



# News Release

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## **Texas oil and gas industry continues shedding thousands of jobs**

HOUSTON—Texas oil and gas employment remains in free fall, according to the latest Texas Petro Index (TPI), with more than 32,000 Texans forced out of work in the industry this year through July, and thousands of more job losses appear inevitable.

“Producers and oilfield service contractors are shedding jobs to shrink the industry’s work force to the level required to operate 300 to 350 rigs in Texas,” said petroleum economist Karr Ingham, who created the TPI for the Texas Alliance of Energy Producers. “That adjustment is not complete, so it appears that thousands more Texans will be sent packing before this cycle hits bottom.”

Ingham said the TPI indicated that drilling activity has stabilized in the past few months, but at a very low level compared to this time last year, when the state’s oil and gas economy was peaking. After surging to 240,000 workers in December, total oil and gas employment in Texas in July had declined to 207,700, according to the Texas Workforce Commission. Ingham estimated that one of every 10 Texans working in the industry have lost their jobs this year through July.

A composite index based upon a comprehensive group of upstream economic indicators, the Texas Petro Index in July dropped to 215.5, for a decline nearly 25 percent since the indicator of the Texas oil and gas industry’s health peaked at 285.4 in September and October 2008. Among leading indicators in July:

- The Baker Hughes count of active drilling rigs in Texas averaged 342, down from a peak of 958 rigs at the end of August 2008. (Activity reached a low point of 320 rigs in the second week of June before rebounding to 340 rigs by mid-July.)
- Texas crude oil prices averaged \$60.91 per barrel (/bbl), recovering from a low ebb of \$35.87/bbl in February. Texas crude during July 2008 sold for \$130.91/bbl on average.
- Natural gas prices in Texas averaged \$3.62 per thousand cubic feet (/Mcf), compared to \$12.33/Mcf in July 2008.

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.

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