

The Oil and Gas Industry in New Mexico
welcomes
Turkmenistan
Natural Gas STAR International



Wally Drangmeister, Director of Communications
New Mexico Oil & Gas Association

November 9, 2011

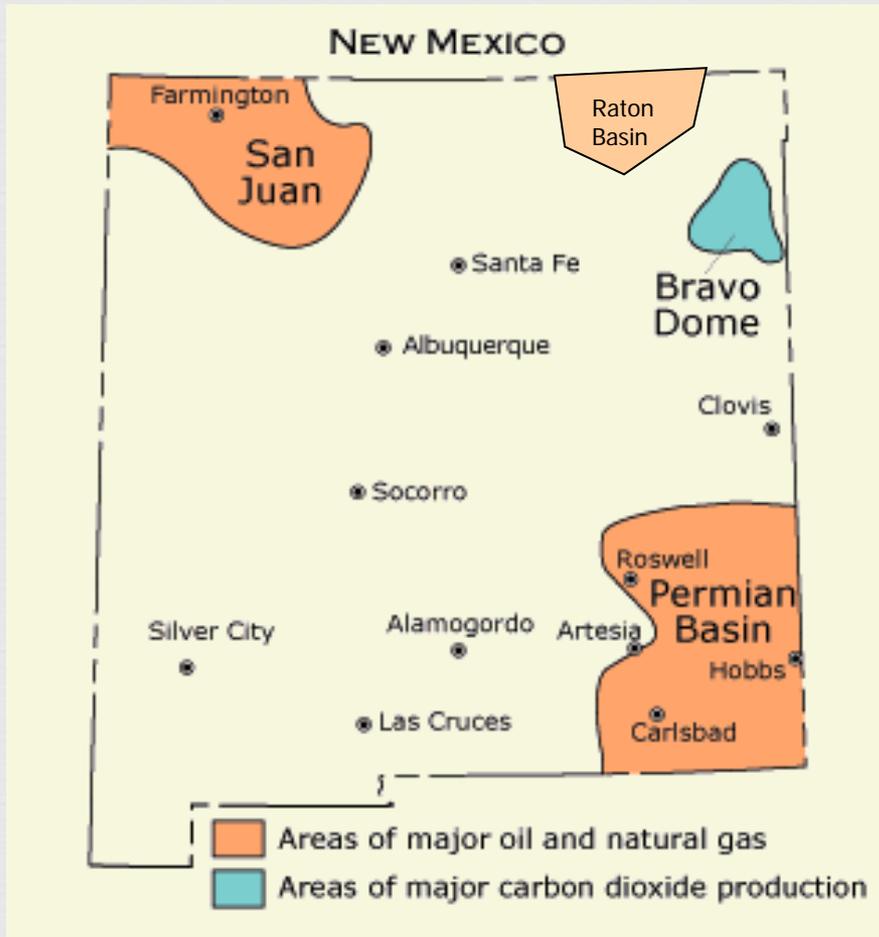
New Mexico's Long History of Oil & Gas Production



