

Carle, Matt

From: Penny Seipel <penny@ooga.org>
Sent: Thursday, February 23, 2012 8:43 AM
To: Carle, Matt
Subject: call

Follow Up Flag: Follow up
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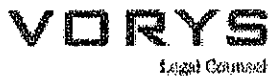
Hey Matt,
When I called on Tuesday it was just to let you know that Christina Polesovsky was going to be joining the meeting with Wayne and others to discuss the tax issue yesterday and she is also going to be at the meetings on Friday. Nothing important just wanted to make sure the Gov's office was aware of the participants.
Thanks for the return call.

--
Penny Seipel
Vice President of Community Affairs
The Ohio Oil and Gas Association

Struble, Wayne

From: Airey, W. Jonathan <WJAirey@vorys.com>
Sent: Wednesday, February 29, 2012 6:28 PM
To: Struble, Wayne
Cc: Mills, Frederick E.; Tom Stewart
Subject: FW: Utica Shale Assessment Outline
Attachments: (13310997)_6_Utica Shale Assessment Outline.doc

Wayne, Fred Mills asked me to send this proposal along. It appears I made a mistake in the email address on the first try. Attached is the proposal.



W. Jonathan Airey
Partner

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Fred Mills asked me to send you the attached Ohio Oil and Gas Association Proposal for the early payment of \$20,000 in property taxes for the Utica/ Point Pleasant formation horizontal wells. Our state tax attorneys will be happy to expand the detail that is outlined in the proposal if you would like that level of detail. If you have any questions concerning the proposal please give me a call at the office or on my cell phone 327-8250.



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From the law offices of Vorys, Sater, Seymour and Pease LLP.

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Struble, Wayne

From: Penny Seipel <penny@ooga.org>
Sent: Tuesday, February 21, 2012 4:34 PM
To: Struble, Wayne; mustine@jobs-ohio.com
Cc: Tom Stewart
Subject: Kleinhenz Report
Attachments: OOGA Taxes white paper 11-22-11 Final (1).pdf

Wayne and David,

Per your requests, attached is the Kleinhenz study on potential tax revenue based upon increased activity in the Utica and Marcellus shale formations. Please let me know if you've got any questions. Tom, Jerry James, Christina Polesovsky (OPC) and I will plan to see you tomorrow morning.

Regards,

Penny Seipel
Vice President of Community Affairs
The Ohio Oil and Gas Association

OHIO OIL & GAS ASSOCIATION PROPOSAL

Utica/Point Pleasant Economic Development Assessment Concept

- I. Assessment Concept in General
 - A. Producers that drill a horizontal well in the Utica/Point Pleasant formation (as described in detail below) will be required to pay a \$20,000 Utica/Point Pleasant Economic Development Assessment to the board of county commissioners of the county in which the well is drilled.
 - B. The assessment must be paid no later than March 15TH of the year following the year in which the well is drilled.
 - C. The proceeds of the assessment must be used by the county for specified purposes, including, but not limited to, repair of roads and bridges; police, fire and EMS training, equipment and other service-related costs; and any other costs that may be paid by the county out of its general fund; provided, however, that the costs must reasonably relate to additional expenditures incurred by the county in connection with the wells, as reasonably determined by the county.
 - D. In return, the producers are granted a credit against the county's portion of real property (ad valorem) taxes equal to the amount of the assessments paid to the county.
 - 1. In any one year, that credit would be taken against up to 50% of certain county levies applicable to all of the producer's taxable property in the county.
 - 2. These levies could include some combination of the following: county general fund; road and bridge improvement; police, fire and emergency medical services; and joint emergency services district.
 - 3. Unused portions of the credit may be carried forward indefinitely.
 - 4. No other taxing units would be affected by the tax credits. They would continue to receive their full millage at the same time and in the same manner as they currently do.
 - E. The assessment would be levied and the tax credit would be provided under the authority of Article VIII, Section 13 of the Ohio Constitution, which provides broad authority to the General Assembly and political subdivisions to support economic development activities; Article XII, Section 2, which allows the General Assembly to pass laws to impose property taxes, and Article XII, Section 5, which provides for the levying of taxes in pursuance of law.

- II. Scope of Assessment – The assessment would apply only to horizontal wells seeking to produce from formations located below the bottom of the Queenston formation to 100 feet below the top of the Trenton limestone formation, commonly known as the Utica/Point Pleasant formation.

- III. This concept would be implemented through the passage of legislation by the General Assembly under the authority granted by Article VIII, Section 13, Article XII, Section 2 and Article XII, Section 5 of the Ohio Constitution. The Utica/Point Pleasant Economic Development Assessment would sunset in ten years.