# Onshore Independent Oil and Natural Gas Producers Are Vital to the U.S. Economy

*Onshore Independents supported* ***2.1 million jobs in 2010****, a figure that will rise to*
***2.6 million jobs by 2020****.*[1]

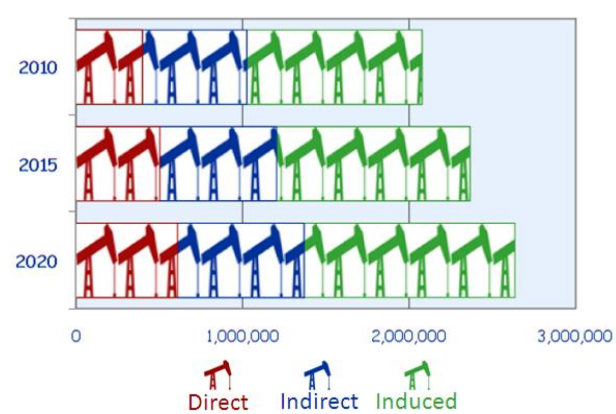
***One out of every 62 jobs*** *in the U.S. is attributable to the independents' upstream activities*

Onshore independent oil and natural gas producers play a major role in the development of America's oil and natural gas industry. Operating in 32 states, America's 18,000 onshore independents drill close to 94% of the country's oil and natural gas wells. Their entrepreneurial spirit and willingness to take on risk spawns innovation -- like opening up shale plays – while creating jobs and contributing to U.S. GDP.

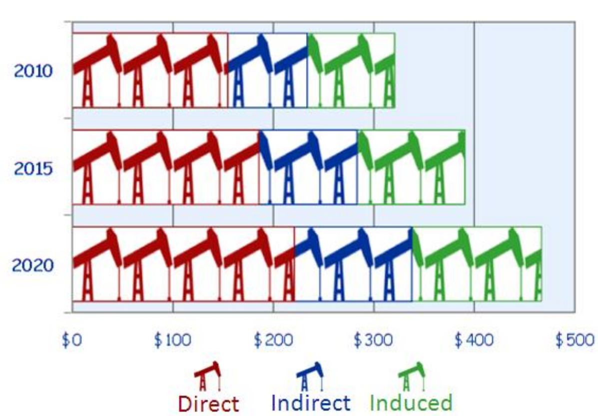
The independents' business ecosystem fosters job creation on three levels. First are the direct jobs created within their operations. Next, purchasing supplies and business services creates jobs within their supplier networks. Finally, the direct and indirect workers spend their wages in the general economy, buy housing, pay taxes and so on. This helps keep a range of others employed, from mom-and-pop shop owners to doctors to teachers.

*In 2010, workers whose jobs were due to the independents received $148.7 billion in compensation and paid $30.7 billion in personal federal, state and local taxes. Adding in corporate and severance taxes of $37.0 billion brings the total to $67.7 billion in taxes paid.*

Onshore Independents Create Lots of Jobs



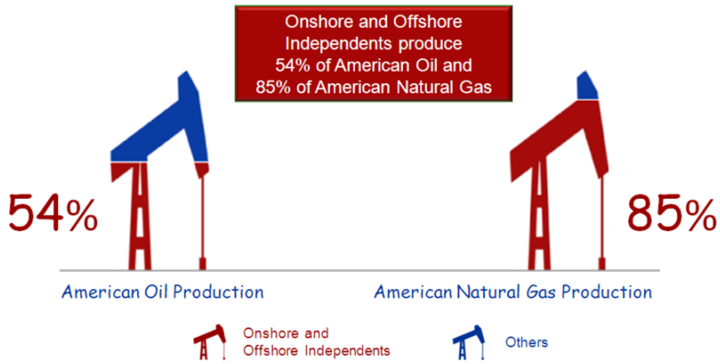

Onshore Independents' Contribution to GDP ($B)

