



ECONOMIC IMPACTS OF OIL AND GAS ON GARFIELD COUNTY

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Economic Impacts of Oil and Gas on Garfield County

Impacts on Garfield County

- Taxes and Revenues
- O & G Mitigation Fund
- Operator support of projects

Impacts on the area economy

- Direct
- Indirect



Garfield County Top Ten Taxpayers

Company	2010 Assessed Value in millions
Williams Production	\$878m
Encana	\$367m
Bill Barrett Corporation	\$154m
Petroleum Development	\$67m
Bargath	\$73m
Oxy USA	\$56m
Noble Energy	\$53m
Enterprise Gas Proc.	\$52m
Chevron	\$48m
Antero Resources	\$31m



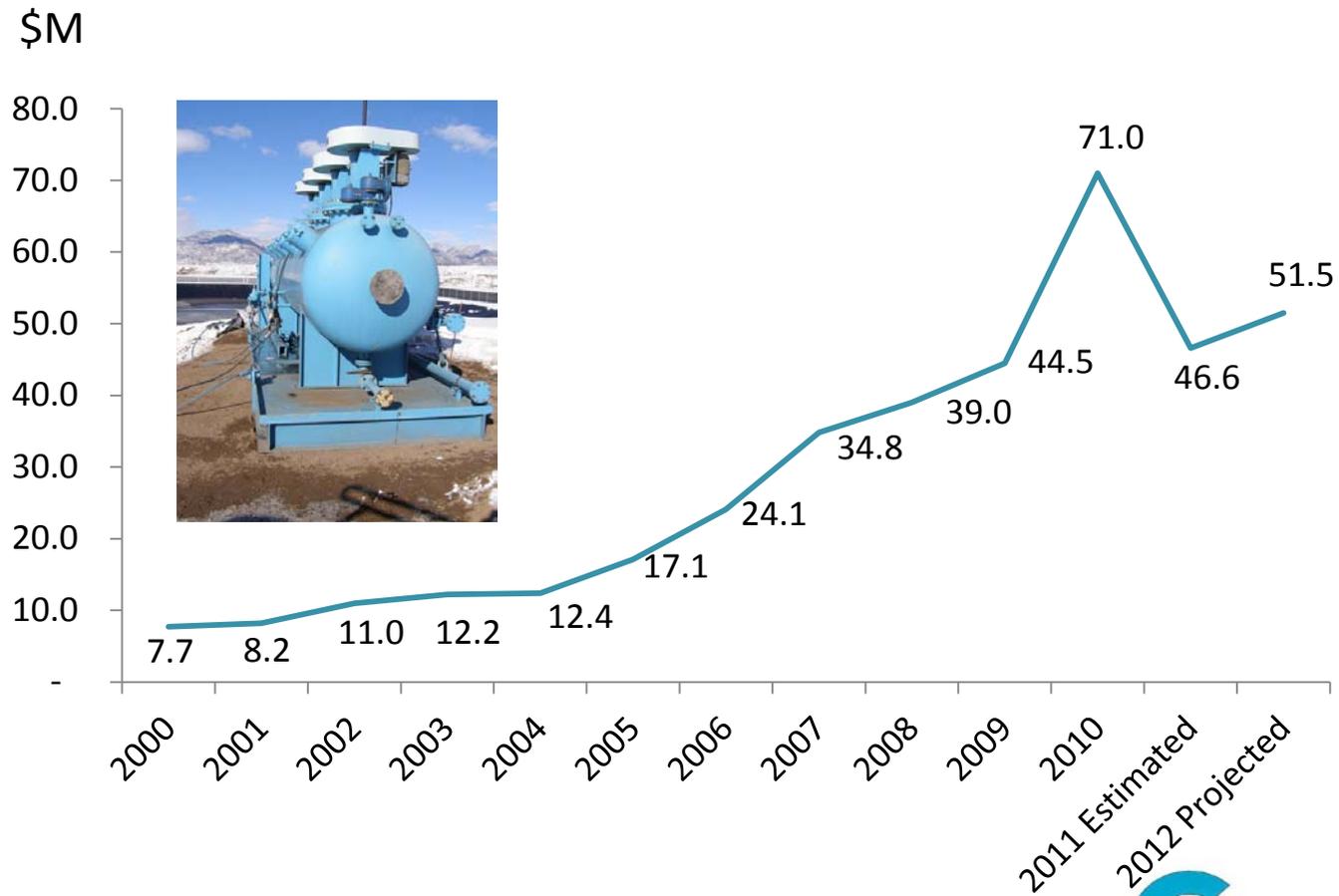
- Assessed value historically:
 - Production: 80%
 - Pers prop: 20%

