

# BULLETIN



**OHIO OIL & GAS**  
ASSOCIATION

JANUARY 2019

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OHIO OIL AND GAS ASSOCIATION

[www.ooga.org](http://www.ooga.org)



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**Legislature Enacts Landman  
Registration Provision**

**Secretary Perry Announces  
Appalachian Ethane Storage Hub Report**



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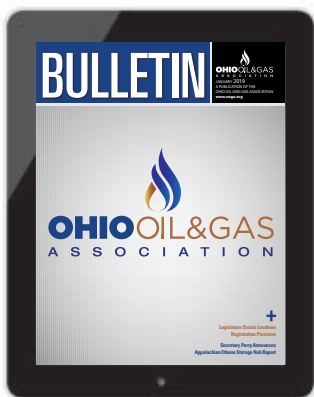
# Contents



STORY ON PAGE 10



STORY ON PAGE 14



## COLUMNS

- 5 Presidential Paper
- 6 EVP Comments

## FEATURES

- 7 Ohio Oil and Gas Association to Rebrand Website, Logo
- 10 Legislature Enacts Landman Registration Provision
- 11 OOGA Regulatory Updates
- 13 Secretary Perry Announces Appalachian Ethane Storage Hub Report
- 14 Toys for Tots Foundation Teams with Oil and Gas Industry to Bring Holiday Cheer

## DEPARTMENTS

- 9 Explorer Foundation Corporate Members
- 16 Ohio Map of Utica Shale Activity
- 17 Prices
- 18 Index to Advertisers

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# New OOGA President: In Order to Succeed, We All Have to Be Engaged



STEVE DOWNEY  
OOGA PRESIDENT

**SO HOW DID A** guy from West Virginia become the President of the Ohio Oil and Gas Association? It is a good question and I often wonder myself; but as I reflect on my years as a member of the Association, the Board of Trustees, the Executive Committee, and my career, I guess it is not that hard to figure out.

I've had the great pleasure to work for several companies throughout my 30 years in the oil and gas business. From my time at Columbia Transmission, Triana Energy, Chesapeake Energy, and currently EnerVest Operating, which has allowed me to not only join but engage in several state Associations. Through that engagement, I've had the opportunity to meet and interact with some amazing people and have been lucky enough to be mentored by many of them. They may not have realized that they were mentoring me, but probably most leaders do not realize the effect they have on others because it just comes naturally to them. As I page through my OOGA directory and read the names of the Past Presidents and Hall of Fame members of the last many years, I count those leaders as my mentors. As they look at me, I'm sure they are thinking, "there goes the neighborhood!" With all kidding aside, what they taught me is to become engaged, express your opinion, and get involved in the Committees to make a difference. To that end, I've endeavored to do so.

My first stint was co-chairing the Commerce Committee, then ultimately chairman wherein we worked through many issues

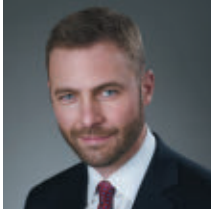
affecting the Industry. From that, we conceived the Midstream Subcommittee, given the activity surrounding processing, fractionation, and pipeline construction. My simplistic view was that it would ultimately help us get our product to market and improve our netbacks, so it would be an offshoot of the Commerce Committee. Little did I know, this Subcommittee's first charge was to draft legislation to fend off the onerous rules that regulatory agencies were trying to burden the midstream industry with and make the construction and operation of the facilities more difficult than necessary. Thereafter, it was ultimately decided that this facet of the industry was so important that it needed to be separated as its own Committee. I take great pride in that!

Through my work in the Committees, I was given the opportunity to become a member of the Executive Committee, ultimately leading to the Board electing me an officer; and for that, I thank you! So the answer to the question I earlier posed, is through

Committee engagement. Being a Trustee is not a rite of passage nor a ceremonial appointment. It was a charge that was given to me by the Trustees that voted for me, and the mentors that shaped me, both of whom expect me to help carry the load.

