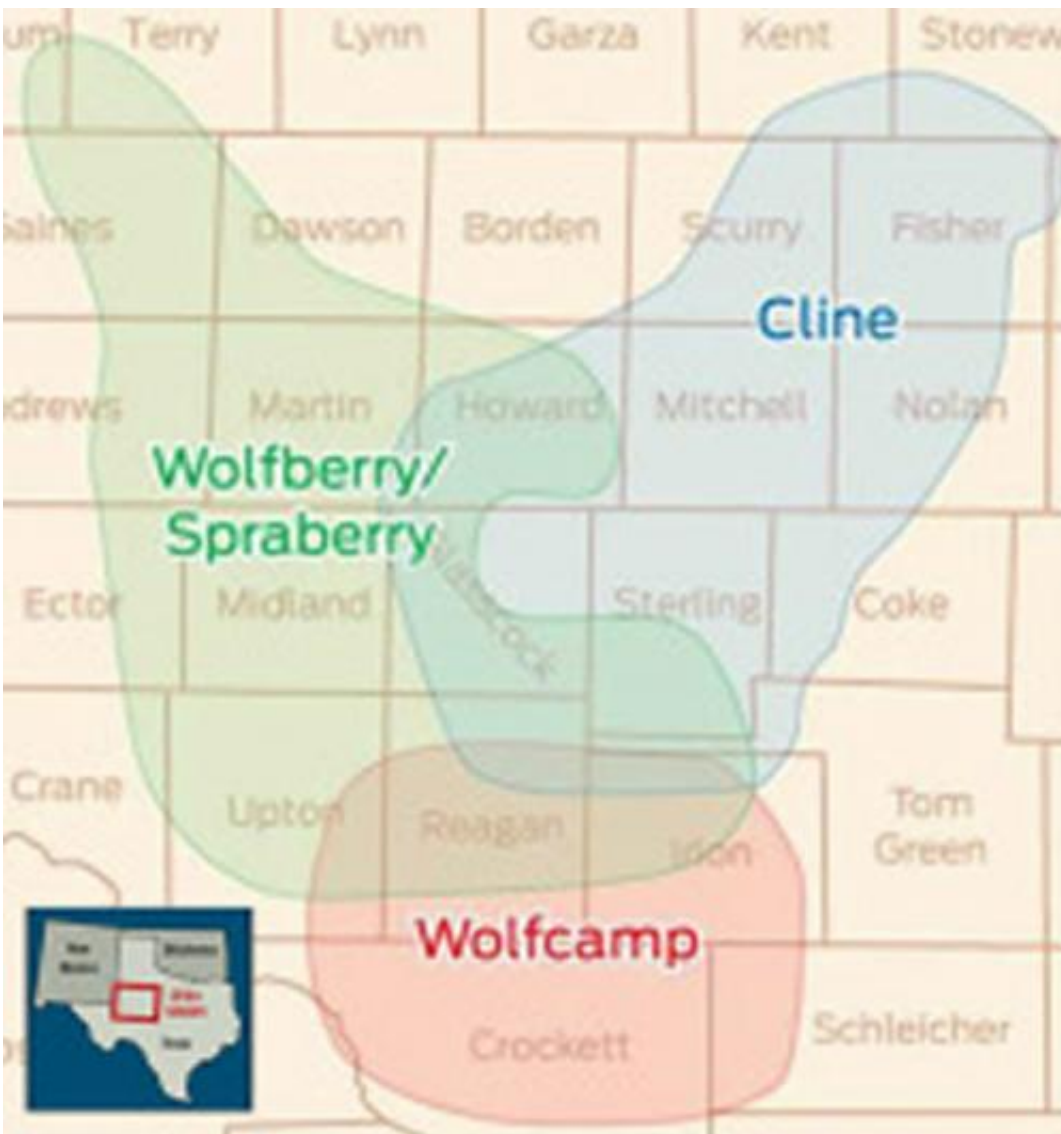


New research: Economic impact of oil and natural gas in West Texas

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This is the 16 county region of West Texas studied for its oil and natural gas production in 2012 by the UTSA Institute for Economic Development. Credit: West Texas Energy Consortium

Development of oil and natural gas in a 16-county region of West Texas added more than \$14.5 billion in total economic impact during 2012, according to a study released today by the Center for Community and Business Research in The University of Texas at San Antonio Institute for Economic Development. In addition, the region supported 21,450 full-time jobs for workers in oil and gas, drilling, support operations, pipeline construction, refineries and petrochemicals.

Highlights of the UTSA study concluded that in 2012 the region generated:

- \$1 billion in salaries and benefits paid to workers
- \$6.2 billion in gross regional product (value added)
- \$472 million in state revenue, including \$187.4 million in severance taxes
- \$447 million in local government revenue

The UTSA Center for Community and Business Research was contracted by the West Texas Energy Consortium (WTxEC) to estimate the economic impact of the [oil](#) and [gas](#) industry on certain counties in the Consortium's area during 2012, and create a forecast for the year 2022. The Consortium's area consists of the Concho Valley, West Central Texas and Permian Basin regions.

The region has a long history of oil and gas activity and, in recent years, has been affected not only by renewed attention in vertical wells but also new techniques, such as horizontal drilling coupled with hydraulic fracture stimulation. The study estimates that close to 854 vertical wells and 57 horizontal wells (including 12 directional wells) were completed in 2012.

"This baseline study is intended to help communities in West Texas plan and prepare for the prospect for increased oil and gas production in the area down the line. For many counties, activity is clearly in the early stages," said Thomas Tunstall, research director at the UTSA Institute for Economic Development and principal investigator for the study.

While taking into consideration low and high-price scenarios, the impact in 2022 could vary widely. But UTSA estimates growth in full-time jobs supported by the oil and [gas industry](#) could potentially increase by 42.2 percent from 2012-2022. This study estimates a scenario where low oil prices in the future could produce an output as low as \$7.6 billion, and where high oil prices could see enormous growth, as high as \$34.3 billion. The ranges of these figures are broad due to high variability in the prices of oil and gas, the challenges of forecasting future oil and gas activities, changes in the number of wells per rig, and changes in productivity per well.

The 16-county area researched encompassed various shales including the Cline Shale, a 70 mile-wide by 140 mile-long formation that stretches along 14 counties in West Texas. The formation produces natural gas, condensate, oil, and [natural gas](#) liquids, with margins more favorable than other shale plays.

Provided by University of Texas at San Antonio

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