IOGCC Annual Business Meeting

Changing Role of U.S. Oil and Gas Hubs

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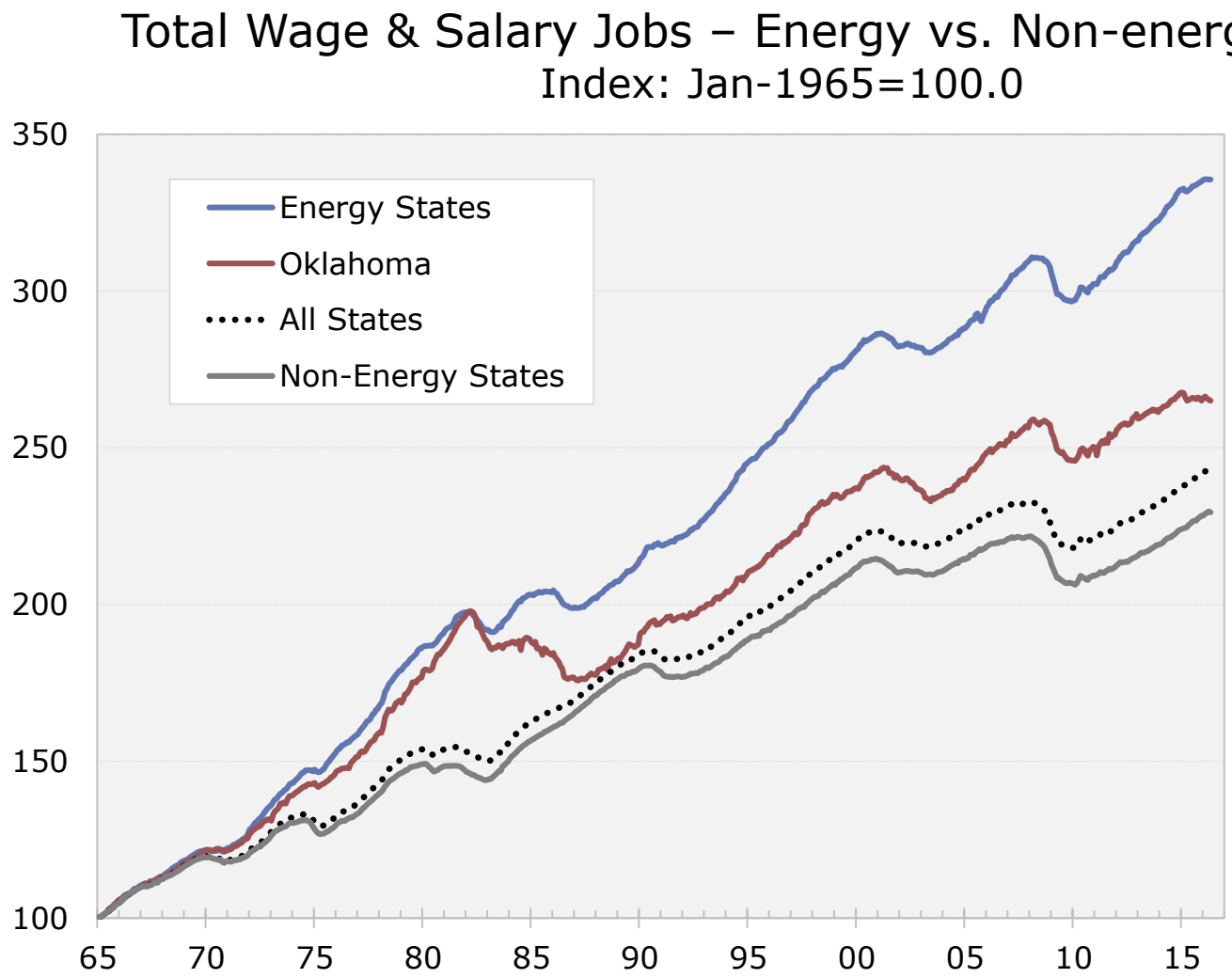
President and Economist

REGIONTRACK
Regional Economic Forecasting and Analysis

Is it good to be a mining state in the long-run?



Utah	522.4
Alaska	500.5
Texas	453.2
Colorado	445.0
New Mexico	341.0
Energy	**335.6**
North Dakota	328.6
Wyoming	327.0
Oklahoma	**286.2**
Montana	275.3
Mississippi	253.6
Kansas	240.0
Louisiana	233.1
Non-Energy	**229.4**
West Virginia	180.4

Source: Bureau of Labor Statistics, RegionTrack

Oil and gas hubs

Changing economic channels (with an OK flavor)

Leaders, movers, and waning hubs

Changing definition of an ‘energy hub’

