

House Committee on Small Business

Subcommittee on Rural Development, Energy, and Supply Chains Hearing:

“Highlighting the Role of Small Businesses in Domestic Energy Production”

Lucas Gjovig Written Testimony

Chairman Hunt, Ranking Member Gluesenkamp Perez, distinguished members of the committee, thank you for inviting me to share my perspective on this important topic.

I am President of Go Wireline, a small business based in Williston, North Dakota. The men and women working at Go Wireline and I are proud to be part of the industry that provides the United States with the energy it needs to grow our economy, maintain our quality of life, and reduce our nation’s emissions.

After working as a practicing attorney for five years, I returned to my hometown of Williston in 2011 to start Go Wireline with eight partners. We have never taken outside financial investment, and all the partners work in the business. We have grown to about 200 employees working out of two locations in western North Dakota, and one in Northern Colorado. We work across the region, including Montana, South Dakota, Wyoming, Utah, and Nebraska.

Go Wireline plays an important role in domestic energy production. Our company provides wireline and pressure pumping services to customers who drill and operate wells. Our expertise has also given us the opportunity to work on wells beyond petroleum, everything from water wells to helium wells, and now carbon sequestration wells. We work on wells throughout their existence, from when they are drilled, completed, produced, and eventually plugged and abandoned.

Our wireline trucks have a miles long spool of cable which we use to hoist tools into wells to accomplish a variety of services. This includes well integrity logging, which ensures a well’s casing is not damaged and that cement outside the casing is isolating the producing geologic formation from others, including water producing zones. In a horizontal oil well, we use our 2,250 horsepower pumps to push wireline tools down the horizontal section of the well where we perforate the casing so that shale formations can be hydraulically fractured. This then allows oil and gas to flow or be pumped through those perforations to the surface. Our team performs these technical and safety sensitive services with an outstanding safety record and incredible efficiency.

Small businesses like Go Wireline play an invaluable role in domestic oil and gas production and are vital to job creation and growing the economy. Small businesses are also the heart and soul of the communities in which we work. At Go Wireline, our mission is to take care of our customers, our team, and our community. We strive to build and maintain the highest respect and reputation in the eyes of those stakeholders. We offer high-paying jobs with great benefits, and a family business culture. We are active members of the communities in which we operate. We provide high quality service to our customers, including investing in technology to

reduce our operating emissions, which helps our customers meet their evolving emissions reduction targets.

Our customers are mostly domestic energy companies, both large and small. They have felt the impacts of the increased global demand for energy as the world has emerged from the pandemic. Energy production is not as simple as “turning on the spigot.” Increasing energy production requires more equipment and people, which in turn requires access to capital and financing.

Over the past several years investors have become increasingly reluctant to invest in our industry. Regulatory uncertainty, along with a stream of negative rhetoric from the highest levels of government is discouraging the investment needed to keep up with demand, whether that be public investment, private equity, and perhaps even traditional bank financing.

Greater manpower is also needed to meet increasing levels of demand. Since 2020, we have more than doubled our headcount in order to support our customers’ activity levels. However, the antipathy communicated against the industry, coupled with inaccurate representations of the future of our industry, has made it challenging to recruit in the competitive labor market. In 2022, we spent more time, money and effort recruiting new employees than we had in the last ten years combined. An entry level candidate will make upwards of \$100,000 per year and receive training and develop skills that they can use throughout their career. The majority of our employees make over \$100,000 per year with leading benefits. Yet, we still struggle to find good people, particularly young people.

Supply chain issues have created challenges as well. We recently had to wait nearly six months for a new tractor and chassis to build a new wireline unit, and the price has risen nearly 33 percent over pre-pandemic pricing. We have had trouble sourcing adequate pickup trucks, as our order volumes are too small to get priority, and the well-known supply chain issues of the auto manufacturers are restricting supply. Rising material costs and increasing lead times for components we use in the well has caused our inventory quantity and value to grow at an unprecedented rate. This limits the capital we have available to invest in technology, equipment, and people.

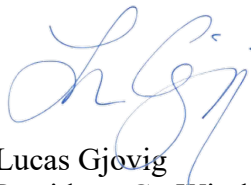
Importantly, an expanded fleet and workforce does not matter if our customers are unable to secure the permits to explore and drill new wells. A key component of domestic energy production is access to lands and waters for new exploration. While our customers are the ones securing permits to explore for new resources, our company is still impacted by the Administration’s moratorium on new leases on federal lands. We have an existing pipeline of work from leases previously issued, but if new leases are not issued, the opportunities for us to work on new wells will fall in the next five years.

While the Administration’s rhetoric and reluctance to support new infrastructure are hindering our industry’s ability to increase production, regulations such as the proposed SEC Climate Disclosure reporting requirements threaten to hurt our business directly. The proposed regulation requires disclosures from public companies on the entire value chain, including product end use impacts and supplier environmental impacts. Therefore, this would require our

small business to have to report on these topics to our publicly traded customers for them to meet the requirements. This massive regulatory action would put enormous administrative demands on small businesses like ours, which do not have the resources or expertise to manage. Requiring a small business to track its own environmental impacts and to further manage collecting statistics down our supply chain is unreasonable. Even if it feasibly can be accomplished by a small business, compliance with this regulation will be costly and time consuming, which will need to be relayed in the eventual increase of energy costs for consumers.

Go Wireline, along with so many other small businesses working in this industry, stands ready to provide the services necessary to increase production to meet increases in demand. The policy decisions by the current Administration combined with the politicized hostility that has targeted the U.S. oil and natural gas industry is hindering our industry's ability to provide abundant, reliable, and clean sources of energy that both the U.S. and our allies need now to meet energy demand, to improve standard of living, to provide national security, and to reduce global emissions.

Thank you again for the opportunity, and I look forward to answering any questions the committee has.



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