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## **TIPRO: Rising Texas Oil & Gas Employment and Production Threatened by Steel and Aluminum Tariffs**

Austin, Texas -- The oil and gas industry remains one of the most resilient and impactful sectors in the country, despite ongoing efforts by some to derail domestic production based on an ideology, not science, and certain ill-conceived policies carrying unintended consequences threatening to restrict the E&P sector.

Ed Longanecker, president of the Texas Independent Producers & Royalty Owners Association (TIPRO), warned that while operators have welcomed a reprieve from overly burdensome federal regulations targeting the oil and gas industry under President Trump, newly implemented tariffs on steel and aluminum products by the Trump Administration already are having a negative impact on infrastructure development and drilling projects throughout the country.

Not yet feeling the full effect of the newly-implemented tariffs, the Texas oil and natural gas industry has continued to expand in 2018. More than 6,060 net new jobs were added to the state economy in the first half of year compared to 2017, for a total of 331,877 workers directly employed by the industry, subject to revisions. These positions command an average salary of \$128,000 per year, 132 percent more than average private sector wages in Texas, for a total payroll exceeding \$42 billion in the state. The following is a breakdown of the various oil and gas sectors used to define the industry and the related employment:

<b>Oil and Natural Gas Industry Sectors</b>	<b>Texas 2018 Employment [January-June]</b>
Oil and Gas Extraction	77,865
Drilling Oil and Gas Wells	28,504
Support Activities for Oil and Gas Operations	109,195
Pipeline Transportation	19,008
Natural Gas Distribution	7,312
Petroleum Refineries	19,206
Petrochemical Manufacturing	17,804
Oil and Gas Field Machinery and Equipment Manufacturing	35,073
Petroleum and Petroleum Products Merchant Wholesalers	17,910

Texas continues to lead the nation in oil and natural gas production. Crude oil output in the state equaled an estimated 712,406,535 barrels of production through June of 2018, representing an increase of 112,342,001 barrels compared to the first half of 2017. According to the U.S. Energy Information Administration (EIA), Texas set a new record for daily oil production this year, officially exceeding 4 million barrels per day. The agency also forecasts that shale oil from the Permian Basin in Texas alone will account for 50 percent of all new global oil production over the next five years. Natural gas production also increased by 16,523,852 cubic feet of gas in the first half of 2018 compared to the same timeframe in 2017.

With help from rising oil prices and production, Texas Comptroller Glenn Hegar recently enlarged the state's revenue estimate by \$2.8 billion, projecting a revised budget of \$110 billion for lawmakers to spend on the two-year budget. Hegar predicted lawmakers will also have nearly \$12 billion at their disposal next year in the state's Economic Stabilization Fund -- better known as the Rainy Day Fund -- a pot of money funded almost entirely by oil and gas severance taxes and available for budget emergencies. According the comptroller, this threshold represents the largest "ending balance" in the fund's history, again thanks to oil and gas.

"The economic impact of the Trump Administration's steel and aluminum tariffs will be significant for the Texas oil and gas industry and the U.S. economy as a whole if left in place," concluded Longanecker. "The positive economic contributions referenced above are in jeopardy, hence the recent call for an expedited resolution from Texas Governor Greg Abbott. While well-intended, ultimately the tariffs will result in a slowdown in exploration and production activity and infrastructure projects, job loss and decreased tax revenue, which will reverberate throughout the state and national economy. The Texas oil and gas sector once again joins Governor Abbott in calling for the removal of tariffs on steel and aluminum for the benefit of our state and industry."

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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.*