

**TESTIMONY
OF
ANGIE SIMS
PRESIDENT AND CEO
BUSTER’S WELL SERVICE, INC.
BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE, NUTRITION & FORESTRY
Energy and the Rural Economy: The Impacts of Oil and Gas Production
April 13, 2016**

Chairman Conaway, Ranking Member Peterson, and distinguished Members of the Committee, thank you for the opportunity to appear before you today to discuss the role of energy service companies in the rural economy. This is an important topic, and I believe my company and my industry play a key role in many rural communities throughout the country.

My name is Angie Sims, and I currently serve as the President and CEO of Buster’s Well Service, Inc. which is headquartered in Kermit, Texas. The company was started by my grandfather, Alex “Buster” Crabtree, in 1963, and I started working for the company in 1999. We have a total of 19 employees and are actively engaged in providing oilfield services in the Permian Basin in West Texas.

I am the 3rd generation running Buster’s Well Service. I took over after my uncle had run the company into the ground. At the time, we had 60 employees and were running 12 workover rigs. Due to his poor management; the company was close to 1 million in unsecured debt. With hard work, dedication and the loyalty of my employees; we were able to get the company back into the “black” within 18 months. We had resecured credit with vendors, renewed faith in our customers and had paid off several bank loans. By 2004, we were investing in new equipment and added 6 new rigs to the fleet by 2008; replacing 30-50 year old rigs. Things were great in the oil and gas industry at that time.

I am also testifying today on behalf of the Association of the Energy Service Companies (AESC). The AESC was first established in 1956 in Odessa, Texas. The organization originally focused on the well-servicing industry, but it has grown to encompass the total energy service industry including other upstream oil and gas services such as wireline, coiled tubing, hot oilers, roustabout services, snubbing, swabbing, fracing, pressure pumping, and oilfield trucking. The vast majority of our over 700 member companies are small businesses located and operating in rural communities.

My home town of Kermit is the county seat of Winkler County, Texas. The city was founded in 1910 and named after Kermit Roosevelt, whose father, President Theodore Roosevelt, had visited the area shortly before the founding on a hunting trip. Oil was discovered near Kermit in 1926 in the Hendrick Oil Field, and the city and its economy have been closely linked to oil production ever since.

Like other businesses operating in rural America, our greatest strength is our people. They are hardworking, and above all, loyal. Small businesses in rural areas must adhere to strict financial discipline, or as we call it, “simple household economics”-- you don’t spend more than you have and you take care of what you do have. This makes things difficult from time to time.

Similar to agriculture and ranching operations whose economics are often tied to commodity prices they cannot control, oilfield services go through boom and bust cycles, but it is our people and commitment to each other and our communities that allows us to make it through the hard times and make responsible decisions in better times.

We are currently going through some difficult times. According to a monthly report by InghamEcon, LLC, the Texas Permian Basin Petroleum Index dropped to its lowest level since June 2010 and rig counts are down by more than 50% compared to its year-ago level. The most recent weekly rig count showed that the numbers had dropped again to 130, a decrease of 72% compared to the high point in November 2014. The number of drilling permits issued in the first two months of the year is the lowest January-February total since 2002. These are tough numbers, and they reflect the challenges that we are facing right now.

Despite the fact that we are currently suffering through this downturn due to low oil prices, the oilfield services industry continues to provide good paying jobs throughout rural America, and we are poised to grow again when production ramps up. In Texas, we have been through this before, and we will undoubtedly go through it again. But, I did want to give you some stats on just how important this industry has been to my community and some of the investments we have been able to make as a result of energy development and the oilfield services industry.

Today, Kermit has close to 6,000 residents and our county population sits around 8,000. While many different businesses operate in our area, the oil and gas industry is the main stay of income in our county. There are 849 producing leases, 117 producing operators with 12,588 drilled wells in Winkler County. There were 374,179 bbls of oil produced and 1,940,226 mcf of gas produced in the county in November 2015.

According to the County Tax Assessor and Collector; mineral values and property values have each increased by well over one million dollars from 2010 to 2014. The city of Kermit also saw huge increases in electrical, plumbing and building permits. The local sales and use tax rose by 110 % from 2010 to 2014.

Kermit Independent School District enrollment rose by 243 students and Wink-Loving Independent School District rose by 51 students from 2010 to 2014. These increases were directly linked to the expansion in oil and gas development, and we have benefitted as a community from these investments.

Another issue I would like to address briefly is regulation, or more appropriately over regulation. In terms of environmental regulation, there are few people who are more committed to protecting our environment than the people who live in our community. Our company and members of the AESC are committed to operating in a safe and efficient manner that preserves our environment for ourselves and our families for generations to come. As small businesses, compliance with ever changing regulations can be a challenge, and a costly one at that. We are not opposed to regulations that protect our environment and our workforce, in fact, we often are the first to address these issues locally.

A good example of how the industry is working collaboratively with government is the AESC OSHA Alliance with the Region VI office out of Dallas. Under this agreement, the AESC is helping train OSHA inspectors and expose them to best operating practices. The agreement helps ensure compliance with standards that keep our people safe and ensure that the regulator understands the real-life operating situations they are entrusted with supervising.

This kind of early engagement and collaboration can be beneficial to all parties. We just need to make sure the benefits from some of these regulations actually do benefit the environment and the workforce and don't unnecessarily harm rural economies.

Ultimately, the energy servicing sector will bounce back from its current challenges. This will benefit rural communities throughout the United States. Whether or not oil and natural gas is produced in other rural districts, we all have benefitted from expanded domestic energy production, either as producers and services or as consumers and business owners.

It is critical that this recovery occur and that domestic energy production in the United States continues to make advancements. We are the most efficient and environmentally sound producers in the world. Our people are hardworking and innovative. As you consider policies and regulations affecting rural America, I hope you will keep our industry in mind, along with the key contributions we have made in the past and will make in the future to ensuring a strong and diverse rural economy.

One of the most famous people from my home town of Kermit, Texas is two-time Professional Rodeo Cowboy Association World Champion, Jim "The Razor" Sharp. He was the first bull rider in history to ride all ten bulls at the National Finals Rodeo in 1988. This performance and his subsequent World Championship in 1990 earned him a place in the Pro Rodeo Hall of Fame. So, people from my part of Texas know a thing or two about bumpy rides, but we also know how to hold on. I believe this is probably true with most people living and working in rural America, and I believe it is one of things that makes our country great.

Thank you again for the opportunity to speak, and I would be happy to answer any questions regarding my testimony.