



# NEWS

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## **New Report: Onshore Independent Oil and Gas Companies Comprise 3% of Total U.S. Workforce, Account for 4% of Total US GDP**

***IHS Global Insight report updates existing figures on central role that independent oil and natural gas producers play in driving our economy, drilling 94% of nation's wells.***

**NEW YORK** – Independent oil and natural gas producers working onshore in the United States accounted for nearly four million American jobs in 2010, a number that represents more than three percent of the total U.S. workforce. And according to a study released today from IHS Global Insight, that figure is only projected to grow, even at a time of unprecedented economic uncertainty for the country on the whole.

The nation's approximately 18,000 independent oil and natural gas companies are strictly explorers and producers of America's oil and natural gas reserves. According to the report, "independents now drill close to 94 percent of America's oil and gas wells, a figure which is forecasted to remain steady over the next 10 years." This is in contrast to major, multinational or integrated companies that might have refineries and gasoline stations, known as the downstream sector of the industry.

The new report, commissioned by the [Independent Petroleum Association of America](http://www.ipaa.org) (IPAA) and released during the [IPAA Oil and Gas Investment Symposium in New York City](http://www.ipaa.org), also projects that onshore independents will return more than \$930 billion to state, local and federal governments in the form of taxes, rents and royalties over the next 10 years – all driven by a forecast that predicts an ever-expanding role for U.S. independents in developing more onshore wells, and delivering greater volumes of oil and natural gas to American consumers.

In conjunction with the study, IPAA unveiled a new website – [Declaration of Independents](http://www.oilindependents.com) – that highlights the independents' contribution to American oil production. Copies of the study can be found on the homepage – [www.oilindependents.com](http://www.oilindependents.com).

**IPAA president and CEO Barry Russell issued the following statement subsequent to the report's release:**

"The headline here isn't just that independent oil and natural gas producers know how to create jobs; we've been doing that since Col. Drake spud his first well back in the 1850s. The headline is that independent producers are delivering jobs -- millions of them -- and billions in annual tax and royalty revenue for state, local and federal governments at a time and place when they have perhaps never been needed more.

"Throughout our history, innovation has been the driver of that progress – and so it is again, with independents applying the best in science and engineering to develop an onshore resource base that earlier this decade was considered almost entirely out of reach. The upshot has been considerable: across all onshore streams, more than four million jobs supported in 2010 and nearly \$580 billion in total economic activity, accounting for four percent of U.S. GDP. And those numbers are only expected to grow over the next 10 years, with the contribution of U.S. independents slated to be in the trillions.

*more...*

**Bruce Vincent, president of the Houston-based [Swift Energy Company](#) (NYSE: SFY) and chairman of the [Independent Petroleum Association of America](#) (IPAA), adds this about the findings:**

“The amazing thing here, of course, is that the findings in this study are limited only to onshore activity. According to a [recent report](#) on our industry’s contribution offshore, independents operating in just the Gulf of Mexico accounted for more than 200,000 jobs, \$38 billion in economic benefits, and \$10 billion in federal and state revenue and royalty payments. Unfortunately, even as we continue to seize on new opportunities onshore, offshore numbers are expected to decline, owing in large part to the position of the current administration.”

<b>Employment Impact of Onshore Independents – Upstream Only</b>				
Jobs	Direct	Indirect	Induced	Total/Projected
2010	399,508	626,443	1,051,778	2,077,729 (plus add'l 1.9 MM jobs from mid / downstream = 4 million jobs)
2015	504,381	699,501	1,161,945	2,365,826
2020	609,832	759,439	1,265,672	<b>2,634,943</b>

<b>Taxes/Royalties Paid By Onshore Independents – State, Federal, Local</b>				
	2010	2015	2020	Total/Projected
Federal Taxes	\$36.3 billion	\$44.5 billion	\$53.4 billion	\$489.5 billion
State and Local	\$31.4 billion	\$38.4 billion	\$46.1 billion	\$422.4 billion
Royalties, Rents	\$1.4 billion	\$1.8 billion	\$2.4 billion	\$21.4 billion
Grand Total	\$69.1 billion	\$84.7 billion	\$101.9 billion	<b>\$933.3 BILLION</b>

- **JOBS:** “In 2010, almost 4 million direct, indirect and induced jobs were supported by the independents’ business ecosystem, accounting for over 3% of all US jobs.”
- **THE ECONOMY:** “The independents’ business ecosystem contributed \$579 billion (4.0%) of US GDP in 2010.”
- **TAXES:** In 2010, independents’ (upstream) activity generated \$30.7 billion in income taxes (federal and state), sales tax and excise taxes. Additionally, independents’ upstream activity led to \$38.4 billion in corporate taxes, severance taxes and federal royalty payments in 2010. The entire direct/indirect/induced ecosystem of the independents generated \$131 billion of federal and state taxes in 2010, a figure that will increase to \$189 billion by 2020.
- **ENERGY CONTRIBUTION:** This study (combined with an [earlier, similar IHS study](#) looking at independents in the *offshore*) means that independents – onshore and offshore – collectively produce 54% of domestic oil and 85% of America’s natural gas, accounting for 67% of total U.S. production (oil and natural gas).
- “Independents share of production and investment in the United States has been rising steadily over the last five years, both in liquids and natural gas. Currently, independents onshore account for 65% of the total natural gas production and close to 45% of the total onshore oil production in the United States. Over the next ten years these figures are expected to continue to increase as shale plays ramp up.”
- “[Today] it takes fewer wells to produce the same amount as before. For example, prior to 2008, more than 31,000 annual new gas wells were required to sustain 58 BCF/d of gas production; now it is possible to produce almost 63 BCF/d with the drilling of only 19,000 new gas wells per year.” Of the 27,409 wells drilled in 2010, independents drilled 26,030 wells, while other companies drilled 1,379 wells.
- “The independents’ direct upstream value of output is thus expected to grow from \$263 billion today to \$351 billion in 2020 ... Total upstream jobs are expected to increase from 2.1 million in 2010 to 2.6 million in 2020.”