



# ***Marcellus on Main Street Shale Gas: Economics and Supply Chain 101***

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Marcellus Shale Coalition



## About Us

- Founded in 2008
- Nearly 300 members strong
- From producers to midstream to suppliers

## Our Goal

- Responsible Shale Gas development

## Our Focus

- Fact-based dialogue
- Addressing landowner, government and public issues
- Promoting clean-burning, energy resource
- Ensuring energy security

Historic opportunity for this generation and beyond

Public acknowledgment of the *need* and *benefits* to sourcing and hiring locally

Supports economic growth

Makes good business sense



## RECOMMENDED PRACTICES: Supply Chain

MSC RP 2012-2  
July 12, 2012

# Know the Opportunities / Competition



## Three Industry Segments

**Upstream:** bringing natural gas to the surface (drilling)

**Midstream:** storing and transporting natural gas (pipelines, etc.)

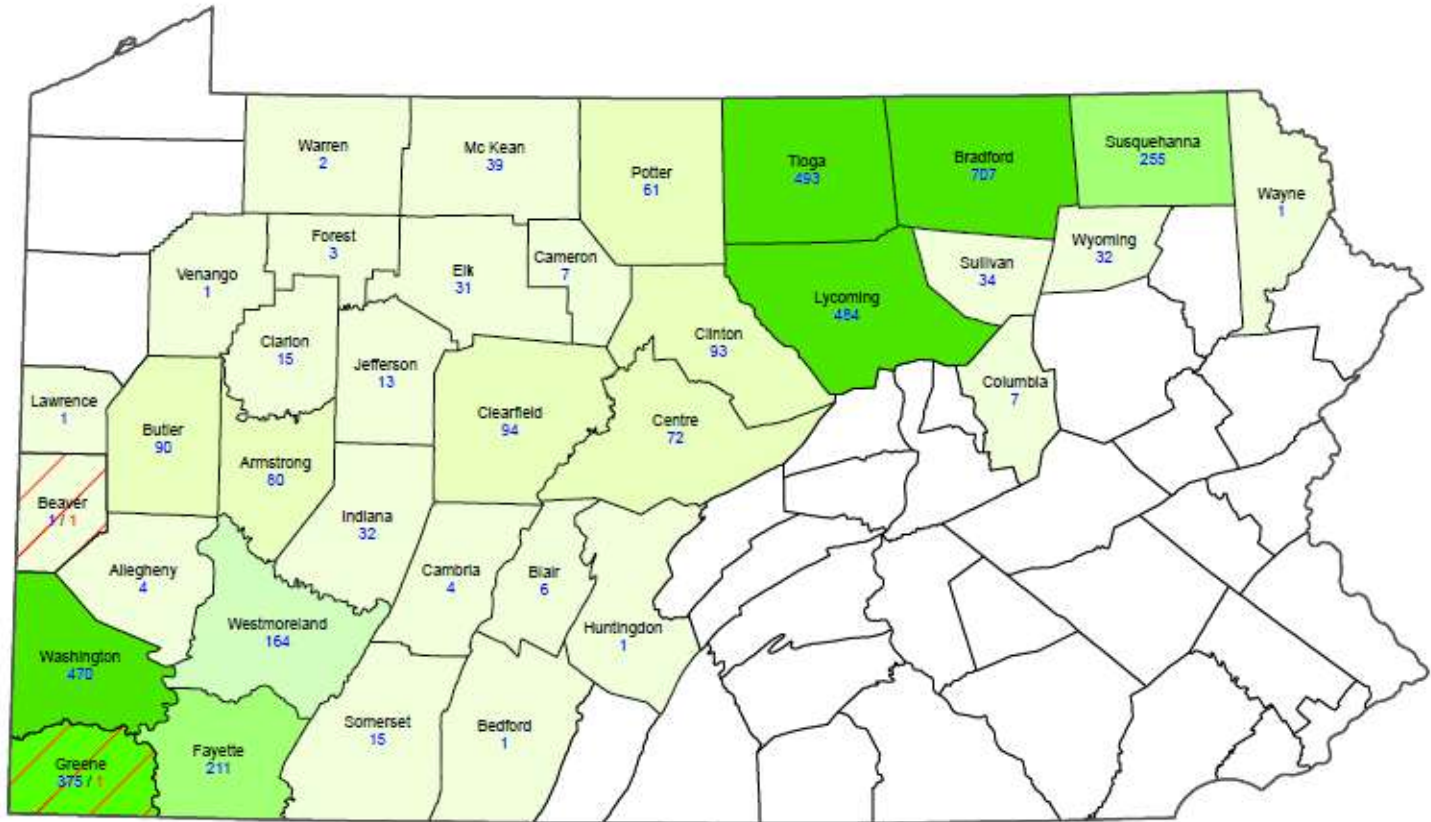
**Downstream:** selling and distributing natural gas (your supplier)

