Study: N.D. Oil Industry Impact Pegged at $30B

James MacPherson, Associated Press

BISMARCK, N.D. (AP) — The economic impact of North Dakota's oil industry has increased nearly sevenfold between 2005 and 2011, from $4.4 billion to $30.4 billion, according to a study from North Dakota State University released Wednesday.

The study, sponsored by the North Dakota Petroleum Council, estimates each barrel of oil produced in North Dakota generates about $150 in economic activity.

The oil industry accounted for nearly 41,000 full-time jobs in 2011, about 9 percent of the state's workforce, the study said. The oil industry accounted for only about 5,000 jobs in 2005, when North Dakota's oil boom was in its infancy.

North Dakota currently trails only Texas in oil output. The state has risen from the ninth biggest oil state just six years ago with improved horizontal drilling techniques in the rich Bakken shale and Three Forks formations in the western part of the state.

Gov. Jack Dalrymple said the study validates the contribution to North Dakota's economy. But the economic benefit has come with increased crime, shortages of housing, greater costs for road repairs and other infrastructure improvements in oil-producing counties in western North Dakota, he said.

"Oil and gas has had a very significant impact on our state's economy," Dalrymple told The Associated Press. "No question, there are some challenges."

Dalrymple's $12.8 billion budget proposes that $532 million in oil tax revenues be given to oil-producing counties over the next two years for infrastructure improvements and other projects impacted by oil development. The Republican governor's plan also includes 171 new state employees, including more law enforcement, court, health and regulatory workers to monitor the growing energy industry. It includes about $1 billion for road work in western North Dakota.

Dalrymple spokesman Jeff Zent said the governor's budget also allocates $214 million in so-called energy-impact grants to communities affected by oil development.

Senate Minority Leader Mac Schneider, D-Grand Forks, said the governor's budget doesn't go far enough in addressing the impacts that have come with oil development.

"This welcome development has come with impacts in our communities that policymakers have yet to get a handle on," he said. "Those of us in the Legislature must do a much better job of addressing the infrastructure needs and quality of life challenges facing western North Dakota."

Ron Ness, president of the North Dakota Petroleum Council, agreed that the state faces challenges keeping up with record oil production.

"But every one of those challenges presents an opportunity," Ness said.

The $30,000 study, by NDSU research scientist Dean Bangsund and assistant professor Nancy Hodurand, has been published every two years since 2005. It examines gross business volume of oil and gas production, exploration, refining, payroll and other activity.

Ness said 2011 was a big year, but it was dwarfed by last year's production.

"2012 was a very, very big year," he said.

North Dakota oil drillers produced a record 243 million barrels of crude in 2012, up more than 90 million barrels from the previous record set in 2011. North Dakota produced an average of 768,850 barrels of oil daily in December 2102 compared with an average of 104,256 barrels of oil daily in December 2005, according to statistics from the state's Department of Mineral Resources.

Source URL (retrieved on *12/08/2013 - 2:56pm*):
http://www.chem.info/news/2013/03/study-nd-oil-industry-impact-pegged-30b?qt-most_popular=1