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Natural Gas Liquids

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**William Bennett
President OOGA**

"President Obama's proposed tax code revisions are going to hit the exact people that he should not be trying to hurt: the small producer."

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**Raymond Lasseigne
Chairman LOGA**

"Virtually everyone in this area has been impacted by the activity, so the public has a real hunger to know more about our business."

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**Mark Metzler
Chairman
Texas Alliance**

"The Alliance has helped independents who many times are too small to have the voice in Austin or Washington they need to have."

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Organizers Gearing Up For 70th Biennial PBIOS

ODESSA, TX.—Professionals representing every phase of the petroleum industry and hailing from every corner of the globe will gather for the 70th anniversary celebration of the Permian Basin International Oil Show in Odessa.

The biennial event is set for Oct. 19-21 at the Ector County Coliseum, where 1,000 spaces will feature more than 700 exhibitors showcasing the latest technological advances, according to PBIOS organizers. "Leaders from all over the industry will be in Odessa to talk about the latest technology and newest equipment," confirms Doug Duff, PBIOS president. "The PBIOS is also one of the greatest venues for transacting business and renewing friendships."

Show hours on Tuesday and Wednesday, Oct. 19 and 20, run from 10 a.m. to 6 p.m., and the gates to the show grounds are open from 10 a.m. to 4 p.m. on Oct. 21. "Our oil show is run by oilmen who are committed to the industry," Duff adds. "We expect more than 50,000 attendees, and hope everyone marks his calendar for three fun and educational days in October."

For information on exhibiting or attending the 2010 PBIOS, visit www.pbioilshow.org, or phone the oil show office at 432-367-1112 or toll-free at 800-260-7892. □

Study Finds No Impact To Military Training From Eastern Gulf Drilling

WASHINGTON—There is no credible evidence that expanded oil and natural gas exploration and development in the Eastern Gulf of Mexico would adversely affect military missions in that area, reports an analysis by Securing America's Future Energy (SAFE).

Eastern Gulf of Mexico Oil and Gas Exploration and Military Readiness has been produced by collaboration between SAFE and Commonwealth Consulting Corporation, which is led by retired Colonel Martin Sullivan of the U.S. Marine Corps, and examines the potential impact more oil and gas exploration would have on military

activities, including training and weapons testing.

SAFE says the report examines claims of potential impacts of increased activity. It assesses rates of usage by the United States military in the affected areas, explains current methods of controlling airspace and surface actions in the Gulf, and analyzes encroachment factors. SAFE says the analysis concludes that the Pentagon until very

recently had no systematic tools for measuring the effect outside factors had on training and testing, and now that those tools are being put in place, they clearly are showing oil and gas production will not encroach on military missions.

"Our dependence on petroleum, much of it imported from hostile regimes and unstable regions, poses a direct threat to our nation's security,"



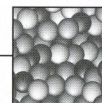
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the logistics of transporting large equipment and building locations sufficient to complete horizontal Marcellus wells.

Wrightstone says companies are getting creative in how they address those considerations. "They are going to centrally located ponds and water-holding facilities," he reports. "They are drilling as many as eight wells from the same pad, and a lot of companies are recycling fracture flow-back water."

Doyle says Anadarko embraces practices that minimize surface footprint and hopes that doing so demonstrates to the public that development can coexist with environmental stewardship.