Corporate presence

Capital spending

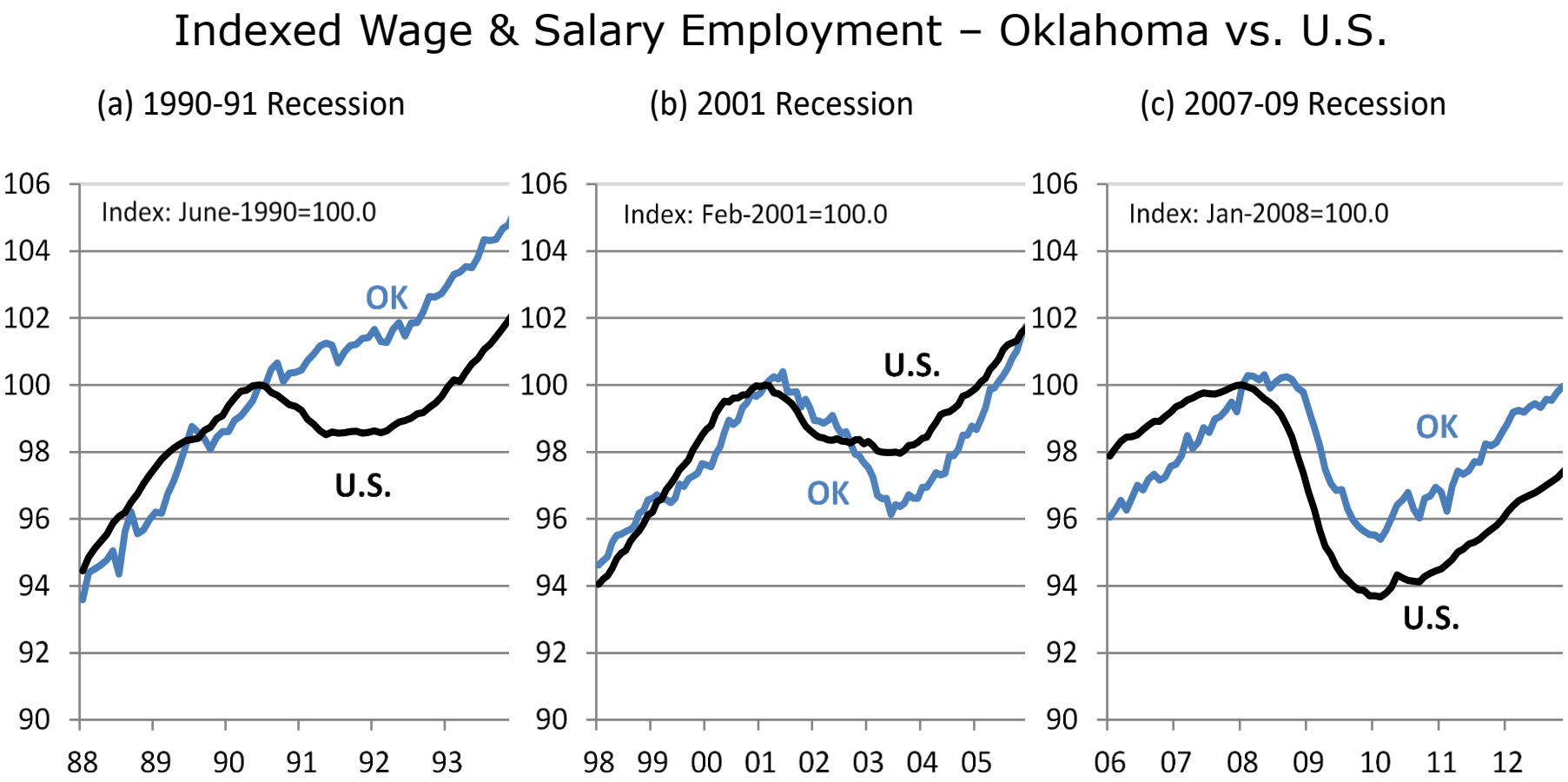
Employment

Household income

Tax contribution

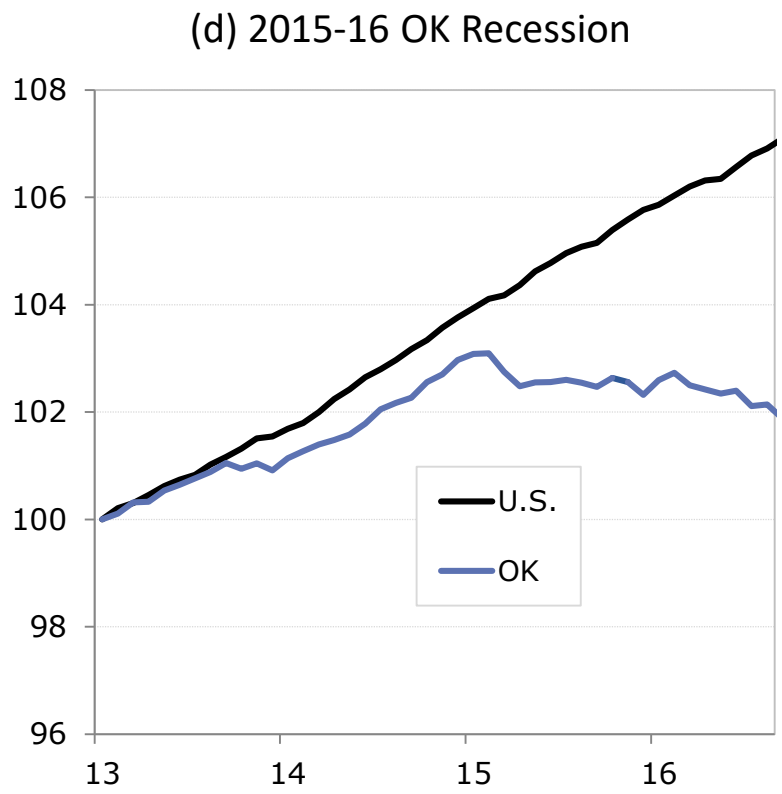
↔ Cyclical sensitivity of each

Oil & gas determines the overall economic cycle in energy hubs

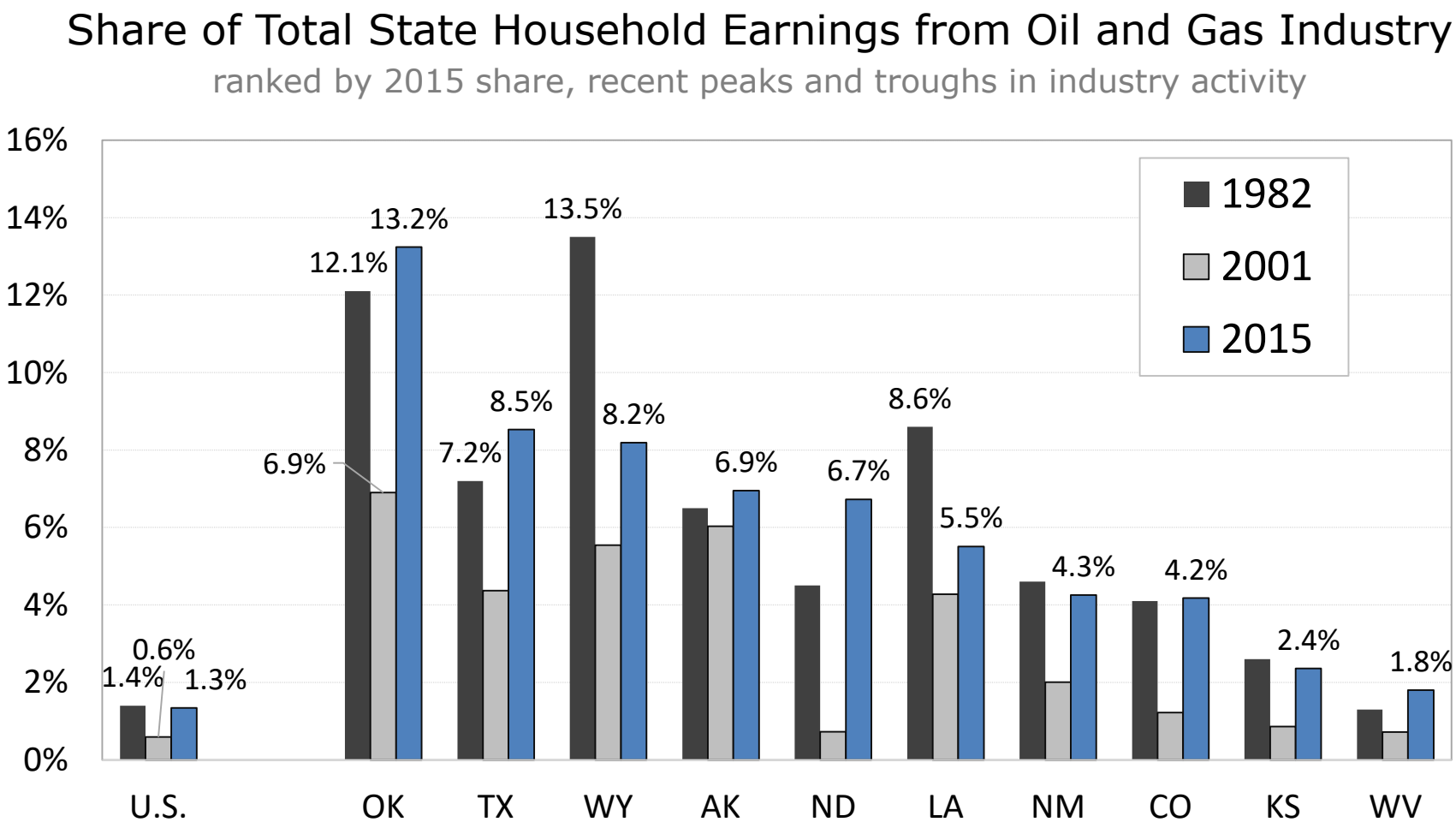


Oil & gas determines the overall economic cycle (cont.)

Indexed Wage & Salary Employment – Oklahoma vs. U.S.



