

# **KVLA**

**KILLBUCK VALLEY  
LANDOWNERS ASSOCIATION**  
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July 30, 2012

Dear Killbuck Valley Landowners Association Member:

## **INTRODUCTION**

This monthly newsletter will update Association members of recent developments in the Utica Shale in Ohio and the efforts on behalf of the Association to market your acreage.

## **UPDATE ON KVLA MEMBERSHIP AND ACREAGE**

The Association currently consists of about 600 members holding approximately 39,374 acres in western Holmes and Coshocton Counties. One of the guiding principles of this Association is that landowners do not commit their acreage until a lease is signed, and the decision to sign a lease is the individual landowner's decision alone. Our volunteer board holds two meetings per month, and continues to meet with members, to answer questions, to collect information and to seek professional advice on development issues facing the membership. Board meetings are held on the first and third Wednesday of each month, starting at 7:00 PM, at the old Glenmont Elementary School. Please check the KVLA website for further updates and information.

## **UPDATE ON EAST HOLMES/ENDEAVOR**

A public meeting was held on Tuesday, June 26, 2012 at the Mt. Hope Auction Barn. Endeavor representatives attended, explained their position to the Group and answered questions. Attorneys from Critchfield, Critchfield & Johnston ("CCJ") were also present, reviewed Endeavor's proposals and answered questions. At the conclusion of the meeting, no group members agreed to either of Endeavor's proposals. Endeavor has not offered any other proposals.

Endeavor is continuing to work on its title examinations, and it is now issuing title responses. Upon receipt of a valid rejection letter, CCJ will attempt to cure defects identified by Endeavor. Affected members will receive separate correspondence from CCJ regarding their individual parcels.

In the meantime, no payments have been received from Endeavor. CCJ will continue to follow through with appropriate default notices, and is attempting to market this acreage to other producers, in the event Endeavor defaults on its obligations and refuses to pay. A more

detailed newsletter will be sent directly to affected members of the KVLA, East Holmes and Farmerstown groups.

### **UPDATE ON MARKETING OF KVLA ACREAGE**

The KVLA Board was recently approached by a broker who claims to represent a very large producer interested in acquiring a large acreage position in Holmes and Coshocton Counties. The Board and CCJ have met with this broker and have reviewed its oil and gas lease. The Board considers the lease to be landowner friendly and the financial terms being offered are favorable. The Board will continue to meet with this broker in an attempt to determine whether the proposal is legitimate and negotiate certain lease terms. If the Board believes this proposal is legitimate, it will issue a separate notice to all members and schedule public meetings to review the proposal and answer all questions. In the meantime, please contact Board members with your questions. Their telephone numbers are listed below.

### **MESSAGE FROM BOB HUNTER, KVLA'S PRESIDENT**

With recent news showing a slowdown of leasing in the Holmes and Coshocton County area, one may be led to believe this is the case all but over the Utica Shale play in Ohio. Nothing could be further from the truth. Yes, producers may be backing off their leasing of new acreage for the time being, but at the same time we are witnessing an increase in well locations and drilling in Coshocton County and lately the permitting of wells by Devon Energy in Holmes County and just across the county line into Wayne County. Once these wells are completed and put into production, the market value of the group's acreage will be better established. Until then we will have to be patient and remain together.

A few weeks ago I had the opportunity to have a guided tour of the drilling activity taking place in and around Noble County. We visited three drilling sites, one site being built, and a future site yet to be permitted. The one thing that impressed me as we went from one rig site to another was the professionalism being conducted from all those involved in the process from the site preparation to the actual fracking of a well we witnessed. There was no mud, no dust, and every precaution to eliminate noise was being exercised. This detail to reducing noise was quite evident on Antero's Miley 5H well. On this particular site the township road split the drill site from the location containing what appeared to be approximately 30 or more 500 barrel trailer tanks. Across the road the drill site was completely enclosed except for the entrance by what appeared to be a twenty foot high brown fabric—a sound barrier that was definitely doing what it was designed to do. A few miles from Antero's site we drove up to see a rig drilling for CNX. At the entrance to the site stood a very large sign reminding all well traffic to be respectful of local residents. It went on to remind those hauling in and out of the well that they are the visitors, and that the local residents live here. That sign and attention to detail at the site really impressed me!

So what is the message behind this little tour of mine? It is simple, instead of forming your opinion from the media, go witness the drilling, fracking, and site preparation for yourself. Talk to the professionals involved in the process, and also the landowners whose land is being impacted. Too many people simply form their opinion from a very selective source of information, and in doing so are missing the whole picture of the Utica

Shale play in Ohio. Information pertaining to drilling sites can be found on ODNR's website.

### MONTHLY REMINDER

In closing, leasing activity in Holmes and Coshocton Counties has slowed. However, chances are still good that an oil and gas company will approach you individually about leasing your property. We have heard that companies may be trying to influence you to sign their leases by telling you that CCJ has already approved the lease and offer they are presenting. **These statements, if made, are not true.** CCJ will not approve any offer or lease without first obtaining KVLA Board approval and then communicating with the Association. When the time comes for you to sign a lease, CCJ will be present when you sign in order to answer any questions or concerns you may have.

**Our primary advice to you is to be patient.** Things here are continuing to progress and we want each of you to receive the best possible lease terms. There is strength in numbers, and it is important for the Association's members to stick together. The companies that may approach you directly are not interested in getting the best deal for you; they are interested in getting the best deal for themselves. Do not be misled. When in doubt, contact one of us or one of the CCJ attorneys, Dave Wigham or Garrett Roach.

Thank you for your continued participation in the Association.

If you have questions, please call:

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Sincerely,

*Bob Hunter*  
Bob Hunter