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TIPRO Releases “State of Energy Report”

Data Confirms U.S. Oil and Natural Gas Industry Officially Rebounded in 2017; Texas Leads in Employment & Production

Austin, Texas - The Texas Independent Producers & Royalty Owners Association (TIPRO) today released the third edition of its “State of Energy Report,” offering a detailed analysis of national and state trends in oil and natural gas employment, wages and other key economic factors for 2017. TIPRO’s “State of Energy Report” series was developed to further quantify and track the economic impact of domestic oil and natural gas production at the state and national level.

According to the association’s new report, the U.S. oil and gas industry employed 832,777 professionals in 2017, an increase of 3,060 jobs compared to 2016. This represents the first year showing employment growth in the sector since 2014. The industry paid a national annual wage averaging \$109,498 in 2017, 103 percent more than the average private sector wage and higher than average wages for construction, manufacturing, wholesale trade, information, professional services, health care, financial services and education services. Payroll in the U.S. oil and gas industry totaled \$91 billion in 2017, down by 3 percent compared to 2016.

In 2017, Texas led the country in oil and gas industry employment with a total of 325,439 jobs, a slight increase from 2016 numbers and the first year showing employment growth in the state since 2014. Texas oil and gas employment also represented 39 percent of all oil and gas jobs nationwide last year.

Texas Governor Greg Abbott said, “Texas is blessed with an abundance of resources, but it is because of the determination and innovation of the men and women in the industry that the Lone Star State leads the nation in oil and gas production — and may soon lead all nations in the world in oil production. Despite the volatility in pricing and markets just a few years back, the industry responded with true Texas grit, unleashing technology to improve efficiency and production. I look forward to continuing to work together to ensure that Texas remains the jobs, energy and economic engine of America.”

Texas was followed by the other oil and gas producing states in terms of industry employment, including: Oklahoma (61,562 jobs), Louisiana (51,507 jobs), California (35,956 jobs), and Pennsylvania (27,943 jobs), rounding out the top five states by oil and gas employment.

Continuing improvements and efficiencies gained in exploration and production methods during the industry downturn helped to increase the production of crude oil to historic levels, officially reaching 10.066 million barrels of oil per day in 2017, exceeding a previous record set in the 1970s. Independent oil and gas producers, who collectively drill up to 95 percent of the oil and natural gas wells in America, continue to lead the industry in this growth.

“Our state’s independent oil and gas producers have proven they are some of the most resilient in the world, driving Texas energy production to all-time highs and launching the U.S. to the forefront of global oil production,” Railroad Commission Chairman Christi Craddick said. “From a regulatory standpoint, I’m proud to say that we’ve developed an environment that allows our state’s energy industry to thrive, which translates to significant revenue for state coffers and high-quality jobs for Texans.”

Total production figures for Texas included 1.27 billion barrels of oil in 2017, an increase of 105 million barrels compared to 2016, and total natural gas production of 8 trillion cubic feet in 2017 for the state, compared to 8.2 trillion cubic feet in the previous year. The second largest producer of oil in 2017 was North Dakota with 384 million barrels, followed by Alaska with 180 million barrels of oil. The second largest producer of natural gas in the nation in 2017 was Pennsylvania with 5.5 trillion cubic feet, followed by Alaska with 3.3 trillion cubic feet of natural gas produced last year.

TIPRO Chairman Allen Gilmer commented, “In Texas, the Permian Basin alone holds between 70 to 700 billion barrels of oil equivalent (BOE), followed by the Eagle Ford Shale in South Texas with 15 to 25 billion BOE. At \$50 oil, the value of these vast reserves ranges between \$3.85 trillion to \$36 trillion. This equates to approximately \$400 billion in severance and ad valorem taxes alone that would be paid to the state of Texas using conservative estimates, bestowing wealth greater than any political entity on the planet.”

Despite challenging market conditions over the past several years, the Texas oil and gas industry has remained a cornerstone of the economy providing exceptional career opportunities, as well as significant taxes and royalty payments made to state, local and federal government entities.