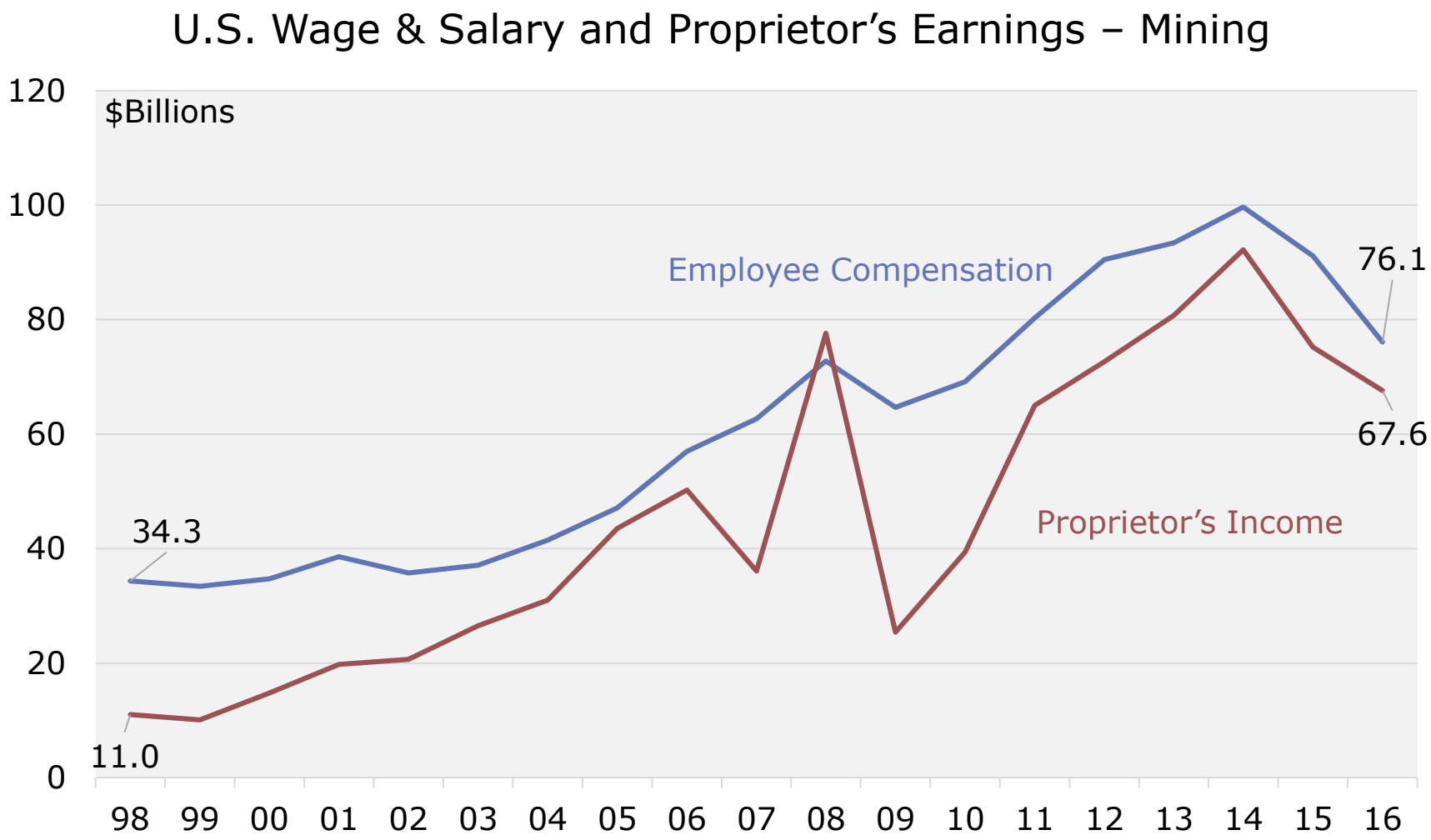
For households, its more about earnings and less about jobs



Earnings equals employee compensation plus proprietor's earnings

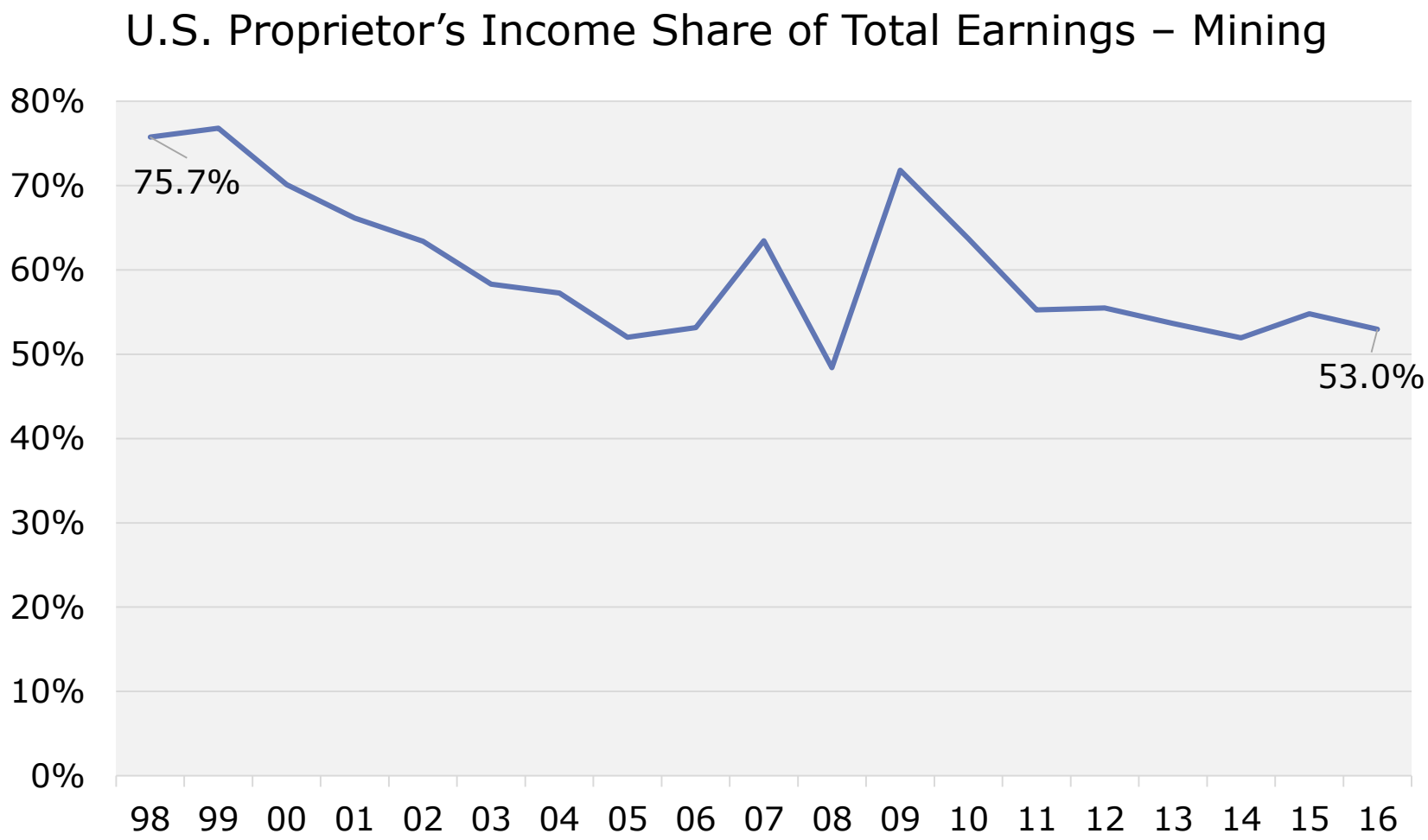
Bureau of Economic Analysis and RegionTrack

