



Texas Oil & Natural Gas Industry
**ANNUAL ENERGY &
ECONOMIC IMPACT
REPORT**

2021



TXOGA

TEXAS OIL & GAS ASSOCIATION | SINCE 1919

Dear Fellow Texans,

On behalf of the members of the Texas Oil & Gas Association, we are pleased to release our annual Energy & Economic Impact Report.

As our nation continues its rebound from the lingering impact of the pandemic and associated side effects, the irreplaceable role of and need for reliable, affordable energy, fuels and products made possible by the oil and natural gas industry for continued economic and environmental progress are more clear than ever.

Despite an incredibly difficult two years, the Texas oil and natural gas industry continues to contribute tremendously to state and local tax coffers, paying **\$15.8 billion** in state and local taxes and state royalties in fiscal year 2021. This revenue from oil and natural gas production, pipelines, refineries and LNG facilities translates to well over **\$43 million** each and every day that pay for our schools, universities, roads, first responders and essential services.

Since 2007, when TXOGA first started compiling this data, the Texas oil and natural gas industry has paid more than **\$178.7 billion** in state and local taxes and state royalties, a figure that does not include the hundreds of billions of dollars in payroll for some of the highest paying jobs in the state, taxes paid on office buildings and personal property, and the enormous economic ripple effect that benefits other sectors of the economy.

In addition to its economic impact, unmatched investments by this industry have positioned the United States as the global leader in energy and environmental progress. Methane emissions are down dramatically, even as oil and natural gas production increases. The industry has a stated goal of eliminating routine flaring by 2030, with some operators having achieved that goal already. And the United States leads the world in reducing carbon dioxide emissions – thanks to the expanded use of natural gas in power generation.

Policies that encourage responsible development of our natural resources, sharing of these resources with the world, and global environmental progress are proven and possible to co-exist.

The best way to ensure Americans and our trade partners have access to clean, affordable and reliable energy is to encourage homegrown, domestic energy, more LNG infrastructure, and more pipelines. Pleading with other nations to increase production to meet our energy needs is not the answer. It is imperative that we push back on policies that threaten this nation's ability to prosper and remind our policymakers that no nation is doing more to protect and improve the environment than the United States – with the oil and natural gas industry leading the way through investment in innovation.



Todd Staples
President
Texas Oil & Gas Association

THE TEXAS OIL & NATURAL GAS INDUSTRY

PAID \$15.8 BILLION

IN STATE AND LOCAL TAXES AND STATE ROYALTIES IN FY 2021

This equates to more than \$43 million each day.

TAXES AND ROYALTIES PAID BY TEXAS OIL AND NATURAL GAS INDUSTRY (FY 2021)	AMOUNT
Property*	\$5.471 billion
Sales, state and local*	\$2.411 billion
State franchise and other taxes*	\$0.703 billion
Production of oil**	\$3.449 billion
Production of natural gas**	\$1.569 billion
Oil and gas well servicing**	\$0.072 billion
Royalties to state funds**	\$2.115 billion
TOTAL PAID:	\$15.789 billion

* Estimated, Tax & Fiscal Consulting, Austin

** Source: Texas Comptroller's Office

Both state royalties and production taxes increased by more than 20% in fiscal year 2021 and production taxes exceeded \$5 billion for only the third time in history, even amid a pandemic year.

