

TIPRO ENERGY
REPORT:
A LOOK AT
EMPLOYMENT
TRENDS FOR THE
U.S. OIL & GAS
INDUSTRY IN
2013



A REPORT
COMPILED BY
THE TEXAS INDEPENDENT
PRODUCERS & ROYALTY
OWNERS ASSOCIATION





About TIPRO

THE TEXAS INDEPENDENT PRODUCERS & ROYALTY OWNERS ASSOCIATION (TIPRO) IS A TRADE ASSOCIATION REPRESENTING THE INTERESTS OF OVER 2,500 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.

Executive Summary



Ongoing innovation and technological advancements in hydraulic fracturing and horizontal drilling have made it possible to produce increased levels of oil and natural gas from geologic formations that were once unreachable with conventional technologies. This in turn has allowed for a remarkable surge in the domestic production of oil and natural gas from shale formations in the U.S. As a result, in recent years, increasing oil and gas activity has provided substantial economic benefits for communities across the state of Texas and the U.S. Domestic exploration and production (E&P) operations support thousands of American jobs, and provide economic prosperity, as outlined in this latest report by the Texas Independent Producers & Royalty Owners Association (TIPRO).

In the first half of 2013, the U.S. oil and gas industry added 23,700 jobs, for a net growth rate of 2.4 percent. Between June 2012 and June 2013, industry employment grew by 2.6 percent, which was faster than the overall U.S. private sector. Moreover, during the past 18-months, from January 2012 to June 2013, the industry grew by as much as 5.7 percent, a figure that also topped the overall U.S. private sector. The majority of the growth in 2013 was concentrated in oil and gas extraction, drilling and support activities. Over the 18-month period, nearly half the employment growth for the oil and gas industry was driven by supporting activity, which added 26,900 jobs compared to the 54,900 jobs added for the entire oil and gas industry. Altogether, the TIPRO report examines nine primary sectors comprising the U.S. oil and natural gas industry, revealing growth across all sectors for the first half of 2013 and ending June 30, 2013, with the exception of the Oil & Gas Field Machinery and Equipment Sector.

More specifically, in 2012, the Texas oil and gas industry employed 388,000 professionals, adding 43,000 net new jobs in the oil and gas industry last year, the highest in the country. While state specific data is not yet available for 2013, it is estimated that more than half of the domestic oil and gas employment growth experienced in the first half of 2013 occurred in Texas, similar to trends and data previously provided by TIPRO for 2012.

Despite the positive economic impact of the oil and gas industry, and the many advantages associated with increasing domestic development of oil and natural gas, a number of state and federal issues threaten to slow this progress. Federal agencies like the U.S. Environmental Protection Agency (EPA), the U.S. Fish and Wildlife Service (USFWS), and the U.S. Department of Interior (DOI), continue with attempts to implement onerous regulations and restrictions on industry activity that have no basis in science, threatening the livelihood of oil and gas producers, particularly independents who collectively drill up to 95 percent of the oil and gas wells in America. For Texas operators, issues related to transportation, water, endangered species conservation reform and other regulatory issues remain top priorities.

Data from TIPRO's latest report was compiled from the U.S. Bureau of Labor Statistics' Current Employment Survey and the Texas Railroad Commission. Information is preliminary and not adjusted for seasonal variances.

The U.S. oil & gas industry now employs more than 1 million Americans, of which 388,000 jobs are located in the state of Texas.

