

News Release



IPAMS
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IPAMS: Energy Development vital to Utah's rural economy *New study highlights financial and social benefits of natural gas development*

(Denver) – The Independent Petroleum Association of Mountain States (IPAMS) today released findings from a recent study conducted by the University of Utah's Bureau of Economic and Business Research for the Utah Governor's Office detailing the positive financial and social benefits of Utah's natural gas industry to the state's rural economies.

According to IPAMS, the study is especially timely in light of the fact that the Bureau of Land Management (BLM) is working to update several Resource Management Plans (RMPs) across Utah, which determine public lands use, including grazing, hunting, off road vehicle recreation, mining, and energy development. These land use plans will provide the BLM with a road map for managing nearly half the 23 million acres of public land in Utah. These plans are of vital importance as they will directly impact economic activity in rural Utah for the next 20 years.

Oil and natural gas development, which, according to the study helps drive the economy in many parts of rural Utah, is addressed in the RMPs as one of several uses allowed by the BLM's multiple-use mandate. Tax and royalty revenues from oil and natural gas are critical sources of revenue for the local governments, creating a lower tax burden on citizens and financing local infrastructure projects. In 2007 the industry paid \$56.9 million in property taxes, \$71.5 million in severance taxes, \$82.7 million in state royalties, and \$173.1 million in federal royalties distributed to Utah.

The Uinta Basin in northeastern Utah, which covers Uintah and Duchesne counties, is the largest oil and gas producing area in the state and a significant producer in the Rocky Mountains. Natural gas production in the basin has steadily increased over the past 10 years and surpassed an all-time high of 226 billion cubic feet (BCF) in 2006.

Increased activity has caused an economic boom in the Uinta Basin. According to a study conducted by the University of Utah, when including indirect and induced impacts due to company and employee spending, the oil and gas industry accounted for 49.5 percent of employment and 60.1 percent of total wages paid in the Uinta Basin during 2006. Further, unemployment in the basin has consistently been lower than the state average since August 2005.

Oil and gas operators paid \$18.2 million in property taxes on producing oil and gas wells in 2006, 38.7 percent of all property taxes paid in Uintah and Duchesne Counties. Federal mineral royalties distributed to the two counties by the Utah Department of Transportation during 2006 amounted to \$30.3 million. The health of the industry has helped Utah become one of just a handful of states in the country to enjoy a budget surplus.

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"Continued access to public lands means jobs and economic health for our rural areas. Multiple uses such as recreation, minerals development, and ranching help protect our rural economy and improve the economic viability of the community so that children are not forced to leave the community to look for jobs," said Marc Smith, Executive Director of the Independent Petroleum Association of Mountain States (IPAMS). This past year has seen our domestic gas production fall off in other regions but increase in the Intermountain West. In Utah, half the natural gas produced today is from wells drilled in the last three years.

Natural gas found in Utah is critical for both the state and the nation's energy supply. Utahans pay some of the lowest prices for natural gas than virtually everywhere else in the country. More than 80% of Utah households use natural gas for home heating, the highest percentage in the Nation.

"Natural gas development is crucial to the state's economic well-being and the outcome of these land use plans will affect all Utahns," said IPAMS Utah Representative Lowell Braxton. "Because Utah is a natural gas exporter to the rest of the country, the ability to develop these minerals that belong to every American has national significance, particularly in light of the projections of growth in demand for natural gas in the decades to come."

"The extent to which the Utah RMPs will affect life in rural Utah for the next quarter century cannot be overstated and public participation in the RMPs ensures that land use decisions reflect the public's values," Smith said. "The public should let their government know that access to public lands is crucial to the creation of jobs now and for generations to come."

The study is available online here: <http://ipams.org/wordpress/wp-content/uploads/utahsocioecon.pdf>

IPAMS, founded in 1974, is a non-profit trade association representing more than 400 independent oil and natural gas producers, service and supply companies, banking and financial institutions and industry consultants committed to environmentally responsible oil and natural gas development in the Intermountain West. More information on IPAMS and its members is available at www.ipams.org.