taylor is a partner at Kincaid, Taylor & Geyer Attorneys at Law in Zanesville, Ohio. He is admitted to practice in Ohio and Montana and his practice includes oil, gas, coal, natural resources and environmental law, as well as business, banking, hospitals and real estate.

Mr. Taylor is a founding member of the Energy and Mineral Law Foundation. He has lectured and written about oil, gas, natural resources, environmental and banking topics.

He and his partners at Kincaid, Taylor and Geyer successfully argued *Heifner v. Bradford*, Ohio's leading case on title to oil and gas rights. He also assisted in drafting Ohio's mineral lapse statute.

Mr. Taylor is past chairman of the Ohio Oil and Gas Commission and serves on the Legal Committee of the Ohio Oil and Gas Association and Natural Resources Committees of the Ohio State and Montana Bar Associations.

He served as a Lieutenant in the 1st Cavalry Division of the United States Army and Captain in the Army Judge Advocate General's Corps. He earned undergraduate and law degrees from The Ohio State University and studied military law at the University of Virginia.

While the eastern region of Ohio gets all of the attention for its oil and gas reserves, the truth is, the entire state is enjoying prosperity and economic opportunity as a result.

Ohio has a rich history in the early development of the oil and gas industry, with wells dating back to the 1890s. Oil and gas has played a significant role in Ohio's local and state economies and has been a great source of jobs, growth and success. In the modern shale era, the oil and gas industry in Ohio has become even more important.

The Ohio Department of Natural Resources has approved 1,230 Utica Shale permits as of April 26, 2014. Of those permits, 838 Utica Shale wells have been drilled, 392 of which are in production. Thirty-nine horizontal Utica Shale rigs are presently drilling in Ohio. Ohio's gas production grew from 83.4 billion cubic feet in 2012 to 203 billion cubic feet in 2013. During the same period, Ohio's oil production rose from 4.9 million barrels in 2012 to 9.7 million barrels in 2013.<sup>1</sup>

The activity has increased "core" shale-industry jobs in Ohio by 79 percent since 2011. Employment in industries like well drilling and pipeline construction – the "core" jobs in the oil and gas industry under reported statistics – reached 13,055 in the third quarter of 2013, a 79 percent increase from 7,292 in the same period of 2011. Employees in those core fields had an average wage of \$71,661. Ancillary jobs from Ohio's shale-industry, which include environmental consulting and freight trucking, while less drastic, also rose approximately 1.5 percent from 2011 to 2013. The average wage in these ancillary industries is \$59,998. By comparison, the average wage in all Ohio industries is \$44,658.

It is anticipated these figures will continue to rise as Ohio's modern oil and gas infrastructure develops further with the building and completion of gas-fired power plants and mid-stream processing facilities. The creation of infrastructure to handle this shale development has also revitalized Ohio's rail industry.<sup>2</sup>

A report from the Ohio Department of Job and Family Services, from which this data stems, does not delve into just how far-reaching the shale industry's impact on Ohio's economy has been, and continues to be. What one might term "secondary" industries also are on the rise. Members of the food and restaurant industry, hospitality industry and hotels are all enjoying increased business. Car, truck and tractor sales also are up across the region. The Ohio State University Fisher College of Business has recently



added an energy-focused MBA program.<sup>3</sup> Several law schools, most notably Capital University, have likewise added oil and gas-related curriculums and classes. The benefits of the shale industry also are being passed on to local governments, as well as the state government, in the form of increased tax revenues and even donations from operators to improve infrastructure.<sup>4</sup>

The net result is a real, empirical “trickle-down” effect from Ohio’s shale industry and its development. The majority of Ohio residents surveyed view the shale industry as having a positive impact on their respective communities and welcome the opportunity to help the industry grow.<sup>5</sup> I am hopeful that the oil and gas industry will continue to spur economic growth and, as a result, communities throughout Ohio will flourish for years to come. ▽

For information on the Economic Trends for Ohio Oil and Gas Industries, access the full reports published by the Ohio Department of Job and Family Services available at: <http://ohiolmi.com/OhioShale/OhioShale.htm>.



<sup>1</sup> *Ohio Utica Shale*. <http://www.ohio.com/blogs/drilling/ohio-utica-shale-1.291290/ohio-has-838-drilled-utica-wells-392-wells-in-production-1.484411> (accessed May 5, 2014).

<sup>2</sup> *Ohio Department of Job and Family Services. Quarterly Economic Trends for Ohio Oil and Gas Industries*. April 2014. <http://www.bizjournals.com/columbus/news/2014/04/30/core-jobs-in-utica-shale-play-up-79-percent-from.html> (accessed May 5, 2014).

<sup>3</sup> *Knox, Tom. Columbus Business First*. April 28, 2014. <http://www.bizjournals.com/columbus/blog/ohio-energy-incl/2014/04/osu-fisher-college-adds-energy-focused-executive.html> (accessed May 5, 2014).

<sup>4</sup> *XTO recently made a \$15,000 donation to the Belmont County EMA*. <http://www.wtov9.com/news/features/top-stories/stories/xto-energy-presents-check-belmont-county-ema-upgrades-4130.shtml> (accessed May 5, 2014).

<sup>5</sup> *Anna Rumer. Investments in Shale Indirectly Affect County Economy*. April 6, 2014. [http://www.zanesvilletimesrecorder.com/article/20140405/NEWS01/304050035/Investments-shale-indirectly-affect-county-economy?gcheck=1&ncklick\\_check=1](http://www.zanesvilletimesrecorder.com/article/20140405/NEWS01/304050035/Investments-shale-indirectly-affect-county-economy?gcheck=1&ncklick_check=1) (accessed May 5, 2014).