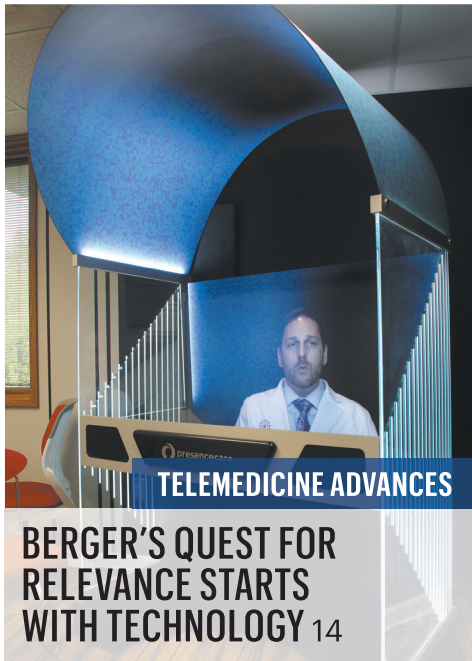


COLUMBUS BUSINESS FIRST

Ohio a laggard again

Venture capital for early-stage companies could be a lot better.

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MADE IN CENTRAL OHIO

**ON TOUR AT THE
KRAZY GLUE FACTORY
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KINGS OF THE UTICA



Efforts to pull gas and oil from shale underneath eastern Ohio are just a few years old, but already certain companies – and one entrepreneur – are considered the state's energy industry royalty.

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OIL AND GAS DRILLERS

Chesapeake, Gulfport lead pack with most Ohio permits.

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Weiss' legacy at Express

The retiring CEO of the retailer is lauded as one of the great apparel merchants, and there will be challenges for the company's new leader. But analysts see a future that fits.

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Aggregation on the table?

Power users in Columbus soon could take advantage of volume discounts, but the energy market's not easy to understand.

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A boutique hotels boom

Suddenly, small luxury lodges are becoming all the rage in Columbus.

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ALLEN PROCTOR



Columbus Speech and Hearing's turnaround

A self-examination yielded strong results and a new partnership.

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COLUMBUS BUSINESS FIRST

Utica shale play being shaped by these 10 influential players

Drillers, prospectors, processors and one very memorable CEO

BY TOM KNOX

What are the 10 most important energy companies working the Utica shale play? Identifying them is no easy task. Ask two watchers of what's happening in the oil and natural gas fields of eastern Ohio and it's likely they'd arrive at different answers.

That's because there are many facets to Ohio's blossoming energy industry – from drillers and oil field servicers, to pipe makers and engineers. Other business sectors are touched by the industry, too, such as law and academia.

Columbus Business First set out to answer that question, and for this report it stuck to the businesses directly tied to the field, those getting their hands dirty and often piling up expensive debt in the quest to pull fossil fuels embedded in the shale. We asked geologists, engineers, lawyers and others invested, financially or otherwise, in Ohio drilling activity who they think are the most influential players right now.

Indeed, the answers would be very different if they came at the beginning of Ohio's shale exploration. And it will be different if we ask the question five years from now.

But midway through 2014, here are the companies – or executives – judged most meaningful. Some choices were unanimous among those queried.

The lone individual mentioned across the board: Aubrey McClendon, head of American Energy Partners, who ushered in the Utica shale boom when he was running Chesapeake Energy Corp. McClendon may have been tossed from the company, but in the last year he has come back with unrivaled spirit.

"At some point you have to believe what McClendon is saying," said Christopher Baronzzi, an oil and gas attorney at Porter Wright Morris & Arthur LLP in Columbus. "Now that he's out of Chesapeake, he could have gone anywhere. He had absolutely no ties to this area."

The full potential of the Utica play still is up in the air for some, but here's who matters right now:



Aubrey McClendon, left

UTICA'S ORIGINAL WILDCATTER

The executive who first spotlighted Ohio's Utica shale is back with a new company. He's gobbling up land in the hot southern portion of the play and once again is making a name for himself in the industry.