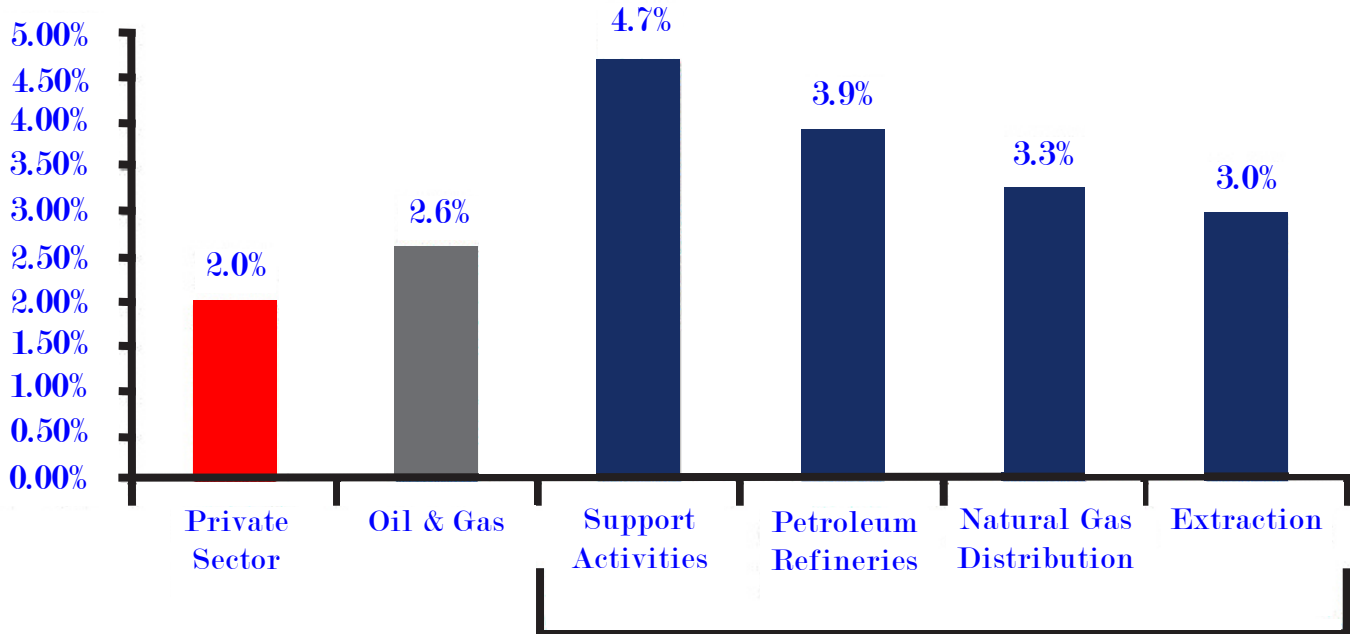


U.S. Oil & Gas Industry *Employment*



EMPLOYMENT GROWTH RATE BY SECTOR

JUNE 2012 TO JUNE 2013

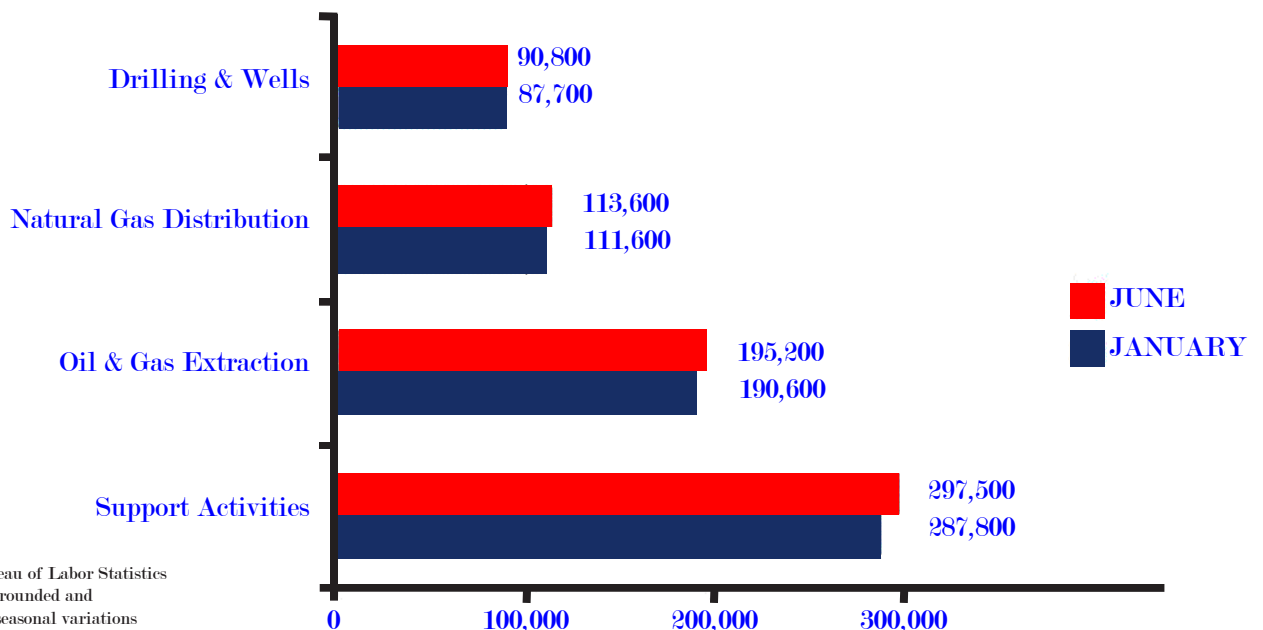


Source: U.S. Bureau of Labor Statistics
Note: Not adjusted for seasonal variations

