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**Congressional Natural Gas Caucus Hearing State of the Industry:
Challenges and Opportunities for American Job Growth**

**Wednesday, July 25, 2012 at 8:30 a.m.
2218 Rayburn House Office Building**

Congressman Murphy, Congressman Boren, and members of the Caucus: Thank you for the opportunity to appear here today and for holding this important hearing.

The Marcellus Shale Coalition (MSC) was formed in 2008 and is currently comprised of approximately 300 producing and supply chain members who are fully committed to working with local, county, state and federal government officials and regulators to facilitate the development of the natural gas resources in the Marcellus, Utica and related geological formations.

Our members represent many of the largest and most active companies in natural gas production, transmission, and gathering in the country, as well as the suppliers and contractors who serve the industry -- including United States Steel Corporation, which supplies the energy industry with high-quality steel tubular products and where I serve of as senior vice president of the company's tubular operations.

As you know, the development of natural gas from shale presents an unprecedented opportunity to provide sustainable and broad-based economic benefits not only to the regions where these resources are located, but also for our entire nation and for the rest of the world as well.

Internationally, shale gas is being recognized as a key energy source. Here at home, shale gas is being safely leveraged into more jobs, more economic growth, and strengthened energy security. From a job creation standpoint, the natural gas industry - according to the Pennsylvania Department of Labor and Industry -- now supports

239,000 jobs. Similar positive economic impact is being felt throughout the Appalachian Basin, including Ohio and West Virginia.

Further, safe, responsible, tightly-regulated natural gas development is helping our economy and our environment on a host of fronts.

It has expanded access to clean-burning natural gas. In May, the EIA reported that between 2009 and 2011, Pennsylvania's natural gas production more than quadrupled due to expanded horizontal drilling combined with hydraulic fracturing.

Consumers are enjoying savings on electric utility costs as more clean-burning American natural gas is safely produced and brought to market. For example, UGI Utilities – a major electricity provider – has stated that a savings of more than \$700 a year for the average customer has been realized since 2008 as more natural gas has come to market.

According to a recent *USA Today* report, “The economic benefits of far-reaching new finds of domestic oil and natural gas are fast approaching \$1 billion a day and may be keeping the U.S. out of another recession, according to a new study by Bank of America Merrill Lynch.”

Building a strong local workforce is mission critical for the development of the natural gas industry. In May, as the *Patriot-News* reports, the first hands-on training center in Pennsylvania for Marcellus Shale natural gas workers, emergency responders and college students is operational. The Energy Technology Education Center along Route 15 south of Williamsport, a collaborative effort of the Pennsylvania College of Technology, Lycoming County Department of Public Safety and the natural gas industry, was dedicated Friday. Separately, Mansfield University just completed its first “Marcellus Summer Camp,” an introduction for students to the natural gas industry and possible career paths.

In addition to the above, the energy industry's efforts to develop domestic energy resources have been good for domestic steel producers like United States Steel Corporation for two reasons. First, demand for steel tubular products has been strong for an extended period of time, particularly here in North America where shale resource development has expanded from the nation's traditional oil patch into the mid Atlantic region where formations such as the Marcellus and Utica are located. And second, energy development has created reliable and competitively priced supplies of energy, the importance of which extends beyond our own industry to the economy as a whole.

Our nation sits on and near energy resources that could power every facet of our daily lives for decades to come. The numbers are significant. According to a recent Congressional Research Service report, the United States has the most technically recoverable oil and natural gas in the world when shale resources are included. More importantly, developing meaningful portions of these vast reserves could steer our nation toward energy independence, freeing us from the economic stranglehold of foreign energy supply.

From the perspective of domestic manufacturers, increased availability of affordably priced energy allows us to reduce our costs, thus enhancing our competitiveness in the global economy. For example, at U. S. Steel, we used more than 100 million mmbtus of natural gas in 2011, so just a few dollars difference in the price per mmbtu allows us to realize important and significant cost savings. That is particularly critical for domestic steelmakers, who for too long have had to play catch up with foreign competitors who have enjoyed a variety of advantages, not all of which were fairly earned.

In addition to cost savings opportunities, natural gas should provide North American steel makers with another operating advantage over our foreign competitors. From a raw materials standpoint, increased availability and use of natural gas should help us reduce or even eliminate our exposure to the seaborne coal, coke and iron ore markets thanks to the existing supplies of those materials here on our own continent.

These kinds of cost savings also allow manufacturers like us to reinvest in existing facilities or build new ones, which often results in job creation. At U. S. Steel, our customers' growing need for the tubular products necessary to develop domestic energy resources, including shale resources, contributed heavily to our decision in 2010 to make a \$100 million capital investment to expand the capabilities of our Lorain Tubular Operations near Cleveland, Ohio. This project created approximately 150 temporary construction jobs and 100 new full-time jobs – jobs that provide family-sustaining wages and benefits. Our customers' needs related to shale development were also a key consideration in our decision to assume operational control of a tubular products facility in McKeesport, Pennsylvania, that had been operated by a third party. Since then, our McKeesport Tubular Operations has added over 50 new jobs.

Domestic energy resource development, particularly the gas- and liquids-rich shale resources located throughout North America, is a game-changing economic opportunity for our nation. These resources represent a remarkable source of potential economic growth and prosperity we are not likely to see again in our lifetime. We strongly encourage and support policies aimed at the safe and environmentally responsible development of these resources – resources that can and must serve as a catalyst for our nation's economic recovery and revitalization.

Thank you again for the opportunity to speak at this important hearing.