

House Energy and Natural Resources Committee  
National Association of Royalty Owners (NARO) Appalachia Chapter

Proponent Testimony on H.C.R. 16

December 5, 2017

Chairman Landis, Vice Chair Hagan, Ranking Member O'Brien and Members of the House Energy and Natural Resources Committee, thank you for allowing me the opportunity to provide testimony on behalf of the National Association of Royalty Owners (NARO) Appalachia Chapter in support of House Concurrent Resolution 16. My name is Rebecca Clutter.

The National Association of Royalty Owners (NARO) exists to promote the rights of citizens who own natural resources in our country. NARO is the only national organization representing solely oil and gas royalty owner's interests. The Appalachia chapter, is comprised of Ohio, West Virginia, Kentucky, and North Carolina.

It has been well-expressed that the Appalachian Basin is set to create a manufacturing renaissance. As mineral owners, it is our great honor to be a part of this story. Without access to our privately held minerals, none of this would even be possible. We celebrate the fact that our private assets are contributing to jobs creation and economic stability in the communities and states where our assets are held. However, the pricing of our oil assets are at the whim of OPEC.

I am old enough to remember the negative effects that were created from OPEC's manipulations of the market in the 1970's. In 1973 OPEC targeted nations which were supportive of Israel. This became the first of two oil crises in that decade. The 1979 oil crisis was driven, in part, by the Iranian Revolution. It was perpetuated by the fear generated from the prior 1973 event, and was made worse by the failure of reducing our dependency on foreign oil.

In 2014 OPEC once again manipulated the market, this time in an attempt to purposefully halt the growth of US shale production. We saw commodity pricing cut by well over half. This was followed by a drop in rig count nationwide, which resulted in large numbers of jobs being eliminated.

Ohio is fortunate to have the geology that we have. It allows producers the flexibility to move between the oil window and wet and dry gas plays based on commodity pricing. This, coupled

with innovation and technological advances, allowed many of the Ohio producers to stay afloat although it was not without a noteworthy number of jobs being lost.

This not only effected the oil and gas industry. People left Ohio to look for other jobs as businesses downsized. We saw family owned restaurants close, and nearly everything considered a service industry from hotels to grocery and retail stores took a hit. Sadly, many of the western producers in the United States did not fare as well. Job losses in those areas were significant, and we saw many producers file for bankruptcy.

Today, OPEC continues to manipulate the markets creating conditions that cause continued uncertainty and threaten our energy independence as a nation.

A week before the Senate hearing for SCR 14 back in October, Saudi Arabia met with Russia and almost instantly we saw commodity prices drop. Just last week, OPEC met again to determine its course on production. As you may recall, there was uncertainty surrounding the decision OPEC was likely going to make as there were no assurances that their decisions would be friendly to our economy.

This problem is further exacerbated in that the US does not establish the price index. Energy expert Dr. Daniel Fine in a July 2017 speech stated, "The daily price of oil is set by foreign markets long before many Americans wake up each morning." Dr. Fine is the Associate Director of the New Mexico Center for Energy Policy and the Senior Policy Analyst for the New Mexico State Department of Energy, Minerals, and Natural Resources.

We at NARO Appalachia are not financial experts, economists, or industry prognosticators. We are state residents who simply desire to receive a fair price for our assets without being subject to price setting and manipulation by foreign countries which may or may not have our country's best interests in mind.

Locally, we see firsthand how OPEC's production decisions affect us here. Prices get reduced, rig counts go down, the job market becomes unstable, local businesses are affected, and state, county, and township budgets all become impacted. We believe that taking a hard look on how OPEC decisions affect us nationally, and then offering up viable solutions that prevent foreign markets from negatively impacting the US is long overdue.

The US House Resolution 545, which this House Concurrent Resolution 16 would support, allows for a thoughtful and thorough examination of any anti-competitive involvement by OPEC countries including its members, and would make recommendations to reduce any adverse impact to the United States. It currently has over 60 co-sponsors with bipartisan support. Additionally, the Ohio Senate Energy and Natural Resources Committee recently passed SCR14, the Senate version of this, unanimously.

Therefore, NARO Appalachia rises in support of H.C.R 16 and we ask that this body supports this measure as well.

Thank you.