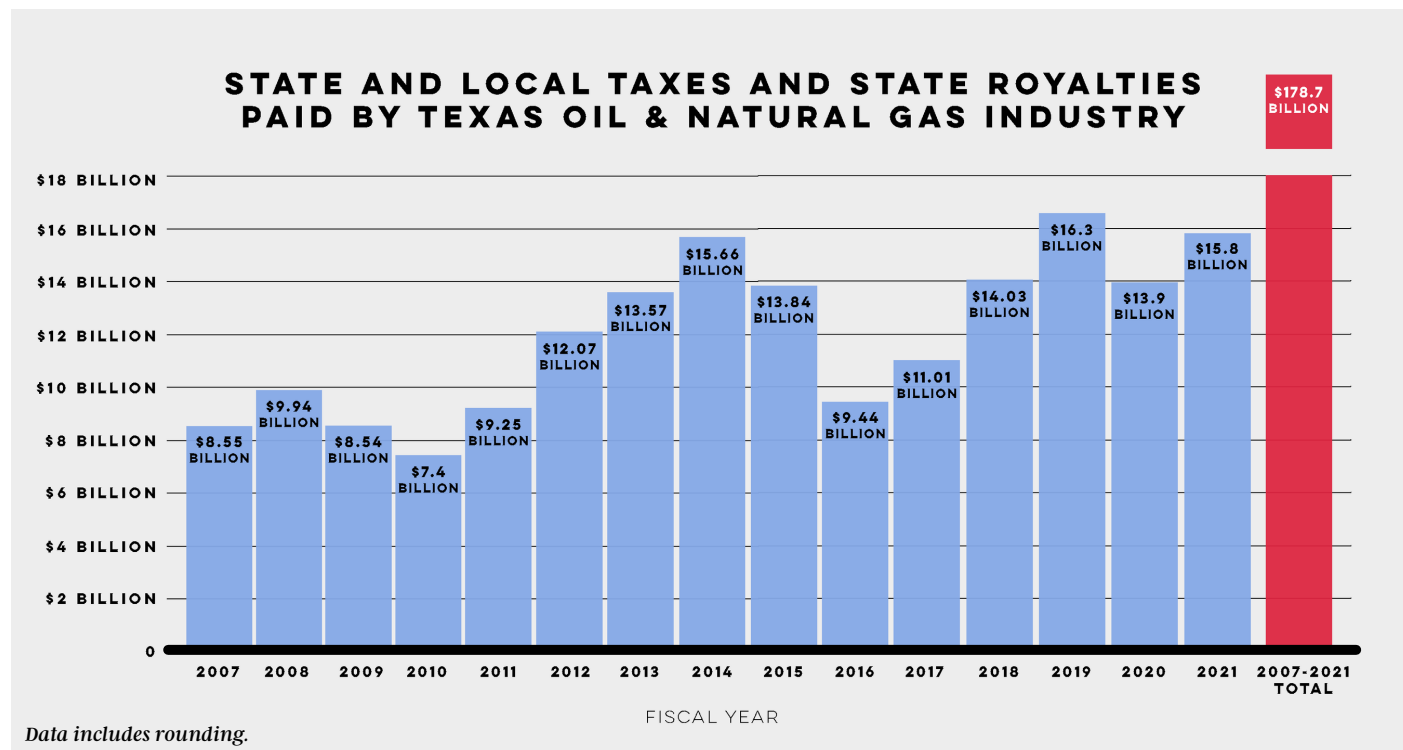
Royalty revenues paid to the state reached a second-to-all-time high at \$2.115 billion, with only FY 2019 exceeding the performance of FY 2021.

**WHEN DIRECT AND INDIRECT IMPACTS ARE CONSIDERED,
THE TEXAS OIL & NATURAL GAS INDUSTRY SUPPORTED**

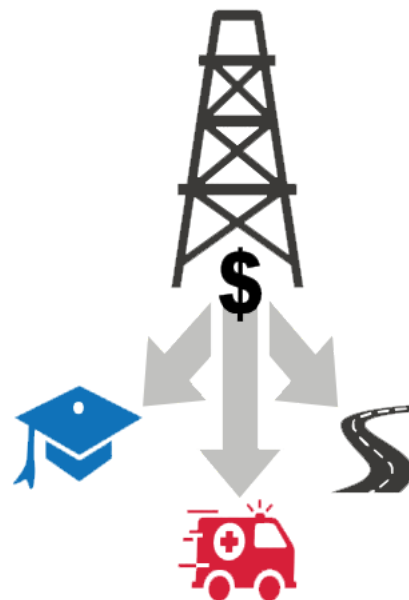
\$344.1 BILLION

OR NEARLY 22% OF TOTAL PRIVATE SECTOR TEXAS GSP IN CALENDAR YEAR 2020.

Since 2007, when TXOGA first started compiling this data, the Texas oil and natural gas industry has paid more than **\$178.7 billion** in state and local taxes and state royalties.



Texas oil and natural gas tax and royalty revenue is used to support education, transportation, healthcare and infrastructure both locally in communities across Texas and through royalty and tax revenue paid into the State Highway Fund, Economic Stabilization Fund (commonly known as the Rainy Day Fund), Permanent School Fund (PSF) and Permanent University Fund (PUF) – all of which are funded almost exclusively with taxes and state royalties paid by the oil and natural gas industry.



Benefits like these are not guaranteed. Efforts to end domestic energy development not only threaten thousands of the best-paying jobs but erase much-needed revenue that helps pay for schools and other essential services.