As we enter 2019, we will have a new Governor, Administration and new department heads that we must become acclimated to and contend with. The more things change, the more they stay the same, so expect many of the battles that have raged in the past to rage again along with new ones we probably haven't even thought of yet. However, be assured that your Association will be at the forefront of the issues and working in unison with our members to craft a viable outcome for our Industry. To that end, I urge you to become involved in the Committees and be engaged so that your voice will be heard and you will be part of the solution. The Association is only as strong as its members and Committees, in order to succeed, we all have to be engaged. Please accept the challenge! ■

		
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MATTHEW HAMMOND  
EXECUTIVE VICE PRESIDENT

## Ohio Oil and Gas Association's New Look

WELCOME TO THE NEW-LOOK of the Ohio Oil and Gas Association. By this time, you all have seen the new logo for the Association and it is my hope you have visited our new website. We have spent the past year developing a new website that is user-friendly, full of easy-to-find resources, updates our membership on what your Association is doing, and has a fresh, sharp modern look. The project of a new website evolved into a new logo and a full rebranding of the Ohio Oil and Gas Association.

Our Association has a rich history, which must continue to be respected and honored. Today's Ohio Oil and Gas Association undoubtedly has a different composition than previous years. While the mission remains the same (to promote and defend Ohio's oil and gas industry), the way we accomplish our mission and our organizational structure has evolved and must continue to do so. Aspects of the Association, such as logos and websites, must be evaluated and updated in an effort to continue to explain who we are and what we represent. Our logo hasn't been updated in over 10 years and it didn't properly reflect the current composition of today's Association.

The first thing I wanted to do was have a logo that stood out from the rest of the field. Most trade association logos are similar. Same color scheme and use of the organization's acronym is standard across the board. But the Ohio Oil and Gas Association isn't like most trade associations. We are unique compared to most of our peers across the country. We successfully represent and

The two-colored image reflects the resources our members are producing in Ohio, a natural gas flame encompassing an oil drop within.

advocate for a diverse membership with at times different needs. Ultimately, we are one unified industry.

The colors in our new logo are unique compared to other trade associations and gives our brand a distinct look. Developing a new logo with what has become the industry standard of blue and green didn't seem like the right fit. While we kept a good portion of our logo blue, we incorporated a new color, that helps to represent all of the resources that are produced in Ohio, while also giving our logo a sharp look. The two-colored image also reflects the resources our members are producing in Ohio, a natural gas flame encompassing an oil drop within.

Another focus of the new logo was to tell people exactly who we are, which should be a key function of any logo. Telling someone you are with the "Ohio Oil and Gas Association" can certainly feel like a mouthful, so most shorten it to "OOGA." How you say "OOGA" is up to you and I've heard a multitude of variations. Our logo, and therefore our brand, shouldn't be up for interpretation or force people to ask the correct way of saying it. It should tell people exactly who we are and what we represent. Using the Ohio Oil and Gas Association in our logo was an important change we wanted to emphasize.

