



Marcellus Shale Committee
115 VIP Drive, Suite 210
Wexford, PA 15090

p. 724-933-7306
f. 724-933-7310
www.PaMarcellus.com

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CONTACT:

Lou D'Amico, IOGA of Pennsylvania (724) 933-7306
Steve Rhoads, POGAM (717) 234-4414

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MARCELLUS SHALE COMMITTEE ISSUES STATEMENT ON SEVERANCE TAX

The Marcellus Shale Committee (MSC) today released the following statement in response to a proposal to impose an oil and gas severance tax, as outlined in the Commonwealth of Pennsylvania's fiscal year 2009-2010 budget address. A more thorough evaluation of this proposal will be conducted in the coming days, along with a more detailed response from the Committee.

"Pennsylvania is blessed with rich natural resources, including a potentially large natural gas field in the Marcellus Shale. Although the MSC strongly opposes a broad-based severance tax, especially while the development of the Marcellus Shale is in its infancy, the industry remains willing to work through the Commonwealth's current financial challenges with the Governor and the legislature.

"The committee believes some of these challenges would be better addressed through an expansion of developing natural gas resources on state-owned land that would yield substantial immediate bonus payments and long-term royalty income for decades. This option would not only help create new jobs, it would also provide an immediate economic benefit that does not hinder growth and development, especially in these difficult macroeconomic times.

"While West Virginia may have a similar severance tax, West Virginia does not have the same regulatory challenges that exist in Pennsylvania. We strongly believe the Governor and the legislature want Pennsylvania to be a leader in the development of this important energy source. As such, it is essential to point to development models in Texas and Arkansas, two of the largest shale gas producing states. Both states have far more favorable tax approaches, and Pennsylvania is competing against these states for investment in equipment, technology and other aspects of natural gas development. The Marcellus Shale could provide an economic boost for the Commonwealth for many generations, but not if it is prohibited from developing through a hastily imposed severance tax."

About MSC

Formed in 2008, the Marcellus Shale committee represents the oil and gas industry in Pennsylvania on matters pertaining to the acquisition, exploration, drilling, and development of the Marcellus Shale natural gas resource and provides a unified voice before all state, county, and local government or regulatory bodies. The committee, sponsored jointly by the Pennsylvania Oil and Gas Association and the Independent Oil and Gas Association of Pennsylvania, includes independent producers with historical expertise in the Pennsylvania oil and gas fields and national companies dedicated to bringing their industry experience and resources to achieve common goals.