FUELING HIGH-PAYING JOBS

Texas oil and natural gas industry jobs continue to be good for Texas as well as for the families and communities these jobs support.

The industry employed
422,122 TEXANS
during FY 2021

Every direct job in the Texas oil and natural gas industry creates an additional 2.2 Texas jobs.



\$108,988
Texas oil and natural gas employees



\$63,027
Other Texas private sector employees

20 SECTORS COMPRISING THE TEXAS OIL AND NATURAL GAS INDUSTRY

Source: Texas Workforce Commission

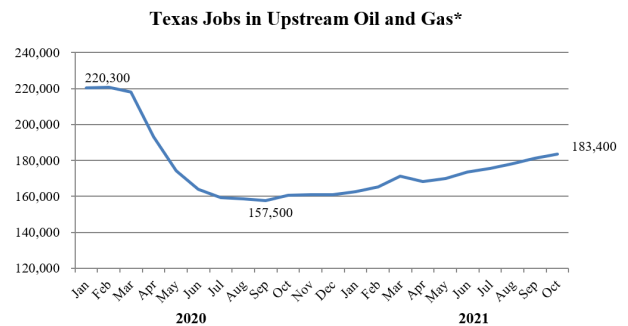
SECTOR	EMPLOYEES
Crude petroleum extraction	52,343
Natural gas extraction	10,484
Industrial sand mining	16,426
Drilling oil and gas wells	2,167
Support activities for oil and gas operations	81,029
Natural gas distribution	8,060
Oil and gas pipeline and related structures construction	38,858
Petroleum refineries	16,898
Asphalt paving, roofing, and saturated materials manufacturing	2,665
Petroleum lubricating oil and grease manufacturing	907
Petrochemical manufacturing	16,986
All other basic organic chemical manufacturing	6,177
Plastics material and resin manufacturing	10,155
Fertilizer manufacturing	1,331
Oil and gas field machinery and equipment	27,356
Petroleum merchant wholesalers	19,920
Gasoline stations with convenience stores	77,447
Other gasoline stations	11,433
Fuel dealers	2,713
Pipeline transportation	18,769
TOTAL:	422,122

Data includes rounding.

Texas oil and natural gas employers paid an average of **\$108,988** per job in 2021. Other private sectors averaged **\$63,027**, less than half of what oil and natural gas companies paid their employees.

On a per-employee basis, the Texas oil and natural gas industry paid more than **\$37,000** in state and local taxes and state royalties in 2021. This is **6.3 times** more than the other private sectors paid on a per-employee basis. Per-job contributions matter because most state and local spending needs are driven by the size of the population.

Direct oil and natural gas employment plus the industry's spending on expenses such as capital goods, electricity, construction, services and supplies generates a total of **1.37 million** Texas jobs.



* Sectors are "Oil and gas extraction" and "Support activities for mining." Excludes downstream sectors such as pipelines and refining.

SOURCE: Texas Workforce Commission, Current Employment Statistics, non-seasonally adjusted data

The Texas oil and natural gas industry continues to recover jobs following the global pandemic and each job added signals a stronger economy, environment and energy future.

In a system that relies so heavily on business to pay the cost of government, it is clear that the oil and natural gas industry more than pays its share in Texas.

FUELING PUBLIC EDUCATION

Oil and natural gas royalties to state funds, particularly the Permanent University Fund and Permanent School Fund, widely support Texas public education. In fact, **98%** of the state's oil and natural gas royalties were deposited into these funds with the PUF receiving **\$979 million**, a **27%** increase from FY 2020, and the PSF receiving **\$1.1 billion**, a **17%** increase from FY 2020.



+\$979 million in 2021

Texas Permanent University Fund

+\$1.1 billion in 2021

Texas Permanent School Fund



Additionally, Texas independent school districts directly received **\$1.84 billion** in property taxes from mineral properties producing oil and natural gas, pipelines, and gas utilities.

Federal policy that discourages oil and natural gas development jeopardizes Texas' renowned education funds.

Oil & Natural Gas Property Taxes by School District Fiscal Year 2021

Click to view oil and natural gas property taxes paid to Texas independent school districts.

Independent school districts in the Permian Basin directly received **\$887.7 million** in oil and natural gas property taxes in 2021, while ISDs across the Eagle Ford Shale received **\$453.3 million**.



Midland ISD in West Texas ranked **#1**, receiving **\$134.9 million** in property taxes.