Proprietor's income approaching w/s compensation

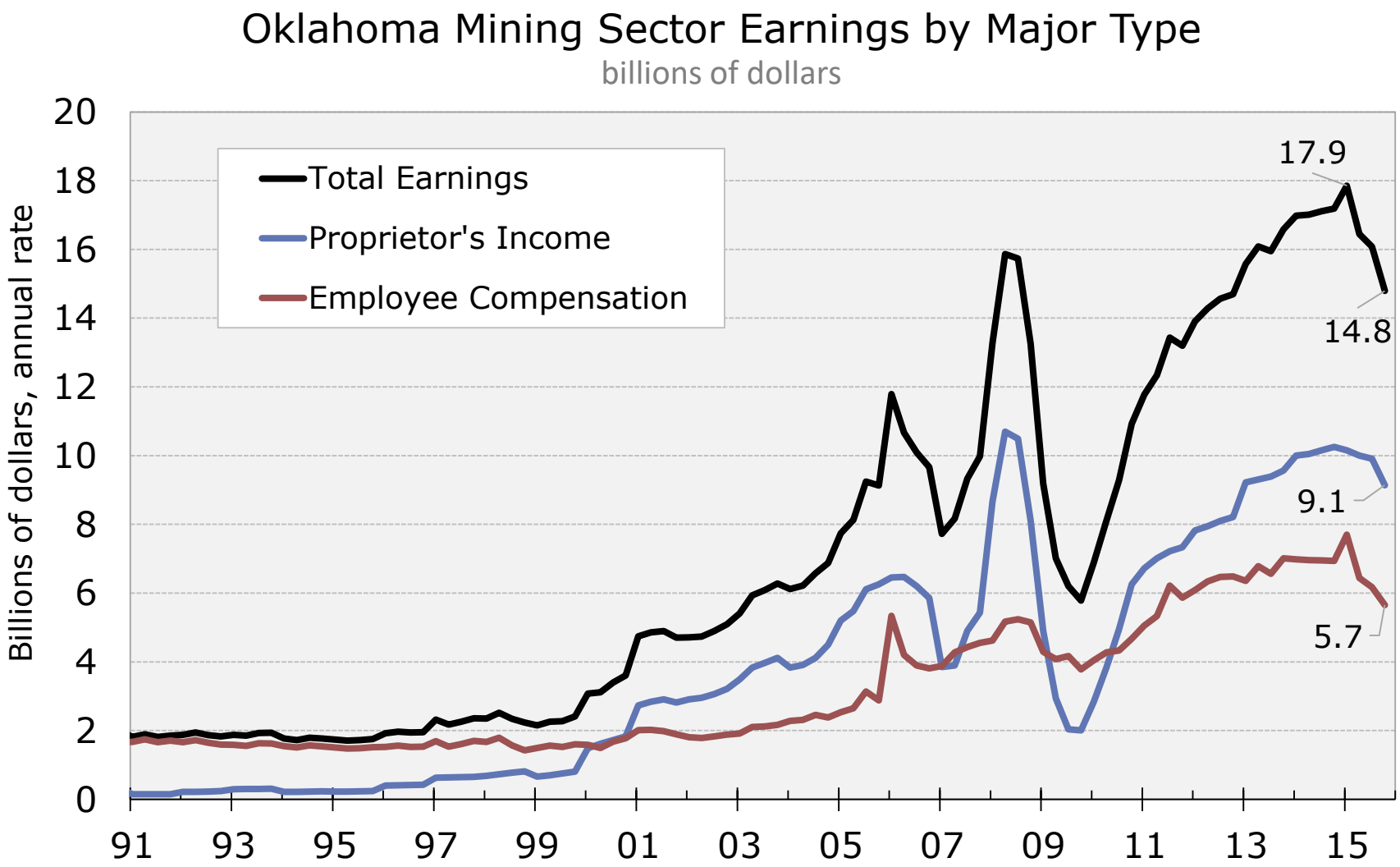


Bureau of Economic Analysis and RegionTrack

Proprietor income share to near 50%



Proprietor's income is now the key component of oil and gas earnings in OK



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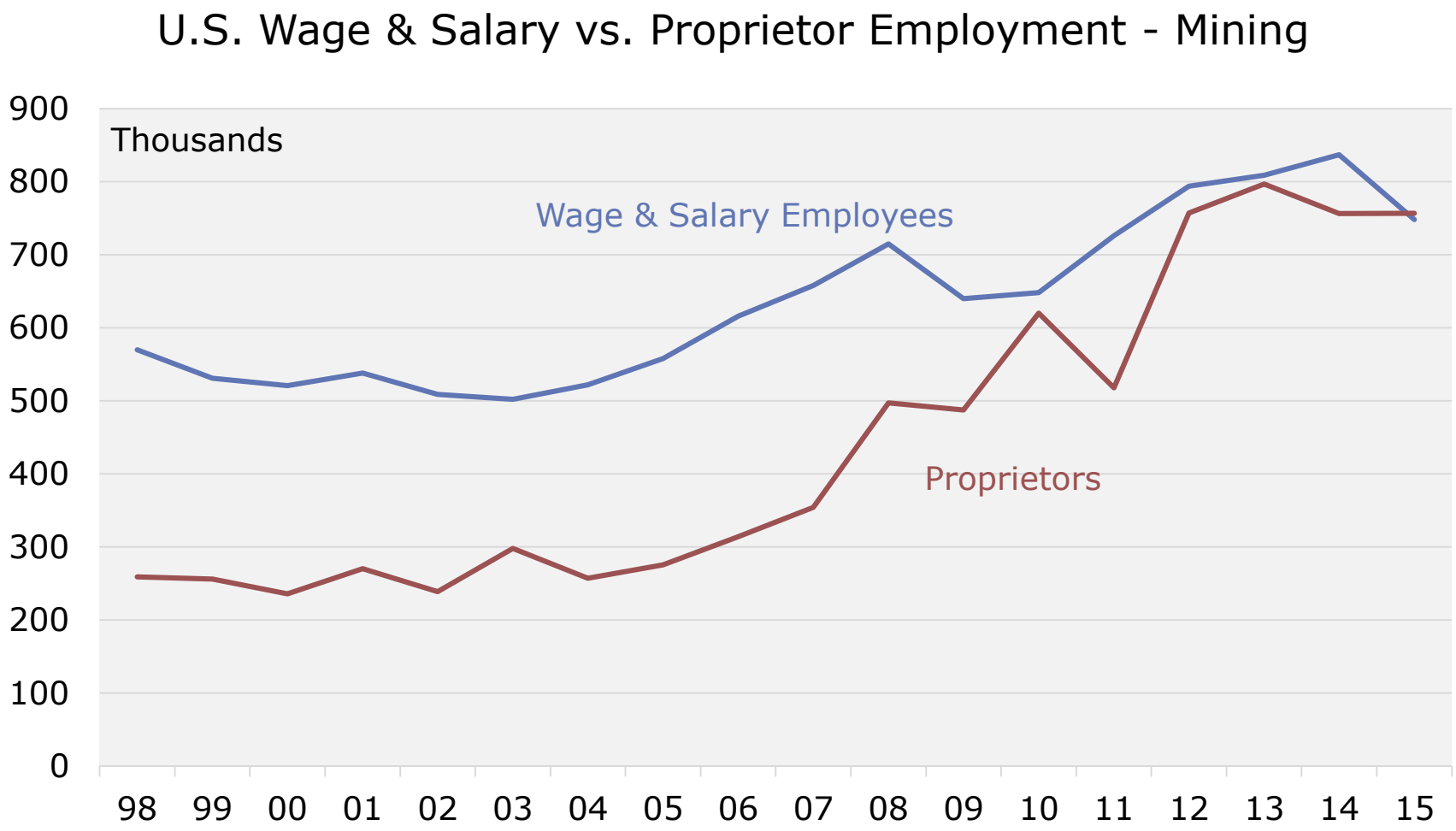
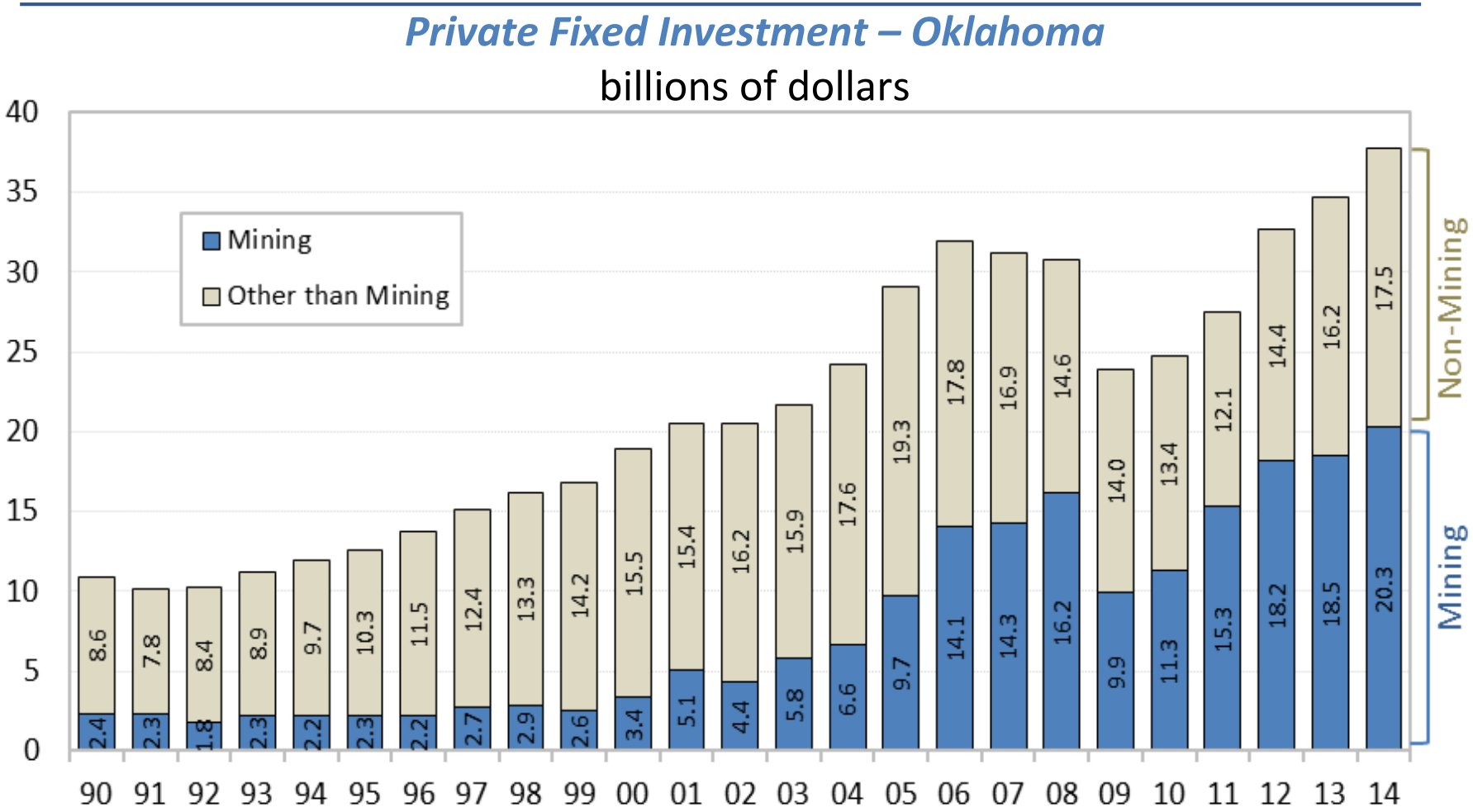
Proprietors now equal wage & salary workers