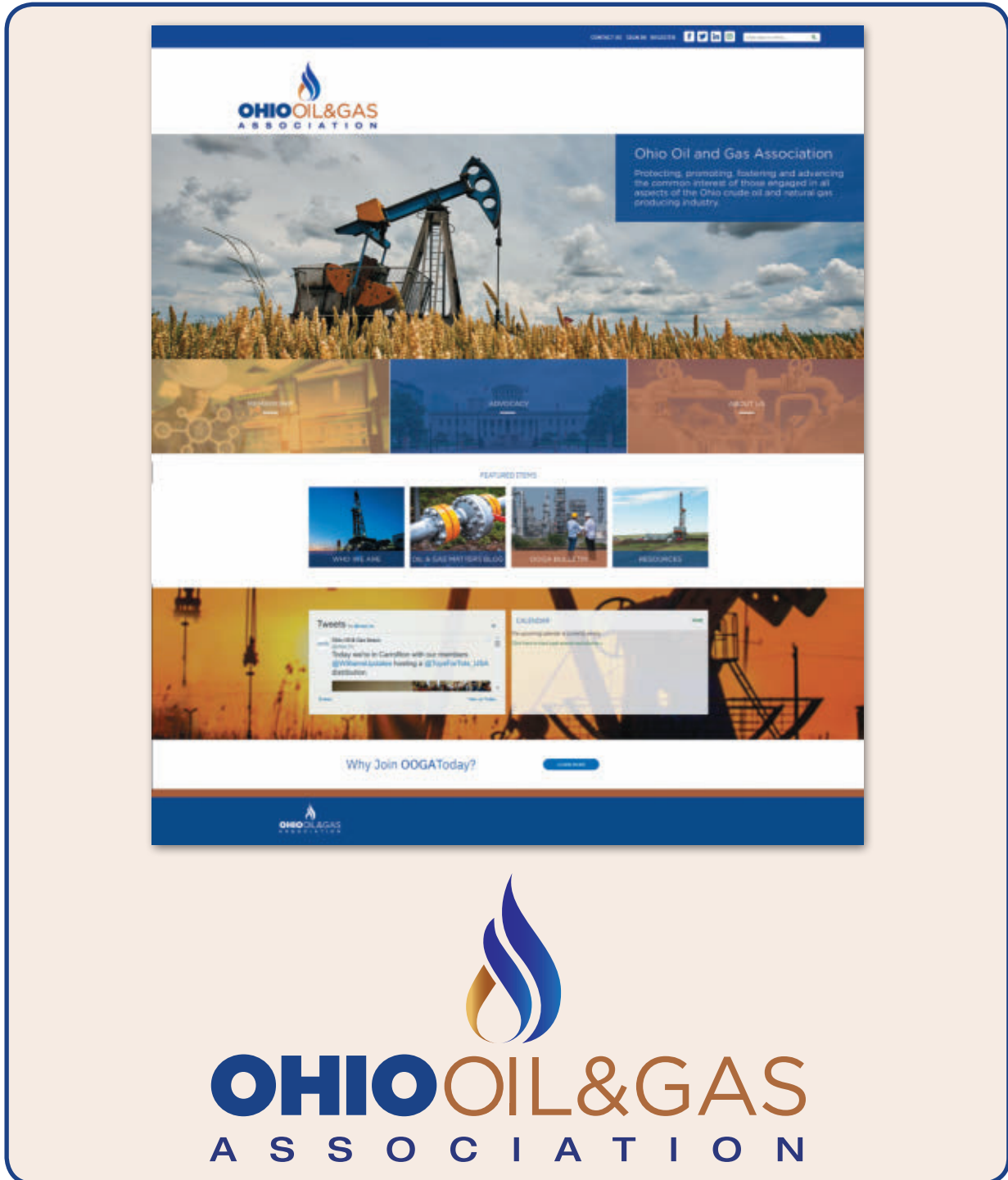
By now, Governor Mike DeWine has been sworn in and taken over the top executive job in state government. Governor DeWine has also selected his new Director of ODNR, Mary Mertz. As I've written about ad nauseam in these comments last year, I, like many others in this industry, am looking forward to a fresh start with the DeWine Administration. We have been establishing an open dialogue with the new administration in order to help set a foundation for a good working relationship during his tenure.

Finally, I want to congratulate Steve Downey on being elected the President of the Ohio Oil and Gas Association. I have known Steve for several years and have always appreciated his friendship and leadership within the Association. Steve and I have been communicating regularly about his vision for the Association and I'm excited to continue working with him in his new capacity. Congratulations, Steve!

I believe 2019 is going to be a great year. The Association certainly has our share of challenges that will be addressed and a mission we need to execute. We want to carry over the momentum from 2018 and build on the successes we had in the regulatory arena, the legislature, and in the communities into 2019. Happy New Year to everyone and here's to another successful year. ■

# Ohio Oil and Gas Association to Rebrand Website, Logo

THE OHIO OIL AND Gas Association has a new look! Rebranding will include a new logo and an upgraded website. The new website will offer not only a new look but a better way for visitors to find the information they need. This rebranding is just one way that shows how excited we are about the future for OOGA and our members. ■





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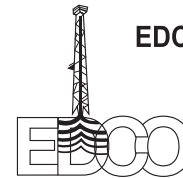


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# Legislature Enacts Landman Registration Provision

BY BRIAN HICKMAN, DIRECTOR OF GOVERNMENT AFFAIRS, OPERATIONS MANAGING DIRECTOR

**BEFORE THE STATE LEGISLATURE** wrapped up their 2017-2018 legislative session, they enacted a provision pertaining to the registration of landmen. The proposal, which was necessary due to the recent Dundics court decision, now provides third-party land agents to register with the Ohio Department of Commerce instead of becoming a fully licensed real estate agent.

After the Dundics decision was issued, it was clear that landmen were not currently exempted under Ohio law from being required to obtain a real estate license. Since selling and purchasing real estate and obtaining oil and gas leases are two entirely different things, the OOGA began exploring a registration requirement in lieu of the full blown license.

The proposal states that third party landmen (NOTE: all company landmen are exempt from the licensure and registration requirements) are required to register with the Ohio Department of Commerce. During the registration, they must show that they are an accredited member of a state, local, or national organization (for example, the

American Association of Petroleum Landmen or AAPL) with continuing education. The annual registration fee would not exceed \$100.