Leading Oil and Gas Sectors by Growth Rate

TOTAL NUMBER OF JOBS IN SELECT E&P SECTORS

JANUARY 2013 vs JUNE 2013



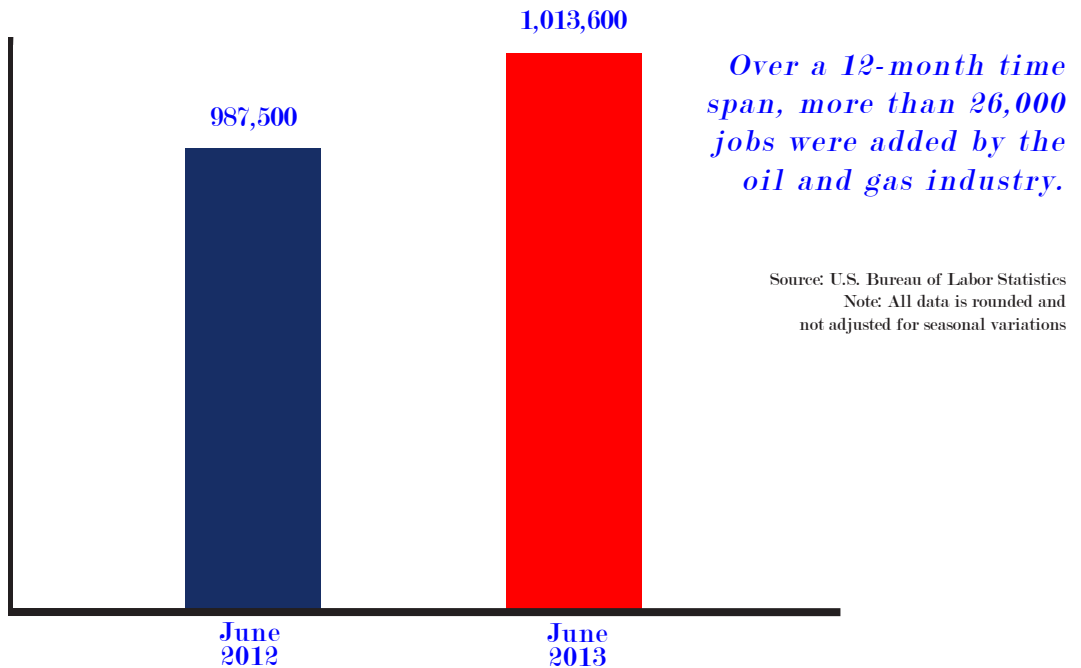
Source: U.S. Bureau of Labor Statistics
Note: All data is rounded and not adjusted for seasonal variations

