



VIEWS & VISIONS

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Kentucky Oil & Gas: Rich History, Bright Future

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Andrew V. McNeill became the executive director of the Kentucky Oil and Gas Association in December 2012. Prior to that, he served as legislative director in the Kentucky Governor's Office, was the chief of staff to Kentucky's Secretary of Commerce and executive director of the Kentucky Office of Energy Policy.

Mr. McNeill has served on the board of directors for the Kentucky Long-Term Policy Research Center, the Strategic Unconventional Fuels Task Force, the Kentucky Broadband Commission and the Governor's Blue Ribbon Commission on Government Efficiency and Reorganization. He is a volunteer tutor for the Kentucky Refugee Ministries and participates in the "Every 1 Reads" initiative in Jefferson County, Kentucky.

He has undergraduate degrees in history and government from Centre College and a master's degree in public administration from the Martin School of Public Policy at the University of Kentucky.

The biggest energy transformation in our lifetimes is the recent upswing in U.S. oil and gas development. Production has surged in Ohio, West Virginia and Pennsylvania, delivering economic opportunities, jobs and decreased reliance on foreign sources of energy.

Kentucky has a more than 100-year history in oil and gas development. Recent economic impact research by the Kentucky Oil and Gas Association revealed oil and gas production in the Bluegrass State has a \$1 billion economic impact on Kentucky's economy. More than 9,000 people are working and investing in production and support services. The average salary in oil and gas is more than \$55,000.

In sum, Kentucky has more than 14,000 natural gas wells and produced nearly three million barrels of oil in 2012. Oil and gas severance contributed \$29 million in severance taxes last year and over a 10-year period has generated \$393 million in severance revenues for state and local budgets.

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The surge in U.S. oil and natural gas production has been a game-changer. Domestic production has reached a level unseen in decades, and in 2012, U.S. production grew by one million barrels per day – faster than any other country in the world.

While Kentucky hasn't seen development on the scale of the Marcellus Shale in Pennsylvania, our



producers continue to invest in the state. We've got some momentum behind us, and we believe Kentucky's industry is moving in the right direction.

Opponents of the oil and gas industry are making a great effort to demonize hydraulic fracturing, the technique required to unlock shale oil and gas. They perpetuate scary stories about flaming faucets, poisoned water, toxic chemicals and hazardous pollution – all without merit.

For example: Colorado regulators investigated that infamous flaming faucet, featured prominently in the movie *Gasland*, and found that it was "not related to oil and gas activity." And yet, this example – among many others – continues to be deployed in an ideological effort to undermine the industry.

Some critics also attempt to link hydraulic fracturing to pipelines, claiming they will carry "fracked gas" that is somehow more toxic than what flows through other pipelines. This is pure invention. Hundreds of miles of gas pipelines operate safely throughout this region, and the gas produced from shale wells (be it dry gas or its associated liquids) is no different from what is produced from conventional wells.



Eastern Kentucky's Appalachian economy is as fragile today as it has ever been. The coal industry has shed more than 7,000 jobs during a two-year period. One bright spot is the region's oil and gas industry. The arrival of horizontal drilling and the development of a shallow sandstone formation in Lawrence and Greenup counties are growing investment and jobs. We're a long way from replacing the jobs lost by coal, but the trend is positive.

The Illinois Basin in western Kentucky is more workhorse than showhorse. Henderson and Union counties continue to be among the leading oil producing counties in the state. The industry is paying very close attention to the development of the Lower Mississippian and New Albany shale in Illinois, while guarding against the implementation of a misguided regulatory framework imposed by the Illinois General Assembly on the industry last year.

The shale revolution is fundamentally altering our nation's economy and national security. Kentucky's oil and gas industry is moving ahead. Finding the balance between production and responsible environmental protections should be the goal of policymakers at the federal and state levels. We can get there and secure

the long-term benefits of a nation moving toward energy independence. ▽

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