- 2010 O&G total assessed value: \$2 billion
 - Production: \$1.4 billion
 - Pers prop: \$600 million

- O&G will pay about \$95 m in 2011 property taxes

Property Tax Revenue

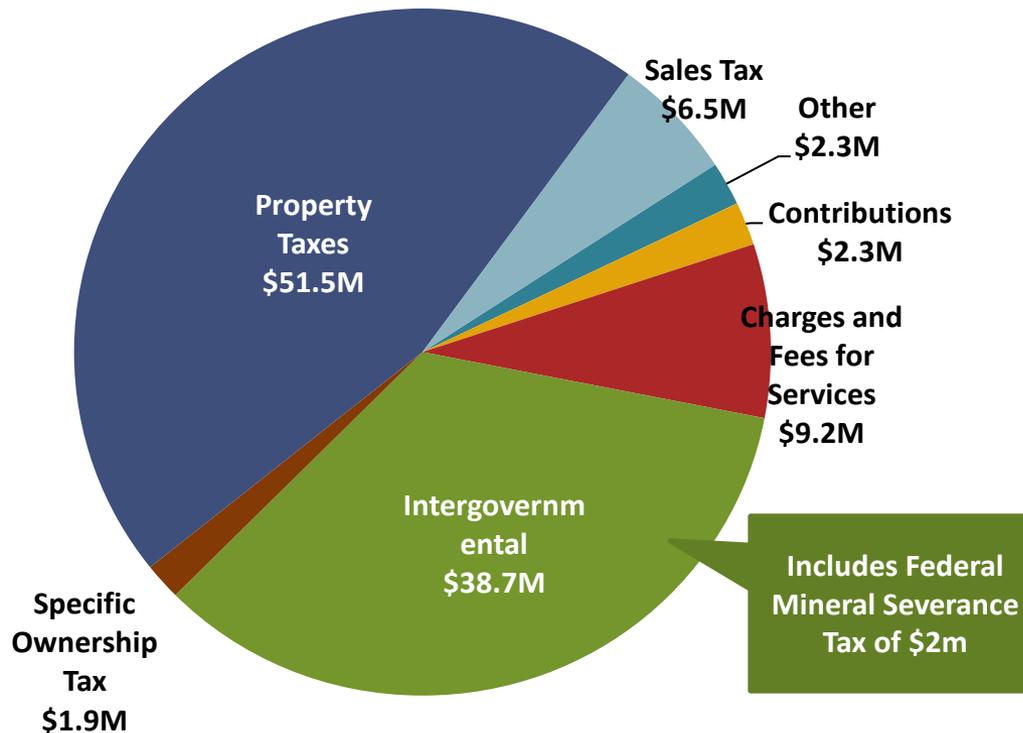
After a significant drop in 2011, 2012 property tax revenues will pick up slightly, primarily due to increased O&G production activity