TOP 10 ISDs FOR OIL & NATURAL GAS PROPERTY TAXES

1	Midland	\$134.9 million	36.8% of tax base
2	Pecos-Barstow-Toyah	\$105.0 million	65.5% of tax base
3	Wink-Loving	\$93.6 million	83.4% of tax base
4	Carrizo Springs	\$61.2 million	87.6% of tax base
5	Rankin	\$60.1 million	83.8% of tax base
6	Karnes City	\$50.7 million	87.7% of tax base
7	United	\$50.2 million	24.6% of tax base
8	Cotulla	\$48.3 million	79.2% of tax base
9	Grady	\$48.2 million	93.8% of tax base
10	Reagan County	\$43.1 million	81.5% of tax base

"Oil & natural gas" means mineral properties producing oil and natural gas, pipelines, and gas utilities. It does not include refineries, petrochemicals, or other properties.

FUELING COMMUNITIES

In fiscal year 2021, Texas counties received **\$640 million** in property taxes from mineral properties producing oil and natural gas, pipelines, and gas utilities.

Oil & Natural Gas Property Taxes by County Fiscal Year 2021

[Click to view oil and natural gas property taxes paid to counties.](#)

Counties in the Permian Basin received **\$319.5 million** in oil and natural gas property taxes, while counties in the Eagle Ford Shale received **\$158.5 million**.

TOP 10 COUNTIES FOR OIL & NATURAL GAS PROPERTY TAXES

1	Reeves	\$47.4 million	67.3% of tax base
2	Loving	\$28.0 million	88.0% of tax base
3	Martin	\$25.6 million	87.9% of tax base
4	LaSalle	\$25.4 million	79.7% of tax base
5	Ward	\$24.3 million	71.4% of tax base
6	Midland	\$18.9 million	36.9% of tax base
7	Webb	\$17.9 million	20.4% of tax base
8	Dimmit	\$17.4 million	86.8% of tax base
9	Pecos	\$16.5 million	54.9% of tax base
10	Upton	\$15.3 million	84.4% of tax base



Reeves County ranked **#1** with **\$47.4 million** paid in oil and natural gas mineral property taxes.



The solution to higher energy prices is not to disrupt energy opportunities that have been a driver of more economic gains for our state and nation. All Americans should ask their elected officials to support the abundance of affordable, reliable energy available here at home.

"Oil & natural gas" means mineral properties producing oil and natural gas, pipelines, and gas utilities. It does not include refineries, petrochemicals, or other properties.



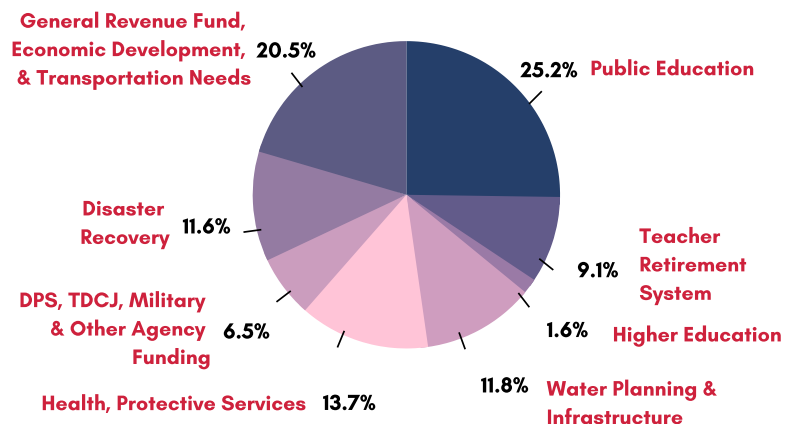
FUELING THE RAINY DAY FUND

In fiscal year 2021, the Economic Stabilization (“Rainy Day”) Fund, or ESF, received **\$1.134 billion** from oil and natural gas production taxes. Since established in 1987, the ESF has been appropriated **128** times, the first of which was to fund public education. The Texas oil and natural gas industry is the funding source for the ESF and the sum of all ESF appropriations since its inception totals **\$18.2 billion**. Without the direct funding from taxes paid by the Texas oil and natural gas industry, the following priority items would not have received the substantial dollars allocated to meet essential needs.