McClendon led the charge into Ohio four years ago as CEO of Chesapeake Energy, the second-largest natural gas producer in the U.S. The company ousted him last year, and McClendon wasted no time in starting a new oil and gas business – American Energy Partners LP. It has aggressively moved into Ohio, acquiring an industry-leading 280,000 acres in the southern Utica fields and formed a midstream company in June. McClendon expanded the company into other domestic shale plays, including the neighboring Marcellus and Permian in west Texas. But the Utica is where McClendon is most focused. Chesapeake holds three times the acreage but is shedding assets across the U.S. to trim fat, partially because of largesse from the McClendon era. Meanwhile, American Energy Partners boldly erects billboards in Columbus declaring its need for workers. Like him or not – and many don't – McClendon is one of the most influential, bold and speculative CEOs of the dozens of companies operating in Ohio. Whether his hunch about Ohio shale's potential is confirmed will go a long way toward redeeming his attempt at a comeback.

► PEOPLE

AUBREY MCCLENDON

Title: Founder and CEO, American Energy Partners; former CEO, Chesapeake Energy

Based: Oklahoma City

Operating: Ohio, Oklahoma, Pennsylvania, Texas, West Virginia

Investment in Utica in less than a year: \$3.5 billion

19 On the List

Page 8; (American Energy Partners)

A Chesapeake rig in Ohio



STILL THE BIG DOG IN OHIO

The Oklahoma City heavyweight started Ohio's oil and gas boom and still sits on 900,000 acres of Utica shale.

Its head start on competitors means it is by far the most active driller in the state, with much of its holdings in Carroll County. Chesapeake was the original Utica player, but is now the elephant in the room. What will the company do?

It is divesting left and right, selling Marcellus acreage for \$336 million and spinning off its oil-field services business in a post-McClendon streamlining. Chesapeake has publicly vowed excitement for its Ohio holdings, and its impact on Ohio production and regulations is historic.

All eyes are on where the company goes from here.