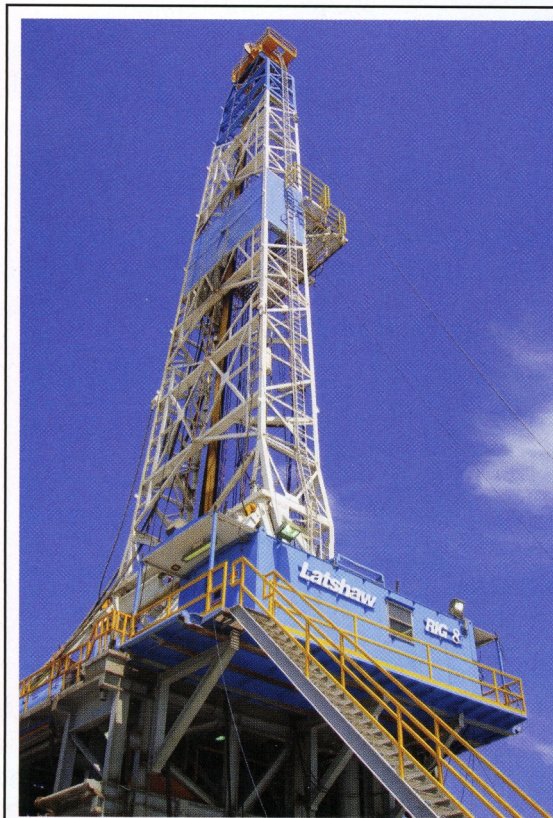
"What will unlock this play in Pennsylvania is a continued effort between the industry and the commonwealth to communicate and establish best practices," he reflects. "I think the industry can find the best technological solutions, but it really is going to require engaging regulatory bodies and the public in a cooperative effort for the industry to deliver the benefits we know it can."

Kenneth Komoroski, a spokesman for Cabot Oil & Gas Corp., says the Marcellus is on the verge of delivering those benefits. "In the play's earliest stages, a lot of res-

idents and business leaders were excited," he relates. "Of course, a lot of lessors were not familiar with the process, and so some expectations were ahead of reality. Mineral owners were anxious to see the benefits of the deals they signed, but the industry had to drill the wells and get the infrastructure on line. People saw trucks on the roads, equipment moving through towns and flares in the night sky, but they were not seeing revenue. Now those expectations are starting to be realized."

Nevertheless, Wrightstone cites plenty of remaining issues, including the structurally complex areas being drilled east of the play's core areas and the best approaches for each part of the play.

"Many people are moving toward 3,500-5,500 feet as the optimum lateral lengths, but one company I know is planning wells to extend to 10,000 feet," he mentions. "There is a large area in Central Pennsylvania with lower porosity and permeability. Will that be economic? As you go north and west into Pennsylvania and New York, the play thins, gets shallower and becomes less thermally mature. What are the play's northern and north-western boundaries?"



Because a majority of its Haynesville holdings lie in East Texas, Goodrich Petroleum Corp. reports taking advantage of Texas regulations that allow irregular-shaped units that extend more than a square mile and it therefore can drill laterals longer than 4,600 feet. In 2010, Goodrich plans to drill 41 gross and 20 net wells.

Hello Haynesville

The Haynesville's potential as a top-echelon U.S. shale play appeared not to be common industry knowledge before March 2008, when impressive results announced by Chesapeake Energy suddenly illuminated the formation's possibilities to the wider industry. Nevertheless, a couple operators who already were active in Northwest Louisiana and East Texas had caught hints that something was in the works.

Goodrich Petroleum Corp. President and Chief Operating Officer Robert Turnham remembers encountering one early sign signifying the changes in store when his company's routine \$350 an acre bid for some state leases was topped by a bid 10 times greater. "That was when we knew something was up," he recounts. "They obviously were chasing something different from the shallow objectives that interested us. We did some more investigative work and found some vertical wells drilled deep into what we thought was the Smackover."

A pair of companies with long histories intertwined throughout the ArkLaTex region are Heritage Energy and Camterra Resources, which for years have synchronized strategies and partnered on most projects in the region. Kevin Byram, a geologist and co-owner of Heritage, says that after he and his colleagues deduced the Haynesville was an objective in late 2007, the partners decided to extend a Cotton Valley well into the Haynesville and log it. "We were shocked," he admits. "We knew at that moment there was a lot of gas in place."

Heritage and Camterra targeted the Haynesville with a well in January 2008, elaborates John Kinnebrew, a landman and Heritage co-owner. "Was it exciting? Absolutely," he states. "Was it also painful, stressful and expensive? Absolutely."

As it became apparent the Haynesville Shale was on its way to becoming the country's next big shale play, many of the area's longstanding operators saw their lease values skyrocket. Turnham acknowledges that Goodrich was more than happy to find itself sitting atop a strong Haynesville acreage position.

"Better lucky than smart," he laughs. "But we were smart enough to put ourselves in position to stumble into new plays. Before 2003, we were primarily a South Louisiana player, and even our North Louisiana drilling focused on structural plays, and buying and rejuvenating