Sources of County Revenue

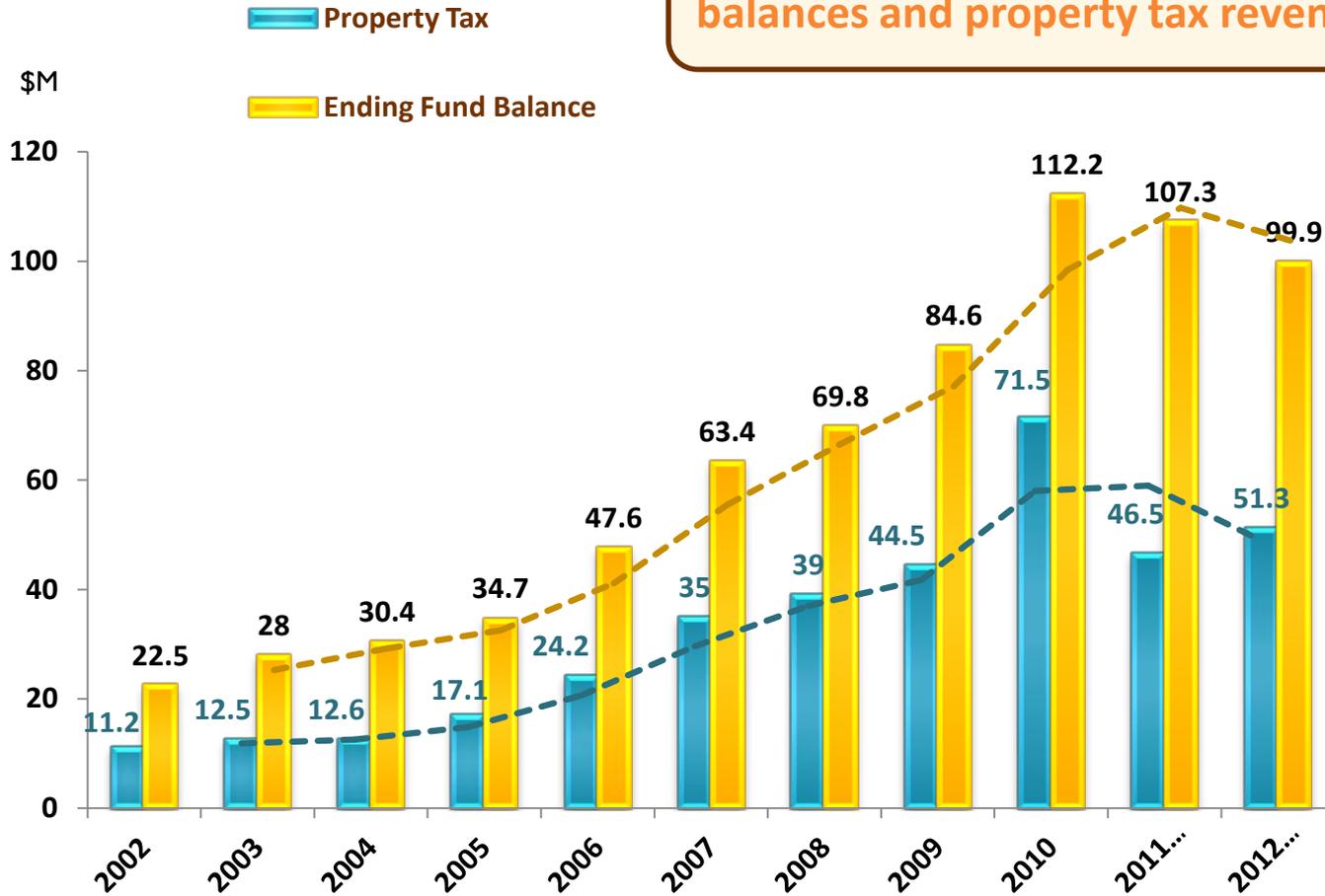
In 2012 Garfield County total forecast revenue is \$112m

- \$52m (46%) will come from property tax
- \$38m (73%) of property tax will come from the O&G industry
- Therefore (with Severance Tax) \$40m or 35% of total revenues is directly attributable to O&G



Fund Balance and Property Tax

Close relationship between fund balances and property tax revenues



Sales Tax Revenue

Although more modest in amount, sales tax revenues are also significantly impacted by the O&G industry in several ways:

- Sales taxes charged directly to companies within the industry
- Sales tax charged to companies that supply or support the industry
- Sales tax generated as a result of spending by households who are employed directly or indirectly by the industry

It all adds up!