► PRODUCER

CHESAPEAKE ENERGY

Based: Oklahoma City

Operating: Kansas, Louisiana, Ohio, Pennsylvania, Texas, West Virginia, Wyoming

CEO: Doug Lawler

Employees: 10,800

2013 revenue: \$17.5 billion

2013 net income: \$724 million

1 On the List; Page 8

► PRODUCER

GULFPORT ENERGY

Based: Oklahoma City

Operating: Canada, Colorado, Louisiana, Ohio, Texas, Thailand

CEO: Michael Moore

Employees: 118

2013 revenue: \$262.8 million

2013 net income: \$153.2 million

2 On the List; Page 8



A Gulfport rig in Ohio

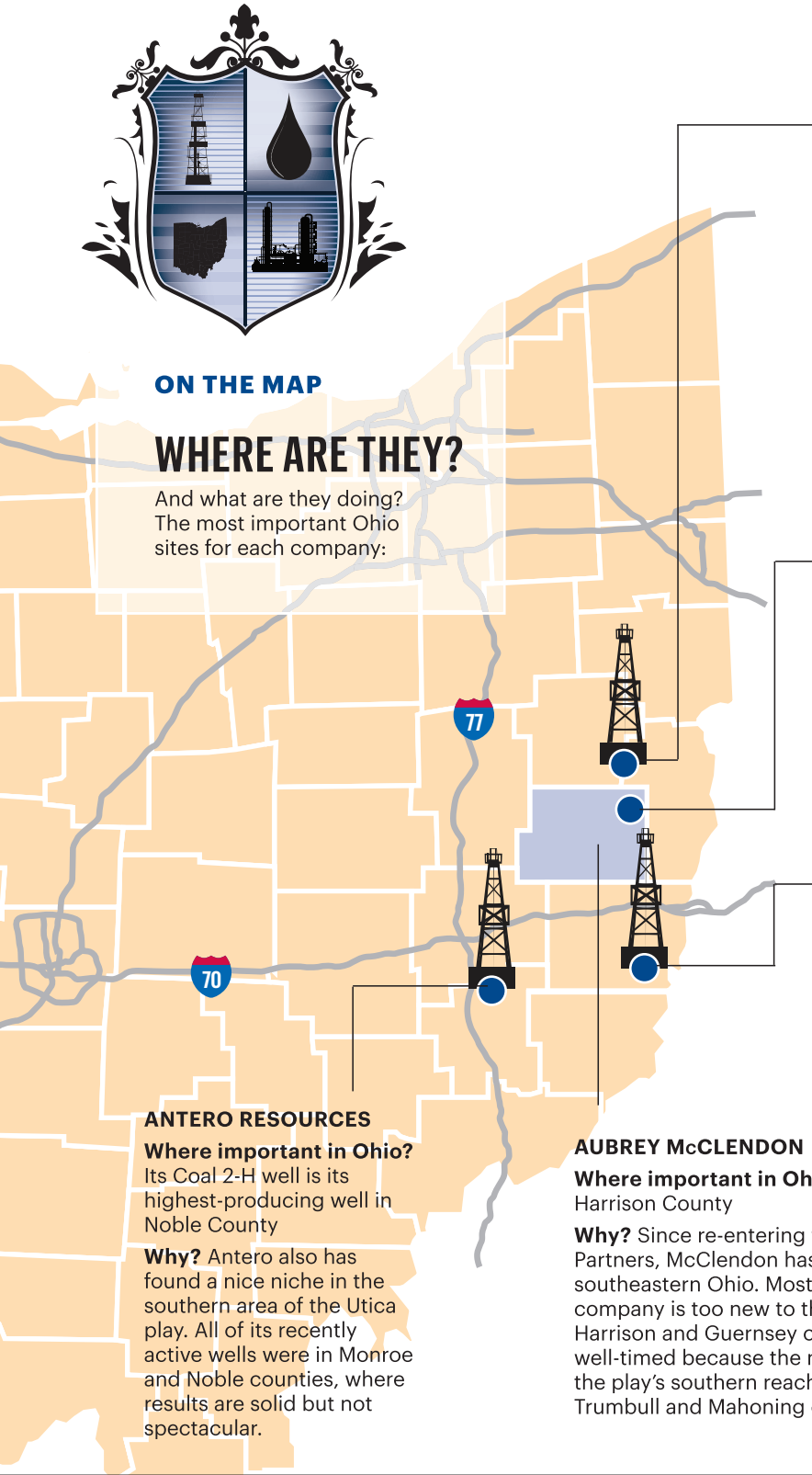
BET ON SOUTHERN PLAY REAPS REWARDS

The runner-up in Utica activity, Gulfport holds considerably less land than Chesapeake Energy.

But it's situated farther south than Chesapeake's – in Harrison, Belmont and Monroe counties – where drillers are finding great returns.

Gulfport, like Chesapeake, made an early entry to Ohio and has recorded some of the most productive wells in the Utica play. In the first three months of this year, 13 of the 24 best-producing gas wells belonged to Gulfport.

The Oklahoma City company is under new management that has promised to make operations more focused and lean. As activity continues to shift south, Gulfport's early gamble on that portion of the play appears to be paying off.



MARKWEST'S PROCESSING PROWESS

The midstream company is vital to horizontal drilling. Drillers have complained about a lack of infrastructure in the Utica play; they can quickly drill but hit a bottleneck in transporting the gas and oil. Enter MarkWest. Its vast network of pipelines and processing and fractionation plants are coming online, making it one of the most important midstream companies in the region. MarkWest and its private investment partner, the Energy & Minerals Group, own 43 percent of current and announced processing capacity in the Utica. In June the venture said it plans to double its Hopedale fractionation plant in Harrison County, which is expected to be fully operational early next year. Eventually, Denver-based MarkWest will command 1.1 billion cubic feet a day of processing capacity in the Utica area. MarkWest has invested billions of dollars into Ohio with plants dotting eastern counties and it is a key cog in storing and moving Ohio-produced oil and gas to other markets.

► **MIDSTREAM**

MARKWEST ENERGY PARTNERS

Based: Denver
CEO: Frank Semple
Employees: 1,139
Operating: Kentucky, Louisiana, Michigan, New Mexico, Ohio, Pennsylvania, Texas, West Virginia
2013 revenue: \$1.7 billion
2013 net income: \$38.1 million

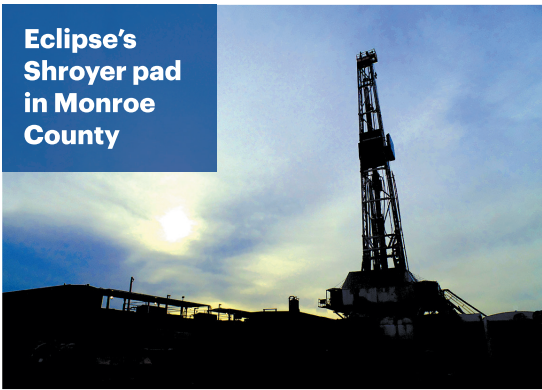
NEWCOMER FROM PENNSYLVANIA HITS PAY DIRT

Eclipse, based in State College, Pennsylvania, is focused solely on Ohio and has been a big player here only for a year.