## Types of Natural Gas

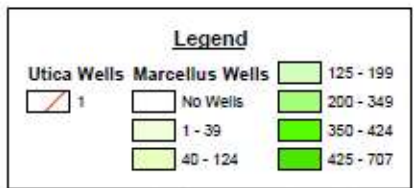
**Dry Gas:** Home, business heating and fueling

**Wet Gas:** Contains Natural Gas Liquids, or NGLs; Raw material for other products (polymers, paints, plastics, fertilizers, etc.)

# Recognize Where Activity is Occurring

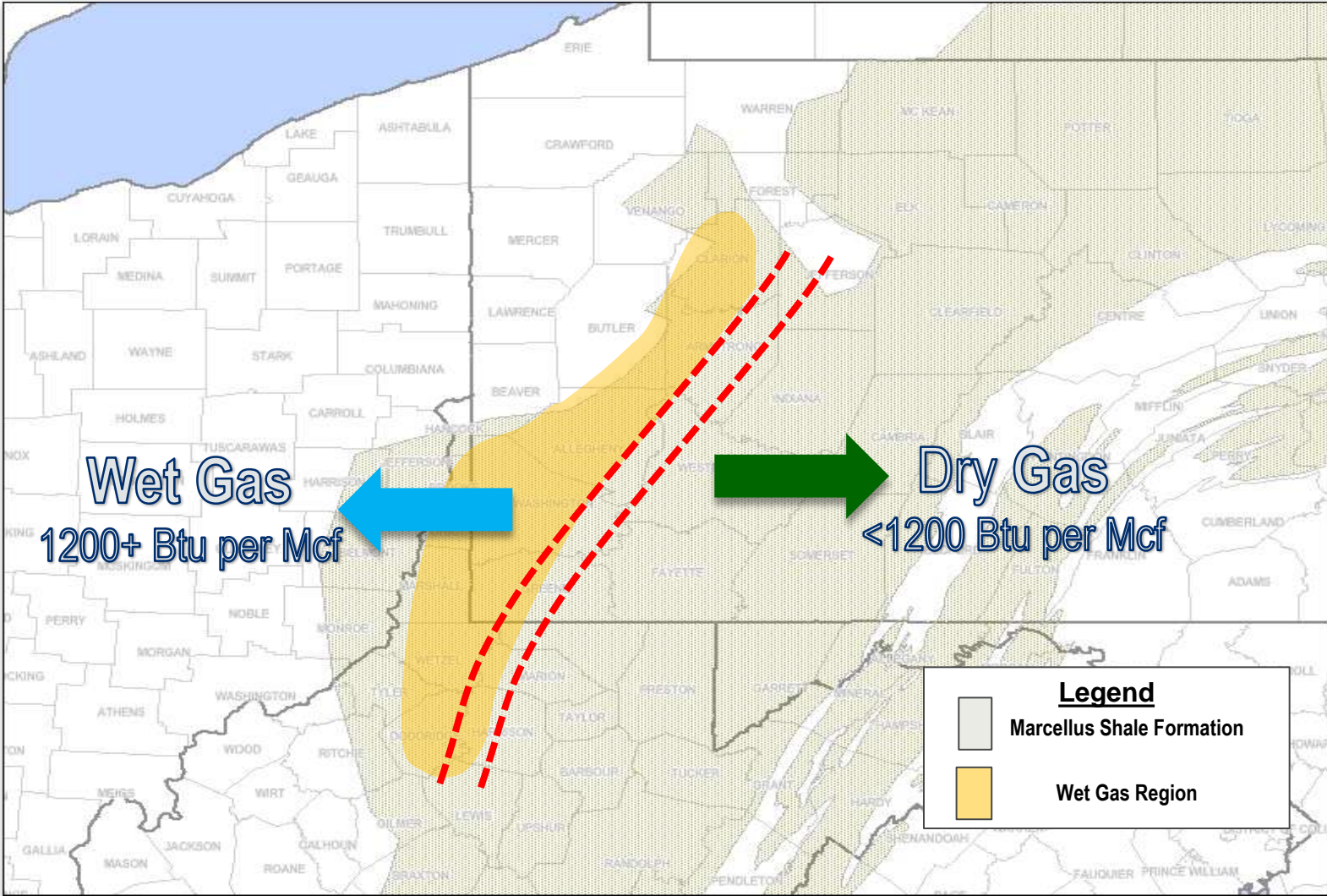


Marcellus Wells - 3899 / Utica Wells - 2



Source: Department of Environmental Protection and Pennsylvania Bureau of Oil and Gas

# “Wet Gas” Region of Marcellus Shale



Sources: Pace Global; Equitable Resources, MarkWest, Atlas Energy, Range Resources, and Caiman Energy.

