

Is the Utica's northern tier finally being unlocked?



| Thursday, August 23, 2018

In the early days of the shale energy boom, way back in 2012, the northern tier of Ohio's Utica shale was widely expected to constitute the core of the formation's potential. The area consisting of Columbiana, Mahoning, Trumbull, and, depending on who you ask, Stark, Summit, Portage and Tuscarawas counties, was among the first to draw the attention of national producers with promising results from several early horizontal wells. Following the customary land grab, wherein producers such as Chesapeake, BP and Halcon spent billions of dollars to gobble up hundreds of thousands of acres under leases in the northern tier, companies arriving later were forced to lease further south into Monroe, Belmont, Guernsey and Noble counties.

As it turned out, though, further drilling in the northern tier achieved inconsistent and lackluster results, while drillers further south started hitting pay-dirt reliably, and often in staggering quantities. Within a few years, companies that bet big on the northern tier were cutting their losses and abandoning positions and drilling programs. One article from 2014 proclaimed, in what amounted to optimism for the time, "[Northern Utica Not Yet A Bust; Oil Windows Seen as Key to Revival.](#)" Then, when petro-commodities prices collapsed in 2015, hitting the oil market much harder than that of the dry gas that dominated production further south, producers effectively left the northern tier for dead. BP and Halcon sold off their assets to Akron-based newcomer Pin Oak Energy Partners, and Chesapeake muddled through debt and leadership crises, finally selling off its remaining Utica assets to Encino Acquisition Partners just a few weeks ago.

But, even though the northern tier's dense, unpredictable rock has thus far withheld most of its riches, it has one of the world's most innovative and technologically sophisticated industries trying to unlock them. In such a contest, don't bet on the rock.

In fact, the beginning of a new era in the northern tier may be unfolding as you read this. Hilcorp Energy Co., which has maintained a consistent presence in the northern tier of the Utica in both Ohio and Pennsylvania since the early days of the boom, has rather quietly demonstrated ever-healthier production from its comparatively slow-and-steady drilling approach in the northern tier.

According to [figures released July 11](#), Elkrum-Scheel 4H well in Columbiana County spouted out 743.369 MMcf of gas in the first quarter of 2018, and the 11H well from the same pad produced another 727.418 MMcf, compared to a statewide average of 278.454 MMcf for Utica wells over the same period. Apparently encouraged by these results, on June 30, Hilcorp received permits for [three new wells](#) in Columbiana County, which were the first new wells permitted in the northern tier this year.

Time will tell whether the production figures from these new northern tier wells fare as well as their counterparts further south, and whether Hilcorp has caught a streak of good fortune or figured out something that largely eluded Chesapeake, BP and Halcon. We will continue to monitor these interesting developments, but for now it seems that, at least for one company, the northern tier is finally beginning to crack.