CATEGORY	SPEND
Public Education	\$4.59 billion
Teacher Retirement System	\$1.66 billion
Higher Education	\$0.29 billion
Water Planning and Infrastructure	\$2.15 billion
Health, Protective Services	\$2.50 billion
DPS, TDCJ, Military and Other Agency Funding	\$1.19 billion
Disaster Recovery	\$2.10 billion
General Revenue Fund, Economic Development, and Transportation Needs	\$3.72 billion
CURRENT TOTAL ESF LIFETIME FUNDING:	\$18.20 billion

Texans know that the oil and natural gas industry anchors our economy and directly funds our roads, schools, emergency services and our Rainy Day Fund. Any plan that seeks to undermine this industry will set back climate progress, put workers out of jobs and decrease funding for our state and local governments.



TECHNOLOGY & INNOVATION

As a result of constant industry innovation, Americans are breathing the cleanest air in decades and the U.S. leads the world in reducing carbon dioxide emissions. Methane emissions intensity in the Permian Basin has declined almost **70%** since 2011, as oil and gas production rose over **320%**, according to an analysis by Texans for Natural Gas (TNG), a project of the Texas Independent Producers and Royalty Owners Association (TIPRO). All this, while the United States enjoys more energy security than ever before and American-made energy is lifting people out of poverty and into economic prosperity around the world.



The best way to advance climate progress is through investments in innovation and technology.

The oil and natural gas industry is a leader in producing energy in cleaner and more efficient ways and continues to produce the affordable and reliable energy indispensable to powering our daily lives. Innovations and advancements in oil and natural gas development allow the industry to develop and deploy cleaner energy technologies and world-class emissions control systems.

These breakthroughs have led to the development of pioneering technologies to capture and store carbon dioxide, automation, and robotics. It has also led to the development of optical gas imaging cameras and drones to detect and repair leaks. These state-of-the-art operations are making a big impact on protecting and improving the environment.

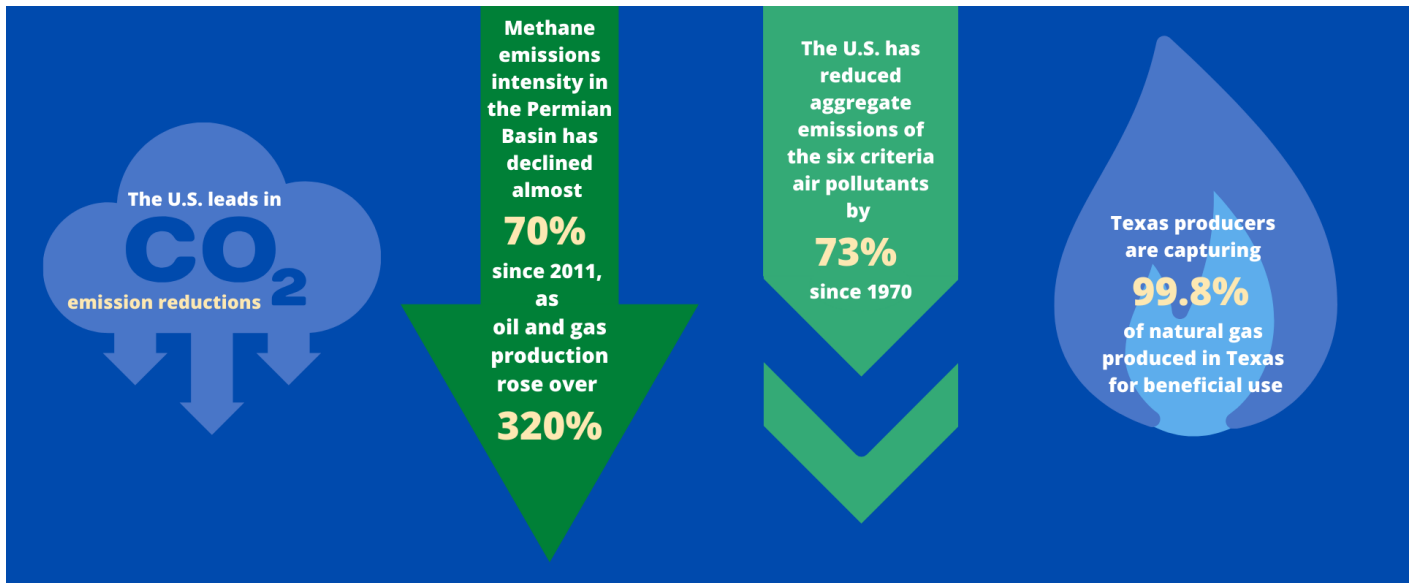


The Gulf Coast is the LNG export capital of the world. Not only did the first trans-ocean shipment of LNG originate in the Gulf, but it is home to **4 of the 7** active U.S. LNG export facilities and all the new facilities currently under construction.