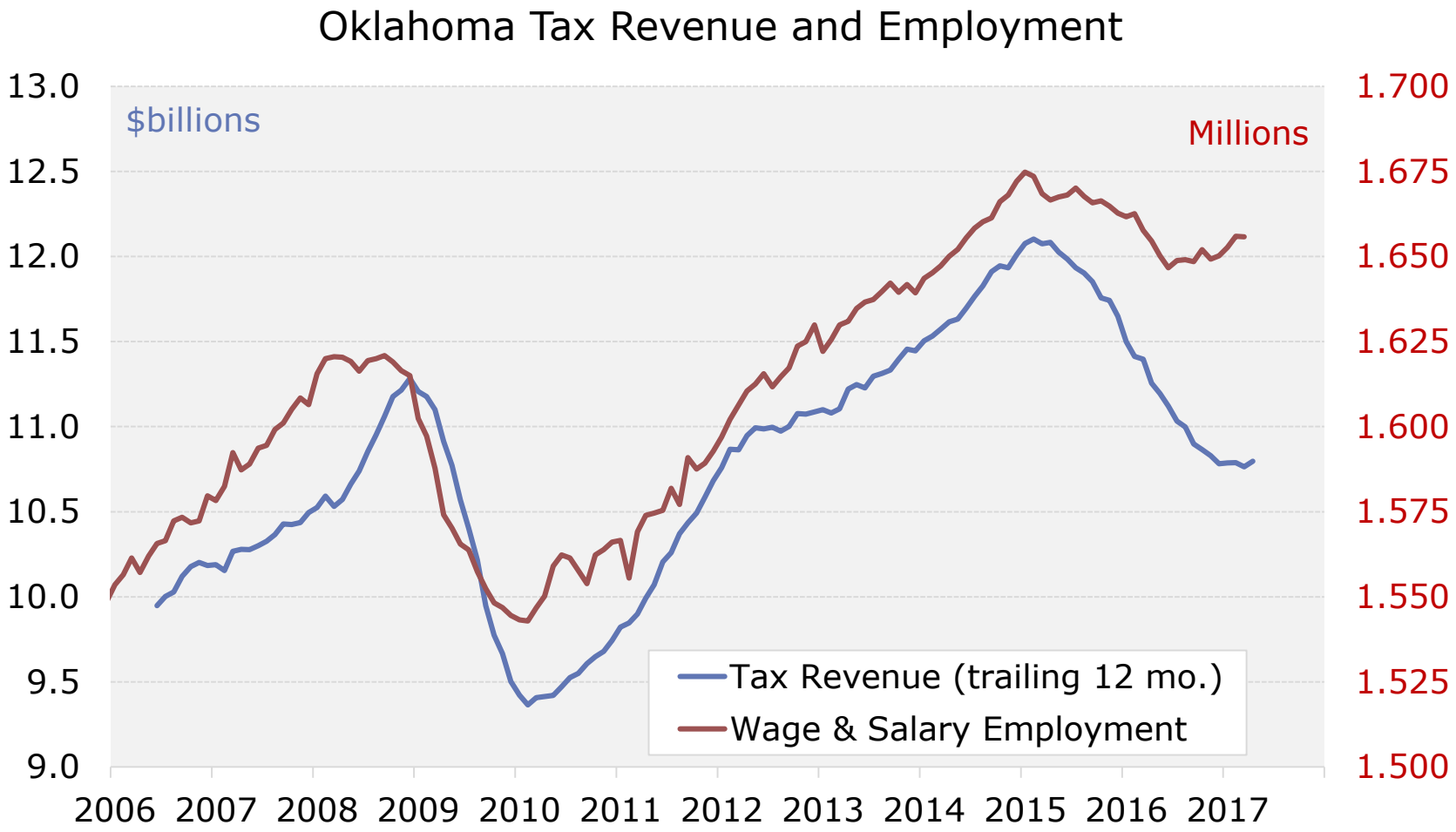
Capital spending drives active drilling regions



Notes: Fixed investment includes structures, equipment, and intellectual property.

