



December 2013

KOGA 2013 – YEAR IN REVIEW

BY: ANDREW V. MCNEILL

It probably won't surprise anyone to know that I'm thrilled with the progress KOGA made in 2013. We had a strong foundation to build upon, a well thought-out strategic vision to guide us and the energy and support from the Board and our members to execute. We've come a long way in a short time. Here's what I consider a few of the many highlights from the year:

- **Great Meetings & Great Programs:** We exceeded all expectations for meeting attendance in 2013. What can we attribute this to? The Member Services Committee made a tremendous effort to ensure our meeting programs focused on "timely and relevant" topics. The convergence of our eastern Kentucky meeting with the emerging interest in the Berea Sandstone play resulted in a packed house at Jenny Wiley. For western Kentucky, the meeting date was perfectly situated to focus on the EPA's Clean Air requirements that were coming into force. For Annual Meeting, the combination of a great location in Northern Kentucky and a program agenda with something for everyone led to a great turnout and an enthusiastic crowd. I want to extend my personal appreciation to Astrud Masterson for her awesome effort on behalf of KOGA's membership. Along with the Committee, she gets the lion's share of credit for putting together the extraordinary events KOGA held in 2013. Going forward, we're going to continue the focus on bringing "timely and relevant" meeting topics to our membership. Please don't hesitate to recommend items and issues we should be focusing on.
- **Active and Engaged in the Technical and Regulatory Arena:** There's no question that Kentucky's industry faces a new and challenging regulatory environment. Whether it's Clean Air, Clean Water or Endangered Species requirements, the federal agencies administering these programs are focused on getting their message that oil and gas needs to be more proactive in managing these issues. Being the guy responsible for carrying the regulators' messages to the membership isn't the most rewarding part of the job. But we can't bury our heads in the sand and hope these issues will simply go away. They won't. As Executive Director, I feel personally responsible to make sure KOGA's operators know what

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potential regulatory risks are out there and provide strategies to manage those risks. With the strong support from the Technical and Regulatory Committee, KOGA was proactive on environmental compliance issues in 2013. You can expect that same commitment in 2014 and beyond.

- **Successful Legislative Positioning:** With the passage of HB 212's CNG incentives while taking a strong stance against HB 110's attempt to make natural gas uncompetitive in Kentucky's electricity generation fuel mix, KOGA had a very successful 2013 session in the Kentucky General Assembly. The Government Affairs Committee spent hours evaluating the possible impacts of legislation on Kentucky's industry and providing the necessary guidance to get us through the legislative session. Also, we've been in close contact with Kentucky's Congressional delegation on federal legislation that could harm our independent producers. Just last week, the Chairman of the Senate Finance Committee introduced "tax reform" measure that would eliminate the intangible drilling costs (IDCs) deduction for Kentucky's oil and gas producers. Within 30 minutes, KOGA was in touch with Kentucky's U.S. Senate offices letting them know that these deductions are neither "subsidies" nor "loopholes" but, instead, IDCs are sound tax policy that incentivize investment and job creation. It takes a constant effort to stay on top of these issues but we'll keep it up at the Kentucky General Assembly and in Congress to make sure KOGA serves as the "voice of the industry."
- **Raising the KOGA Profile:** The Economic Impact research garnered tremendous media coverage for KOGA and the industry. We've been in front of several General Assembly committees to provide our analysis and insights on the industry. In September, I was a part of the Governor's Conference on Energy and the Environment. And - something I've obviously been a big proponent of - we moved our offices to downtown Frankfort. The new office space has allowed us to hold meetings with current and prospective members as well as other industry stakeholders and allies on how to best position the industry going forward. Our next step will be a new KOGA brand and logo. Once we've decided on the new logo, we'll have it placed on our office windows and KOGA will be visible to anyone driving through Kentucky's state capital.

2013 has been a transformational year for KOGA. We've got momentum going into 2014. Now the challenge is to take what we've accomplished and keep building. We're not satisfied and we're going to continue to identify opportunities to strengthen the industry's position in Kentucky.

Thank you for all your support. We hope to see everyone at the KOGA Christmas Party on December 13th. It will be a great opportunity for us to celebrate our success and keep up the conversation of where KOGA is going next.

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