

# FORT WORTH NEWS BUREAU

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Contact:  
Andra Bennett, APR  
817-338-3333  
817-360-4312 (cell)  
abennett@fortworthchamber.com

## **Study: Decade of Drilling has expanded Barnett Shale regional economy by 38%, \$65.4 billion**

*Economic impact study affirms boost to personal, local and state revenues over past decade*

**Fort Worth, Tex (Sept. 27, 2011)** -- Robust even in the face of recession, the Barnett Shale play has emerged after 10 years as an immense, resilient and growing economic engine in the 24-county North Texas region and Texas, an economic and financial analysis has found.

Commissioned by the Fort Worth Chamber of Commerce and conducted by The [Perryman Group](#) (TPG) of Waco, "[A Decade of Drilling](#)" examined Barnett Shale activity and impact on local, regional and state business activity during 2001-2011.

The study found massive past, present and future economic impact and billions of dollars generated in local and state tax revenue. TPG estimates that the cumulative economic benefits during the 2001-2011 period include **\$65.4 billion** in output (gross product) for the region, and \$80.7 billion in output for the state.

Approximately **38.5 percent of the region's economic growth** since 2001 stems from Barnett Shale activity. And that activity constitutes about **8.5 percent of the local business complex**.

"It is truly an amazing story," said Ray Perryman, TPG founder and president. "Even though the level of drilling activity in the Barnett Shale started declining in late 2008, TPG found that the economic impact of the [Barnett Shale](#) activities has continued to grow."

"We commissioned the study to see how or if the economic downturn had impacted past projections about the industry," said Bill Thornton, president and CEO of the [Chamber](#). "What we found was that it's a bulwark of our economy. Here's an activity that was virtually non-existent a decade ago and now -- thanks to new technology developed here -- is generating huge benefits in terms of tax revenues, payroll and personal income for our region and the state.

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## **A winning play**

The Barnett Shale has yielded more than **9 trillion cubic feet of natural gas**. Although a difficult economy slowed exploration, production from the Barnett Shale has continued to rise, topping 1.8 trillion cubic feet in 2010. More than 70 rigs in 24 counties are currently drilling.

TPG estimated the **2011 total regional effect** of Barnett Shale activity to **include \$11.1 billion in annual output**. For Texas as a whole, Barnett Shale-related activity leads to estimated 2011 gains in output (gross product) of almost \$13.7 billion.

Such stimulus, the Perryman Group found, flows from (1) exploration, drilling, and related activity; (2) pipeline investments and related operations; (3) royalties and lease bonuses; (4) local and state tax revenues; and (5) direct/indirect jobs and increased business in the private sector.

“The economic impact of the [Barnett Shale activities](#) goes far beyond just the drilling of new wells,” Perryman said, “which says that these economic benefits will continue as long as the wells produce, which can be 40 or 50 years or longer. There are obviously challenges to drilling in an urban environment, but efforts to work cooperatively to overcome them will pay handsome dividends.”

## **Jobs and income**

Regionally, Barnett Shale-related activity has created **100,268 jobs**, the Perryman Group found. For **Texas as a whole, more than 119,200 jobs** have been created.

Wage and salary employment in the region is **about 8.7 percent higher** than it would be without the Barnett Shale. Personal income in the region is almost 8.5 percent higher than it would be in the absence of Barnett Shale-related activity.

In terms of the number of jobs created directly and in related sectors, the report states, “the Barnett Shale’s effects are now **larger than other, long-time sources of economic success in the Metroplex**: about 5 percent higher than that of aircraft manufacturing, 10 percent larger than air transportation (including Dallas Love Field, Dallas/Fort Worth International Airport, and Fort Worth Alliance Airport), and 83 percent larger than motor vehicles (manufacturing).”

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## **Tax revenues and philanthropy**

At a time when most government entities, on local and state levels, and schools must contend with difficult budgetary conditions, the Barnett Shale delivers an important source of additional revenues. Over the 2001-2011 period, **local taxing entities received an estimated \$5.3 billion in tax receipts. The state received \$5.8 billion.**

This year, the Barnett Shale and related activity will generate around \$730 million in additional revenues for counties, cities and school districts in the region. The state will likely receive another \$911.8 million, for a total gain in local and state taxes of an estimated \$1.6 billion.

Barnett Shale activity also benefits both state and local governments through property taxes, severance tax, enhanced retail sales and real estate development, permits and fees, and other types of levies such as hotel/motel occupancy taxes and receipts stemming from various taxable activities.

In 2010, independent school districts in the Barnett Shale region received approximately \$2.7 million in royalty payments, \$2.5 million in bonuses, and \$45.8 million in tax revenue from natural gas and mineral rights. Indirect revenues from collateral development are even higher. At the [University of Texas at Arlington](#), \$5 million in royalties has been paid since wells on campus started production in 2008.

Impact extends to revenue-challenged area charities, which have received millions of dollars in donations from oil and gas companies, TPG found. In 2010 alone, companies donated at least \$9 million to organizations in the Barnett Shale region.

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*To view or download a copy of the complete study, go to*  
<http://www.fortworthchamber.com/BarnettShaleStudy11.pdf>