

Oil and Natural Gas Stimulate Kentucky

Economic and Job Growth

Oil and natural gas are driving the U.S. economy through a major energy boom and that boom is rippling through the economy of Kentucky, supporting business activity across the state. This finding grows out of a new American Petroleum Institute survey of domestic oil and natural gas vendors,¹ which offers a glimpse into the job and business creation engine that is the current oil and natural gas industry. The survey shows that at least 74 businesses, spread across all six of Kentucky's congressional districts, are part of the larger oil and natural gas supply chain.

The survey's snapshot of state-by-state activity reinforces the impressive level of industry success throughout the country that is documented in a recent PriceWaterhouseCoopers study conducted for the American Petroleum Institute.² That study found that the oil and natural gas industry in Kentucky supports some 94,700 jobs, which is 4 percent of the state's total employment. The amount of Kentucky labor income supported by the oil and natural gas industry comes to \$4.054 billion annually. That's 3.8 percent of the state's total labor income.

Although Kentucky is not a top U.S. energy producer, these job and labor income figures demonstrate that the people of Kentucky enjoy significant benefits from

energy development.³ The benefits show up in the state's salary statistics as well. Thus, while the average annual salary in Kentucky across all industries and sectors is \$40,589, the average oil and gas industry salary (excluding gas stations) is substantially higher—\$65,495 annually. Overall the industry supports \$7.9 billion of the Kentucky economy. That's 4.6 percent of the state's total economic activity.

Kentucky also benefits from the production of oil and natural gas from shales and so-called "tight formations," energy development that uses the proven engineering technologies of hydraulic fracturing, or "fracking," and horizontal drilling. Total jobs supported by these activities in Kentucky reached 9,614 in

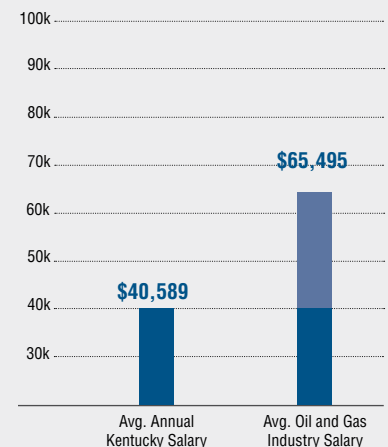


\$7.9 BILLION
THE INDUSTRY CONTRIBUTES TO
KENTUCKY'S ECONOMY

94,700
KENTUCKY JOBS

SUPPORTED BY OIL AND
NATURAL GAS INDUSTRY

AVERAGE ANNUAL SALARY COMPARISON



1. American Petroleum Institute, "API Onshore Oil and Gas Vendor Identification Survey," Washington, D.C., 2014. The survey was distributed to API members in January 2014 to collect information for the period October 2012 to September 2013. Included are companies that provide goods and services for onshore oil and natural gas development, whether as operators, contractors, service companies, suppliers, or vendors.

2. PriceWaterhouseCoopers, "Economic Impacts of the Oil and Natural Gas Industry on the U.S. Economy in 2011," Washington, D.C., July 2013. Prepared for API using the IMPLAN input-output modeling system, based on 2011 U.S. Bureau of Economic Analysis data.

3. Information cited in this paragraph comes from the Bureau of Labor Statistics, Quarterly Census of Employment and Wages (preliminary data for 2013 accessed July 2014); and PriceWaterhouseCoopers, "The Economic Impacts of the Oil and Natural Gas Industry on the U.S. Economy: Employment, Labor Income and Value Added," 7/12/13 (based on 2012 IMPLAN database).

State: Kentucky

Vendors by Congressional District

Congressional District	Total
Congressional District 1	2
Congressional District 2	3
Congressional District 3	21
Congressional District 4	9
Congressional District 5	29
Congressional District 6	10
Grand Total	74

Vendor Profile⁶

Genscape

Genscape is the leading global provider of real-time data and intelligence for commodity and energy markets. With thousands of patented monitors strategically deployed worldwide, Genscape is unique in its ability to collect and report proprietary market fundamentals in real-time or near real-time. The company delivers innovative solutions across a number of asset classes, including oil, power, natural gas and liquefied natural gas, agriculture, petrochemical and natural gas liquids, maritime, and renewables.

Market participants in the financial and commodity markets, particularly in the oil and gas industry, have benefited from Genscape products and services. These markets were much more opaque before Genscape began delivering real-time, proprietary data and intelligence on the oil and gas industry. Previously, traders, analysts and other market participants relied on delayed or inaccurate data from the government or other public sources. Now they have the ability to make more informed trading decisions, improve risk management, and increase operational efficiency with a much higher degree of visibility.

In sum: "Genscape's activities to help the market become more efficient and transparent ultimately benefit the entire global oil and natural gas supply chain, from exploration and production companies to refineries, storage owners, and end users, including companies and individuals alike."

CRS Reprocessing Services

CRS is a global provider in fluid reprocessing management, offering people, technology, and services to efficiently handle industrial fluids for manufacturing facilities. Headquartered in Louisville, Kentucky, the company has more than 30 years of expertise and operations in the United States, Europe, and Asia. CRS provides custom-built, on-site reprocessing and mobile facilities that economically restore used fluids to customer-specified performance levels, making possible high-yield waste recovery and lower unit costs.

