

Statement of:

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Prepared for:

**U.S. House of Representatives
Committee on Natural Resources
1324 Longworth House Office Building
Washington D.C. 20515**

Testimony on:

“The Economic Impacts of Federal Policies on Energy Production and Economic Growth in the Gulf”

September 15, 2015

Thank you Chairman Bishop and Committee Members for giving me the opportunity to share my comments with you today regarding “Economic Impact of Federal Policies on Energy Production and Economic Growth in the Gulf”.

My company, RIG-CHEM has been impacted and will face more challenges should government continue to impose more regulations on an industry already burdened by challenging economic times.

RIG-CHEM was formed in 1980 as a small oilfield service company that supported the energy industry. In 1984 my Father at the age of 50 was forced into early retirement by the downturn in the industry much like what we’re facing today. With his \$25,000.00 severance after 21 years of service with Schlumberger he invested his and his family’s future in RIG-CHEM. By doing so, my parents created an opportunity for their children with the hope that the company would grow and support our family for many years to come, which it has. The days of modest investment and hard work are not as easily come by, times are different, and \$25,000.00 will not afford the same opportunities that were possible in 1984.

Our company employees 16 people across Louisiana and Texas with an average tenure of 16 years of company service. We are proud to say that the average annual income of our dedicated employees is \$66,000.00. We also provide Company Paid Health Insurance, 401K and Profit Sharing and have never laid anyone off despite the cyclical highs and lows of the energy industry.

RIG-CHEM is a long standing member company supporting industry organizations that help educate, improve technology, and develop best practices. These organizations are; the Society of Petroleum Engineers (SPE), American Association of Drilling Engineers (AADE), American Petroleum Institute (API), South Central Industrial Association (SCIA), Louisiana Oil and Gas Association (LOGA), Women's Business Enterprise National Council (WBENC) and the Women's Energy Network (WEN).

Over the last 30 years our company has weathered through tough times, business challenges, increased competition, industry fluctuation, hurricanes, a Moratorium, The Great Crew Change, and now a terrifying revisit of the early 80's with the decline in the price of oil. Many other small family-owned companies face these same challenges but today our battle is not just managing economic market fluctuations, we now also have the impending obstacles of continued tightening of government regulation. These regulations will limit opportunities and squeeze small businesses, (the backbone and largest tax contributors of the United States) out of the market. Our daily focus is to remain competitive, safe and efficient in a shrinking industry, where the ability as a small-diverse company that has to compete against the majors is becoming increasingly difficult. There was a time that oil and gas operators welcomed small business to help develop new technology and keep competition healthy. Since Macondo, the Moratorium, slow recovery, government interference, and record low oil prices the once value of diverse business is becoming extinct as companies do what is necessary to survive the times.

Speaking on a local level, the community where RIG-CHEM is located, Terrebonne Parish in Louisiana, last February had the lowest unemployment rate at 2.8%, in the country. This week we were advised that our parish has been added to a credit rating "watch list" due to the rising unemployment and reduced sales tax collections which are down by 15%. These uncertain times are more reason to work closely on regulation to prevent this from becoming a grave reality for many energy municipalities.

I support and defend the industry that is committed to a safe working environment where families and friends leave for their jobs that provide national energy and return home safely. This industry has been commanded to work safer, while working smarter and now more efficient.

My plea to you is to allow industry to work collaboratively with government to address the needs of safety and responsibility together. Let the experts in their respective fields guide the decisions that impact our energy future and ultimately energy independence. When regulations are mandated require that these burdens that are being leveraged upon our Gulf of Mexico operators be the same for those who export into the US to level the global playing field.

I am not a technical expert but a business owner who is concerned about the impact that the proposed well control rule will indirectly have on RIG-CHEM, our employees as well as many small companies like ours. Let us together protect our future. I stand behind the Oil and Gas Operators and state that:

The proposed well control rule:

- 1) Does Not Provide Substantial Improvements to Safety or Build on Post-Macondo Progress
- 2) Will Hinder Offshore Oil and Gas Development
- 3) Will Eliminate Jobs and Hurt our Energy Security and Future
- 4) Advise That the Rule be Rewritten

We can't control OPEC or the forces of nature but we can stop imposing more regulations that will drive us out of business. There was a saying back in the 80's "the last person to leave should turn off the lights", folks, the lights are dimming and we'll have no one else to blame but government for refusing to work towards a reasonable solution.

Let's work together; let's work to keep the lights on.

Respectfully,

Lori Davis
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President/CEO