# AAP Journal
## Assessors' Association of Pennsylvania

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CCAP County Commissioners Association of Pennsylvania
Serving Counties Since 1886
An affiliate of the County Commissioners Association of Pennsylvania


## Where Have All the Drill Rigs Gone?

*By Jeff Kern, President, Resource Technologies Corporation*

Just two years ago the press was full of stories about drill rigs inundating Pennsylvania. As shown in the **Figure 1**, the number of drill rigs peaked in the fall and winter of 2011-2012. Have they drilled all there is to drill? Did we run out of gas? The answer to both of these questions is "no." There are millions of acres, thousands of sites yet to be drilled. There are trillions of cubic feet of gas yet to be developed.

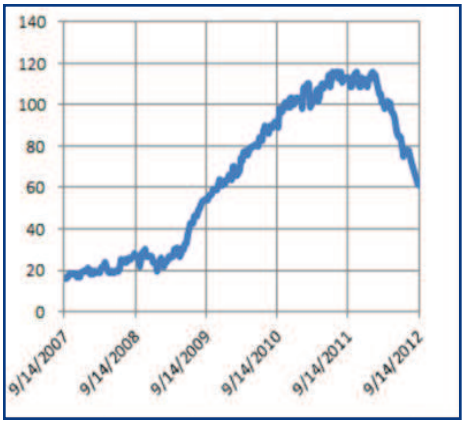



**Figure 1**

One of the lures of horizontal drilling coupled with high volume hydrofracing has been the ability to construct one well-pad to develop multiple wells with deep long horizontal well bores. For example, **Figure 2** (next column) shows four nearly one mile long parallel wells drilled in 2009 in northeast Pennsylvania from a single pad.

The developer could access many acres of potential gas while disturbing only a single surface site. This was intended to allow for minimizing surface disturbance while

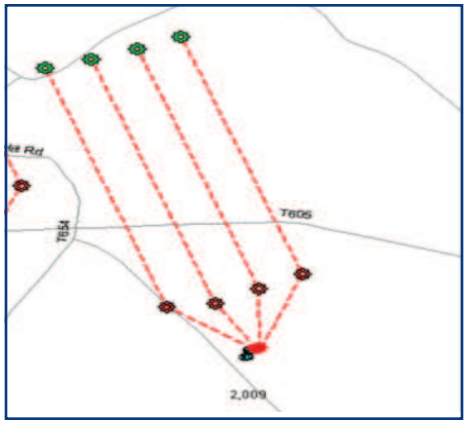



**Figure 2**

maximizing access to deep gas, development of single control and piping locations, and controlling environmental and cultural impacts.

Well drilling and completion technology increased over time, with horizontal bores gaining in length and being able to host a larger number of fractures. The fracture technology has also improved, allowing the developer to free more gas per length of the well.

Prediction of the average amount of gas potentially available from a single well bore has increased since 2007 from 3.5 billion cubic feet to more than eight billion cubic feet today. It should be noted that some wells perform at even higher rates while others do not produce much gas at all.

During the early stages of development, one of the lures of the Marcellus horizon was its capacity to produce relatively high BTU "dry" gas – natural gas that was

*continued on page four*

## Ideas for You

### REMOVE OBSTACLES TO UNDERSTANDING

If your team is having a communication breakdown, or if you simply recognize room for improvement, follow these tips:

**Lay out pet peeves.** Co-workers may be bothered by very different commmunication habits and quirks. Sit down as a group and brainstorm a list of annoyances. Once you identify the sources of irritation, gain the commitment of all team members to minimize or eliminate them.

**Never assume you're on the same page.** Remember that your employees aren't mind readers. They won't know what you're thinking if you don't tell them. They can misinterpret an assignment if you neglect to give clear, specific instructions. Putting in a few extra minutes to communicate on the front end can save you hours in the long run.

**Watch your tone.** About 70% of workplace conflicts are due to how people say things, not what they say, according to a Harvard Business study.

**Use the right body language.** Not only will it portray your intended message better through visual cues, but it can also affect your tone of voice and your confidence. Think about the message you're sending with your posture, gestures and facial expressions.

*Adapted from Communication Briefings*

## What's Inside

President's Message, AAP Education Dates, Legislative

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# President's Message

I hope everyone has had an enjoyable and relaxing summer and hopefully, the drought has not ruined the coming fall weather. Things have been quiet here in Butler County as we are currently preparing to schedule and present our annual appeals. I have double duty right now as I am trying to remember all of the information that Ed is cramming into my brain before he retires at the end of this year.

