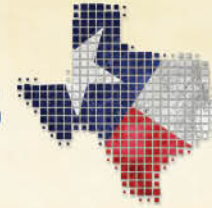


Oil & Natural Gas in Texas



YOUR  
**Questions  
Answered**

FROM THE TEXAS OIL AND NATURAL GAS INDUSTRY

# Joint Association Education Initiative

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- Statewide initiative to educate Texans about the oil and natural gas industry, its operations and its economic impact for Texas
- 8 participating oil and natural gas trade associations and organizations:
  - Texas Alliance of Energy Producers
  - Texas Independent Producers & Royalty Owners Association
  - Texas Oil & Gas Association
  - Texas Pipeline Association
  - Texas Royalty Council
  - Panhandle Producers & Royalty Owners Association
  - Permian Basin Petroleum Association
  - South Texas Energy & Economic Roundtable

[www.oilandnaturagasintexas.com](http://www.oilandnaturagasintexas.com)

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# Sectors of the Oil & Natural Gas Industry

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1. Crude Petroleum & Natural Gas Extraction
2. Natural Gas Liquid Extraction
3. Drilling Oil and Gas Wells
4. Support Activities, Oil/Gas Operations
5. Natural Gas Distribution
6. Petroleum Refineries
7. Petrochemical Manufacturing
8. Oil and Gas Field Machinery & Equipment
9. Petroleum Products Merchant Wholesalers
10. Pipeline Transportation

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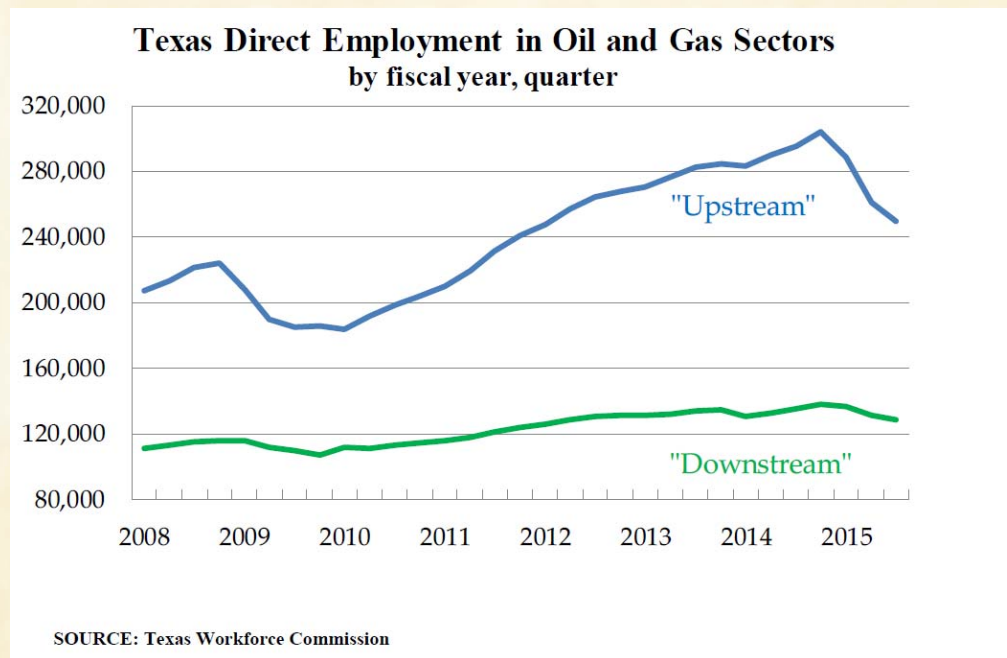
# Current Statistics

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- Price of Oil: Rose above \$35, first time in 2 months (3/4/16)
  - Down roughly half from a year ago
- Texas Rig Count: 231 (as of 2/26/16)
  - Perspective: 695 rigs on Jan. 30, 2015
- Texas Oil Production
  - Texas production declined slightly in Dec. to 3.3 million barrels/day (down 65,000 barrels/day)
  - Texas production still more than double 2011 levels

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# Oil & Natural Gas Employment



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# Texas: An Oil & Natural Gas State

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Texas is the nation's #1 producer of oil.

- If ranked as a nation, Texas would rank #9.

Texas is the nation's #1 producer of natural gas.

Texas has the largest pipeline infrastructure in the nation.

The largest refining center in the U.S. is located along the Texas Gulf Coast. Texas refineries account for 29% of total U.S. refining capacity.

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# Good News

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## Even with the downturn:

- In 2015, the oil and natural gas industry directly employed 410,000 Texans.
- Oil and natural gas supports another 1.4 million indirect jobs in supporting industries and sectors.
- Several sectors of Texas oil and natural gas industry remain steady and are creating jobs. (pipelines, petrochemical manufacturing)
- Our nation's dependence on imported petroleum is at a 45-year low. U.S. net petroleum imports were 24% in 2015, down from 60% in 2005.

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# Oil & Natural Gas Anchors Texas Budgets

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Even in a challenging price environment:

- Texas' oil and natural gas industry paid \$13.8 billion in state and local taxes and state royalties in FY '15 – 2<sup>nd</sup> highest total in Texas history.
- Texas ISDs received \$1.9 billion in oil and natural gas mineral property taxes.
- Texas counties received \$632 million in oil and natural gas mineral property taxes.

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# Oil & Natural Gas Taxes at Work

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- Texas oil and natural gas companies contribute billions of dollars in taxes and royalties that directly fund our roads, schools, first responders and essential public services.
- Texas has been able to invest billions of dollars oil and natural gas tax revenue for water infrastructure and our State Highway Fund.
- Permanent School Fund receives more than a half billion dollars annually from oil and natural gas royalties and leases annually.

Falling price of oil is a reminder that oil and natural tax revenue is not guaranteed.

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# Fast Facts

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- Fracking is a well stimulation technique is just one of many steps in the process of producing oil and natural gas. **Fracking takes about 3 to 5 days.**
- Wells are required by law to be constructed with multiple layers of steel and concrete to protect water supplies.
- The EPA recently completed a comprehensive five-year study of fracking's effects on drinking water and concluded that **fracking has not led to widespread drinking water contamination.**
- Other recent studies from the California Council on Science & Technology, University of Colorado, Stanford, Syracuse and Yale have also concluded that fracking is not causing groundwater contamination.
- **Air quality has repeatedly been shown to be safe near oil and gas facilities in Texas and beyond.**

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# Joint Association Education Initiative

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Thank you!

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