

Testimony of Mr. Thomas Clements

Senate Health, Education, Labor and Pensions Committee Hearing

“Stories from the Kitchen Table: How American Families are Struggling to Make Ends Meet”

Thursday, June 23, 2011

My name is Thomas Clements. I live in Youngsville, Louisiana, with my wife, Melissa. We are owners of Oilfield CNC Machining LLC., a machine shop in Broussard, Louisiana.

We have been married for over 6 ½ years and have three grown children.

CNC stands for “Computer Pneumatic Controls.” I have been a skilled CNC machinist for 24 years. And for the past 24 years, I’ve always worked long hours and, for the most part, lived paycheck to paycheck.

My wife, Melissa, has spent the past 23 years working in the accounting field. Before we married in 2005, she was a single mother who had gone through Chapter 11 bankruptcy. She was working full-time, and her income was supplemented by rental properties she retained after the bankruptcy. But she worked very hard to keep up with the payment schedule from the bankruptcy in order to eventually pay off her debts.

I am sharing this with you so that you can better understand how it is that we became small business owners. Neither of us was born with silver spoons in our mouths; both of us worked long hours, and together we invested an enormous amount of sweat equity into finally becoming small business owners.

Over a period of three years, we carefully planned our finances to the dollar. My wife was successfully discharged from Chapter 11 bankruptcy. We paid off our cars and we saved everything we could in the hope that someday soon we could own our own business.

One day four years ago, a customer at the machine shop where I was employed approached me about a need he had for additional machine shop. He was looking for someone with my skill set to take on a significant amount of new work.

My wife and I saw this as an opportunity to build our own business and live the American Dream, and we took the chance of a lifetime. We only had one customer, but that customer had as much work for us as we could handle.

We put in a bid for a \$320,000 job and won, and we immediately went out and leased a building and began purchasing the tools and supplies that we needed to open our

shop. We sold most of our assets, and we re-financed our house in order to come up with the down payment on a critical piece of machinery that we needed to get off the ground.

We didn't have enough cash to purchase the tools and supplies we needed to open, but our customer agreed to give us an advance payment of \$80,000, and that was enough to get us off the ground.

We took enormous risks, but we felt confident that as long as America had a demand for energy, we could make a living in the development of America's energy resources.

So on December 3, 2008, we opened our doors for business.

Our first year, 2009, was a very successful year. We put all of our profits back into our business and caught up on all of our debts. We still couldn't afford to hire any help at that time, so I worked approximately 18-20 hours a day. I even slept on the couch in the shop in order to keep the machine working around the clock.

After six months, our customer offered to lease a machine to us that they owned. It was an opportunity for us to grow and expand, so we agreed to take another risk and leased the machine. When we could afford it, I hired someone to work on the weekends and someone to work with me during the week. Eventually we hired a cleaning lady and a yard maintenance worker.

The following year, 2010, started out the same as 2009 did – we were very busy, and we were excited as we planned for another successful year. As our business grew, we drew up plans to purchase our own building, more machines and hire more workers. We had purchase orders for work through the first week of June and verbal commitment for orders for the rest of the year.

But in April 2010, the BP oil spill happened, and 11 oil rig workers lost their lives very tragically. We have the deepest sympathies for their families and loved ones. We know that they were hardworking people just like us, and some bad decisions unnecessarily cut their lives short.

For us, everything changed. That's the first time I heard the President utter the word 'moratorium.' On May 27, the President spoke of a moratorium that would last six months. That shocked us all. Two days later, I received an email stating that "all of our orders for the remainder of the year were cancelled." By the first week of June, we were out of work, and everyone we knew in the industry was also out of work.

At that time we had approximately \$80,000 in the bank and \$12,000 in expenses each month -- monthly notes, insurance and utilities. We unwillingly had to lay off all of our employees and began making plans to stretch our income through the six-month moratorium. We went five months without a penny of income and no work orders.

In October 2010 the President announced that the moratorium was lifted. We were relieved, to say the least, and we were eager to go back to work.

But no work orders came in.

Later we learned that the Interior Department stopped issuing drilling permits without any explanation. They claimed that it was because of a safety issue. And we couldn't understand why, after 50 years of safe drilling, an entire industry had to be shut down because of the actions of one bad actor. That doesn't happen in the airline industry, or the rail industry, or the automotive industry.

The oil spill was caused by bad decisions made by BP's top executives. A federal court found the Interior Department in contempt of court, but still there was no action by the Interior Department. No new permits were being issued.

This country has borrowed money from other countries to loan Brazil two billion dollars to drill offshore and the President says that "we will be their best customer."

Since the 2010 elections, the House of Representatives has at least tried to do something to get the oilfield industry working. I have seen nothing pass the Senate as far as pushing to get permits issued and getting the offshore industry back up and working in full speed. Congress must act quickly to help our industry get back to work. We are tired of watching the work and the skilled workers move overseas, while untapped resources are right here in our own waters. We have even considered moving our business to Brazil, but we do not want to do that.

In the past six months, we've received a few small jobs, which were enough to barely keep our business from shutting down. But that status quo is unsustainable. We will be forced to shut our doors permanently unless American energy production resumes in the Gulf. And there are many, many more small businesses in the Gulf that are in the exact same situation as us.

Owning our own business and working to produce American-made energy in the oilfield industry is our American Dream.

We believe that the government's role is to protect our country and encourage American workers to develop our natural resources. But instead, our government seem to be doing more to support foreign workers develop energy sources abroad.

I'm here today because our nation needs energy, and thousands of energy workers like me are willing and able to help produce that energy right here at home. Mr. Chairman and members of this committee, please let us go back to work.

Thank you.