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THE SHALE PLAY TODAY



News & Insights from the Marcellus and Utica Shales



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The Natural Gas Industry: 2012 Year in Review & Look Ahead

In 2012, industry observers began to see a divergence in production activity in the Marcellus and Utica Shale region. Producers with liquids-rich holdings began to divert rigs from the dry gas areas to the Utica and western portions of the Marcellus where oil and natural gas liquids (NGLs) predominate. Dry gas production remained robust, however, as producers with substantial dry gas holdings continued their drilling programs to generate operating revenue or to secure their land investments. The shift in focus from dry gas to oil and NGLs was driven by sustained low natural gas prices coming out of last year's unseasonably warm winter, along with the continued decoupling of natural gas and oil prices. Spot prices at Henry Hub were under \$2.00/MMBtu for most of April 2012 and never closed over \$4.00/MMBtu. By contrast, WTI spot prices remained comfortably above \$85/Bbl for most of the year, and stayed over \$100/Bbl during March and April when Henry Hub prices were at their lowest.

Looking ahead, it will be interesting to see whether natural gas can hold onto the price gains that it realized in the latter half of 2012, as this will give producers some degree of revenue stability that they require for continued development. Key to this is whether the United States experiences a more normal winter in 2012-2013 in contrast to the unseasonably warm temperatures experienced in 2011-2012. But, 2013 should also see demand-side gambits come into play that have the potential to sustain favorable price stability for natural gas producers. For example, will

In The News



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Spilman Member Speaks at National Environmental Conference

Earlier this month, the National Groundwater Association held its 2012 [Groundwater Expo and Annual Meeting](#). Spilman member Nathan Atkinson attended and delivered a presentation titled "Hydraulic Fracturing: A Litigator's Perspective and What Your Company Needs to Know about Potential Liability" to an audience of well system contractors, drillers, manufacturers, scientists and government representatives. Addressing litigation concerns, Mr. Atkinson spoke from the unique perspective of an attorney who defends energy companies.

Lawsuits alleging exposure to drilling, hydraulic fracturing, chemicals used in these processes, and naturally occurring compounds (including manganese, iron and radon) are becoming more prevalent. Mr. Atkinson's presentation addressed the claims of aggressive plaintiffs' counsel, preventive measures that can be taken to avoid expensive litigation relating to these claims, and best practices from a litigator's standpoint.

The [National Groundwater Association](#) is a

policymakers authorize large-scale export of liquefied natural gas to European, South American and Asian markets? And, if so, to what extent? Also, with President Obama's reelection, regulatory pressure on the coal industry is expected to continue. Consequently, 2012's trend of coal-to-gas switching among power plants is likely to continue as well. Further, 2012 saw the beginnings of a revival in American manufacturing as low domestic energy costs offset low labor costs in Asian countries, thus creating a pivot back to domestic manufacturing in chemicals and durable goods. As this trend gathers momentum, demand for natural gas and NGLs should continue.

[Read the full article on our website.](#)

nonprofit organization composed of U.S. and international groundwater professionals. The organization aims to provide guidance for sound scientific, economic, beneficial development, protection and management of the world's groundwater resources.



Statoil Acquires 70k Acres in Marcellus Shale Field

Statoil's purchase represents a major stake in the Marcellus Shale play in Ohio, Pennsylvania and West Virginia. This is part of a strategic plan to increase the company's onshore operations in the United States.

[Read more.](#)



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Mr. Atkinson's primary area of practice is litigation focusing on complex tort litigation and complex multi-party commercial litigation. His experience includes litigating complex environmental and toxic tort lawsuits involving exposure to various chemicals and contaminants, and litigating complex multi-party lawsuits involving drilling, fracking, procurement of energy, extraction of natural resources and environmental contamination. Mr. Atkinson also represents businesses in litigation involving exposure to naturally occurring radioactive materials ("NORM"), water contamination and mass chemical exposure. Click [here](#) to read his full professional biography.

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