Last June, it more than doubled its Ohio land in one night – Eclipse bought Oxford Oil Co., adding 184,000 acres in the state, a quarter of it in the core southeastern Ohio.

Eclipse is laser-focused on Ohio, with no operations elsewhere. Since buying Oxford, some Ohio energy watchers have raved about the company, and it hasn't slowed down, raising \$818 million in a June initial public stock offering.

Eclipse plans to spend more than \$577 million on drilling this year and held the highest-producing natural gas well in Ohio for the first quarter with more than 1.1 billion cubic feet.



► **PRODUCER**

ECLIPSE RESOURCES

Based: State College, Pennsylvania
CEO: Benjamin Hulbert
Employees: 159
Operating: Ohio
2013 revenue: \$12.9 million
2013 loss: \$43.5 million

3 On the List; Page 8

► **PRODUCER**

ANTERO RESOURCES

Based: Denver
CEO: Paul Rady
Employees: 233
Operating: Ohio, Pennsylvania, West Virginia
2013 revenue: \$1.3 billion
2013 loss: \$18.9 million

3 On the List; Page 8



NO. 3 PRODUCER FINDS FORTUNE IN MONROE

Antero is something of an anomaly in the group of most influential. Based in Denver, not Oklahoma or Texas, the company entered the Utica play later than many others. But its toe-dipping approach served the company well: Antero is now the third most-active producer in the Utica shale, with nearly 140,000 acres, much of it in the core southern portion of the play. Antero is poised to add to its Utica production in the coming years because of its attractive leaseholds. It runs the state's second-best producing well, in Monroe County, which produced more than 1 billion cubic feet of natural gas in the first quarter. Antero is focused solely on Appalachian oil and gas, targeting the Utica and Marcellus shale formations in Ohio, West Virginia and Pennsylvania. It showed faith in the region's hydrocarbons by agreeing to anchor a proposed ethane cracker plant in West Virginia. That plant, which supporters point to as the next big step for the industry in Appalachia, is still in limbo, but Antero's backing will help.

Early gamble on southern part of play paying off for drillers as infrastructure comes online

CONTINUED FROM PAGE 5

► MIDSTREAM

ACCESS MIDSTREAM

Based:

Oklahoma City

CEO:

J. Mike Stice

Employees:

1,411

Operating:

Arkansas, Kansas, Louisiana, Ohio, Oklahoma, Pennsylvania, Texas, West Virginia, Wyoming

2013 revenue:

\$1.1 billion

2013 net income:

\$336 million



Harrison hub fractionation facility

DOUBLED CAPACITY FOR MAIN COMPLEX

Access is a big player in the Utica midstream sector and is poised to become bigger after Williams Cos. completes its \$6 billion acquisition of the Oklahoma City company. Access, a spinoff of Chesapeake Energy, should benefit from the deal with Williams and become one of the biggest U.S. oil and gas transporters. But its crown jewel is the multi-county Utica East Ohio processing complex, which it runs with EV Energy Partners and M3 Midstream. The complex includes a cryogenic processing facility and a natural gas liquids hub. Soon, it will increase its processing capacity to 1.1 billion cubic feet of gas a day, almost double the capacity it promised for Ohio when it arrived in the state in 2012. Chesapeake and American Energy Partners are among the Utica players to commit to the complex.