The OOGA worked closely with the Ohio Department of Commerce, the Ohio Realtors Association, the Ohio Farm Bureau, along with leadership in the Ohio House of Representatives and Ohio Senate, to craft the proposal described above. Ironing out this language, especially with the looming time constraints of Lame Duck session, was a large task that was eventually accomplished.

Once the language was agreed to, the proposal had to be amended into a current piece of legislation so that it could be enacted before the end of the year and the close of the 132nd General Assembly. That vehicle ended up being Senate Bill 263. The bill, which currently sat in House committee, was amended, approved by the Ohio House and then sent back to the Ohio Senate to concur on the House's changes. Senate Bill 263 was passed and enacted into law on December 13, 2018. ■



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BY PENNY SEIPEL, VICE PRESIDENT OF REGULATORY AFFAIRS

## PHMSA FARM TAP REGULATION

ON JANUARY 23, 2017, PHMSA published in the federal Register a Final Rule: Pipeline Safety: Operator Qualification, Cost Recovery, Accident and Incident Notification, and Other Pipeline Safety Changes (Operator Qualification Rule) which became effective on March 24, 2017. This particular rule is incorporated under 49 CFR Part 192, Subpart M, and appears to substantially regulate Transmission and Distribution pipelines. However, there was a change incorporated into the “operator qualification rule” that specifically excluded farm taps from the requirements of the Distribution Integrity Management Program (DIMP), while proposing new safety requirements for the farm taps. Under the new rule, it appears that farm taps that are a part of non-jurisdictional oil and gas production operations and unregulated gathering lines were included under the additional regulatory requirements.

As part of Department of Transportation (PHMSA’s) regulatory review whose comment period closed on December 1, 2017, OOGA submitted comments regarding PHMSA’s inclusion of Farm Taps in the Operator Qualification Rule and requested that PHMSA remove farm taps off of non-jurisdictional lines from the regulatory requirements. If left unchanged, the rule would force producers into new regulatory processes requiring additional inspections and equipment for each farm tap. This could cost anywhere between \$400-\$1600 dollars per farm tap, which doesn’t include ongoing inspection and maintenance costs.

In March of 2018, representatives from IPAA, OOGA and other state oil and gas trades met with officials from PHMSA to explain the impact of PHMSA’s regulation over farm taps off production lines. This meeting appeared to be incredibly helpful for PHMSA regulators to understand how extensively farm taps are used in Appalachia and were often negotiated via private contracts with land owners.

Recently, the Kentucky Public Service Commission requested clarification from PHMSA on who is responsible for regulatory responsibility of farm taps under newly promulgated rules that require owners of production and transmission lines with farm taps to be subject to increased regulatory requirements. On November 5, 2018 PHMSA responded, in short, that those farm taps that are not owned by the entity who owns the line do not fall into the regulatory program.

This will go a long way to addressing the issue of PHMSA regulation of farm taps in Ohio, as long as the landowner is also the owner of the farm tap. PHMSA’s position in this letter does not address those farm taps contractually owned by producers, but which provide natural gas to a landowner. The Association understands that PHMSA is in the midst of drafting a clarifying rule on this issue and will keep our members apprised of any progress.

## OHIO EPA EARLY STAKEHOLDER OUTREACH ON NEW RULES REGULATING NEW AND EXISTING OIL AND GAS SOURCES

ON NOVEMBER 16, 2018 Ohio EPA released an Early Stakeholder Outreach notice that announced the agency’s intention to promulgate rules regulating air emissions from existing, new and modified oil and gas sources. The rules would be compliant with US EPA rules regulating methane from new and modified oil and gas sources under New Source Performance Standards Subpart OOOOa and would also be compliant with general permits the agency created in 2016. The rules would affect equipment at unconventional oil and gas well sites and midstream facilities. The Association has formed a workgroup comprised of environment and midstream committee members to assist in drafting the comments which were submitted on December 19, 2018. ■



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## DEPARTMENT OF ENERGY

# Secretary Perry Announces Appalachian Ethane Storage Hub Report

MARK VAN SCOYOC/SHUTTERSTOCK.COM



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U.S. ENERGY SECRETARY  
RICK PERRY

**THE U.S. DEPARTMENT OF Energy (DOE)** recently published a Report to Congress: *Ethane Storage and Distribution Hub in the United States*. The report highlights the potential in Appalachia for the development of a new ethane hub based on the tremendous low-cost resource from the Marcellus and Utica shales, and the accompanying security and reliability benefits derived from geographic diversity in the nation's petrochemicals manufacturing base.