U.S. Oil & Gas Industry *Employment*

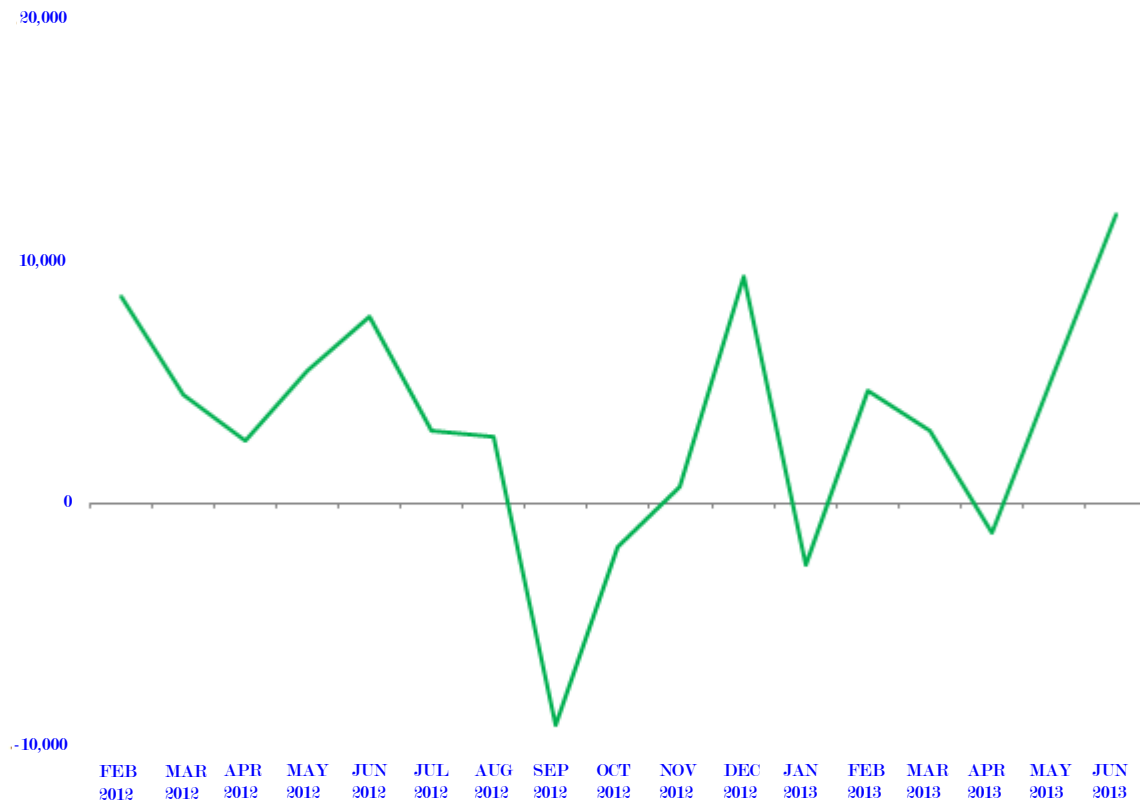


INDUSTRY EMPLOYMENT OVER THE PAST YEAR

JUNE 2012 vs JUNE 2013



CHANGE IN EMPLOYMENT, PER MONTH



Source: U.S. Bureau of Labor Statistics
Note: Not adjusted for seasonal variations

