

Testimony: House Energy and Commerce Committee

Tuesday May 7, 2013 @ 10:00 a.m. 2123Rayburn House Office Building

Mr. Chairman and distinguished members of this committee, thank you for the privilege of appearing before you today. My name is Mike Halleck. I am President of the Columbiana County Board of Commissioners. Columbiana County is located in Eastern Ohio bordering Pennsylvania and West Virginia. We are part of the Appalachian region. Our county is comprised of 540 square miles with a population of about 110,000.

In the past two years our county in particular and surrounding counties in general has transcended into an energy-based economy from a manufacturing one. A little more than two years ago our county had an unemployment rate of almost 16%. Today it is about half that.

Permit me to address our manufacturing base for a moment. Ohio and especially Northeast Ohio has been a manufacturing power since the industrial revolution. While in recent decades automobile and steel were our major employees, the advancement of technology and to some extent imports have challenged their future. However the good news is that Eastern Ohio is quickly becoming an energy economy and has enhanced our manufacturing base even more.

A few examples would be *V&M Steel*, a French company that invested 750 million dollars in our region to manufacture pipe for the oil fields and their pipelines. Another would be a billion dollar cryogenics plant that separates the different gases for shipment. Just in the past week another announcement was made regarding a 300 million dollar pipeline and gas processing plant by *NiSource* a division of *Columbia Gas*.

To put all of this in perspective, I will share with you a few of the more compelling

statistics associated with this. In a few short years, there have been over 7 billion dollars invested in our area. Over 39,000 jobs created with projections of 143k by 2020 and 266k by 2035. During 2012 the average wage in Ohio was 55k, while the wages for the oil and gas industry average was 81K. The Oil and gas industry accounted for 1.5 billion dollars in new tax revenue to the state of Ohio.

To bring a single well on line takes about 410 people across 150 professions. The average well should generate about 1 billion dollars in revenue.

A recent study by Penn State University stated that this Marcellus Utica “play” was projected to be the largest natural gas find on earth, second only to the border region of Qatar and Iran. Not necessarily a place we would want to stake our energy future.

Finally, yes there are billions and soon to be trillions of cubic feet being harvested as we speak. And yes there could and already has been a suppression of gas prices. What do we do next? While the lower prices are welcome domestically, we should not in my view make the prices so cheap through too much supply that we force the producers to lower production. Better yet, why not pursue exportation to countries that we have open trade with. It would seem to me that not only would this stabilize prices, but give the United States a different standing in the world and make a statement of energy independence.

A recent report by Secretary Chu and the energy department seemed to suggest something along this same line of thinking. Several members of Congress seem to share this same school of thought in a recent letter to Secretary Chu. It was refreshing to see the non-partisan signatures on this letter. After all, energy independence is not and should not be a partisan issue.

While I am certainly not an expert in this field, much less an economist, common sense

would tell me that if we are exporting more product abroad, there will be a need for more production, thus more workers needed for this production.

Again, thank you for this privilege and in particular Congressman Johnson for inviting me here today. I will try and answer any questions that you may have.

Respectfully Submitted

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