"We have found an incredible opportunity, which is the potential for establishing an ethane storage and distribution hub in the Appalachian region," said U.S. Secretary of Energy Rick Perry today at the annual National Petroleum Council Meeting in

Washington D.C. "As our report shows, there is sufficient global need, and enough regional resources, to help the U.S. gain a significant share of the global petrochemical market. The Trump Administration would also support an Appalachia hub to strengthen our energy and manufacturing security by increasing our geographic production diversity."

The United States is now the top producer of oil and natural gas in the world, with an additional benefit in the form of increased natural gas liquids (NGLs), including ethane. Some NGLs are burned for space heating and cooking while others are blended into vehicle fuel. Ethane is particularly useful as a feedstock for petrochemical manufacturing. Ethane production in the Appalachian basin is projected to continue its rapid growth through 2025 to a total of 640,000 barrels per day, more than 20 times greater than just 5 years ago.

The Appalachian region has experienced near-exponential growth in natural gas production, and that production is expected to increase for decades to come. The region is home to the Marcellus and Utica shale formations, and were it an independent country, Appalachia would be the third-largest natural gas producer in the world.

According to the Energy Information Administration, production in Ohio, Pennsylvania, and West Virginia has increased so rapidly that their combined share of total U.S. natural gas production has jumped from only 2% in 2008 to 27% in 2017. In addition, natural gas liquids (NGLs) processing and fractionating capacity in Appalachia has grown quickly to match this increase in natural gas production. However, the Appalachian region currently lacks other physical infrastructure for a "hub" that connect supply and demand sources, including storage for the liquids.

This Report to Congress examines the potential for a hub by comparing it to existing ones that already service the Gulf Coast and Permian Basin, which account for most of the U.S. growth in NGLs outside of Appalachia. In addition, market analysis from the report emphasizes that the development of an Appalachian hub may offer a competitive advantage for the U.S. to gain global petrochemical market share while not being in conflict with Gulf Coast expansion. The report explains that a new Appalachian hub would enhance the geographic diversity of the vital US petrochemical industrial sector, supporting U.S. economic security. ■

The full report can be found at: <https://tinyurl.com/y8ve4ugq>

# Toys for Tots Foundation Teams with Oil and Gas Industry to Bring Holiday Cheer

BY LYNDSEY KLEVEN, COMMUNICATIONS MANAGER

FOR THE FIFTH YEAR in a row Ohio's oil and gas industry partnered with the Toys for Tots Foundation to distribute toys throughout southeastern Ohio. OOGA members that participated in collecting toys this year were Ascent Resources, Eclipse Resources, EdgeMarc Energy, MarkWest, XTO Energy and Williams.

OOGA member companies helped to sponsor and volunteer in a community that their company is working in and hosted a toy distribution day in collaboration with Toys for

Tots. Over the course of a week, thousands of toys were distributed to families in need with OOGA members sponsoring a county: XTO Energy in Belmont, Williams in Carroll, MarkWest in Harrison, Ascent Resources in Jefferson and EdgeMarc Energy in Monroe County. Carroll County resident and Toys for Tots Foundation Coordinator Deb Oberlin once again lead the entire effort not only for her home county but most of southeast Ohio.

"Each year my family and I work to provide toys for the kids of Appalachia through

the Foundation and appreciate our partners in the oil and gas industry," according to Oberlin, who has been honored by the United States Marine Corp and Duracell over the years for her longtime efforts for the Foundation.

"We are so grateful for Deb and her entire team at the Toys for Tots Foundation for the willingness to work with us and our member companies on toy collection and distribution, as we know there is a need in our operating areas and we want to do our part to



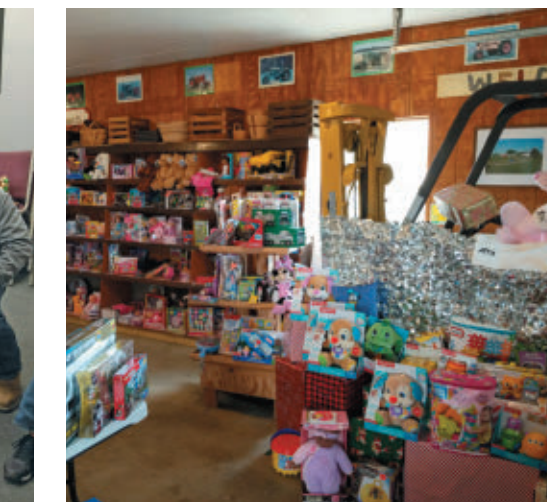
serve our neighbors,” added Mike Chadsey, Director of Public Relations at OOGA.

