



WEST VIRGINIA OIL AND NATURAL GAS ASSOCIATION

January 22, 2016

The Honorable Daniel R. Elliott III, Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Ann D Begeman, Vice Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Debra Miller
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Dear Chairman Elliott and Surface Transportation Board Members:

Chartered in 1915, the West Virginia Oil and Natural Gas Association (WVONGA) is one of the oldest trade associations in West Virginia, and the only association that serves the entire oil and gas industry. Our long history dating back to George Washington surveying the first gas property in 1771, the future couldn't be brighter. WVONGA members will produce the multiple shale formations that lie under the Appalachian Basin for decades and this production will bring back manufacturing of chemicals, plastics, fertilizer all taking advantage of our abundant reserves. Currently, the Appalachian Basin produces 85% of the natural gas that's produced in the United States. Much of this gas is full of rich hydrocarbons Ethane, Propane, Butane and Iso-Butane all building blocks for chemicals and plastics. We are concerned that the unsolicited attempt to acquire Norfolk Southern by Canadian Pacific Railway, is of major concern not only today but well into the future. Our future build out is dependent on the continued ability to have an intermodal system that can move goods to the seaports on the Atlantic and the Gulf Coast. Additionally, rail will continue to be the preferred way to transport sand from the Midwest essential for completion of wells. As we grow the infrastructure, sending this valuable resource to un-served and underserved markets in the Southeast and rail will provide a pivotal part of the supply chain for the large diameter pipe necessary to serve these areas.

WVONGA members are investing billions in new infrastructure projects as well as continuing to evaluate new formations using changing technologies. Additionally, it's believed because of the technologies used in our first 150 years were so limited we have left 80-90% of everything we've gone after in the ground. Much has been written and reported on about the Marcellus and Utica shale, in WV we've permitted less than 5% of the Marcellus and less than 1% of the Utica potential. These reserves will be drilled for the next 50 years then we'll concentrate on formations deeper and potentially more robust than the aforementioned. These vast reserves are attracting not only domestic but international interest, so in the future we will not only export natural gas and oil, but ship manufactured goods made by or from these abundant resources. The build out that takes advantage of the rich resources of the Appalachian Basin will heat homes and businesses in the Northeast States while growth in manufacturing will be done from this basin southward.

West Virginia's vast resources are dependent on our ability to explore, produce, process and deliver these resources and the products they produce. Manufacturing supported by the oil and natural gas industry is dependent upon a multiple transportation options and rail to and from the basin is imperative to the growth and prosperity of the entire Southeast. The best coal in the world and the largest reserves of natural gas are in West Virginia and our future is dependent on the marketing of these resources whether as a raw material or as a manufactured product. Any disruption of service to our region could be devastating to our future.

With this letter we ask the Surface Transportation Board to closely monitor the attempts by Canadian Pacific Railway uninvited merger and the consequences intended or unintended to the reliable rail service we currently rely on.

Sincerely,



Nicholas R. DeMarco
Executive Director