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Better With the Shale than Without

Economist Evaluates Barnett Shale's Economic Strengths: Past, Present and Future

FORT WORTH, Texas (March 11, 2009) – Natural gas prices and the energy industry may be in a slump, but the North Texas region that comprises the Barnett Shale gas play is faring much better economically than it would have without this valuable resource, according to a third annual report on the natural gas field's economic impact. In 2008, the Barnett Shale generated 111,131 permanent jobs and pumped more than \$11 billion into the regional economy, a net gain of more than 30 percent over the previous year.

The update, commissioned by the Fort Worth Chamber of Commerce and authored by economist Dr. Ray Perryman, also found total gas production in the Barnett Shale increased 32 percent in 2008 to nearly 1.4 trillion cubic feet of gas. Even though activity slowed in the latter half of last year and is expected to dip substantially in 2009, the Barnett Shale is still projected to surpass 2006, contributing \$6.5 billion in output and about 70,000 permanent jobs this year.

“The bottom line is that the industry is down and natural gas prices are down, but you still have this great resource under the ground, and the area is much better off for having this resource,” Perryman said. “The area essentially has an underground savings account, and the money can be withdrawn when it makes economic sense.”

Perryman added that the current slowdown is likely to be temporary, with demand for natural gas and prices expected to increase as the global economy recovers. “This is a resource that by its nature is volatile and now you’re seeing the downside, but it will go up again and that’s important to know,” he said. “Even at the cyclical trough, the activity associated with the Barnett Shale brings tens of thousands of jobs and billions of dollars of activity that would not be occurring otherwise.”

Here are other highlights of the report entitled “*An Enduring Resource: A Perspective on the Past, Present, and Future Contribution of the Barnett Shale to the Economy of Fort Worth and the Surrounding Area*”:

- Production in the Barnett Shale has not yet peaked, with the amount still to be extracted estimated at 55 trillion cubic feet up from 39 trillion cubic feet in a study last year. Ongoing exploration and advances in recovery methods are likely to increase the estimate even more.
- Over the past few years, the impact of the Barnett Shale on regional business activity has consistently exceeded projections. Since production began in 2001, the Barnett Shale has contributed \$32.56 billion in gross area product and more than 327,000 person-years of employment.
- The Fort Worth area business complex is large and diverse, with many sources of economic opportunity and growth. Even in the context of this vibrant economy, the Barnett Shale exerts a significant positive influence that is growing over time.
- If the economy experiences a modest recovery over the next seven years as projected, the aggregate benefits of the Barnett Shale for the 2001-2015 period will exceed \$100 billion in output and 1 million person-years of employment.

The release of the report coincides with the third annual Barnett Shale EXPO, the largest trade show ever devoted to the Barnett Shale energy industry. Scores of local chambers, expert speakers and energy industry exhibitors are converging on the Fort Worth Convention Center, Wednesday, March 11 to provide information and answer questions about the natural gas field. For more information and to read the report in its entirety, visit www.barnettshaleexpo.com

“This report solidifies the importance that the Barnett Shale continues to play in our region’s economic diversification,” said Bill Thornton, president and CEO of the Fort Worth Chamber of Commerce. “With the state of energy around the world, it is no surprise that we have seen a slowdown this year, but the good news is we’re still sitting on top of an economic engine for this region.”

While the Barnett Shale’s greatest impact is in the four-country region made up of Wise, Parker, Tarrant and Denton counties, the surrounding 16 counties also benefit along with the state as a whole. The state of Texas received nearly \$1 billion in taxes and fees from activity in the Barnett Shale in 2008 alone. “When you factor in royalty and bonus payments to residents, cities, school districts and others, the quality of life and financial stability of the region have improved significantly because of the Barnett Shale,” Perryman wrote in the report.

The Barnett Shale is one of the largest and most active natural gas reserve fields in the United States. Across the region there are more than 10,500 wells, with most in rural or semi-rural areas. As of January 2009, there were 222 companies operating in the Barnett Shale.

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