Karen Matusic, of XTO Energy, said she was happy to have been able to help make the holidays brighter for children in the Ohio Valley.

“To be able to give back to the community at this time of year to the county and children in it is just heart-warming,” Matusic said. “Making sure these children get to have presents like every other kid is just so great.”

OOGA would like to give a special THANK YOU to Holly Williams at MarkWest, Amanda Finn at Ascent Resources, Andrea Barnes at EdgeMarc Energy, Karen Matusic at XTO Energy, and Sheri Cramblit and Jake Burnett at Williams for being the community champions from their company and helping organize and run the distribution events.

Thank you all of the OOGA Members that participated and helped to spread Holiday Cheer! ■



## OOGA MEMBERS SPREAD CHEER ACROSS OHIO

HARRISON COUNTY  
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JEFFERSON COUNTY  
Hosted by **Ascent**

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Hosted by **EdgeMarc**

BELMONT COUNTY  
Hosted by **XTO**

CARROLL COUNTY  
Hosted by **Williams**



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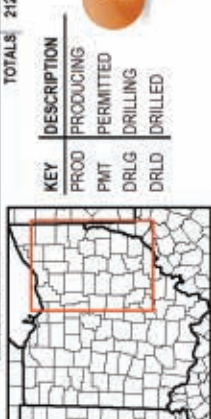
# UTICA HORIZONTAL WELL STATUS THROUGH 1/5/2019

★ PRODUCING (2,124)

▲ DRILLING; DRILLED (374)

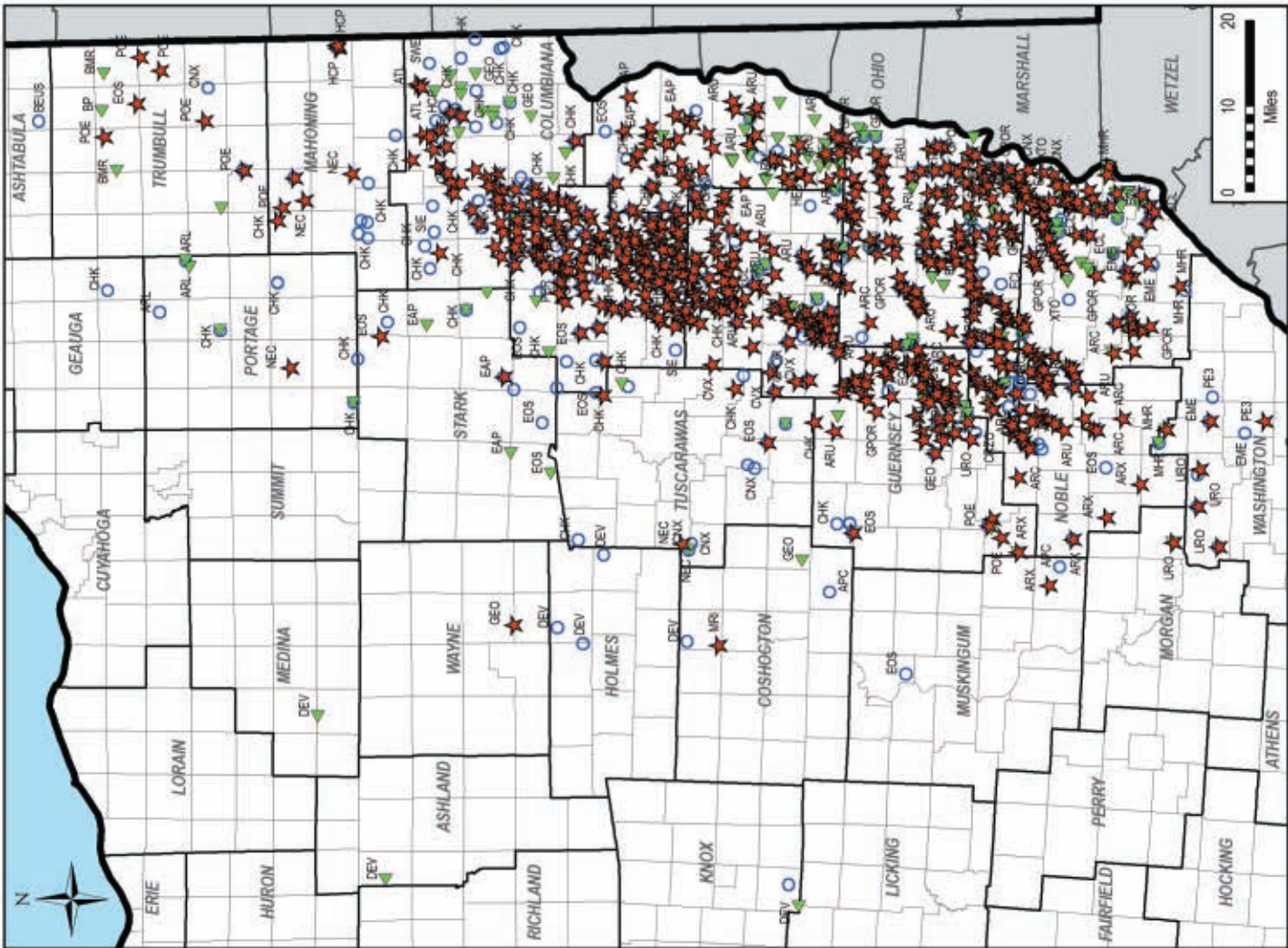
○ PERMITTED OR NOT DRILLED (470)

