



**Statement of Environmental Tank & Container (ETC)
Matthew J. Hughes, Director of Business Development**

April 26, 2012

**The Committee on Small Business Subcommittee on Agriculture, Energy and
Trade Hearing on “Small Business Innovators: On The Cutting Edge of
Energy Solutions.”**

Chairman Tipton, Ranking Member Critz, and members of the Committee, thank you for the opportunity to testify today. My name is Matthew Hughes, and I’m the Director of Business Development with Environmental Tank & Container. Going forward I will refer to our company as ETC.

I’d like to start off by saying that our CEO, William Polacek, would like to apologize for not attending today’s hearing. There is a company visiting us from California and they are negotiating a fairly large project that is significant to our company’s growth.

Located in Johnstown, Pennsylvania, ETC occupies a 160,000 square foot building currently shared with our subcontractor, United Industrial. This property was originally a World War Two-era munitions factory that was later transformed into a railcar factory.

Officially opening just over 11 months ago, ETC, like many small business start-ups in the oil & gas industry, owes its existence to Shale energy. Each time you come across success stories like ETC’s, “born of the great Shale boom,” you’ll find many other companies like our contract fabricator, United Industrial, that are getting a second chance at life. United, once tied exclusively to the commercial fabrication market, fell victim to the economic downturn of 2008 and was forced into bankruptcy. Shale energy blew life back into the almost shuttered plant, which had 3 workers in May 2011 and was up to 80 by year’s end -- employing everything from engineers and welders to project managers and sales people.

Shale energy is a rapidly changing industry with plenty of room for growth. Back in 2006, our President and CEO, William Polacek, investigated business opportunities within the Marcellus Shale and felt like there may be opportunities down the road but didn’t see a good fit at the time. Like all good entrepreneurs he believed in his hunch and kept an eye on the young industry waiting for his opportunity. It came in 2010 when some of the larger exploration and production companies announced they were converting their Marcellus operations to “closed-loop” systems. The new protocol changed the method used for containing drilling waste and it also outlined best practices

for on-site water storage. Both initiatives created a demand for portable steel storage containers. Because ETC was a nimble, small business, it was able to quickly respond to those needs. Mr. Polacek constantly reminds us that we will be building things a year from now that we never thought of.

ETC answered the need when the market asked for reliable, durable “frac tanks” that were leak-free and capable of withstanding the rough terrain and cold winters in Pennsylvania. ETC answered the need when drilling contractors had to store all on-site drilling fluids in “mud tanks” instead of lined earthen pits. ETC answered the need when drillers, already slowed down by a multitude of time-consuming permitting procedures, asked for portable, above ground water impoundments that didn’t require soil disturbance permits. And we are proud to say that we are answering the call again, this time in the design and development of onsite treatment equipment that reduces the amount of frac fluid that is hauled offsite for disposal.

While ETC can be credited for some innovations in our industry; we must also give credit to our customers. Many of which are independent owner/operators of oilfield service companies, equipment rental firms, and engineering groups. They are first to see the need and come to us with their ideas. By virtue of opening our doors, we’ve created a means for many others to spur innovation and growth.

Direct job growth and innovation is not the only gain from our relationship with the Shale industry. There is valuable spinoff business as well. More than 40 percent of the materials that go into our products are purchased locally. If this is the trend occurring in the Marcellus and Utica shale plays, I’m confident it’s happening in the shale plays throughout our country.

Recently, most businesses that serve the natural gas portion of the Shale industry are facing a common obstacle: The price of natural gas is now too low, relative to what it costs to extract it. When you visit a natural gas well pad, attend an industry tradeshow, or speak with customers about future orders, the same concern arises: How will this industry continue to grow and prosper if the price of natural gas stays as low as it is? And what’s frustrating to us as small business people is that we can’t fix that issue with our hard work, innovation and resolve. The fix lies in increasing demand and usage.

In closing, I ask the members of the subcommittee to be mindful of the young start-up companies, the once-bankrupt business that are rising from the ashes, and the multitude of small businesses that rely on Shale energy for their livelihoods. And to consider looking into what you can do as policymakers to help increase the demand for natural gas as fuel for our energy sector and transportation sector.

Chairman Tipton, Ranking Member Critz, and:

Rep. Roscoe Barlett

Rep. Steve King

Rep. Jeff Landry

Rep. Renee Ellmers

Rep. Lou Barletta

Rep. David Cicilline

Rep. William Keating

Rep. Judy Chu

I thank you for working together in a bipartisan manner to help small businesses succeed, help fuel job growth, and help our nation become more energy independent.