

Oil Drilling Rig Count Has Not Declined In 16 Weeks

The number of rigs drilling for oil in the United States rose again last week, marking 16 consecutive weeks without a decrease.

The industry added 4 oil rigs in the week to Oct. 14, bringing the count up to 432—the most since February—but still below 595 rigs a year ago, according to the Baker Hughes rig count.

Also, the American Petroleum Institute (API) released data on Oct. 18 indicating the downturn has reached bottom. API said it estimated there were 2,285 oil wells drilled and completed during the third quarter, which was about 3.7 percent less than the previous quarter. That follows an average 17.3 percent decline over the last six quarters.

"This report shows evidence that the consistent decline in oil and natural gas drilling could be coming to an end," Hazem Arafa, director of API's statistics department, [said in a statement](#).

Drilling rig activity in Texas also has been increasing in response to higher oil prices. Prices have recovered from a low in February of \$26 per barrel to about \$50 recently in many locations.

Other positive economic news comes from the Texas Workforce Commission, which estimates statewide total upstream oil and gas employment in Texas increased by 800 jobs in August. It was the first addition to upstream oil and gas employment in Texas since December 2014.

"These are important milestones," economist Karr Ingham said. "They certainly do not suggest a return to the activity levels the state was enjoying in advance of the downturn, but they do suggest the industry is no longer hemorrhaging in terms of price, the rig count, and jobs. "First things first!"

The current rally in the rig count is the third longest. Only the 19-week streak recorded in 2011 and a 17-week run in 2010 are longer.

The Baker Hughes oil rig count plunged from a high of 1,609 in October 2014 to a six-year low of 316 in May after crude prices collapsed from over \$107 a barrel in June 2014.

But since U.S. crude briefly climbed over \$50 a barrel in May and June, drillers have added 116 oil rigs. Many believe that if oil prices can stabilize at \$50 or higher, drilling and production activities will increase.

Crude oil prices declined in late 2014, because of an oversupply worldwide. One major reason for the oversupply was the dramatic increase in oil production in the U.S. from shale. However, in recent months, oil production in Texas has declined to 96.3 million barrels—9 percent less than in August 2015.

The Texas Railroad Commission issued 660 drilling permits in August, a decrease of 23.6 percent from the 864 permits issued in August 2015. This year through August, 4,830 permits were issued, which is down 34.8 percent from the first eight months of 2015.

An estimated 204,125 Texans remained on upstream oil and gas industry payrolls, down about 19.3 percent from August 2015 and 33.3 percent fewer than the estimated high of about 306,020 in December 2014.