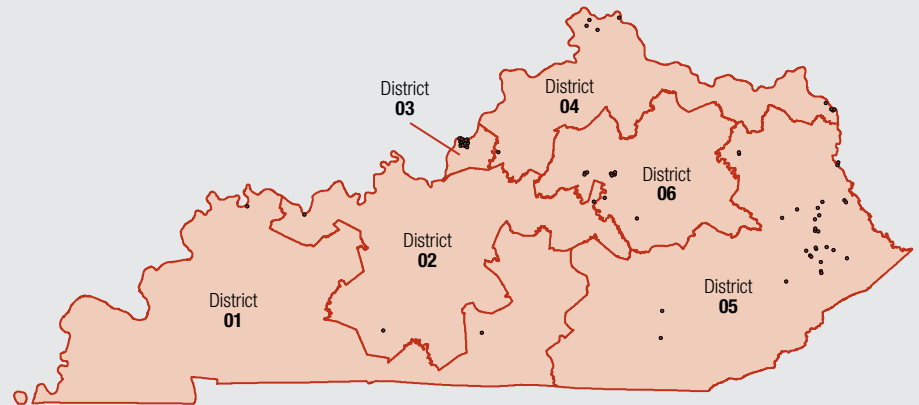
CRS thus provides environmentally friendly and highly efficient "green" recycling for drilling operations, maximizing the recovery of valuable materials while dramatically reducing waste and disposal costs.

Although CRS is a U.S. company, prior to the shale gas boom the employee base was predominantly in Europe and Asia. Since 2012, however, with the growth of the Oil & Gas Services Division, the company's U.S. employment has increased by 51 percent.

6. From the 2014 "API Onshore Oil and Gas Vendor Identification Survey" returns.

Kentucky Vendors by Congressional District

District Location ●



Top Cities

Louisville = 21

Sources: Esri, DeLorme, NAVTEQ, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), and the GIS User Community

2012. The job total is projected to climb to 16,595 in 2020 and to 20,243 in 2035.⁴

And Americans, including the people of Kentucky, get it. A telephone poll of 1,012 registered voters across the country,

conducted on behalf of the American Petroleum Institute, found that 77 percent of Americans, regardless of party affiliation, support increased production of oil and natural gas resources located in the United States.⁵

4. "IHS Inc., "America's New Energy Future: The Unconventional Oil and Gas Revolution and the U.S. Economy," Washington, D.C., December 2012.
5. "What America is Thinking on Energy Issues." <http://www.api.org/news-and-media/news/newsitems/2014/july-2014/voters-say-us-should-do-more-to-develop-oil-natural-gas> the results of a national poll conducted by Harris for API July 10-13, 2014. Click on "national poll" to see how percentages of voters answered this and other questions.



AMERICAN PETROLEUM INSTITUTE

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KENTUCKY - VENDOR LIST

Congressional District 1

David L. Goeson
Royster's Machine Shop

Congressional District 2

Kentucky Underground Storage, Inc
R. Scott Spidel
Southern Tank & Mfg, Inc

Congressional District 3

Allied Waste Services, Inc
Ally Financial, Inc
American Air Filter Company
Arrowhead
Atmos Energy
Cook Compression
CRS Reprocessing Services

Denios, Inc
Envapower, Inc
Genscape, Inc
ICAP United, Inc
Isco Industries, LLC
Jordan Technologies, LLC
Nestle Pure Life
ORR Safety Corporation
Ozarka Spring Water Company, Inc
Pitney Bowes, Inc
Waste Management of Baton Rouge
Waste Management of Michigan
Waste Management of Mississippi
Windstream Communications, Inc

Congressional District 4

Cincinnati Ventilating Co
Health & Safety Sciences, LLC
James Cook
Jordan Technologies, LLC
North Second Street Smithfield, LLC
Opell Excavating, LLC
Starrag Hecket, Inc
Trenwa, Inc
Vanantwerp Monge Jones

Congressional District 5

A. Risner
Anthony Lafferty
Baige Casto
Cantrell's Consulting, LLC (David K. Cantrell Jr)
Charles T & Janet Vance

Curtis Marvin Tackett
Daniel C. Carlisle
David Eller
Gregory Howell
GRO Enterprises, LLC
James Hopper
James Maynard
James Ray Cyrus II
Jason Stidham
Jennifer Marie Klein O Keefe
John & Shelia Denise Isaac
John Gilbert
Joshua Hicks
Marvin Shepherd
Mikes Sealing & Striping, LLC
Morehead State University
R&J Well Service, Inc
Ronald Addington
Russell Kidd

Smith Oilfield Service, Inc
Stephen Cornett
Tri-Span Construction, LLC
Western Construction, Inc
Willie Thompson

Congressional District 5

Big Ass Fans Research Facility
Century Exploration Resources, LLC
Cortland F. Eble
EMS Land Services, LLC
EMS Quality Control, LLC
Energy Management & Services Co
George Mason Law Firm Psc
Home City Ice Co
Hotwork Usa
James T. Baker