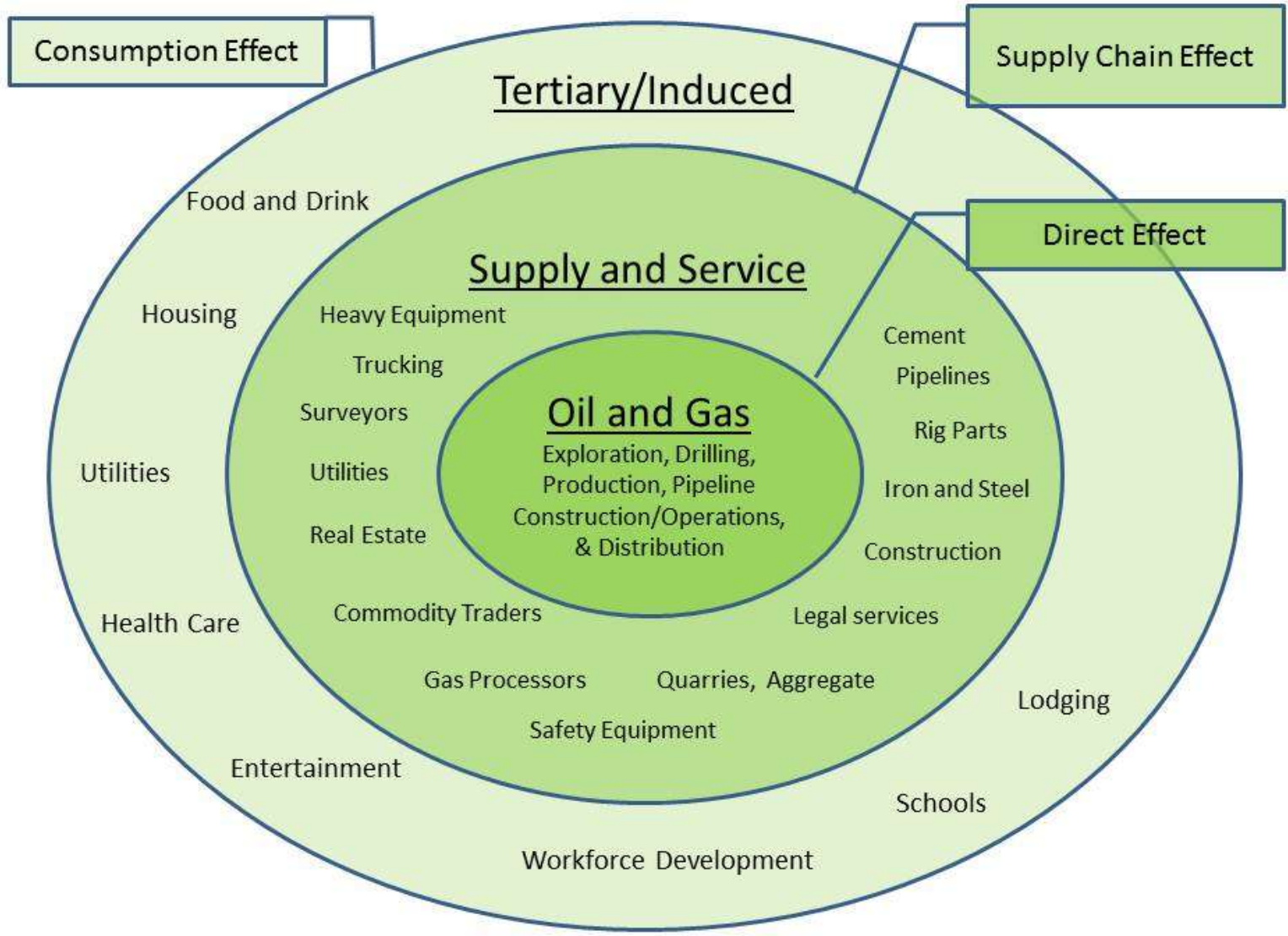


**\$5M+ to produce a single horizontal well**

**400 people/150 occupations to complete and produce 1 well**



# Multiplier Effect



# Shale and manufacturing