According to TNG, global natural gas demand is expected to grow through 2024, reaching **7%** above pre-COVID-19 levels. With global energy demand only continuing to rise, LNG provides a clear answer to the growing call for economical, clean energy.



ENVIRONMENTAL PROGRESS

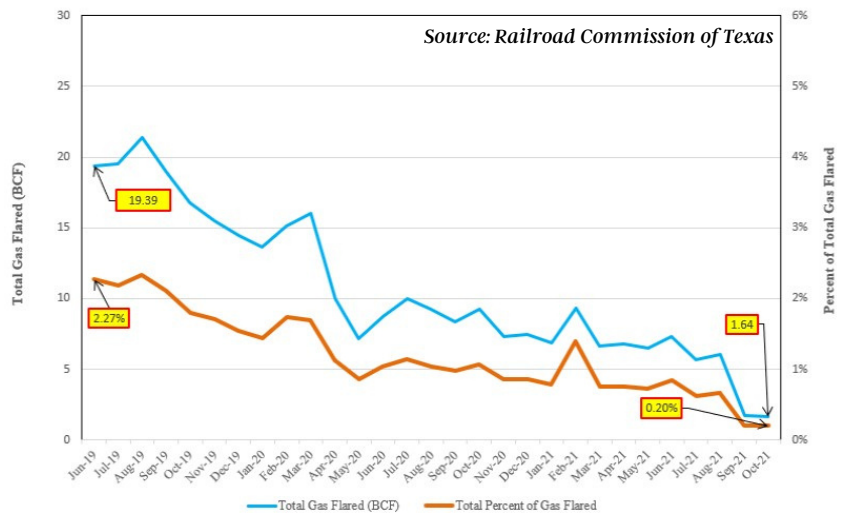


According to data from the Railroad Commission of Texas, the statewide flaring rate fell to a record low of **0.2%** in October.

Texas has one of the lowest flaring rates of large oil and gas producing states in the country.

As of October 2021, over **99.8%** of the natural gas produced in Texas was delivered for beneficial use in the market.

Flaring in Texas: June 2019 to October 2021



TEXAS METHANE & FLARING COALITION

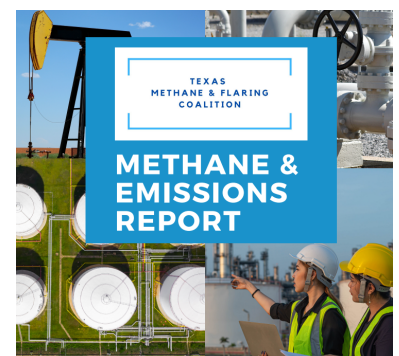
To reduce methane emissions and flaring, a voluntary coalition of nearly 40 companies and seven trade organizations joined together to form the Texas Methane and Flaring Coalition.

Importantly, this year the Coalition released a first-edition Methane & Emissions Report and announced a goal of ending routine flaring by 2030, among publishing other resources such as a "Myth vs. Fact," "Facts on Flaring," and "Reducing Emissions in Texas" fact sheets.

Industry-led solutions are working, and progress towards developing Texas' natural resources while improving environmental performance continues.



Visit www.TexasMethaneFlaringCoalition.org to learn more about industry's best practices and progress toward emissions reduction.