OPERATOR	LBL	PROD	PMT	DRLG	DRLD	TOT
AMERICAN ENERGY UTICA LLC	AEU	0	2	0	1	3
ANADARKO E & P ONSHORE LLC	APC	0	4	0	0	4
AMERICAN PETROLEUM PRTR OH LLC	APP	0	2	0	0	2
ANTERO RESOURCES CORPORATION	ARC	215	21	9	15	260
ASCENT RESOURCES UTICA LLC	ARU	371	27	57	52	507
ARTEL OIL COMPANY	ARX	6	0	0	1	7
ARSENAL RESOURCES LLC	ARL	7	0	0	1	8
ATLAS NOBLE LLC	ATL	12	0	0	0	12
BEVISA ENERGY LLC	BEUS	0	1	0	0	1
BRAMMER ENGINEERING INC	BMR	0	0	0	2	2
BP AMERICA PRODUCTION COMPANY	BP	0	0	0	1	1
CHESAPEAKE EXPLORATION LLC	CHK	688	118	12	31	849
CNX GAS COMPANY LLC	CNX	38	12	0	2	52
CARRIZO UTICA LLC	CRZO	0	3	0	0	3
CHEVRON APPALACHIA LLC	CVX	8	2	0	0	10
DEVON ENERGY PRODUCTION CO	DEV	0	6	0	3	9
EAP OHIO LLC	EAP	38	0	1	7	46
ECLIPSE RESOURCES I LP	ECL	127	49	18	10	204
EM ENERGY OHIO LLC	EME	10	7	5	1	23
ENERVEST OPERATING LLC	EOS	5	20	0	1	26
EQUINOR USA ONSHORE PROP. INC	EQU	19	2	8	3	32
EQT PRODUCTION COMPANY	EQT	0	2	0	2	4
GEOPETRO LLC	GEO	2	0	0	3	5
GULFPORT ENERGY CORPORATION	GPOR	317	53	7	59	436
HILCORP ENERGY COMPANY	HCP	15	43	0	1	59
HESS OHIO DEVELOPMENTS LLC	HES	0	25	0	0	25
HG ENERGY LLC	HGE	0	2	0	5	7
HALCON OPERATING COMPANY INC	HK	0	4	0	0	4
TRIAD HUNTER LLC	MHR	9	12	8	3	32
M & R INVESTMENTS OHIO LLC	MRI	1	0	0	0	1
NORTHWOOD ENERGY CORP	NEC	5	0	0	1	6
POC ENERGY INC	PDC	0	8	0	1	9
PENNERGY RESOURCES LLC	PER	39	1	0	0	40
PROTEGE ENERGY III LLC	PE3	2	0	0	0	2
PIN OAK ENERGY PARTNERS LLC	POE	12	0	1	0	13
RICE DRILLING D LLC	RDD	103	3	2	20	128
R E GAS DEVELOPMENT LLC	REG	0	8	0	1	10
SIERRA RESOURCES LLC	SIE	0	3	0	0	3
SIERRA RESOURCES LLC	STO	0	5	4	1	10
SWER LP	SWE	0	1	0	0	1
UTICA RESOURCE OPERATING LLC	URO	28	1	6	0	35
XTO ENERGY INC	XTO	47	22	5	3	77
<b>TOTALS</b>		<b>2124</b>	<b>470</b>	<b>143</b>	<b>231</b>	<b>2968</b>



