

Study finds state's oil and gas industry adding jobs

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Colorado's oil and gas industry has replaced the jobs it lost during the Great Recession, and has begun adding new jobs to the state's economy, according to a new report by Martin Shields, director of the Regional Economics Institute at Colorado State University.

"In 2012, employment related to extraction, distribution, transportation and refining totaled 29,170 workers," Shields explained while presenting the report to the Regional Issues Summit in Loveland earlier this month. "This represents slightly more than 1 percent of total state employment, and is 655 more jobs (2.3 percent) than its previous peak in 2008."

The 17,656 jobs added by the Colorado oil and gas industry over the past 11 years represented a 65 percent increase; by comparison, the 144,300 total jobs added by all sectors in the state created a 6.5 percent gain.

The total 2010 value of Colorado-produced oil and gas was estimated to \$9.2 billion – a 26 percent increase over the 2009 value of \$7.3 billion, but still short of the nearly \$14 billion that the state generated in 2008.

Shields took a closer look at the distribution of oil and gas jobs and the factors driving the trends.

Before the recession, which ended in 2009, gas production was growing primarily on the Western Slope, in Archuleta and La Plata counties in the San Juan Basin, and Garfield and Rio Blanco counties in the Piceance Basin. In fact, according to the study, rising national prices from 2000 to 2005 encouraged new production in the Piceance that eventually more than doubled the state's gas output from the start of the millennium.

On the Front Range, the increase in oil production in the Wattenberg Field, primarily in Weld County, has nearly offset the loss of more than 1,200 jobs in the construction sector between 2008 and 2012.

Of the state's 50,665 active wells, more than 60 percent are located in Weld and Garfield counties.

Important to state's finances

Shields pointed out that oil and gas also play an important part in state and local government finances, paying more than \$163 million in severance taxes to the state in 2012; all taxes and royalties combined made up 2.8 percent of total state and local government tax revenue in 2009.

For all the economic contributions, Shields added, the recent growth in the oil and gas industry has been marked by dramatic fluctuations. The "unconventional drilling techniques" such as horizontal drilling and hydraulic fracturing that brought new fields into play across the country depressed prices for Western Slope gas producers just as they were hit with reduced demand during the recession, dramatically increasing unemployment.

At the same time, those same techniques have driven the oil boom on the Front Range – and controversy

over their use.

“The public and industry are debating other issues surrounding increased oil and gas activity as well,” Shield said. “The concerns include the practices’ strong reliance on water, how the industry impacts state and local transportation infrastructure, and how the industry affects local businesses by luring workers to the fields with higher wages.”

The complete report can be found at the Fort Collins Chamber [website](#). A video of Shields’ presentation is [here](#).