The AAP has seen some mighty changes this year with the announcement of the retirements of Eric Brown (Wyoming County), Ed Rupert (Butler County) and now, Jim Hercik (Fayette County). These men have helped this association in so many ways including teaching at conferences and chapter meetings, testifying on AAP's behalf before numerous state committees and offering solid advice to so many of us over the years. I know their knowledge and input will be greatly missed by all. *If I have missed anyone who has also decided to retire or leave us this year, please accept my humble apologies.*

The retirement of these three men leads me to this: the association needs volunteers to help fill the void which now exists. Now that I am one of the old timers, I see so many new faces and I know that everyone has something to offer this association. Please help to run your organization by offering any services, whether it is volunteering to serve on one of the many committees that are part of the AAP, helping to plan a conference or even running for an office. We all need to do our part as every single member has talents and skills that can make the AAP a better association.

Never in my life would I have ever imagined that I would run for an executive position in any association and never in my life did I think I would get elected. It is a privilege and honor to serve this great organization of ours.

Well, I am off my soap box now so please enjoy the fall weather and I hope to see you all at the Fall Conference in State College in November.

***Chris***

Chris Savage
AAP President



# Legislative Update

*By Jonathan B. Schuck, Chair*
*Government Information Committee and*
*Assistant Director of Assessment/Tax Claim, Chester County*

Greetings fellow assessment professionals throughout the Commonwealth of Pennsylvania. By the time you receive this issue of the AAP Journal, we will be enjoying the relative coolness of fall weather. I hope this season is filled with events and memories that you will cherish during the ensuing winter months. Although the summer months are typically a quiet time on the legislative front, there are a number of assessment-related updates worth sharing. Please read on...

During the first 20 months of the 2011/2012 Session, more than 83 pertinent bills have been introduced and five enacted. As we push toward the final four months of the session, a host of legislation is on the table. Following is a summary of activity since the last Legislative Update in June:

## ASSESSMENT REFORM

### Act 131 (Senate Bill 1301)

This amendment to Title 53 adds a section to the definition of "board" to include "The body with the responsibility of making assessments of real property in a city of the first class." The bill passed in the Senate 48-0 on March 6, the House 201-0 on June 28 and was approved by the Governor on July 5, 2012.

### House Bill 1776

This act would allow school districts to put forth a referendum which, if passed, would establish a personal income tax or an earned income tax and eliminate the real property tax. It would implement a seven percent sales and use tax for the stabilization of education funding. It is a companion to Senate Bill 1400 and recently introduced House Bill 2598. The bill was tabled on June 11 after nearly 13 hours of committee debate and public discussion. The House Select Committee on Property Tax Reform met August 20 and is currently waiting for a new fiscal analysis from the Independent Fiscal Office (IFO) due this fall. It is expected that subsequent legislation will be introduced early in the 2013/2014 Legislative Session.

### Senate Bill 1309

This amendment would add restrictions to a taxing district's right to appeal assessments. This bill passed in the Senate 34-13 on June 20 and was in the House Finance Committee as of June 21, 2012.

### Senate Bill 1546

This amendment would repeal the prior State Tax Equalization Board Law (the act of June 27, 1947 P.L.1046, No. 447) and redefine STEB. This bill has moved through the Senate and House several in amended form and is currently in the Senate Rules and Executive Nominations Committee as of June 30, 2012.

## HURRICANE IRENE/ TROPICAL STORM LEE TAX ABATEMENT

### Act 71 (House Bill 1913)

This act allows taxing bodies to abate the tax year 2011 property taxes for properties damaged by Hurricane Irene and Tropical Storm Lee. The reduction is effective retroactively to January 1, 2011 and properties that have already paid are eligible for refunds. The amount abated or refunded is not to exceed $30,000. The act also allows for a graduated three year exemption for reconstruction or repairs. The bill passed the House 196-0 on March 27, the Senate 47-0 on June 3 and was approved by the Governor on June 27, 2012.

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Article submissions are welcome.
Please send to:
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Journal Editor

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*continued from page one*

"pipeline-ready." In many locations, the gas coming out of the well required little or no processing before it was introduced into the transportation and commercial delivery systems. Other sources of gas, including Marcellus Shale in some portions of western Pennsylvania, were found to be "wet" and not pipeline-ready. These sources of methane were contaminated by Natural Gas Liquids (NGLs) and other hydrocarbon liquids.

Liquids may include ethane, propane, butane, isobutane, pentane and light weight oils. None of these can be introduced into the natural gas distribution system. Processing is required to separate the liquids from the methane. Processing requires the development of processing facilities as well as the capacity to sell these commodities. Development of this capability takes time and intensive capital investment, requiring confidence that the source will be sufficient to support long-term production.

Unlike natural gas (methane), the liquids are sold on a worldwide market and are generally produced by cracking crude oil. These are part of the conversion of a barrel of oil into gasoline, diesel fuel, fuel oil and other hydrocarbon liquids. As such, their price has been related to the price of a barrel of oil and to the worldwide demand for the commodities. Natural gas, on the other hand, has been a regional fuel with delivery limited to the location of land-based pipelines.

