



# News Release

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## Texas Petro Index Has First Increase In More Than A Year

HOUSTON—The Texas oil and gas economy took a noticeable turn for the better during January, as the Texas Petro Index (TPI) increased to 189.4, registering the first month-to-month gain in 16 months.

“An increase in the TPI is big news, even though the January index remains more than 30 percent lower than in January of 2009,” Karr Ingham, the petroleum economist who created the unique indicator of upstream oil and gas economy health in Texas. “It is encouraging because it likely represents the end of the current downward cycle and the beginning of recovery from a deep industry contraction.”

Although economic data compiled for the TPI suggest the Texas oil and gas industry is on the cusp of a recovery, Ingham cautioned that an annual revision of state employment statistics, to be completed within the next couple of weeks, could alter monthly employment numbers as far back as 2008, potentially forcing a downward revision of the January TPI. In addition, despite steady recovery of oil-directed activity in Texas in the past year, Ingham said a recovery of the Texas oil and gas economy during 2010 will be more dependent upon a rebound of natural gas markets.

Texas crude oil prices averaged \$74.60/bbl, nearly 94 percent more than in January 2009. Natural gas prices in Texas averaged \$5.77/Mcf during January, up \$1.29/Mcf compared to December 2009 and about 12.5 percent more than in January 2009.

“There have been some encouraging signs as to natural gas consumption,” Ingham said. “But natural gas demand for electric power generation and industrial usage is dependent upon general U.S. economic activity, and the jury is still out on U.S. economic recovery in 2010.”

A composite index based upon a comprehensive group of upstream economic indicators, the Texas Petro Index increased to 189.4, up from 188.4 at yearend 2009. The TPI peaked at 285.4 in September and October of 2008.

Among leading TPI indicators during January 2010:

- Crude oil production in Texas totaled an estimated 33.6 million barrels, about 3.9 percent less than in January 2009. The value of Texas-produced crude oil topped \$2.5 billion in January, 86.4 percent more than in the same month a year earlier.
- Texas natural gas output totaled an estimated 652.6 billion cubic feet, 5.0 percent less than in January 2009. The wellhead value of Texas-produced gas in January totaled \$3.77 billion, up 6.9 percent compared to January 2009.
- The Baker Hughes count of active drilling rigs in Texas averaged 519, down from 701 in the same month a year earlier, but up considerably from the rig count of 329 in June 2009. Drilling activity in Texas peaked in August 2008 at 958 rigs.
- The number of Texans employed in the state’s oil and gas industry averaged 210,500, recovering from a nadir of 201,800 in August 2009 after reaching 240,200 in December 2008.

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EDITOR’S NOTE: The Texas Petro Index is a service of the Texas Alliance of Energy Producers, the nation’s largest state association of independent oil and gas producers. For line and bar graphs of indicators, go to <http://www.texasalliance.org/> and click on “Petro Index.”

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