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Uintah County Commissioner

Testimony before the

Committee on Natural Resources, Subcommittee on Energy and Mineral Resources
Oversight hearing on

“America’s Onshore Energy Resources: Creating Jobs Securing America, and Lowering Prices.”

March 14, 2013

Mr. Chairman and Members of the Committee:

My name is Michael J. McKee, and I am a County Commissioner in Uintah County, Utah. For over ten years as a Commissioner I have focused on issues relating to public lands and natural resources, specifically in an effort to encourage a robust and healthy energy industry in Utah.

The natural resources contained in my County and the Uintah Basin is extensive. For example Uintah County has approximately 111 trillion cubic feet of natural gas, the Uintah Basin contains an estimated 3.1 billion barrels of conventional oil, 1.32 trillion barrels of in place oil shale reserves, and one half of the oil sand deposits in the United States are found in Eastern Utah.

76% of the oil produced in the State comes from the Uintah Basin, with an additional 66% of the natural gas produced coming from Uintah County

Oil and gas extraction has been the major source of employment in Uintah County since the 1940’s. This industry has provided many families with good jobs, higher than average income, and the opportunity to work on the land that we all love and respect. Oil and gas exploration has provided employment from one generation on down to the next.

The subject of today’s hearing is dealing with onshore energy, and creating jobs. I would note that 60% of the Uintah Basin’s economy and 50% of our jobs are tied to the extractive industry.

SWCA, an environmental consulting group, completed a study in 2012. They find that a typical oil and gas well in Utah creates 11.9 jobs. The study also shows an additional 15.2 indirect jobs, with a total of 27.1 jobs per well. The average income for all jobs direct and indirect is \$57,418 dollars. A separate report shows the direct average wage for oil and gas jobs to be in the \$80,000 plus range. I will just underscore the fact that these are good paying jobs. For every oil and gas job in our area it creates another 1.26 jobs according to the Utah Department of Workforce Services.

The SWCA report further reviewed Environmental Impact Studies, and (EIS'S) and Environmental Assessments. (EA's) They analyzed proposed oil and gas projects in our area. These proposed Eastern Utah projects would drill an additional 20,160 wells.

These new wells would create an additional 10,404 direct jobs, and 12,86 indirect jobs, with a total of 23,264 new annual jobs. These jobs would generate \$1,409,512,245 annually. Of course both the 124 billion dollars in total economic activity and the 1.4 billion dollars in annual employment from these wells are staggering.

I cannot overstate how important the extractive industry is to our communities. It is very important that we have sound predictable policy guiding the management of these lands. If the extractive industry were to collapse our communities would collapse. Many businesses would no longer be viable. This would have a boomerang effect on the entire Uintah Basin. In fact in 2009 when the BLM cancelled 77 oil and gas leases in Utah a chilling effect occurred in the Uintah Basin and we lost over 4000 jobs. This was a very difficult time as families were separated as employment was being found in North Dakota and other energy areas.

We have tremendous opportunities. We also have certain challenges in developing the resources. One of our challenges is that the majority of the property in our county and State are federally controlled. Policy decisions made in Washington very much influence and control the development of our natural resources. It is imperative that we have public lands and energy development policy that is sound and predictable. Some months ago a group of investors indicated to me that they would like to invest 100 million dollars in our area but are discouraged with the difficulty of Federal Policy. This investment may ultimately be spent in another country

On a brighter note. In 2012 Utah had over 2100 application for permits to drill processed. We also had the highest natural gas production ever.

The latest unemployment numbers for Uintah County in November 2012 was 4.0% compared to the National rate of 7.8% for the same time period. In other words our unemployment rate is about one half of the national average.

As stated earlier, we do have an incredible amount of oil shale and oil sands in the Uintah Basin. As these resources are developed they will also create thousands of new high paying jobs and help reduce our dependence on foreign oil.

In summary, the extractive industry is extremely important to our economy. We have a lot of good high paying jobs. With good policy we can create many more direct and indirect jobs relating to this important industry.

Thank you for your time. I would be happy to answer questions.

Michael McKee