Energy hubs bring added volatility

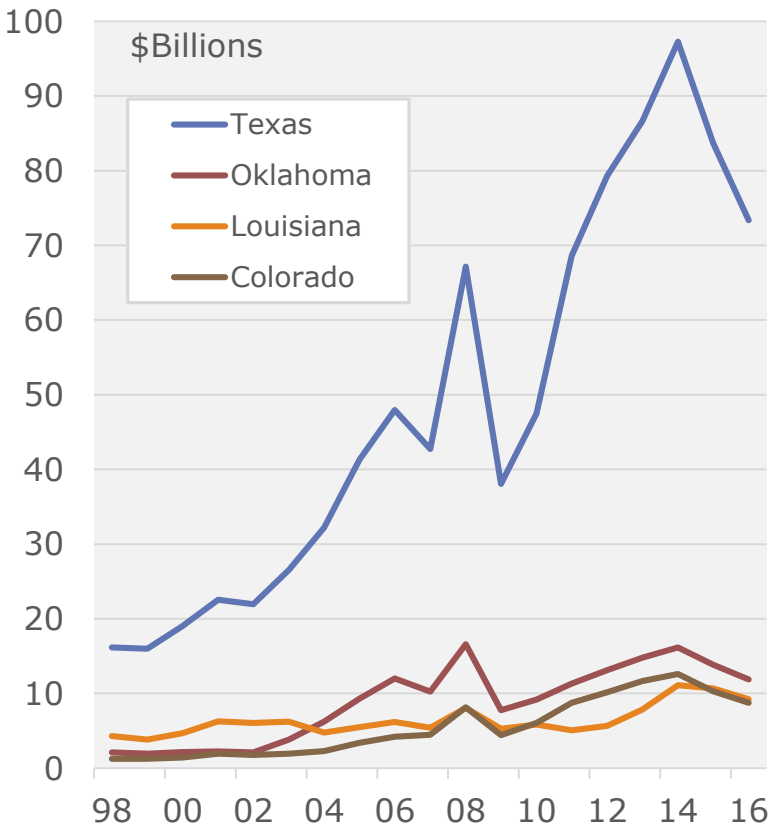
both the good and bad variety

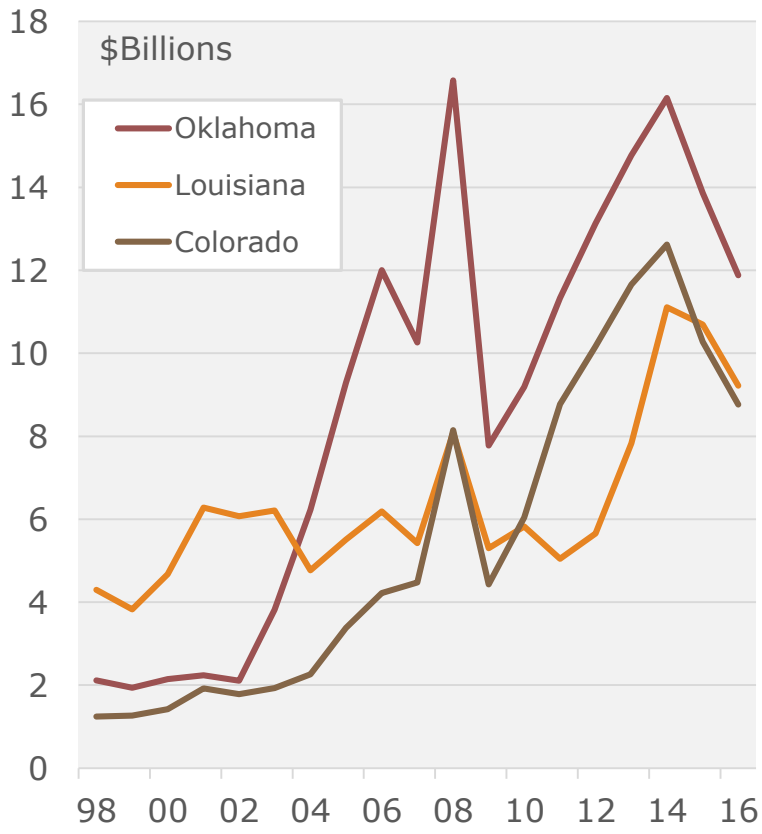


Oklahoma Tax Commission, Bureau of Labor Statistics, and RegionTrack

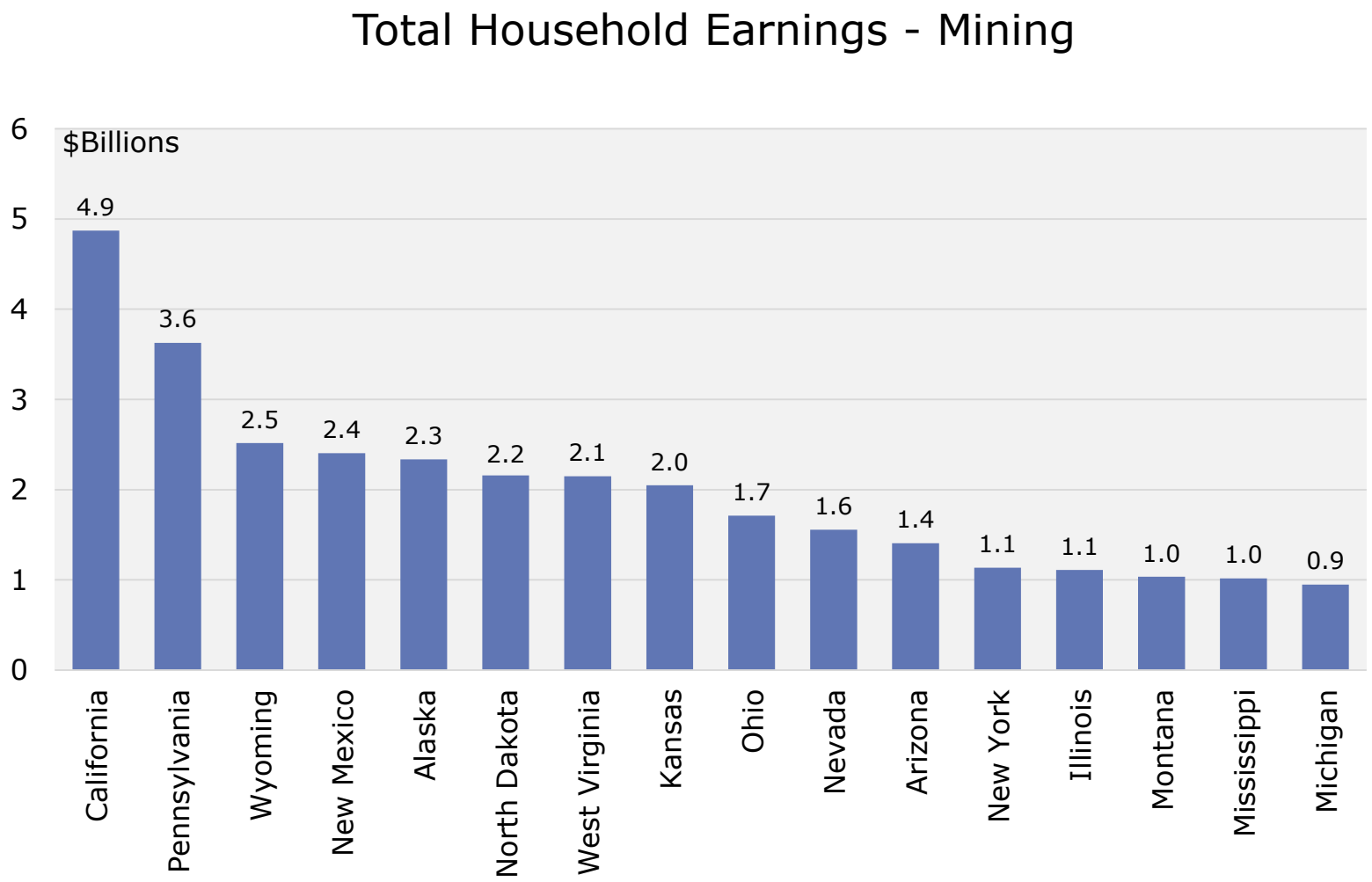
The current Big-4 by total mining earnings