Collectively, Texas oil and gas companies paid \$11 billion in state and local taxes and royalty payments in fiscal year 2017, an increase of \$1.6 billion compared to 2016. These funds have continued to support all aspects of the state economy, including infrastructure investment, water conservation programs, schools and education, and first responders. Additionally, Texas is home to approximately 2.5 million mineral owners of the 12.5 million mineral owners in the U.S., with oil and gas royalties generating income for nearly 600,000 families in the state.

As market conditions improved in 2017, the U.S. oil and natural gas industry also welcomed a reprieve from overbearing policy measures targeting domestic producers advanced under the previous administration. The rollback of onerous or unnecessary government policies, a return to utilizing sound science at the Environmental Protection Agency (EPA) for developing regulations, meaningful federal tax reform and a renewed commitment by elected officials to achieving U.S. energy dominance together resulted in further investment, job growth and growing optimism from energy producers. Nonetheless, several challenges remain, including uncertainty surrounding tariffs on imported steel and aluminum, current negotiations on the North American Trade Agreement (NAFTA), overbearing federal methane regulations, and environmental activist groups that oppose reliable energy.

“As the leading state advocacy organization representing independent oil and gas producers and royalty owners in Texas, TIPRO remains focused on advancing a targeted federal policy agenda, while protecting and strengthening an already strong regulatory and business environment in Texas,” said Ed Longanecker, president of TIPRO. “With the anticipated growth in production and jobs in the coming months, key priorities for TIPRO for the interim and next legislative session include identifying programs to better allocate oil and gas tax revenue for county road repair and maintenance in energy producing areas, industry workforce development, water use, educating policymakers on the benefits of oil and gas development, and maintaining a balanced, science-based approach to developing regulations at the state level,” described Longanecker.

What does oil and gas mean for Texas?

- Texas led the nation in oil and gas jobs with 325,439 people employed in this industry in 2017, showing the first year of net positive job growth since 2014 and representing 39 percent of all oil and gas jobs nationwide in 2017. This also represented 3 percent of total private sector employment in the state of Texas itself. The positive employment trend in 2017 also continued in the first quarter of 2018 for Texas.
- Texas also led the nation last year in the number of related businesses (11,681), accounting for 29 percent of all oil and gas businesses nationwide.
- Oil and gas jobs in Texas paid on average 132 percent more than the average private sector job in Texas, \$128,635 compared to \$55,380 in 2017, followed by Alaska with industry wages at \$127,827, then California at \$121,253.
- Texas led the nation in oil and gas payroll at \$41.9 billion in 2017, representing 46 percent of total oil and gas payroll nationwide.
- Texas was the top producing state in the nation with 1.27 billion barrels of oil produced by the Lone Star State in 2017, an increase of 105 million barrels compared to 2016, and total Texas natural gas production of 8 trillion cubic feet in 2017, a slight decrease compared to 2016.

The “State of Energy Report” series is published exclusively by the Texas Independent Producers & Royalty Owners Association. Data was collected from the U.S. Bureau of Labor Statistics (BLS), the U.S. Energy Information Administration (EIA), the Texas Railroad Commission (RRC), Texas Workforce Commission and DrillingInfo Inc.

Visit <http://bit.ly/TIPRO2018EnergyReport> to download a copy of TIPRO’s 2018 “State of Energy” report.

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About TIPRO

The Texas Independent Producers & Royalty Owners Association (TIPRO) is a trade association representing the interests of nearly 3,000 independent oil and natural gas producers and royalty owners throughout Texas. As one of the nation’s largest statewide associations representing both independent producers and royalty owners, members include small businesses, the largest, publicly-traded independent producers, and mineral owners, estates, and trusts. Members of TIPRO are responsible for producing more than 85 percent of the natural gas and 70 percent of the oil within Texas, and own mineral interests in millions of acres across the state.