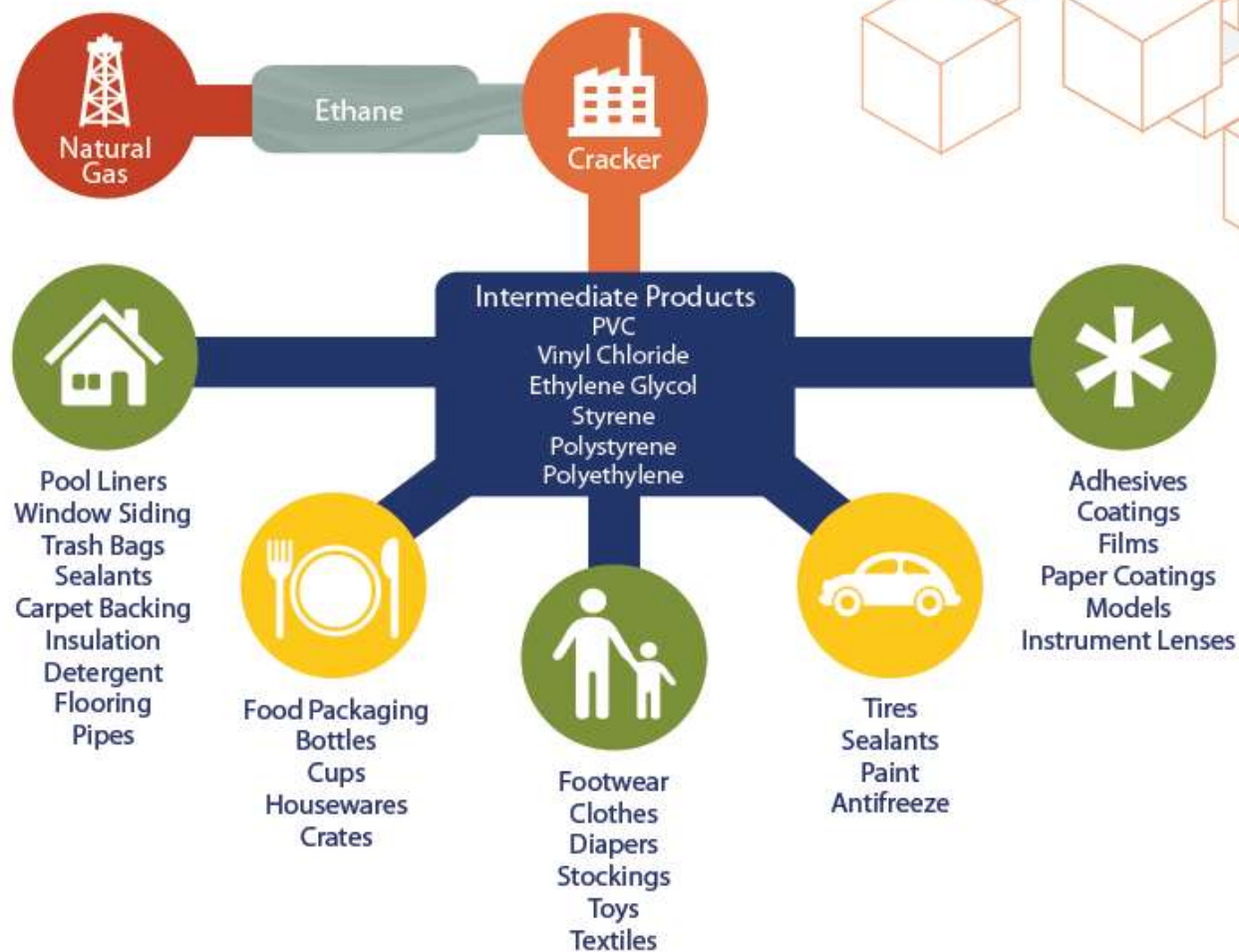
- About 1/3 of all of the energy used in the USA consumed by manufacturing
- Lower feedstock and energy costs could reduce energy costs by \$11.6 billion **annually** through 2025

