



“Texas Oil and Gas Industry Poised for Growth, Challenges Remain”

By Ed Longanecker, president of the Texas Independent Producers & Royalty Owners Association (TIPRO)

According to a recent study published by the Texas Independent Producers & Royalty Owners Association (TIPRO), the Texas oil and gas industry is experiencing renewed growth, following several years of low commodity prices that resulted in a downturn. In 2017, national oil and gas industry employment totaled 832,777 jobs, providing an average annual wage of \$109,498. In Texas, the oil and gas industry supported a total of 325,439 direct jobs in all sectors of the industry in 2017, up from the previous year, showing a definitive turnaround in employment and the first year of net positive growth in jobs since 2014.

The Upstream sector includes three distinct industry segments within TIPRO’s full definition of what comprises the Texas oil and natural gas industry: oil and gas extraction, support activities for oil and gas operations, and drilling oil and gas wells. New survey data available from the Bureau of Labor Statistics reveals the positive employment trend in Texas continued through the first quarter of 2018, showing a net increase of 702 jobs in the upstream sector compared to 2017, for a total of 205,788, subject to revisions. According to the Dallas Federal Reserve, March marked the 17th consecutive month of growth in support activities employment on a percentage basis and the sixth consecutive month of expansion for oil and gas extraction in Texas.

Further, U.S. Census Bureau data indicates that 21 percent of these upstream positions in Texas were held by women, another positive and growing trend when reviewing the history of upstream employment in the state. Approximately 1 percent of total upstream jobs fall into the 19-21 age bracket, 4 percent are between the ages of 22-24, 27 percent are 25-34, 26 percent range from 35-44, 20 percent are 45-54, and 21 percent of upstream jobs are held by individuals 55 years or older.

Clearly certain areas of the state are experiencing more momentum than others with improving market conditions. With the prolific Permian Basin driving much of the increased employment and production activity in the state, the Midland and Odessa Metropolitan Statistical Areas (MSAs) reported the most significant growth in employment in Q1 2018 with a net increase of 1,768 upstream jobs compared to 2017, for a total of 31,620 jobs. Meanwhile, the San Antonio-New Braunfels MSA showed a net increase of 532 upstream jobs for a total of 6,473, Dallas-Fort Worth-Arlington MSA had a slight net increase of 29 upstream jobs for a total of 19,958, and the Houston-The Woodlands-Sugar Land MSA experienced a net decrease of 990 upstream jobs in Q1 2018 for a total of 75,144 jobs, subject to revisions.

The Texas oil and natural gas industry is poised for continued growth, but will likely face future challenges from a workforce standpoint. Continued innovation and operational efficiencies gained during the downturn allowed operators to manage increasing levels of exploration and production activities even with fewer personnel, but employers in various segments of the industry are already beginning to encounter a shortage of available talent. Currently, there are thousands of open positions in Texas in the support activities for oil and gas operations and drilling oil and gas wells sectors alone, the fastest growing industry segment for employment, including heavy and tractor trailer truck drivers, bus and truck mechanics and diesel engine specialists, maintenance and repair workers, computer systems analysts, roustabouts, mechanical engineers, software developers, and petroleum engineers, to name a few. While the state may never reach 2014 levels of industry employment, and certain geographic areas of the state are slower to recover with improving economic conditions, nevertheless opportunities for employment with the oil and gas industry are increasing and a shortage already exists in several occupational fields.

Other challenges exist that could threaten the recovery of the U.S. oil and natural gas industry, 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. TIPRO continues to lead in efforts to maintain a favorable legislative and regulatory environment that is conducive to economic growth through the responsible development of oil and natural gas. We also remain committed to supporting the future leaders of the industry by providing fact-based information about domestic oil and gas production.

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TIPRO is a trade association representing the interests of nearly 3,000 independent oil and natural gas producers and royalty owners throughout Texas. As the largest statewide association in Texas that represents both independent producers and royalty owners, members include small businesses, the largest, publicly-traded independent producers, and mineral owners, estates, and trusts.