

MINUTES

**JOINT INTERIM COMMITTEE ON ENERGY
UA Community College at Morrilton
Koontz Room Business Technology Center, 1537 University Blvd.
Morrilton, Arkansas
Wednesday, November 20, 2013**

The Joint Interim Committee on Energy met Wednesday, November 20, 2013, at UA Community College, Koontz Room Business Technology Center, at 9:00 a.m., Morrilton, Arkansas.

Committee members present: Senators Linda Chesterfield, Chair; and Eddie Joe Williams. Representatives David Branscum, Chair; Dan Douglas, and Betty Overbey.

Also attending: Representatives Kelley Linck and Tommy Thompson.

Senator Chesterfield called the meeting to order.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON PETROLEUM TECHNOLOGY PROGRAM [ATTACHMENT 1]

Dr. Larry Davis, Chancellor, UA Community College at Morrilton (UACCM) was recognized. He welcomed everyone to UACCM and gave a special thanks to Mr. Bruce Hawkins for providing dinner and Southwestern Energy for sponsoring and the bus tour. He thanked the legislative members for serving the state of Arkansas. A special thanks to Representative Thompson for his efforts in setting up the legislative meeting. He also recognized the staff at UACCM.

Dr. Davis stated UACCM sees two areas of growth as online classes and technical programs. The number of students who enter the transfer program stays consistent from year-to-year. The increase in growth is in the technical programs. The key to the technical programs success is they were started with industry discussions and they developed partnerships, curriculum, and donations for scholarships. The Fayetteville Shale Scholarship Foundation group is multiple oil and gas partners with Southwestern Energy (SWN) being one of the biggest partners in that program. The foundation has given UACCM over \$500,000 in scholarships. In 2012, SWN gave \$110,000 toward UACCM's capital campaign. UACCM wants to build a new workforce center on campus.

Ms. Sheryl Wade, Measurement Technician, SWN, and Adjunct Instructor for UACCM, said she enrolled in UACCM's Petroleum Technology program when she lost her airline industry job after September 11, 2001. Ms. Wade has since completed her Bachelor of Applied Science Degree from UA Fort Smith and is currently enrolled in the Master of Education Program at North Central University. She has been employed with SWN for the last five years. She started in the position of a "roustabout" and worked her way up to her current position as a measurement technician. She also serves as an adjunct instructor and was featured in the November/December 2013 issue of *Talk Business Arkansas*.

Mr. Curt Hippensteel, Petroleum Technology Instructor, UACCM, presented a PowerPoint entitled, "UACCM Technology Program" [ATTACHMENT 1]. He stated SWN and UACCM held initial meetings in 2005 to develop non-credit employee-training classes and a two-year Associate of Applied Science (AAS) in Petroleum Technology (PT) Degree program. SWN wanted hands-on training that helped students understand basic oil and gas operations; develop math and writing skills; think critically; communicate well; and advance to supervisory positions. Since 2005, SWN has contributed to curriculum development and supplemented instructor continuing education. Representatives from various industrial sectors serve on UACCM's advisory committee to keep the school updated on industry-related topics. Today, the PT program has 144 students, 243 AAS graduates working in at least 25 types of oil and gas-related industry jobs.

ECONOMIC IMPORTANCE OF FAYETTEVILLE SHALE

[HANDOUT 1]

Mr. Jimmy Hart, Conway County Judge, provided economic data to the committee [HANDOUT 1], “Govt Relations Data Set Summary by County - December 31, 2102”. This handout provided SWN’s financial impact in Cleburne, Conway, Faulkner, Pope, Van Buren, and White counties in the following areas:

- SWN Direct Gross Payroll
- Royalty Payments
- Severance Tax Payment
- Highway Maintenance Fees
- Charitable Giving
- Road Repair and Dust Control
- Property Taxes

Mr. Brandon Zinser, Environmental Solutions and Services Transportation (ESS), was recognized to discuss the impact of the Fayetteville Shale on small business. He stated ESS provides a wide range of services to the natural gas industry and started with three water trucks and five employees. In 2010, ESS invested over \$1million to relocate its facility from Morrilton to Damascus to be more centrally located. They are now neighbors to SWN’s field office and employs over 150 with an annual payroll exceeding \$8 million. This is an average of over \$50,000 per employee. ESS has made a strong effort to support its communities by contributing time and financial resources to local charities and schools including UACCM. Mr. Zinser stated as a result of the oversupply of natural gas and the lower market price, the natural gas industry has slowed drastically over the past couple of years, creating a challenging environment for many small businesses related to the industry. Many companies have had to close their doors and move to another state where there is more drilling activity. He stated this is a time when the state’s elected officials should remain focused on keeping small business jobs by creating and maintaining a good business environment in Arkansas.

Senator Chesterfield and Representative Branscum thanked Representative Thompson for his leadership and for being Joint Energy’s legislative host.

Representative Branscum stated energy is an integral part of the environment, especially the economic environment. He noted the Joint Committee on Energy will meet December 16-17, 2013, at the U of A in Fayetteville. The Joint Committee on Energy will have as many energy meetings as feasible to educate legislators about how important energy is to the state.

There being no further business, the meeting adjourned at 10:15 a.m.