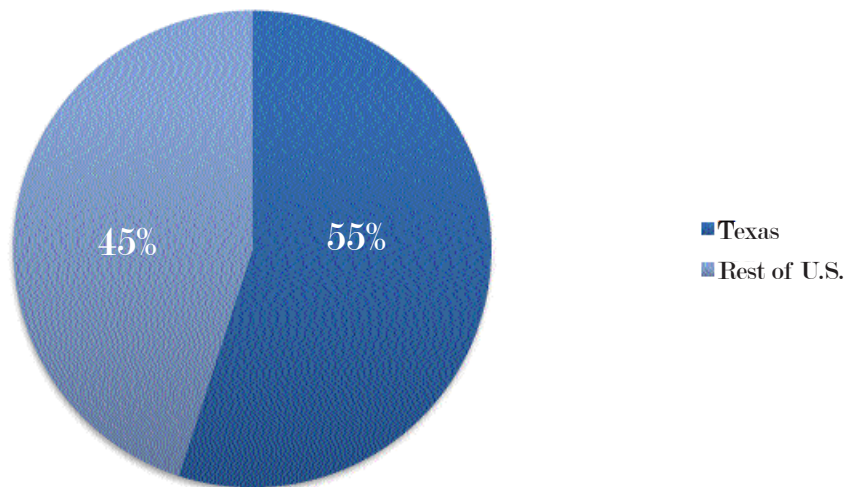
Nation's Leading Producer = *Texas*



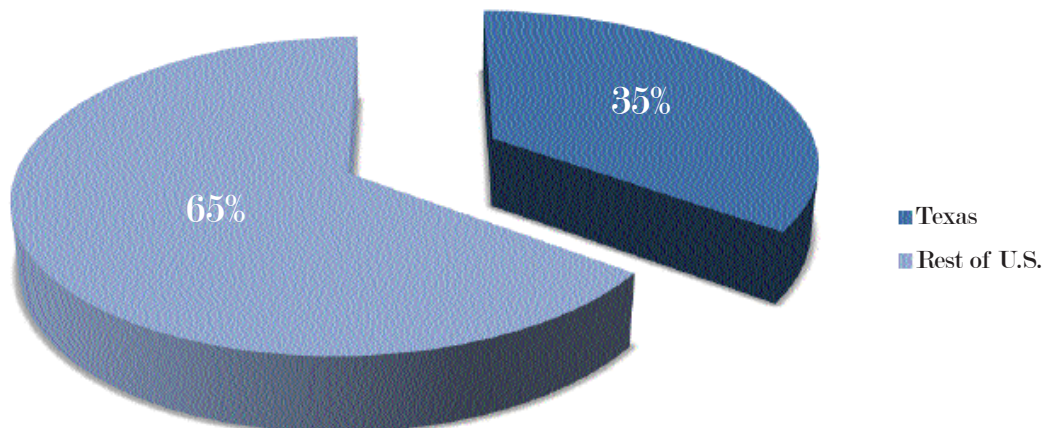
Across the nation, rising levels of oil and gas activity have helped put Americans to work, spurring additional job creation and lowering unemployment rates. Nowhere is this better exemplified than in the state of Texas, where development of shale formations in the Permian Basin and Eagle Ford have resulted in hundreds of thousands of new employment opportunities. As the leading producer of both oil and natural gas in the U.S., Texas has proved time and time again the powerful economic benefits that result from increasing development of hydrocarbons. Even better, analysts agree that production levels will continue to grow in the future, boosting a variety of industries and sectors, particularly with new discoveries of shale plays and ongoing advancements in drilling technologies. Below learn more on how the Lone Star State is outpacing national trends in E&P operations.



