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# NEW STUDY SHOWS RIG COUNT DRIVES OKLAHOMA'S ECONOMIC GROWTH, JOB CREATION

*Economist finds a long lateral rig operating in Oklahoma at full capacity for one year generates an average of $195.6M in economic output*

OKLAHOMA CITY (May 1, 2017) – A new report from RegionTrack's Dr. Mark Snead finds each long lateral horizontal drilling rig running in Oklahoma at full capacity generates an average of $195.6 million in direct and indirect economic benefits over the course of a year.

The Oklahoma Oil & Gas Association (OKOGA) commissioned the study, which reviewed proprietary data from several OKOGA member companies, including private and publicly traded entities actively drilling horizontal wells in the state.

Key takeaways of the report:

- For every one oil field job created when drilling a well in Oklahoma, two indirect jobs are created in Oklahoma.
- A new long lateral well costs nearly twice as much to drill in Oklahoma in 2017 than the average well cost in 2015.
- Oklahoma currently has 127 rigs running, of which 123 are drilling horizontal wells. This is double the number of rigs from this time last year.
- One long lateral rig operating in full capacity for one year provides the following economic benefits:
    - Supports 681 direct and indirect jobs in Oklahoma
    - Fuels $195.6 million in direct and indirect economic activity in Oklahoma communities
    - Generates $4.2 million in direct state and local taxes
- Job creation and economic output increases 40 percent when drilling a 10,000-foot horizontal well – often called a long-lateral well – versus a 5,000-foot horizontal well.
- Direct state and local revenue from drilling activity increases by 63 percent for a long-lateral well verses a 5,000-foot horizontal well.

**"The single best barometer to gauge our state's economic future is to look at the number of rigs running,"** said OKOGA President Chad Warmington. **"Oklahoma has the second-highest number of rigs running across the nation. As a result, we've seen more Oklahoma oil field jobs created in the**

**past two months than any period since 1990. Drilling is leading Oklahoma's recovery, and the state has wisely encouraged companies to drill here with its clear regulatory environment and two-tiered gross production tax."**

He said maintaining the existing gross production tax structure is important to the entire state.

**"Encouraging companies to drill in Oklahoma is investing in Oklahoma's small businesses, schools, roads and long-term economic growth,"** said Warmington.

To review the data and methodology report, click here.

**Background**

**The Oklahoma Oil & Gas Association,** founded in 1919, is the oldest energy trade association in the United States. Nearly a century later, the association remains dedicated to the advancement and improvement of the oil and natural gas industry within the state of Oklahoma and throughout the nation. It is a non-profit association composed of oil and gas producers, operators, purchasers, pipelines, transporters, processors, refiners, marketers and service companies which represent a substantial sector of the oil and natural gas industry within Oklahoma. The activities of OKOGA include support for legislative and regulatory measures designed to promote both the well-being and best interests of the citizens of this state and a strong and vital petroleum industry within the State of Oklahoma and throughout the United States.

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