

Senate Energy and Natural Resources Committee

National Association of Royalty Owners (NARO) Appalachia Chapter

Proponent Testimony on S.C.R. 14

October 11, 2017

Chairman Balderson, Vice Chair Jordan, Ranking Member O'Brien and Members of the Senate 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 Senate Concurrent Resolution 14. My name is Rebecca Clutter. I am a volunteer board member of NARO Appalachia from Ohio.

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 publically 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 mineral assets, 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.

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 led to 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 halt the growth of US shale production. We saw commodity pricing cut by over half. This was followed by a drop in rig count nationwide, which resulted in a large number of jobs being eliminated.

Ohio is fortunate to have the geology that we have. It allows producers the flexibility to move between 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. Sadly, many of the western producers in the

US did not fare as well. Job losses in those areas were significant as many of those producers filed bankruptcy.

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

Just last week Saudi Arabia met with Russia and almost instantly we saw commodity prices drop. 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, 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 Senate Concurrent Resolution 14 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 has nearly 60 co-sponsors with bipartisan support.

It is for all of these reasons that NARO Appalachia rises in support of Senate Concurrent Resolution 14.

Thank you for your time.