- ❧ First Natural Gas Well - 1921
- ❧ First Oil Well - 1924

New Mexico

An Oil & Gas Producing State



Producing Counties

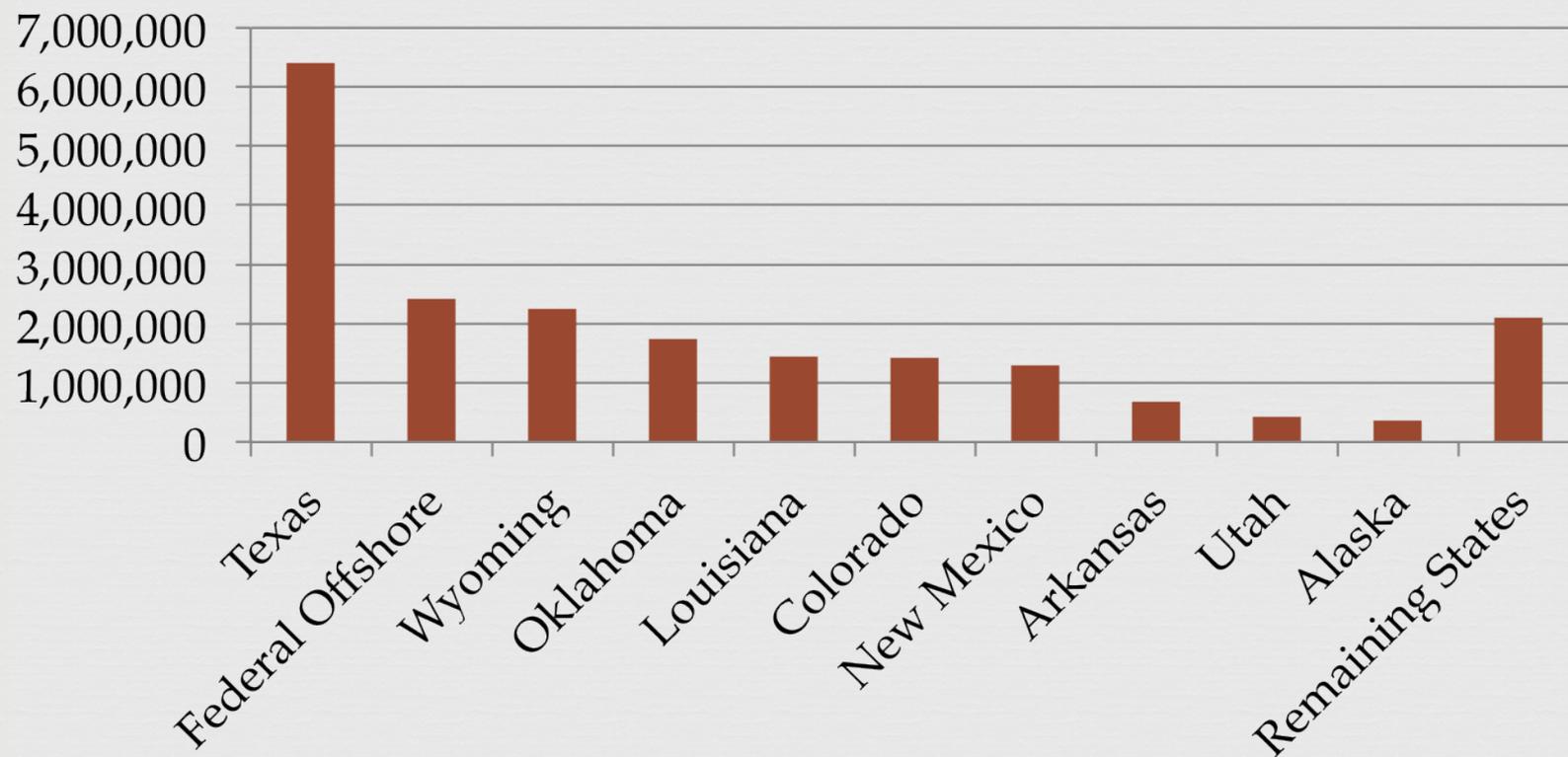
- San Juan
- Rio Arriba
 - Colfax
- Sandoval
- McKinley
 - Lea
 - Eddy
- Chavez
- Roosevelt

New Mexico Production by Land Type - 2009



Land Type	Oil	Gas
Federal	46%	63%
State	36%	17%
Private	17%	17%
Indian	<u>1%</u>	<u>3%</u>
Total	100%	100%