TEXAS vs U.S. RIG COUNT



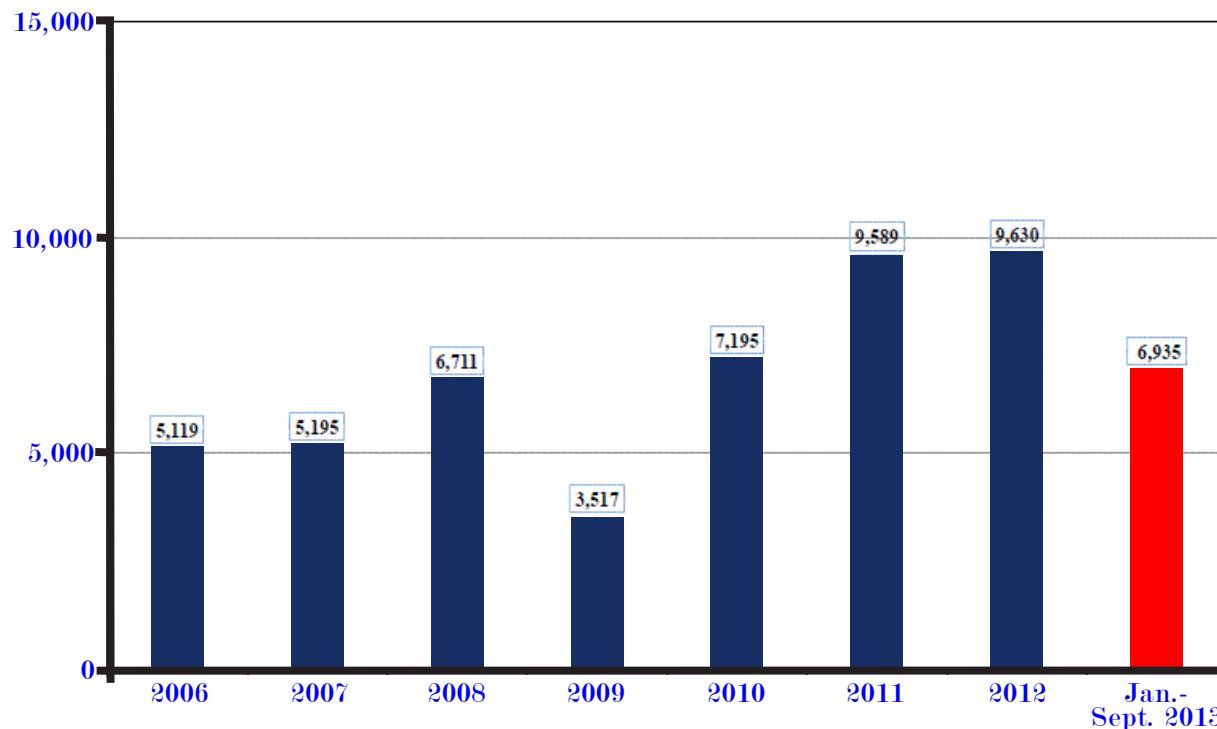
TEXAS vs U.S. TOTAL OIL PRODUCTION



Drilling Spotlight: *The Permian & Eagle Ford*



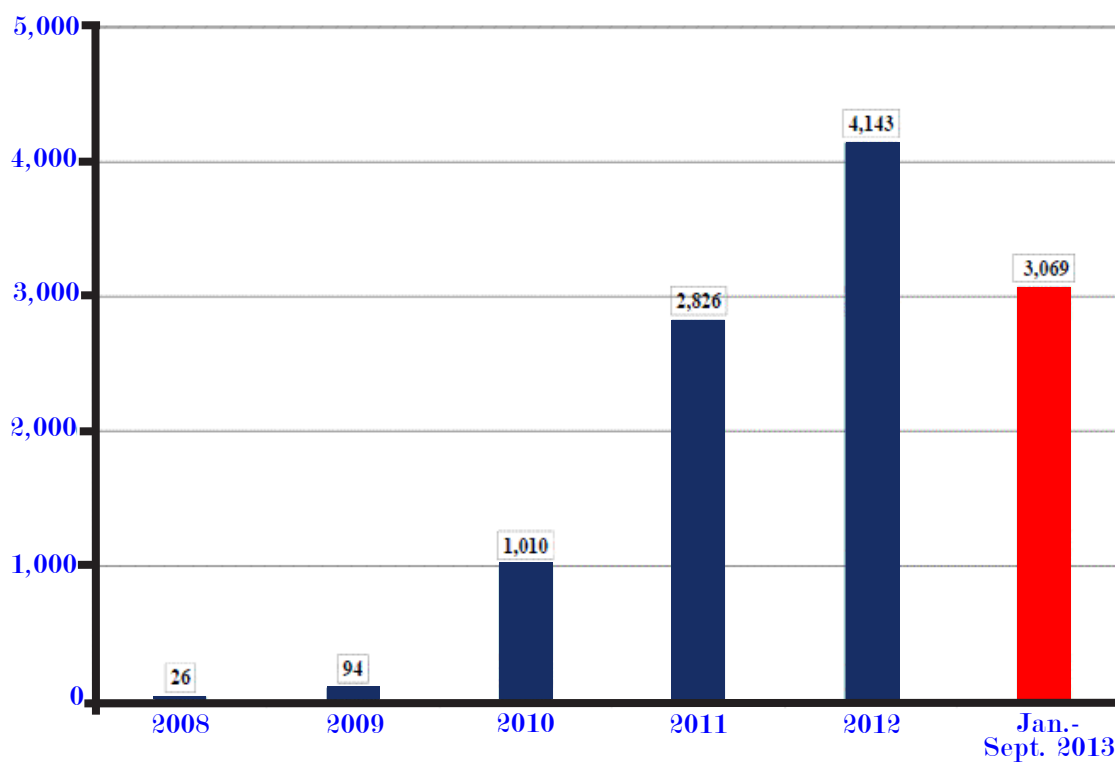
TEXAS PERMIAN BASIN - DRILLING PERMITS ISSUED
2006 THROUGH SEPTEMBER 2013



As of October 7, 2013

Source: Texas Railroad Commission Drilling Permit Query (Includes New Drill & ReEnter Permits)

TEXAS EAGLE FORD SHALE - DRILLING PERMITS ISSUED
2008 THROUGH SEPTEMBER 2013



As of October 2, 2013

Source: Texas Railroad Commission Drilling Permit Query (Includes New Drill & ReEnter Permits)