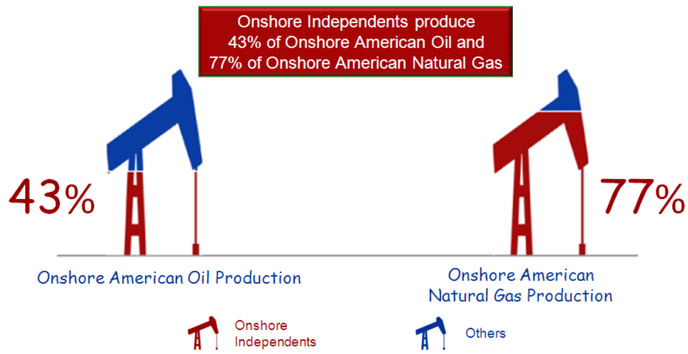



The broadest gauge of the health of the U.S. economy, Gross Domestic Product measures the value created within the economy. The onshore independents' upstream business ecosystem contributed $320.6 billion (2.2%) of U.S. GDP in 2010 and will rise to $466.7 billion (2.4%) of U.S. GDP by 2020. This leads to the payment of $37.0 billion (2010) and $54.0 billion (2020) of corporate and severance taxes as well as federal royalty, bonus and rent payments of $1.4 billion and $2.4 billion, respectively.

*If the Onshore Independents' business ecosystem were a state, it would rank #15, based on $320.6 billion of value creation in 2010*

[1] The figures cited in this document are drawn from ***The Economic Contribution of the Onshore Independent Oil and Natural Gas Producers to the U.S. Economy***, a report conducted by IHS Global Insight on behalf of IPAA.




## Key Dimensions of the Economic Impact of Onshore Independents' Upstream Operations[2]

### Employment Impact *

| | Direct | Indirect | Induced | Total |
|---|---|---|---|---|
| 2010 | 399,508 | 626,443 | 1,051,778 | 2,077,729 |
| 2015 | 504,381 | 699,501 | 1,161,945 | 2,365,826 |
| 2020 | 609,832 | 759,439 | 1,265,672 | 2,634,943 |

* average annual workers

### Contribution to U.S. GDP *

| | Direct | Indirect | Induced | Total |
|---|---|---|---|---|
| 2010 | $154.5 | $79.1 | $87.0 | $320.6 |
| 2015 | $185.6 | $97.5 | $107.3 | $390.4 |
| 2020 | $220.7 | $116.9 | $129.1 | $466.7 |

* billions of nominal dollars

### Taxes, Royalties, Bonuses and Rent Paid *

| | 2010 | 2015 | 2020 | Total 2010-20 |
|---|---|---|---|---|
| **Federal Taxes** | **$36.3** | **$44.5** | **$53.4** | **$489.5** |
| Personal Taxes | $26.2 | $32.3 | $38.8 | $355.3 |
| Corporate Taxes | $10.1 | $12.2 | $14.6 | $134.2 |
| **State and Local Taxes** | **$31.4** | **$38.4** | **$46.1** | **$422.4** |
| Personal Taxes | $4.5 | $5.6 | $6.7 | $61.6 |
| Corporate Taxes | $26.4 | $32.2 | $38.7 | $354.2 |
| Severance Taxes | $0.5 | $0.6 | $0.7 | $6.6 |
| **Total Taxes** | **$67.7** | **$82.9** | **$99.5** | **$911.9** |
| Federal Royalty Payments | $1.4 | $1.8 | $2.4 | $19.8 |
| Bonus and Rent Payments | | | | $1.6 |
| **Grand Total** | **$69.1** | **$84.7** | **$101.9** | **$933.3** |

*** Notes: Figures are in billions of nominal dollars. Total payments estimated by multiplying the 2015 figures by 11. MMS data used to estimate bonus and rent payments.**

## In IPAA's Opinion

**Increased taxes = less money invested = fewer new jobs = less taxes collected.**

The U.S. Treasury believes increasing taxes on American oil and natural gas production will increase federal revenues. But, these tax increase proposals could result in a 25-35 percent reduction in capital expenditures (investment in new energy projects). This loss of production directly impacts the federal government's second largest source of revenue – taxes and royalties paid by the oil and natural gas industry. The industry pays federal taxes at a rate of 41 percent compared to 26.5 percent for the other S&P industrial companies. The reduction in capital expenditures and production would also result in no new jobs and less American energy.

[2] Figures generated by IHS Global Insight using the IMPLAN model.

To obtain a copy of the IHS Global Insight report, ***The Economic Contribution of the Onshore Independent Oil and Natural Gas Producers to the U.S. Economy***, please contact:

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