First Edition, September 2021

ESSENTIAL ENERGY INFRASTRUCTURE

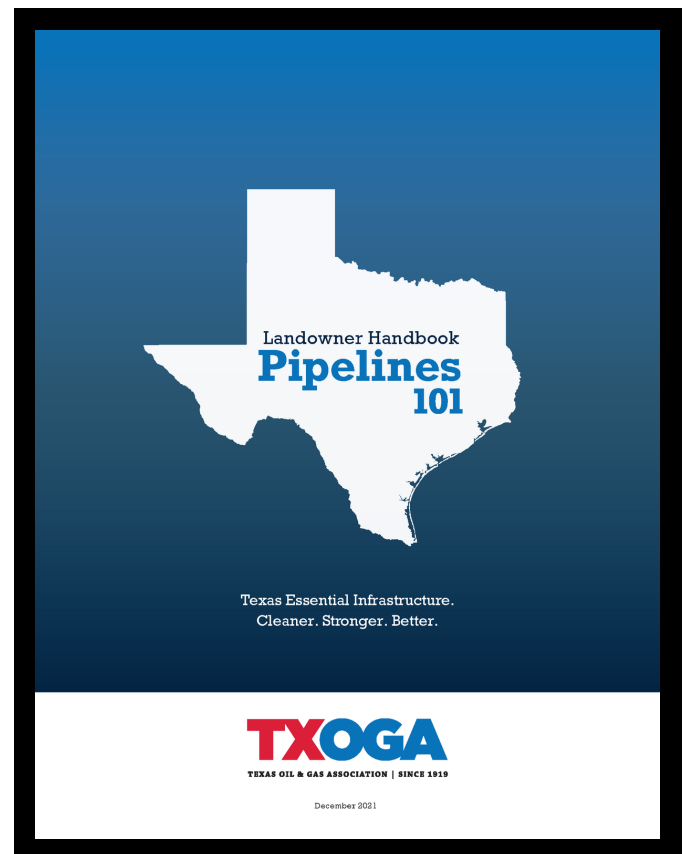
Texas has the **ninth-largest** economy in the world, sustained in large part by an energy industry that relies on robust infrastructure to deliver products, creates well-paying jobs, and keeps utilities affordable and reliable for all Texans.

Pipelines are the safest, most secure and most dependable method of transportation for fuel, oil and natural gas, delivering product without incident over **99.99%** of the time. Precision in engineering, construction, and operations, extensive monitoring, and the use of advanced inspection tools like inline smart pigs ensure the integrity of the pipe to transport products in the most environmentally secure and safest manner.

Texas is one of the fastest-growing states in the nation and essential infrastructure is needed to meet the demands of our booming population. At the same time, private property ownership is a bedrock principle in Texas and balancing the expansion of critical infrastructure like roads, internet and electricity lines, and pipelines for oil, natural gas and water, while also protecting private property rights, is an utmost priority. For decades, landowners and public use entities have negotiated to guarantee that private property rights are respected and preserved while ensuring that needed essential infrastructure can be built.

To provide greater sources of information about the pipeline infrastructure development process, TXOGA has published *Landowner Handbook: Pipelines 101*, a booklet that serves as a resource for all parties involved to help facilitate open, honest and mutually beneficial conversations.

 Visit <http://www.txoga.org/landowner-handbook-pipelines-101> to learn more.



Americans are feeling the repercussions of misguided policies that have encouraged foreign energy instead of encouraging American pipeline projects, domestic production and trade opportunities.

MODERN LIFE AS WE KNOW IT



Texas oil and natural gas fuels modern life as we know it. Beyond the hundreds of thousands of jobs it creates and billions in taxes it pays, oil and natural gas improves the economic and social progress of communities here and around the world.

The United States depends on our Texas refining complexes as Texas is home to **31%** of the nation's refining capacity. Texas refiners not only meet our nation's fuel needs but also those of our trading partners around the world. Nearly every in-demand product we need to be safe and to save lives – from face shields and other PPE to ventilators and hand sanitizers – is made from oil and natural gas. In fact, **96%** of products we use every day like pharmaceuticals, electronics, cosmetics and clothing – even wind turbine blades and solar panels – are all made from oil and natural gas.

