

Negative Economic Impact 2011 Federal Budget Proposals On Oil And Gas Extraction Industry

	National	Texas
Drilling Rig Count (Feb. 1, 2010)	1,317	538
Drilling Rig Count in 12 months if passed	526	215
Crude Oil Production (000,000 bbls 2007)	1,887	351
Crude Oil Production Prematurely Plugged (000,000) ¹	1,132	210
Increase in imported oil (\$70/bbl) ²	\$79,240,000,000	
Loss in oil production tax in Texas ³	\$676,200,000	
Natural gas production (trillion cubic feet)	26.0	7.7
Natural gas production prematurely plugged (tcf)	19.5	5.6
Loss in gas production tax in Texas ⁴	\$2,100,000,000	
Loss to Permanent School and University funds ⁵	\$1,250,000,000	
Employment (Oil & gas extraction and service 2009)	209,900	
Employment (2013)	138,900	

In addition to losing 30% of its workforce and an estimated \$3 billion in production taxes, the state and local governments will lose significant tax payments in the form of property taxes, sales taxes and other taxes and fees. The total negative economic impact to the State of Texas alone would be about \$50 billion over the next 10 years.

Revised Feb. 1, 2010, Texas Alliance of Energy Producers

¹ Estimates of crude oil production prematurely plugged for years 2010 – 2019.

² Based on increased imports to offset plugged production for years 2010 – 2019.

³ Texas taxes crude oil at 4.6% of value. Estimates based on \$70/barrel for years 2010 - 2019.

⁴ Texas taxes natural gas at 7.5% of value. Estimates based on \$5/mmBtu for years 2010 - 2019.

⁵ During the last 5 years, the Permanent School Fund and the Permanent University Fund have average about \$500,000,000 annually in royalties, lease bonuses and other activity from oil and gas drilling and production. A 25% decline in activity will result in a loss of about \$1,250,000,000 for years 2010 – 2019, or \$125,000,000 per year.