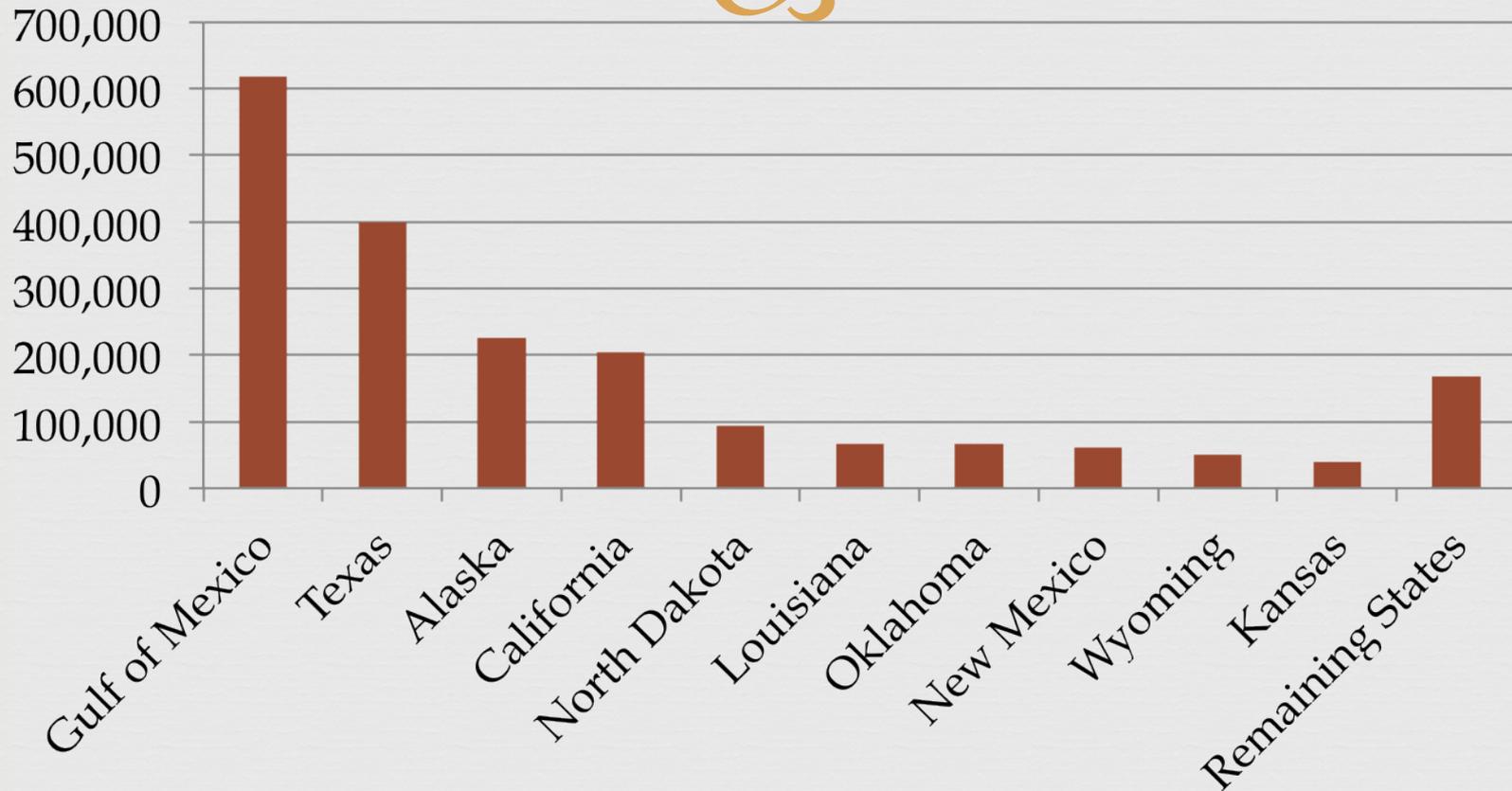
U.S. Dry Natural Gas Production (MMcf) July 2008-June 2009



Available from Web Page:
Source:

http://www.eia.gov/dnav/ng/ng_sum_snd_a_epg0_fpd_mmcf_a.htm
Energy Information Administration

U.S. Oil Production (thousand barrels) July 2009-June 2009



Available from Web Page:
Source:

http://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbb1_m.htm
[Energy Information Administration](#)

Economic Impact of Oil & Gas

Impacts of the Oil & Gas Industry in New Mexico in 2010		
Value of Oil Production	\$4.6 billion	1
Value of Gas Production	\$5.3 billion	1
Direct Employment	12,007	2
Indirect and Induced Employment	14,357	2
Total Employment associated with Oil & Gas	26,364	
Labor Income	\$1.5 billion	2
Labor Income per Oil & Gas Worker	\$58,331	2
Employment as Percent of State Labor Force	2.73%	2

1-Average Price of \$4.09 per McF for Natural Gas
Average Price of \$75.72 per Barrel for Oil

2-Economic Impact of NM Oil & Gas Industry
C. Meghan Starbuck, Ph.D., December 10, 2010

Fiscal Year 2010 State & Local Revenues from Oil & Gas Operations (\$millions)

Revenue Source	Amount
State General Fund	
Production Taxes	\$383
Royalties, Bonuses	413
Taxes on Direct Activities	228
Taxes on Indirect Activities	<u>251</u>
Total General Fund	<u>\$1,275</u>
Percent of General Fund	27%
Other State Funds	
Severance Tax Bonding Fund	\$338
Land Grant Permanent Fund	<u>317</u>
Total Other State Funds	<u>\$655</u>
Local Governments	<u>\$266</u>
Grand Total	\$2,196

Source:
New Mexico
Taxation and
Revenue
Department

New Mexico General Fund Spending



- œ Public Schools (Kindergarten – 12th grade)
- œ Higher Educations (Colleges and Universities)
- œ Public Assistance
- œ Medicaid
- œ Other Cash Assistance
- œ Corrections
- œ Transportation
- œ Other

Commodity Prices and State Revenues

- ❧ For every 10 cent change in natural gas price
 - ❧ \$9.2 million impact on general fund
 - ❧ \$6.0 million impact on permanent funds
 - ❧ \$1.2 million impact on local governments
- ❧ For every \$1 change in crude oil price
 - ❧ \$3.9 million impact on general fund
 - ❧ \$4.8 million impact on permanent funds
 - ❧ \$.7 million impact on local governments