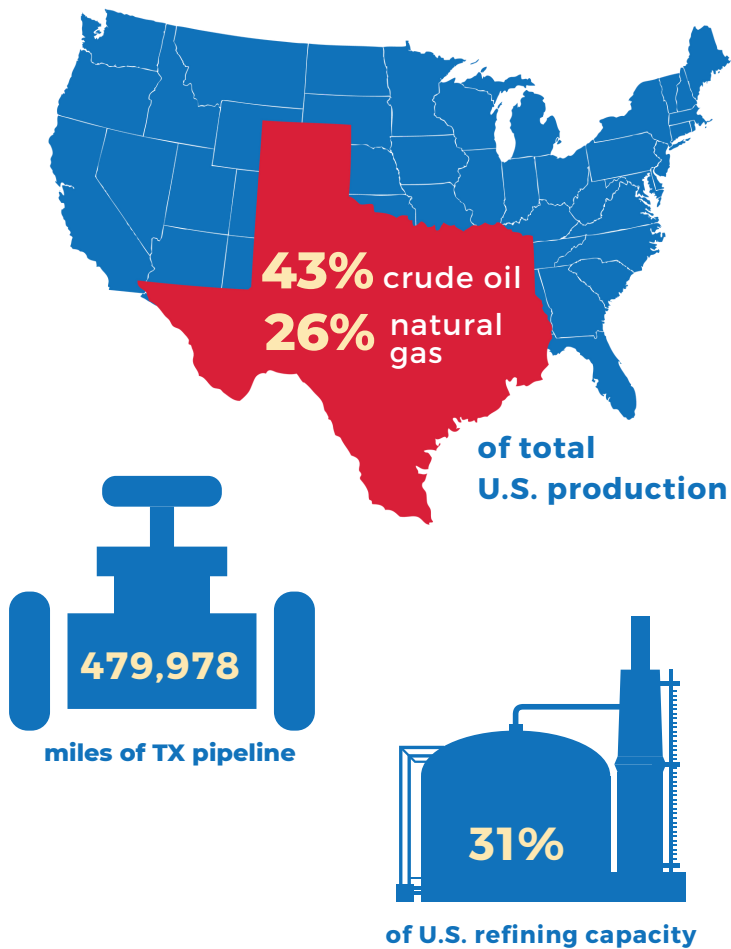


- ☒ **94%** of registered voters in Texas believe it is important to produce enough energy so the U.S. is not as reliant on other countries for oil.
- ☒ **74%** of registered voters in Texas, including **65%** of Democrats and **71%** of Independents, believe the natural gas and oil industry will have an important role in helping the economy recover from the economic impact of the coronavirus pandemic.
- ☒ **86%** of registered voters in Texas think natural gas and oil provide a value to their life.

Source: Morning Consult

There is no substitute for oil and natural gas for the products, fuels, and electricity that power modern life.

THE INDUSTRY AT A GLANCE



OIL AND NATURAL GAS PRODUCTION

UNITED STATES AND TEXAS

- **U.S. Average Daily Crude Oil Production:**
11.5 million barrels
- **U.S. Average Daily Natural Gas Production:**
116.0 billion cubic feet
- **Texas Average Daily Crude Oil Production:**
4.9 million barrels
- **Texas Average Daily Natural Gas Production:**
29.9 billion cubic feet

Source: Energy Information Administration (EIA)
October 2021

CRUDE OIL PRODUCTION RANK IF TEXAS WERE A COUNTRY

- 1 United States
- 2 Russia
- 3 Saudi Arabia
- 4 Texas
- 5 Canada
- 6 Iraq
- 7 China
- 8 Brazil
- 9 United Arab Emirates
- 10 Kuwait

Source: Trading Economics, Data Provider

TOP 5 OIL PRODUCING STATES

- 1 Texas
- 2 North Dakota
- 3 New Mexico
- 4 Oklahoma
- 5 Colorado

Source: Energy Information Administration (EIA)
October 2021

TOP 5 NATURAL GAS PRODUCING STATES

- 1 Texas
- 2 Pennsylvania
- 3 Louisiana
- 4 Oklahoma
- 5 West Virginia

Source: Energy Information Administration (EIA)
October 2021

THE BIG PICTURE

CLEANER STRONGER BETTER

The Texas oil and natural gas industry is driving economic and environmental progress in the United States and beyond. The industry pays billions of dollars in state and local taxes and state royalties that directly fund our schools, roads, first responders and essential services. Methane emissions are down dramatically, flaring rates in Texas are at record lows and Texas-produced LNG is an environmental game-changer for nations around the world.

However, all this progress is under assault by federal policies designed deliberately to eliminate the oil and natural gas industry and the quality-of-life, environmental and economic benefits industry provides. Our federal government is quite literally standing in the way of global environmental progress.

Current federal policies that have canceled energy infrastructure projects and discouraged federal oil and natural gas leasing permits directly undermine the domestic energy development that is driving this economy and propelling environmental progress here and abroad.

We cannot sacrifice energy freedom for energy dependence. Squandering our nation's might through misguided policy is a disservice to every American and a step in the wrong direction on the environment.

We need to be producing and exporting more natural gas – not less – to provide other nations with lower emissions-intensive energy resources if the world is truly serious about climate progress. LNG, for example, is the answer to help our trade partners make environmental progress reliably, using today's technology.

Expanding access to clean, affordable and reliable energy through domestic production, more LNG infrastructure and more pipelines will ensure that the United States maintains its role as the world's energy and environmental leader – with the Texas oil and natural gas industry leading the way.

Texas Oil & Natural Gas Industry

**ANNUAL ENERGY &
ECONOMIC IMPACT
REPORT**

2021

www.TXOGA.org



TXOGA

TEXAS OIL & GAS ASSOCIATION | SINCE 1919