\$10m to
Garfield County
in 2011



Oil and Gas Mitigation Fund

- Established by the BOCC in 2006 for the receipt and expenditure of monies towards the mitigation of adverse property, social and environmental impacts of oil and gas related activities
- Funds came from the state severance tax on energy and mineral production, and from a portion of the state's share of royalties paid to the federal government for mining and drilling of minerals and mineral fuels on federally-owned land (also known as FML)
- The fund balance currently stands at \$21m
- \$100k has been expended (for health impact assessment in 2011)



Operator Support of Projects

- A number of both Garfield County and local projects have been and are supported by our O&G operators

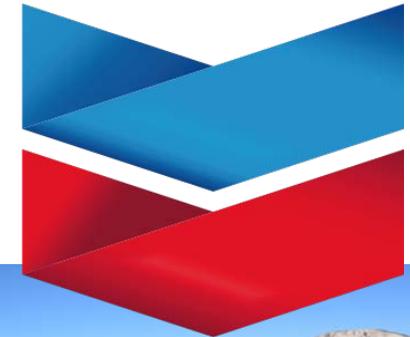
Example:

2009 Reconstruction of CR204

Total Cost:	<u>\$23 million</u>
Funding Sources:	
Garfield County	\$1.5 million
DOLA	\$1.5 million
Chevron	\$20 million



Chevron



Other County/Operator Support

In 2009, in addition to the Chevron contribution, monetary contributions totaling **\$1.4 million** were received from:

- Antero Resources
- Bill Barrett Corporation
- Encana
- Enterprise Gas LLC
- Laramie Energy II
- Noble Energy
- OXY USA
- S G Interests
- Williams Production RMT



Contributions were used to assist the Road & Bridge Department for payment for MAG Chloride, water trucks, gravel and asphalt paving and road repairs (CR's 301, 306, 309, 326)

Non-County/Operator Support

Numerous examples of operator support impacting local organizations and the economy, including:



- Williams donation of \$1 million to CMC helped fund the Williams Technology Wing of the college's West Garfield Campus, Encana donation of \$3m to fund CMC's Encana Academic Center - educating and preparing students for our future workforce
- Shell, Bill Barrett Corp., Chevron, Encana, Williams and others have assisted in underwriting CMC programs such as EPIC (Energy professionals in classrooms) and Process Technology
- Other community support includes United Way, 4H, County Fair and Air Show sponsorship, etc

Impacts on the Area Economy

Direct Impacts

- Jobs – direct employment with operators – Garfield has 750 jobs* - 4th in the state (Mesa 2,200, Weld 2000, Delta 900, Colorado 11,000)
- Compensation – industry has significantly higher wages. In Colorado 244% higher than state average. Approximately \$50ph v. \$20ph*



**Source: Colorado Dept of Local Affairs – based upon FML distributions.
These are jobs from well pads; does not include office staff.*

Impacts on the Area Economy

Indirect or Secondary Impacts

- Generated by production, employment and income in other businesses/industries within the community that supply the industry e.g. trucking, fracking, etc
- These are difficult to measure but can be done using a multiplier - a measure of the additional activity created
- The jobs multiplier for O&G is relatively high at 3.9* (similar to hi-tech manufacturing). This means for every direct job there are 3.9 additional jobs created.

In Garfield County	# Jobs
Direct O&G	750
Indirect O&G	3,000
Total O&G	3,750
% of Total Labor force (35,000)*	11%

**Source: Colorado Office of Economic Development and International Trade*



**Source: Colorado Department of Labor and Employment August 2011*

What it all means....

The impacts of the O&G industry on the local economy are **very beneficial significant, and critical to the financial well-being** of Garfield County, both to the government and the area economy as a whole.