Price Waterhouse Coopers (Dec. 2011) "Shale Gas: A renaissance in US manufacturing?"

## Companies returning to USA:

1. Dow Chemical 
2. Formosa Plastics
3. Chevron Phillips Chemical Co
4. Bayer Corp 
5. Westlake Chemical
6. Shell Oil; CF Industries 
7. Santana Textiles

## ETHYLENE CHAIN



*Kings and  
queens of shale:  
Who's benefitting  
from Marcellus  
Shale drilling?*

Sunday, July 03, 2011

Janice Crompton,  
Pittsburgh Post-Gazette

## Washington County Businesses

- New Dominion Construction (2009 – 2011)
  - 60 to 78 employees
  - \$8.1 million to more than \$14.3 million
- Paris Construction (2009 – 2011)
  - 300 to 350 employees
  - \$55 million to \$67 million
- NSA Security Forces (2009 – 2011)
  - Established 2009
  - 8 to 135 security guards
  - \$40,000 to \$200,000
- Sunnyside Supply (2009 – 2011)
  - 5 to 15 employees
  - \$1.5 million to \$4 million

- Safety 1<sup>st</sup>
  - Federal, State, and Company: mandatory health and safety training and testing for employees
  - Prime Contractors & Subs must be compliant
- Geographically dispersed worksites
  - < 1 year at each site
- Continuous Operations
  - 24/7
  - Non-traditional hours
  - Weather exposure
  - Travel required



## Act 13, §2316 – Small business participation

- Producers shall provide maximum practicable contracting opportunities for diverse small businesses, including minority, women and veteran-owned businesses.
- Producers shall do the following:
  - Maintain a policy prohibiting discrimination in employment and contracting based on gender, race, creed or color
  - Use the Department of General Services' Internet database to identify certified diverse small businesses
  - Respond to a survey conducted by the Department of General Services
  - Survey shall be sent to all producers within one year to report the producers' efforts to provide maximum practicable contracting opportunities related to unconventional natural gas extraction for diverse, small business participation



*[www.marcellusonmainstreet.org](http://www.marcellusonmainstreet.org)*

*A project of the Marcellus Shale Coalition*



## Clearfield Revitalization Corporation, (CRC)



225 East Market Street  
P.O. Box 75  
Clearfield, PA 16830

**Phone:** 814-765-8000

**Fax:** 814-765-8948

**Website:**

<http://www.discoverclearfield.com>

**Hours of Operation:**

8:30AM - 4:00PM

### Services

Clearfield Revitalization Corporation, (CRC) is 501(c)3 charity that implements the PA State Main Street Program in Downtown Clearfield, PA. The CRC's mission includes, but is not limited to, promoting the historic preservation, protection, and use of the traditional downtown area of Clearfield, PA and surrounding neighborhoods; helping to eliminate the deterioration of such areas, working to enhance the quality of life of such areas; and aiding, assisting and working with other entities that share a similar purpose.

The CRC provides many services to the greater downtown Clearfield area such as, but not limited to, festivals, special events, retail promotions, storefront improvement funding, walkability improvement programs, educational workshops, trainings, inventory database, property information, vacancy reports, marketing research, volunteer opportunities, and much more.

- Directory grouped by classifications
- Search function – name location
- Receive invitations to vendor education events



# Thank you!

Marcellus Shale  
Coalition

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