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University of Colorado Economic Study Shows the Oil and Gas Industry is Key to Colorado's Economic Health and Stability

New Study Shows Positive Impact of Oil and Gas to Every Coloradan

DENVER (December 29, 2015) – The oil and gas industry in 2014 pumped \$31.7 billion into Colorado's economy, according to a new economic study by the Business Research Division of the Leeds School of Business, University of Colorado at Boulder. The study, released today by the Colorado Oil & Gas Association (COGA), demonstrates the vital role the industry plays in the state's economy.

Overall, the report found, the industry recorded \$15.8 billion in production value, accounting for 38,650 direct jobs with average annual wages in excess of \$105,000 — twice the average wage of all industries in Colorado. The total economic impact of the industry was \$31.7 billion in 2014, supporting 102,700 jobs and \$7.6 billion in compensation.

The report, *Oil and Gas Industry Economic and Fiscal Contributions in Colorado by County, 2014*, conducted by University of Colorado Boulder researchers Brian Lewandowski and Richard Wobbekind, found that in 2014 the oil and gas industry supported over 100,000 high paying workers and their families.

"The capital investments and industry production create jobs, income, wealth, and taxes, notably concentrated where production exists; however, as tax dollars flow into the state general fund and cash fund, the outflow of these dollars impacts every citizen in the state through investments in education, transportation, and others," the report stated.

Dan Haley, President and CEO of COGA said, "The industry's overall tax bill represents approximately \$600 of tax revenue per household in the state, and this does not include the industry's corporate tax bill. Every Coloradan is positively impacted by this industry, no matter where you live."

The report also details the significant amount of tax revenue generated by the oil and gas industry for school districts, as well as state and local governments that is well

“beyond what other industries contribute. ... Ad valorem taxes, for instance, are 3 times higher for oil and gas production than for commercial property within the state and 11 times higher than residential property.”

“Clearly, even as we work through this period of lower commodity prices, the oil and gas industry’s impact on Colorado’s economy is significant,” said Haley. “The industry continues to provide, and support, thousands of good paying jobs in all corners of the state. Governments across Colorado also depend on the oil and gas industry to pay for much-needed public services. Without revenue from this industry, we would not be able to provide the necessary funding, or would have to further raise taxes, for public schools, roads, parks, and many other government services that Coloradans depend on.”

The study also found:

- The oil and gas industry paid over \$434.7 million in property taxes in 2014 and accounted for \$156 million from the Colorado State Land Board School Trust distribution or 88 percent of the overall distribution of \$178 million.
- Severance tax revenue increased 92.9 percent from 2013 to 2014, generating \$330 million in 2014 compared to \$171 million in 2013.
- In total, the oil and gas industry contributed over \$1.1 billion in revenues to state and local governments, school districts, and special districts.
- 34 counties had oil production and 38 produced natural gas; 37 of Colorado’s 64 counties recorded taxable oil and gas property.
- 90 percent of Colorado’s taxable oil and gas property is in five counties: Weld, Garfield, La Plata, Rio Blanco and Montezuma.
- Weld County produces 86 percent of the state’s oil and 25 percent of its natural gas.
- Weld and Garfield alone accounted for 80 percent of drilling permits in 2014, with Weld having more than 66 percent of all active rigs in the state.

While Weld and Garfield Counties are the leaders in production, Denver, Weld, Mesa, Garfield, and Adams counties are the “center of employment for the industry,” accounting for 79 percent of the total direct jobs. Interestingly, the City and County of Denver had the most direct industry jobs in the state with nearly 13,000 paying over \$161,000 dollars a year.

“This study clearly shows that cities and counties that either don’t have or have limited oil and production are reliant on our positive contributions to their community. When any new rules or regulations are being considered that impact oil and gas production, Weld and Garfield Counties’ voices must be heard,” Haley said. “We must avoid the domino effect of production in these two counties being negatively impacted and then the rest of the state’s employment and revenue declining as well.”

This study used publicly available industry data to quantify the economic impacts of the industry in Colorado by county. The study examined the economic indicators and impacts to the county level, looking at employment, wages, and well activity to economic and fiscal impacts.

Go to the [COGA website](#) to see the full report on the 2014 oil and gas industries economic and fiscal contributions in Colorado.

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