Oil and Natural Gas Light the Way for Texans

From the sweeping vistas of the Chihuahuan Desert in the west to the Piney Woods in the east, 28 million people\(^1\) call this state home, and to us, there is simply no place like Texas. Everything is bigger here – even the savings. So learning that natural gas production helped families and businesses save almost $60 billion dollars – well - it seemed only natural!

Those savings are important, especially since Texas consumes more energy than any other state in the nation.\(^2\) Texans rely on energy to fuel everything, including the state’s 24 million registered vehicles\(^3\) and power for lights and air conditioners for almost 7.4 million households.\(^4\) Texans also rely on affordable and abundant energy for so much more, including the world’s largest medical complex, where doctors and patients depend on energy resources to power advances in biotechnology and life-saving research. It’s not just for research and critical care; Texas is still Texas, and the Lone Star State leads the nation in livestock and cotton production.\(^5\)

Domestic energy production ensures that farmers and ranchers can power equipment and fertilize, irrigate, and feed their crops and cattle. These are just a few things Texas uses energy for as consumers, but we also rely on these sources of energy to power so many more aspects of our daily lives.

Consumer Energy Alliance (CEA) works to support and advocate for the continued development of natural gas and other traditional and alternative sources of energy as well as infrastructure, such as pipelines and transmission lines that move energy throughout Texas. It is important for our state’s elected officials to embrace not only the benefits, but the growth potential that energy production brings to families, schools, and businesses across the state.

Affordable Energy for All Texans

On average, each Texas resident spent $4,004 for their energy needs in 2016. Sadly, nearly 15 percent of Texas’ population lives in poverty,\(^6\) which means more than four million men, women and children\(^7\) – more than the population of Oklahoma - live at or below the poverty line, translating to at least a third of their income going toward energy expenses.\(^8\)

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With these types of statistics, it should be clear that many American families struggle on a daily basis to pay for rising energy costs. According to a 2015 survey by the U.S. Energy Information Administration (EIA), nearly one-third of American households struggled to pay their energy bills to light, heat and cool their homes. The survey found that roughly “one in three households reported reducing or forgoing basic necessities like food and medicine to pay an energy bill, and 14 percent reported receiving a disconnection notice for their energy service. Households also used less energy than they would prefer to – 11 percent of households surveyed reported keeping their home at an unhealthy or unsafe temperature.”

Across the nation, more and more families are living paycheck to paycheck – with little to no savings. A January 2018 survey by Bankrate found only 39 percent of Americans had $1,000 saved to cover a financial emergency. CNBC recently reported that “69 percent of Americans had less than $1,000 in total savings and 34 percent had no savings at all.”

Policies that allow for expanded production and transmission of natural gas, oil, wind and other diverse and affordable energy sources in the state are an important solution that can help to alleviate the economic stress of Texans.

“It’s Like a Whole Other Country”

With crude oil and natural gas reserves found in every region across Texas’ 268,000 square miles, it is little surprise that our state is at the top of the nation’s leaderboard for oil and gas production, or that Texas accounts for more than one-fifth of U.S. domestically-produced energy. In fact, Texas produces more than one-third of America’s crude oil supply – more than any other state. Almost 5.7 million barrels of crude oil are processed each day in the state’s 30 petroleum refineries. In 2016, Texas led the nation in natural gas production with one-fourth of U.S. production, and of that, produced natural gas travels through the state’s 45,000 miles of interstate pipelines to supply markets across the country and Mexico.