► ENGINEERING

HULL & ASSOCIATES

Based:

Dublin

CEO:

Craig Kasper

Employees:

160

Operating:

Indiana, Ohio, Pennsylvania

2013 revenue:

\$26.3 million



Hull workers from its St. Clairsville office

STARTING WITH MARCELLUS PROVED SMART

The only Central Ohio-based company to make the list of Utica titans, Hull represents the vast engineering and environmental services sector that works with the Appalachian shale oil and gas industry, especially in midstream and upstream. The Dublin company works with producers and pipeline companies from permitting to wellpad construction and post-production compliance and maintenance. Hull entered shale drilling four years ago when it bought a Pittsburgh business that worked in Pennsylvania's Marcellus shale. It followed the Utica's progress and began working in Ohio in 2011, displacing the Houston and Oklahoma City consultants who came to Ohio in the beginning. Hull runs offices in Columbus, St. Clairsville and Pittsburgh, and a segment that didn't exist for the company five years ago now makes up about a quarter of its business. Central Ohio is home to some respected oil and gas engineering firms, and Hull is one to make a name for itself.

BY THE MAP

WHERE ARE THEY?

And what are they doing?
The most important Ohio sites for each company:

HALLIBURTON

Where important in Ohio?

Zanesville

Why? The oil field services giant moved about 300 jobs there to work in the Utica play.

ACCESS MIDSTREAM

Where important in Ohio?

Carroll, Harrison and Columbiana counties

Why? Access, together with M3 Midstream and EV Energy Partners, runs the Utica East Ohio Midstream system, a project spanning three counties that houses cryogenic processing, pipelines and other infrastructure to deliver oil and natural gas to markets.

HULL & ASSOCIATES

Where important in Ohio?

St. Clairsville

Why? The Dublin-based engineering and environmental services provider runs an office in Belmont County, a thriving county in the Utica play. Hull has transformed itself into one of the bigger companies providing services in the Utica and Marcellus fields.

ECLIPSE RESOURCES

Where important in Ohio?

Zanesville

Why? Had just two producing wells in the first quarter but, like American Energy, the company is noted for its promise. It holds the third most exploration permits in Ohio and is drilling in promising locations such as Monroe County. It picked up more than 227,000 acres in Ohio, including 96,000 in the heart of the play, from its 2013 acquisition of Oxford Oil in Zanesville.

A close-up photograph of a worker's hands holding a large metal pipe, identified as a Vallourec worker in Youngstown.

A Vallourec worker in Youngstown

► PIPELINE

VALLOUREC

Based:

Boulogne-Billancourt, France

CEO:

Philippe Crouzet

Employees:

24,000

U.S. operations:

Ohio, Oklahoma, Texas

2013 revenue:

5.58 billion euro

2013 profit:

262 million euro

\$1B YOUNGSTOWN PIPE MILL

Formerly known as V&M Star, Vallourec is a player in the pipeline construction industry. It's among the big pipeline companies in the U.S., and the company is included here in part because of its dedication to Ohio. In late 2012, French-owned Vallourec opened a \$1 billion pipe mill and finishing plant in Youngstown adjacent to its existing steel plant. It is the largest industrial facility built in the Mahoning Valley since General Motors Co. erected an assembly plant in Lordstown in the 1960s, and Vallourec added 350 jobs to an area hit hard by job losses. President Barack Obama has toured the company as a success story. Vallourec also has facilities in traditional oil and gas hot spots Houston and Oklahoma, and counts some of the Utica play's biggest companies among its customers, including Chesapeake Energy. Vallourec subsidiary VAM USA is building a steel pipe threading facility in Youngstown set to open next year.

A photograph of a group of men in suits and hard hats performing a groundbreaking ceremony with shovels, identified as Halliburton's Zanesville groundbreaking.

Halliburton's Zanesville groundbreaking

► OIL FIELD SERVICES

HALLIBURTON

Based:

Houston

CEO:

David Lesar

Employees:

77,000

Operating:

80 countries

2013 revenue:

\$29.4 billion

2013 net income:

\$2.1 billion

ZANESVILLE HALLIBURTON OFFICE BRINGS 300 JOBS

A company many Ohioans would recognize even if they know nothing about the Utica shale play, Halliburton is one of the top oil field service companies here and elsewhere. Any number of service companies, from Schlumberger Ltd. to Zanesville-based Producers Service Corp., could have made the list. Halliburton made its return to Ohio in 2012 after a three-year absence, bringing about 300 jobs to a new Zanesville office. The Utica play is just one (and minor, at that) oil and gas field for the \$29 billion Houston company once run by former Vice President Dick Cheney. But its move to Ohio, including a recent shift of West Virginia operations to the Zanesville office, bodes well for Ohio workers.

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