Legacy Wells PGE's History & Review Process

Outline

- PGE's Growth
- Well Inventory Cleanup
- Transition into the Marcellus
- PGE well review process
- Possible Incentive Programs

PGE – The Early Years

- Founded in 1978
- Benefited from Refiners Exiting the Basin
  - 1st Major Acquisition – 1988
  - 2nd Major Acquisition – 1995
    - 1200 producing wells
    - Large plugging liability

Inventory Cleanup

- Plugged over 3,000 shallow wells
- Decade long plugging program and thousands of man hours invested in cleaning up well inventory
- Worked closely with DEP to cleanup legacy wells
- PGE philosophy – keep inactive wells to a minimum

The Marcellus Transition

- PGE Drilled first Marcellus well in 2005
- Shallow drilling has harshly declined after the Bust of 2008
  - PGE significantly cut back shallow drilling
- Many Appalachian producers transitioned out of shallow development and divested

Locating Legacy Wells

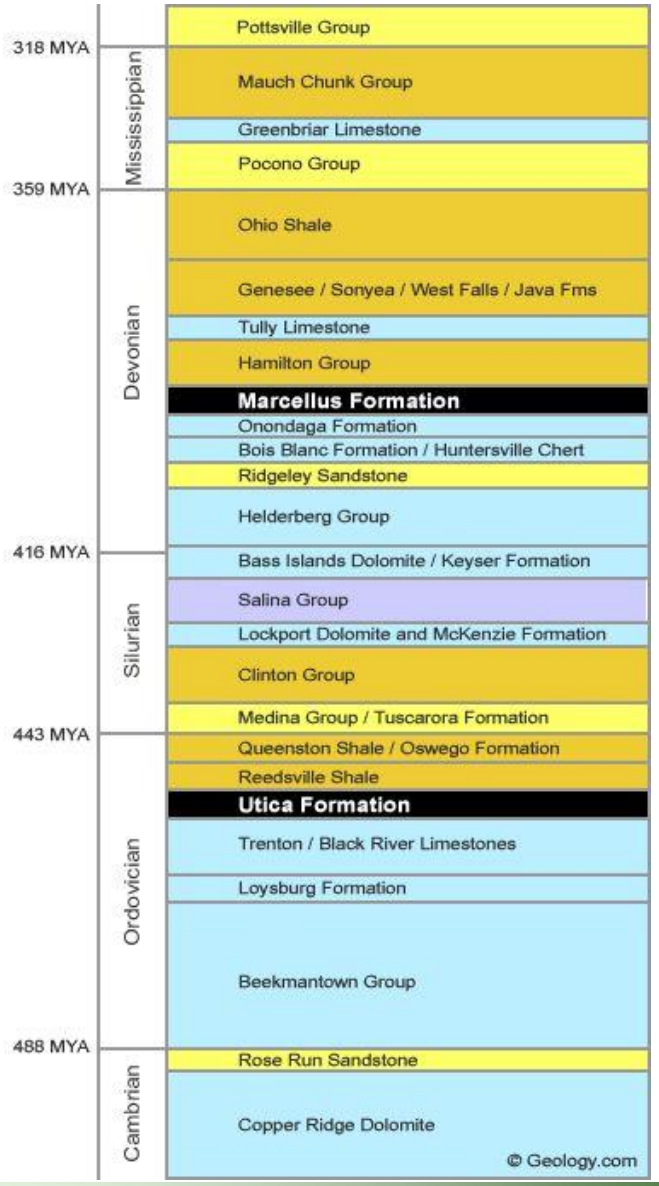
- Reference wells and offset
- Different mapping sources may show slightly different info
- Equipment (Rod Line, Tanks etc
- Apple trees
- Old access roads / shallow depression
- Vegetation differences
- Metal detecting

PGE Well Review Process

- No substitute for Basin knowledge
- Many wells in PGE's operating area but target the Bradford 3rd and shallower ~2300 ft
- Marcellus ~6100
- Utica ~10,500 – 11,000
- Regionally Deeper Targets
- Offset operators

Deeper Targets in PA

- Deeper Targets
  - Oriskany SS
  - Huntersville Chert
  - Medina/ Clinton
  - Beekmantown
  - Rose Run
- Better records
- More recent activity
- Easier to locate



Legacy Well Issue Incentive Program

- Permitting time reduced in exchange for plugging legacy wells
- Inactive status extensions
- Permit Fee waivers
- DCNR & PGC – non-development leasing in exchange for plugging legacy wells
- Potential issues –
  - Transfer of liability
  - Agreed upon exchange terms
  - Operator Deficiencies
  - DEP current funding sources