Since 2005, a new market has begun to be developed for natural gas liquids, with a number of companies building processing facilities in western Pennsylvania and other companies announcing plans to construct facilities in western Pennsylvania, northern West Virginia and eastern Ohio. Gases containing as much as 15 percent of these commodities are now sought after. While methane sells into regional pipelines at regional prices - set by supply and demand - the liquids developed from the western wells yield high prices. In short, wells that produce oils and liquids generate more income. Since drilling costs are the same, the focus of future drilling will be in those areas that produce natural gas as well as liquids. In some instances, yields of the liquids have been so high that

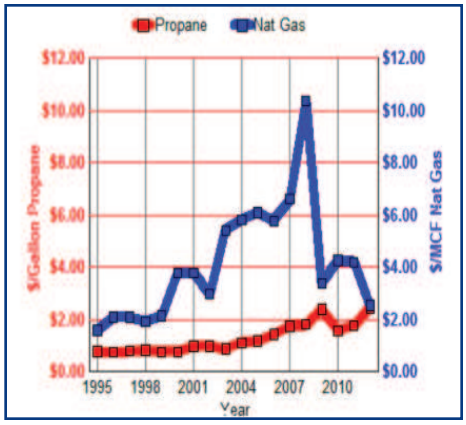



**Figure 3**

the price of natural gas has been an afterthought. As shown in **Figure 3**, the price of propane has steadily increased since 1995, while the price of natural gas has been highly volatile and has recently plunged to historic lows.

Put simply, rigs are chasing dollars.

For the most part, the intensive drilling has moved away from eastern Pennsylvania. What are left are rigs attempting to drill enough wells at strategic locations to hold

*continued on page seven*

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## Check out the AAP Website

The AAP website, located at *www.paassessors.org*, contains information that can be accessed by the public and also Members Only information. AAP's web page is a great resource where members can find information about the latest AAP education and conference offerings, a listing of the Board of Governors, chapter officers, links to other national and international assessment organizations and county offices and the Members Only section where each active member's class transcripts can be accessed.

The Members Only section of the AAP website contains:

**Membership Directory** – The Membership Directory is where members can search for other members within county categories. The listing of members is continuously updated as AAP receives membership updates from the counties.

**Education Transcripts** – Each AAP Member can now access their education transcript for the current recertification period. The transcript includes all AAP conference classes and chapter education classes for the current recertification period.

***AAP Journal*** – Also available in the Members Only section is a link to a year's worth of back issues of the *AAP Journal*, our quarterly newsletter.

**Board of Governors' Meeting Minutes** – Lastly, AAP members can access the Board of Governors' meeting minutes.

# *AAP People & Chapter News*

### Laurel Mountain Chapter

Laurel Mountain Chapter would like to thank **Jim Hercik** for all he has done for the chapter and wish him well in his retirement from Fayette County. Congratulations, Jim!

### South Central Chapter

The South Central Chapter meets quarterly in March, June, September and December. Each meeting begins with a chapter business meeting at 9 a.m., with an education seminar beginning immediately after the meeting (approximately 9:30 a.m.) and are held at the Adams County Agricultural and Natural Resources Center, 670 Old Harrisburg Road, Gettysburg, PA 17325. Please contact Barb Walter at (717) 337-9837 for more information.

### South East Chapter

The South East Chapter will be meeting on the following dates: December 19, 2012, March 13, 2013, June 12, 2013, September 18, 2013 and December 11, 2013. For more information concerning the meeting, please contact Mark Jackowski, Bucks County at (215) 348-6219 or *keyjazz@hotmail.com*.

### Adams County

Congratulations to **Daryl Crum**, who has been appointed the director of the Tax Services Department. Daryl, former director of Tax Appraising, heads up the newly created department which includes Tax Assessment, Tax Appraising, Tax Mapping and Tax Claim. **Barb Walter** was appointed assistant director of the department and remains chief assessor.

### Lawrence County

On August 3 chief assessor, **JR Hardester**, his wife Rachel and son Andrew welcomed Carmella Marie to their family. Congratulations, Hardester family!

### Lebanon County

Congratulations to **Ted Conley**, GIS specialist, and the county's newest CPE.

### Perry County

Welcome to assessor, **Steve Warner**, who has joined the county's assessment staff.

### Philadelphia County

Congratulations to Philadelphia County's newest CPEs - **Irina Kaltak, Michael Clancy, John Etim** and **Michael McDevitt.**

### York County

Congratulations to **Brent Bailey**, Appraiser I, for becoming the county's newest CPE.

### Contact Us With Your Chapter and County News!

Don't forget to send your important news for the next *AAP Journal*. Our next deadline is December 7. Please send your news to Terry Cochran at *tcochran@pacounties.org*.


