

MODERNIZE & UNITIZE

We can work together to grow the state's economy, create good paying West Virginia jobs, boost tax revenues, more payments to mineral owners and usher in a new era of manufacturing through modernizing the state's unitization statute to include "shallow" horizontal wells.

WHY CHANGE?



ECONOMIC BOOSTS

Adopting this legislation could create a \$2.4 billion boost for the economy, create 2,000 new jobs, lead to \$167 million in new royalty payments to mineral rights owners and generate \$30 million in new state revenues, according to a WVU study. West Virginia will better compete with surrounding states, especially when it comes to building a cracker plant or storage and trading hub.



FAIR COMPENSATION

Every mineral owner would be compensated in every parcel within a unit. That includes minority unleased owners brought into the unit and majority leased owners.



WASTE PREVENTION

The law would minimize the industry's operation footprint and surface disturbance. That means efficient energy consumption and cleaner air. The state and local communities benefit from the increased severance tax revenue resulting from an increased recovery rate. Without the addition of unitization in the Marcellus, natural gas will be stranded, leaving some mineral owners with no economic way to extract and be compensated for their natural gas.

WHAT'S THE CHANGE?

POOLING SHOULD BE PERMITTED FOR SHALLOW HORIZONTAL WELLS

1

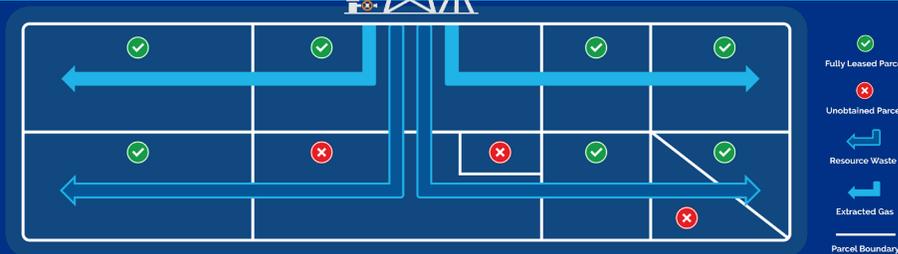
ENHANCES UNITIZATION LAWS

The new law would allow unitization for shallow wells, including the Marcellus. Currently, one property owner can block development for any reason – including a politically motivated one – depriving neighboring owners of compensation from shale development. Because horizontal wells go through more than one tract of land, the state needs to permit unitization.

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ALLOWS WEST VIRGINIA TO COMPETE

Unitization has been used for years for deep wells, including Utica Shale wells. The Marcellus Shale, which is more shallow, is the main focus of horizontal drilling. West Virginia's lack of unitization laws for shallow wells places West Virginia's gas industry at a competitive disadvantage to surrounding states.



WHAT THEY'RE SAYING

"WV has the third-largest proved natural gas reserves in the country, behind only Texas and... Pennsylvania. Despite this potential, natural gas production growth in WV over the last decade has lagged behind Pennsylvania and Ohio... One potential reason for the slower growth in WV... is the lack of a natural gas pooling or unitization law, which is present in Ohio and most other natural gas producing states.



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WHAT THEY'RE SAYING

"The industry has shown that horizontal drilling and hydraulic fracturing techniques are evolving at a rapid pace and are an economical and efficient tool for producing hydrocarbons."

– W.Va. Supreme Court Ruling, June 5, 2019

– "The Economic Impact of Natural Gas Unitization in WV" WVU John Chambers College of Business & Economic