With the advances that have been made in horizontal drilling and hydraulic fracturing, that natural gas production has increased across Texas - allowing consumers to save almost $60 billion between 2006 and 2016. Residential users alone saved over $7.2 billion. Commercial and industrial users saved almost $52.4 billion combined. These energy savings bring relief to Texas families and help keep our state’s industries competitive.
The state’s industrial sector, including petroleum refining and chemical manufacturing, account for the highest level of energy consumption.\(^\text{15}\) Texas is the nation’s largest consumer of petroleum and natural gas. Texas utilizes more natural gas for electricity generation than any other state, with more than half of the state’s power originating from natural gas units, and more than one-third of Texas homes use natural gas for heating.\(^\text{16}\)

**Training the Workforce that Energizes the Texas Economy**

Oil and gas powers the state’s economy. During fiscal year 2017, oil production in Texas contributed more than $2 billion to the state’s budget, while natural gas production added almost $1 billion.\(^\text{17}\) The state of Texas utilizes these funds to support an array of services - including disaster relief, highway construction and maintenance and school expenses. The Texas Comptroller of Public Accounts estimates $4.9 billion in oil tax collections and $1.8 billion in natural gas collections for the 2018-2019 biennium.\(^\text{18}\)

In June 2018, the number of “direct upstream oil and gas jobs” (including extraction, service and drilling companies) was estimated at 228,600. According to the Texas Petro Index, this number is still lower than late-2014 peak employment numbers of almost 300,000, but the state’s oil and gas industry has shown steady increases with record-level production numbers during recent reporting periods.\(^\text{19}\) Cities such as Midland and Odessa in the Permian Basin region are booming, with unemployment at record lows and increased home sales, car sales, building permits and hotel revenues.

The numbers are good and so are the overall trends. According to a report from the Federal Reserve Bank of Dallas, job growth rates in Texas have surged ahead of the rest of the U.S. economy - with the Texas job growth rate of 3.0%, significantly higher than the national rate of 1.7%.\(^\text{20}\) In 2018, oil and gas extraction has been the fastest growing sector by far, with growth rates in excess of 13% in both 2017 and 2018, year to date.\(^\text{21}\) Beyond oil and gas production, refining and petrochemical production is also a huge part of the economy, with 25% of U.S. refinery capacity and 60% of petrochemical production located here in the state.
Between the production of hydrocarbons, the pipelines needed to get them to market, and the refining and petrochemical facilities that turn them into consumer goods, there is a real need for skilled workers. Facilities like the state of the art International Union of Operating Engineers (IUOE) Training Center, home to Local 450 in Crosby, Texas, play a critical role in providing job training for the highly-skilled workforce needed to get the job done.

For example, between January 1, 2017 and October 1, 2018, the IUOE Local 450 has filled 2,408 requests for certified and qualified candidates for skilled labor positions from pipeline engineers to boiler operators to heavy equipment operators. Local 450 filled 1,158 such requests in the first 9 months of 2018 alone. Concurrently, there are 223 apprentices receiving training in IUOE’s 3 year apprenticeship program, providing a properly prepared workforce for the energy industry across Texas and beyond.

The Future of Texas Energy is Big and Bright

Texas energy producers are currently faced with a supply bottleneck. There is simply not enough pipeline infrastructure to accommodate growing natural gas and oil production. Unfortunately, anti-energy activists continue making attempts to block the production and transportation of safe, affordable energy sources. These anti-development efforts not only harm the environment, but they lack solutions to help meet consumer demand and our environmental goals.

Rigorous environmental standards and energy production can and do exist. For example, U.S. energy-related CO2 emissions have declined during seven of the past ten years, and are now 14 percent lower than in 2005. These improvements are occurring at a time when our country has catapulted forward to become the world’s leading producer of oil and natural gas.

With the savings that have occurred over the last decade and energy’s critical role in the state economy, Texas’ policymakers must continue to come together - blocking out disruptive narratives - in support of energy production and infrastructure development that will continue to let our state blaze the trail as the nation’s energy leader.
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Calculations developed by Orion Strategies. $46.1 billion saved by industrial users, $7.25 billion saved by residential users, and $6.3 billion saved by commercial users. This number was calculated by using the annual average price per thousand cubic feet of natural gas for residential, commercial, and industrial consumers. This EIA price was then applied to the total MMcf consumed in Texas, also sourced by EIA. The Consumer Price Index utilized by the Bureau of Labor and Statistics was applied to each year’s price in order to adjust each price to 2016 dollars. 2016 was used as a cutoff date as it was the last year for which residential and industrial data were released.
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