Total Household Earnings - Mining

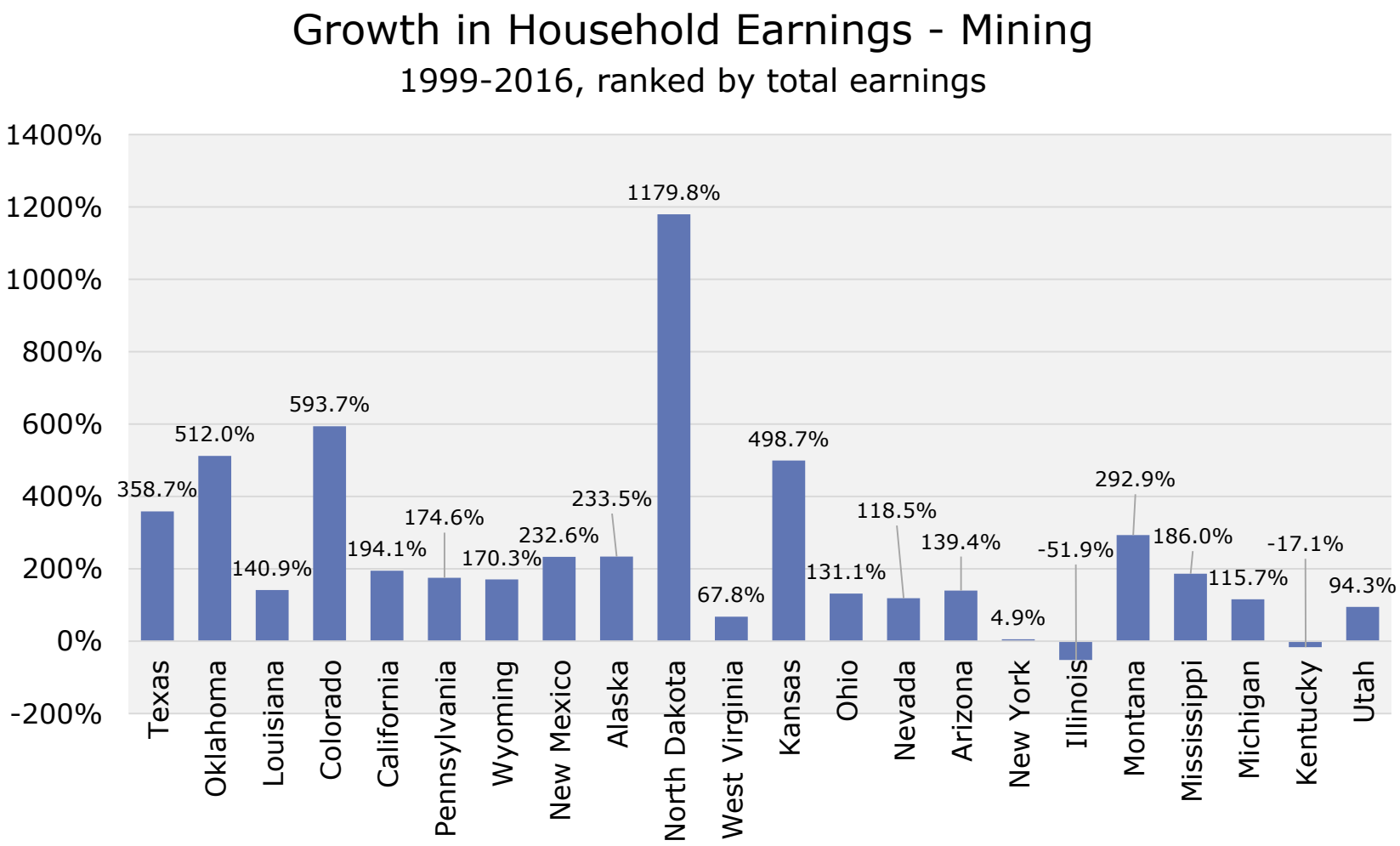




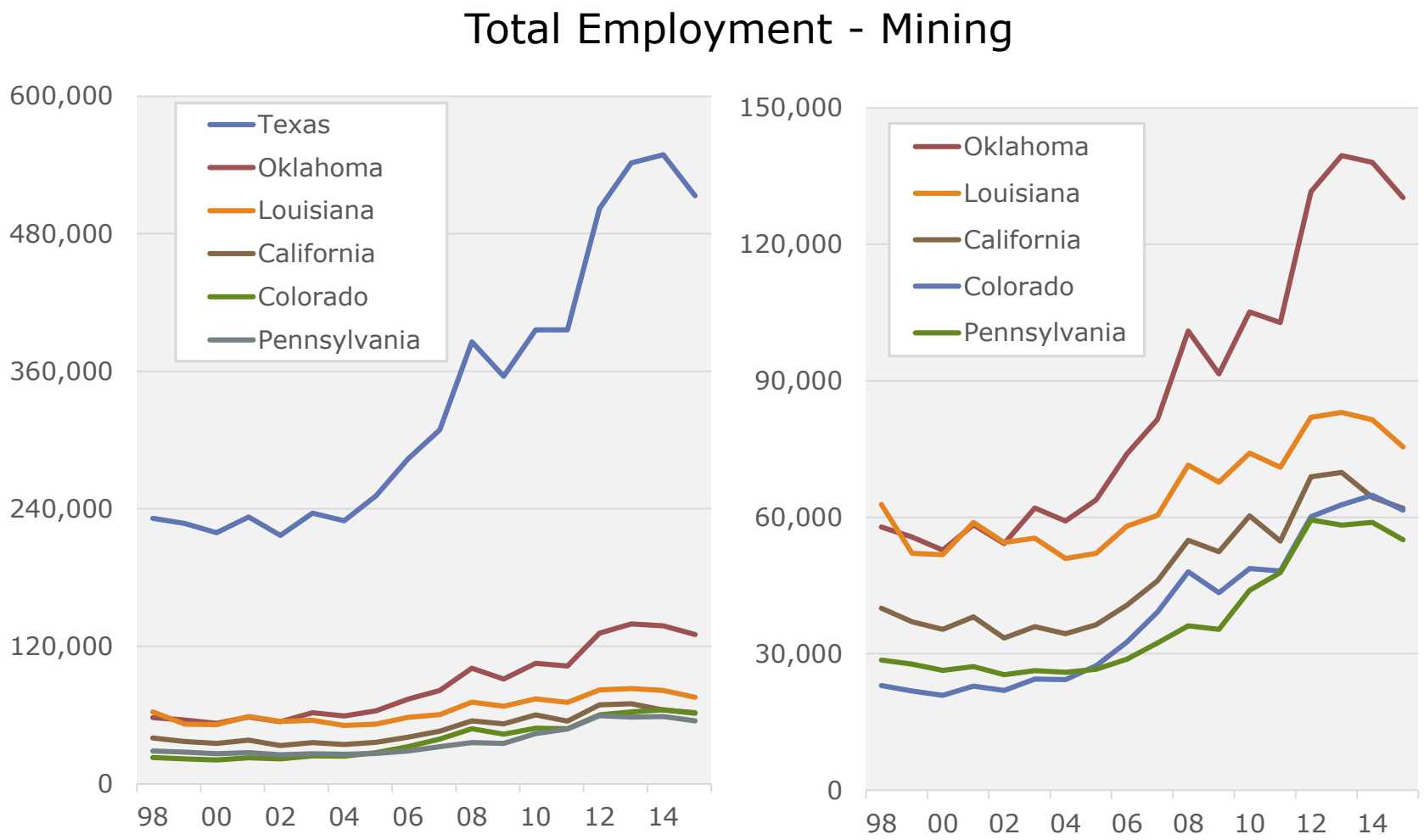
The contenders by total mining earnings



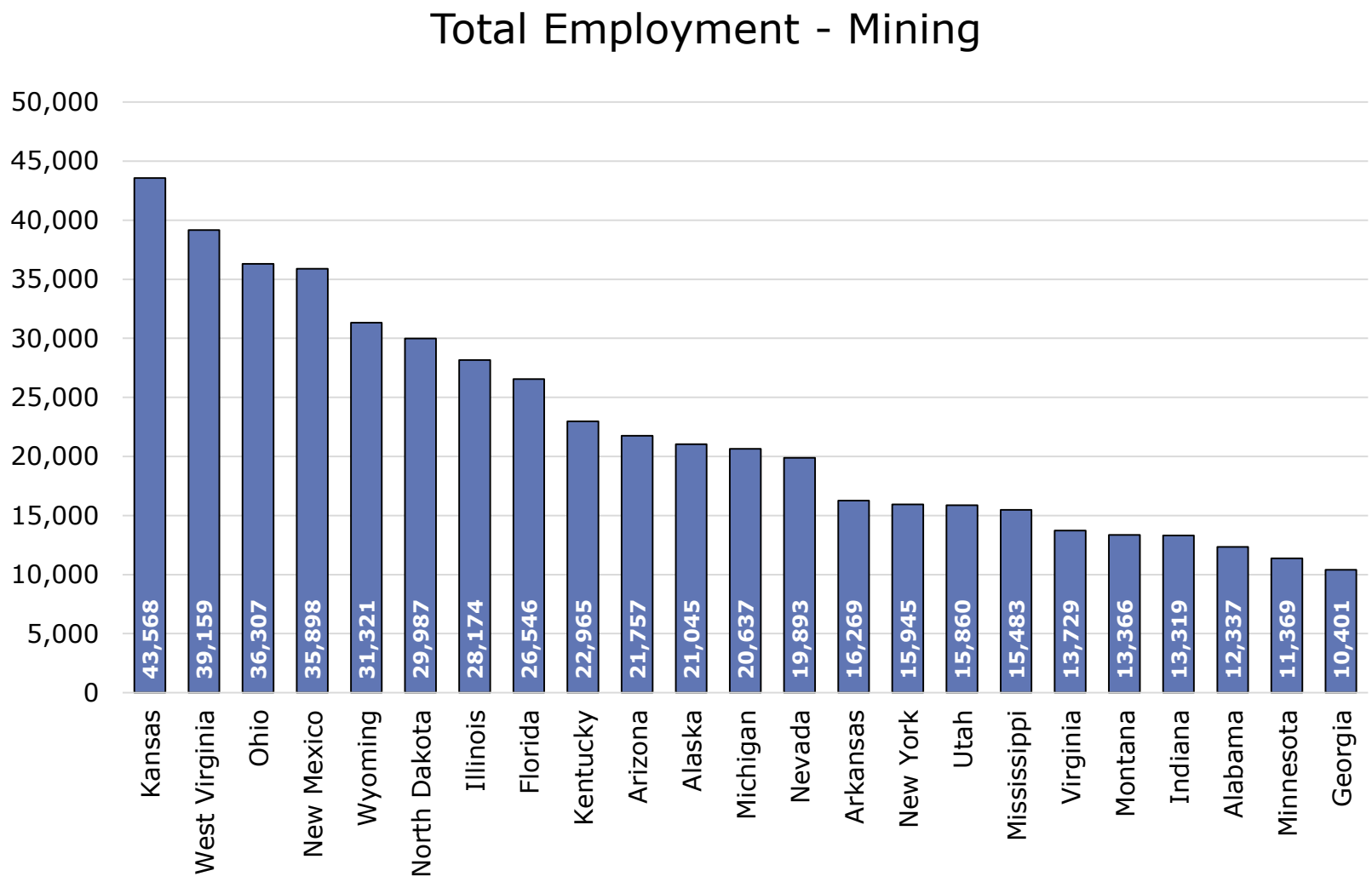
Many big movers, including the largest



The current Big-6 by total mining employment

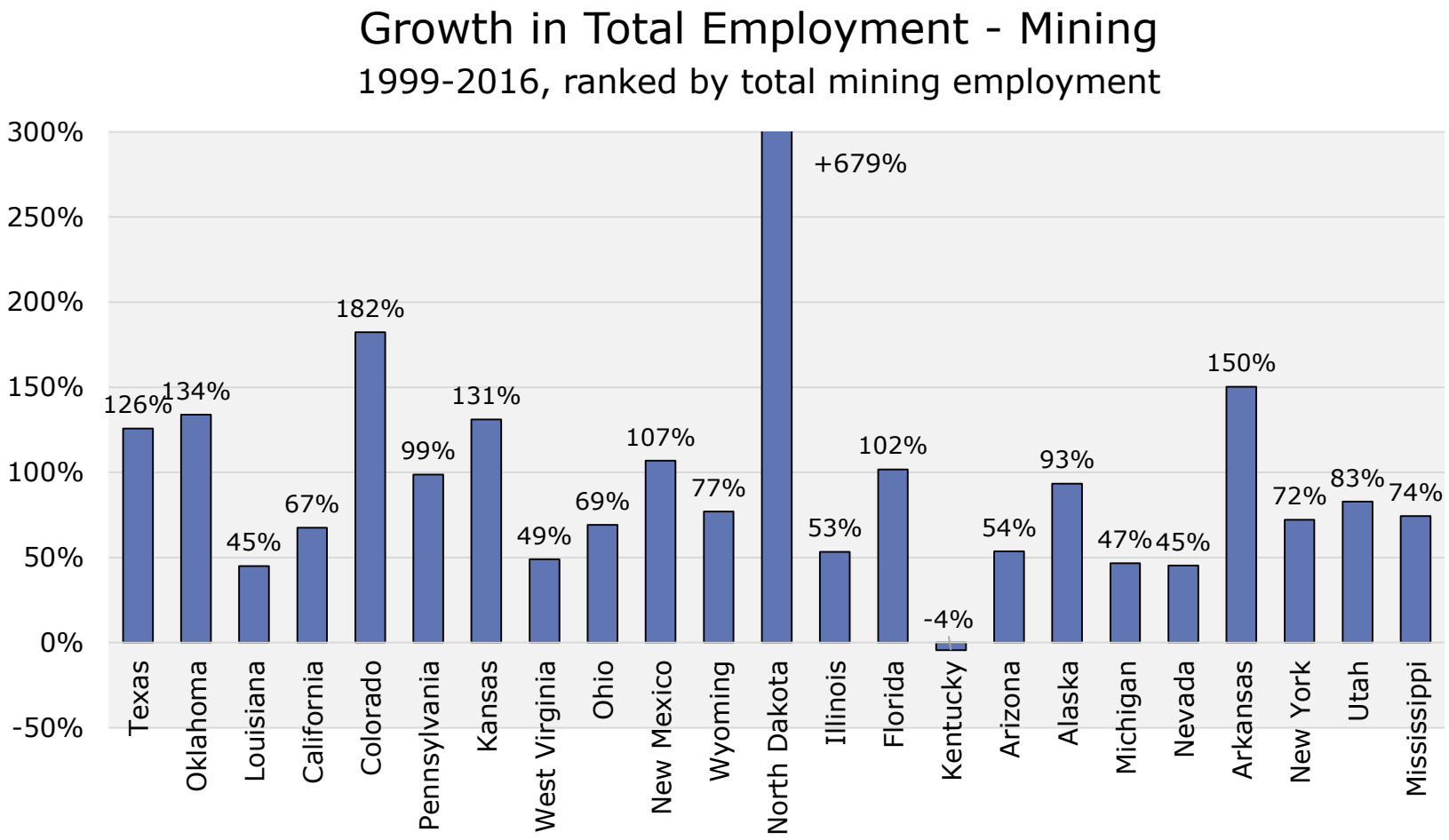


The contenders by employment



Extreme job growth rates highly concentrated too

less volatile overall than earnings



Research going forward

Estimating mining capital spending at the state level

Moving the data analysis to the metro and county levels

Forming estimates of cyclical sensitivity

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