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### **DRILLING MEANS 9.3 MILLION AMERICAN JOBS**

*New Study by The Perryman Group Quantifies Economic Benefits of Oil and Natural Gas Exploration and Production for the United States and Selected Major Energy-Producing States*

The total economic benefits of oil and gas exploration and development activity (including multiplier effects) are estimated to include almost **\$1.2 trillion** in gross product each year, as well as **more than 9.3 million permanent jobs in the United States**.

“When you include the ripple effects through the economy, oil and natural gas exploration and production supports nearly **7% of the US economy**,” said Dr. Ray Perryman, president and CEO of The Perryman Group.

The resurgence of the oil industry over the past few years has been dramatic. Production levels have reached totals not seen since the late 1980s and continue to increase. In 2012, total US production was almost 2.4 billion barrels, with 2013 rising to more than 2.7 billion. It appears that the United States will be the world’s leading producer by the end of 2014. Although the United States still relies on imports to meet about 40% of crude oil needs, the increase in domestic supplies has helped reduce dependency on foreign oil and improve the US trade situation.

A primary reason for this growth is technological advancements including horizontal drilling and hydraulic fracturing, which have unlocked previously unrecoverable oil and natural gas reserves in shale plays. Early experiments in hydraulic fracturing began in the 1980s, but it was decades later before the technique developed (and prices increased) to the point of making drilling within shale plays economically feasible. With horizontal drilling and better exploration tools, the nation’s shale plays have become primary sources of new production.

The oil surge has also been important to the economic recovery from the recent recession. While market conditions and price levels are currently less favorable to extensive natural gas exploration, there is nonetheless a significant level of investment in developing natural gas resources. Although direct employment in the industry is a small percentage of total jobs, the work is often well paying. Moreover, the ripple effects through the economy of this high value-added industry are large, especially in states which have a substantial concentration of support services.

The Perryman Group also found that the **economic benefits of oil and natural gas production have more than doubled over the past 10 years** even after accounting for the effects of inflation. “The new jobs

created by the oil and gas sector since the recovery from the recession began are responsible for about 30% of the national increase,” said Dr. Perryman.

An assessment of several major energy-producing states indicates that Texas realizes the largest economic benefits both from the substantial oil and gas reserves in the state and the long history of the industry and resulting supporting sectors. By contrast, in states where oil production has only recently begun to escalate, such as North Dakota, support industries are still developing and ripple effects through the state economy are smaller. It should be noted, however, that North Dakota sees benefits of more than 100,000 jobs in an economy with total employment of only about 500,000. In the newly emerging areas, overall economic effects can be expected to rise over time.

“While changing market conditions will lead to cycles in the industry,” said Dr. Perryman, “the oil and gas industry will be a driver of substantial economic activity for many years to come.”

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*The Perryman Group (TPG) is an economic research and analysis firm based in Waco, Texas. The firm has more than 30 years of experience in assessing the economic impact of corporate expansions, regulatory changes, real estate developments, public policy initiatives, and myriad other factors affecting business activity. TPG has conducted hundreds of impact analyses for local areas, regions, and states throughout the U.S. Impact studies have been performed for hundreds of clients including many of the largest corporations in the world, governmental entities at all levels, educational institutions, major health care systems, utilities, and economic development organizations.*

**NOTE:**

The Perryman Group’s report containing additional information regarding the economic benefits of the oil and natural gas industry is available to download at [www.perrymangroup.com](http://www.perrymangroup.com).