



TEXAS INDEPENDENT PRODUCERS AND ROYALTY OWNERS ASSOCIATION

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TIPRO Releases Second Annual “State of Energy Report” *Texas Continues to Lead the Country in Oil & Natural Gas Employment and Production*

Austin, Texas - The Texas Independent Producers & Royalty Owners Association (TIPRO) today released its second annual “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 2013. TIPRO also announced today the release of a supplemental report providing updated employment and establishment data for the first quarter of 2014, the most current information available. TIPRO’s “State of Energy Report” series was developed to further quantify the economic impact of domestic oil and natural gas production at the state and national level.

According to the new report, the U.S. oil and gas industry employed 1,012,800 in 2013, an increase of 3 percent, or 30,800, from the previous year. Job growth in the U.S. oil and natural gas industry continued to rise in the first quarter of 2014, adding an additional 12,400 jobs, for a total of 1,025,200. The industry paid a national annual wage of \$103,400 in 2013, 108 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 \$105 billion in 2013, an increase of 1 percent from 2012.

In Texas, oil and gas industry employment totaled 411,600 in 2013, adding 23,100 jobs since 2012, representing 75 percent of all new jobs created by the oil and natural gas industry last year. Texas was followed by the other high growth states in terms of industry employment, including: North Dakota (+2,100 jobs), Oklahoma (+1,800 jobs), and New Mexico (+1,700 jobs), rounding out the top five by job growth.

Employment growth continued in the first quarter of 2014 for many leading oil and natural gas producing states. Texas lead the country once again adding another 2,400 jobs in the first quarter, for a total of 414,000, followed by Colorado (+2,200 jobs), North Dakota (+1,900 jobs), New Mexico (+1,200 jobs), and Oklahoma (+820 jobs). California experienced the largest decline in oil and gas employment in the first quarter with a decrease of 340 jobs, followed by Arkansas with a loss of 330. Seasonality plays a role in employment trends for the oil and gas industry, as well as regulatory uncertainty that currently exists at the state and federal level.

Continuing improvements in exploration and production methods, including innovations related to hydraulic fracturing and horizontal drilling, have increased production of oil and natural gas to near historic levels. 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. Total production for Texas equaled 923 million barrels of oil in 2013, an increase of 198 million barrels compared to 2012, and total natural gas production for the state was 8.3 trillion cubic feet in 2013, compared to 8.2 trillion cubic feet in the previous year. The second largest producer of oil in 2013 was North Dakota with 313 million barrels, followed by California with 199 million. The second largest producer of natural gas in 2013 was Pennsylvania with 3.3 trillion cubic feet, followed by Alaska with 3.2 trillion cubic feet.

“Texas leads the country in employment and production, due in part to our pro-business environment and progressive, yet sensible approach from a legislative and regulatory perspective,” commented Ed Longanecker, president of TIPRO. “States that adopt overreaching regulations targeting oil and gas development will inevitably experience a progressive, or even dramatic decline in these high paying jobs and all associated benefits.”

Increasing levels of domestic production have also enabled the United States to lessen its dependence on petroleum imports from foreign nations, which in turn is helping to strengthen national security and provide more opportunities for American citizens. Oil imports decreased to the lowest level experienced in more than 20 years in 2013, while the positive economic impact of the industry continued through new job creation, as well as increased tax revenue that directly funds local, state and federal government operations.

Collectively, Texas oil and gas companies paid a record \$13.6 billion in state and local taxes, and state royalty payments in fiscal year 2013, an increase of \$1.5 billion compared to 2012. Additionally, Texas oil and natural gas production continues to directly benefit more than 2.5 million mineral owners in the state. Oil and natural gas royalties represent yet another important source of revenue for government entities, as well as 12.5 million mineral owners across the country.

“Tax and royalty revenue generated from oil and natural gas development continue to provide critical funding to all areas of our economy, including education, children's protective services, road repair and maintenance, public safety, and more than \$2 billion in recent funding for water conservation projects in Texas,” said Raymond Welder, president of Welder Exploration & Production, Inc., and chairman of TIPRO.

Despite the unprecedented contributions of the oil and gas industry, and many advantages associated with increasing domestic development, a number of state and federal issues threaten to slow progress and stifle economic growth. Bureaucratic agencies, like the U.S. Environmental Protection Agency (EPA), continue with efforts to implement onerous regulations targeting domestic producers in order to advance a flawed ideology, all at the detriment of American workers, independent producers and the U.S. economy. An increasing level of activity at the state and local levels by anti-oil and natural gas organizations have also continued to rise in more recent years.

“In addition to the ongoing battle with our own federal government, millions of dollars from agenda-driven organizations continue to funnel into states across the country to advance anti-oil and gas campaigns and related efforts to supersede state-regulated activities by abusing local ordinances,” noted Longanecker. “Efforts to pass local moratoriums or bans on hydraulic fracturing have been the latest ploy used by environmentalists, which only results in more litigation, loss of jobs and income for mineral owners, higher taxes, and an increased financial burden for city government. We prefer an approach that creates jobs and strengthens national security, not the demise of domestic oil and gas production by any means necessary mantra used by many radical groups.”

Since 1946, TIPRO has remained a relentless advocate working to preserve and protect the ability of independents to explore for and produce oil and natural gas. Key priorities for the organization include increased funding for road repair and maintenance, water use and conservation, endangered species reform, maintaining the high-cost gas severance tax reduction in Texas, educating new policymakers on the benefits of oil and gas development, and supporting balanced regulatory reform at the state level. Other industry priorities include lifting the federal ban on oil exports, expediting permitting for liquefied natural gas facilities, and maintaining federal tax policies that have been used effectively to encourage domestic production for over 100 years, including intangible drilling costs (IDCs) and depletion allowance.

“Smart energy policies will grow our economy, create jobs, establish America as a global energy leader and help keep us secure for generations to come,” added Welder. “TIPRO is committed to working with all stakeholders and supporting continued growth for our economy through the responsible drilling and production of oil and natural gas.”

What does Oil & Gas mean for Texas?

- Texas employed 411,600 oil and natural gas workers in 2013.
- Texas added 23,100 new jobs in 2013, 75 percent of all U.S. oil and gas jobs added last year.
- Job growth continued for Texas in Q1 of 2014, adding another 2,400 jobs, for a total of 414,000.
- 41 percent of all oil and gas jobs nationwide were located in Texas in 2013.
- Oil and natural gas workers earned an average wage of \$118,900, 128 percent more than average private sector wages in Texas.
- Total oil and gas payroll was \$48.9 billion for Texas in 2013. Approximately 10.1 percent of payroll in Texas is in oil and gas sector.
- 12,300 oil and natural gas businesses were located in Texas in 2013.
- The number of oil and gas establishments continued to grow in the first quarter of 2014, with an increase of 218 new businesses.
- Total oil production for Texas was 923 million barrels of oil in 2013, an increase of 198 million barrels compared to 2012.
- Total natural gas production was 8.3 trillion cubic feet in 2013, compared to 8.2 trillion cubic feet in 2012.

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

[Click here](#) to download a copy of TIPRO’s Annual “State of Energy” and supplemental “2014 Q1 Energy Report.”

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About TIPRO

The Texas Independent Producers & Royalty Owners Association (TIPRO) is a trade association representing the interests of over 2,800 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.