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AS OF 1/2/2019**

**AMERICAN REFINING  
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**OHIO CONDENSATE  
AS OF 1/2/2019**

Date	ERGON Tier 1	ERGON Tier 2	ERGON Tier 3	ARG Group 1	ARG Group 2	ARG Group 3	OHIO Condensate (Utica Medium)	OHIO Condensate (Utica Light)	OHIO Condensate (Utica Condensate)
12/4/2018	52.25	49.25	47.25	52.25	49.25	47.25	52.25	47.25	39.25
12/5/2018	51.89	48.89	46.89	51.89	48.89	46.89	51.89	46.89	38.89
12/6/2018	50.49	47.49	45.49	50.49	47.49	45.49	50.49	45.49	37.49
12/7/2018	51.61	48.61	46.61	51.61	48.61	46.61	51.61	46.61	38.61
12/8/2018	51.61	48.61	46.61	51.61	48.61	46.61	51.61	46.61	38.61
12/9/2018	51.61	48.61	46.61	51.61	48.61	46.61	51.61	46.61	38.61
12/10/2018	50.00	47.00	45.00	50.00	47.00	45.00	50.00	45.00	37.00
12/11/2018	50.65	47.65	45.65	50.65	47.65	45.65	50.65	45.65	37.65
12/12/2018	50.15	47.15	45.15	50.15	47.15	45.15	50.15	45.15	37.15
12/13/2018	51.58	48.58	46.58	51.58	48.58	46.58	51.58	46.58	38.58
12/14/2018	50.20	47.20	45.20	50.20	47.20	45.20	50.20	45.20	37.20
12/15/2018	50.20	47.20	45.20	50.20	47.20	45.20	50.20	45.20	37.20
12/16/2018	50.20	47.20	45.20	50.20	47.20	45.20	50.20	45.20	37.20
12/17/2018	48.88	45.88	43.88	48.88	45.88	43.88	48.88	43.88	35.88
12/18/2018	45.24	42.24	40.24	45.24	42.24	40.24	45.24	40.24	32.24
12/19/2018	46.20	43.20	41.20	46.20	43.20	41.20	46.20	41.20	33.20
12/20/2018	44.88	41.88	39.88	44.88	41.88	39.88	44.88	39.88	31.88
12/21/2018	44.59	41.59	39.59	44.59	41.59	39.59	44.59	39.59	31.59
12/22/2018	44.59	41.59	39.59	44.59	41.59	39.59	44.59	39.59	31.59
12/23/2018	44.59	41.59	39.59	44.59	41.59	39.59	44.59	39.59	31.59
12/24/2018	41.53	38.53	36.53	41.53	38.53	36.53	41.53	36.53	28.53
12/25/2018	41.53	38.53	36.53	41.53	38.53	36.53	41.53	36.53	28.53
12/26/2018	45.22	42.22	40.22	45.22	42.22	40.22	45.22	40.22	32.22
12/27/2018	43.61	40.61	38.61	43.61	40.61	38.61	43.61	38.61	30.61
12/28/2018	44.33	41.33	39.33	44.33	41.33	39.33	44.33	39.33	31.33
12/29/2018	44.33	41.33	39.33	44.33	41.33	39.33	44.33	39.33	31.33
12/30/2018	44.33	41.33	39.33	44.33	41.33	39.33	44.33	39.33	31.33
12/31/2018	44.41	41.41	39.41	44.41	41.41	39.41	44.41	39.41	31.41
1/1/2019	44.41	41.41	39.41	44.41	41.41	39.41	44.41	39.41	31.41
1/2/2019	45.54	42.54	40.54	45.54	42.54	40.54	45.54	40.54	32.54

## 2018-19 Gas Index Prices

Month	TCo - Appalachian Index	NYMEX Monthly Settle	Dominion Appalachian Index	NYMEX 3-Day Average Settle
November 2018	2.950	3.185	2.780	3.191
December 2018	4.530	4.715	4.320	4.408
January 2019	3.400	3.642	3.320	3.551

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