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# Albert Bressi
## Chief Assessor
## Northumberland County

**Year in assessment field:** 14

**Marital status and family:** Married to my wife Diane (40 years this October), we have a son Stephen, 37 (an assistant high school principal), and daughter Danelle, 31 (a registered nurse).

**What irritates me most in the assessment business:** Head hunters who think they know everything

**Most people would be surprised to know:** I worked as a radio disc jockey and sports announcer for many years

**Biggest challenge as an assessor:** Working with a 1972 reassessment

**First Job:** Worked in a garment factory as a bundle boy

**If I couldn't be an assessor, I'd be:** a teacher at a community college

**If I won millions in the lottery, I would:** move to a deserted island with my wife and leave no forwarding address. PS: I'd give the kids a couple bucks before we left.

**Favorite food and drink:** Wedding soup and beer - can't you tell?

**Favorite vacation:** Beautiful white sands of Aruba.

**Favorite movie:** Animal House

**Three people living or dead that I would invite to dinner:** Jeff Dunham, Captain Edward John Smith and Don Shula

**The hardest lesson I ever learned as an assessor was the time:** I was asked to leave the courtroom during an appeal hearing.

**If I could live in the past for one day, I would change . . .** Nothing

**My best friend:** My wife Diane

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leases. Most leases have expiration terms, that is, they expire if there is no production activity within a specified period of time. After having spent a lot of money to acquire the leases, drilling companies are reluctant to give up the lease. To minimize development costs and to hold leases at that same time, the companies are typically collecting as many leases into units, where one or two wells are intended to satisfy the lease requirements of multiple properties.

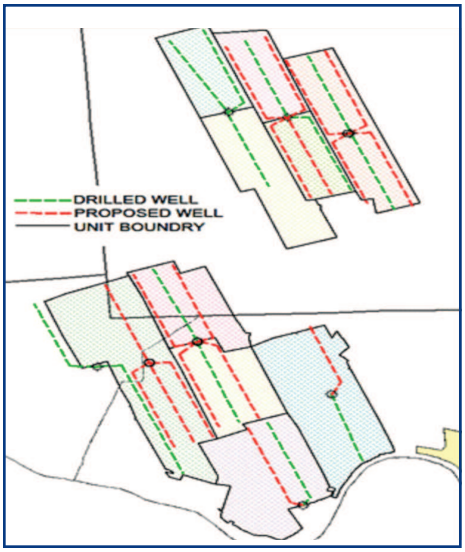



**Figure 4**

**Figure 4** shows an example of drilled and proposed wells being used to hold numerous properties.

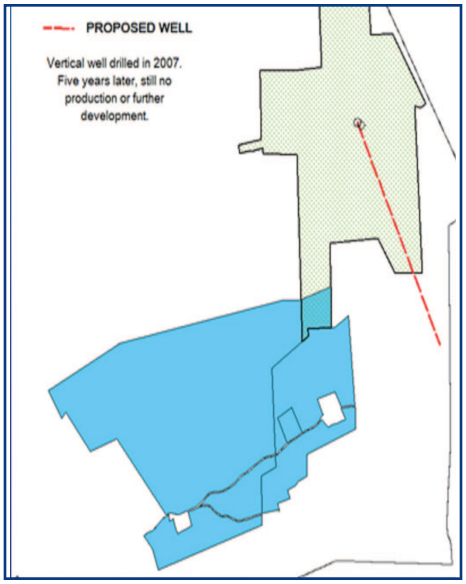



**Figure 5**

**Figure 5** shows a single well being used to hold a property.

In both figures green lines represent completed wells and red lines represent plans filed as permits with Pennsylvania DEP. It is interesting to note that in **Figure 5** the vertical well was never converted to horizontal well bore and the unit (light green area) has been configured to capture the property represented by the blue area.

As drilling moves west to take advantage of wet gas potential, unitization and pooling are becoming controversial. Pennsylvania, unlike some other states, does not have statutory or administrative laws governing these aspects of natural resource development. Instead, court decisions will provide the foundation for these arrangements.

*Look for more articles on this subject in coming issues!*

## AAP Education Opportunities

The AAP's main mission is to provide education for our members. Listed below are the Association's education offerings for the next year.

The current recertification period ends on June 30, 2013. Attending AAP Conferences is a great way to earn your recertification credits.

Information on each Conference or set of CPE classes will be available on the AAP website, *www.paassessors.org*, about two months before each event.

**2012 Fall Conference**
November 15 - 16
Penn Stater
State College

**2013 Spring CPE Classes**
CCAP North Office
Harrisburg

Introduction — March 11 - 15
Site/Market — March 19 - 22
Cost — March 25 - 29
Income — April 2 - 5

**2013 Annual Conference**
April 24 - 26
Seven Springs
Mountain Resort

**2013 Fall Conference**
November 7 - 8
Nittany Lion Inn
State College

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