

Economic Impact of 2010 Federal Budget Proposals On Oil & Gas Extraction Industry

	<u>National</u>	<u>Kansas</u>
Drilling Rig Count (May 26, 2009)	900	41
Drilling Rig Count in 12 months if passed	450	20
Crude Oil Production (000,000 bbls 2007)	1,800	39.4
Crude Oil Production Prematurely Plugged (000,000) ¹	735	16.2
Increase in imported oil (\$50/bbl) ²	\$36,750,000,000	
Loss in oil production tax in Kansas ³		\$87,000,000
Natural gas production (billion cubic feet)	2,600	378
Natural gas production prematurely plugged (bcf)	1,950	283
Loss in gas production tax in Kansas ⁴		\$122,000,000
Employment (Oil & gas extraction and service 2008)	221,200	26,000
Employment (2012)	150,000	18,000

In addition to losing 30% of its workforce and an estimated \$210 million in production taxes, the state and local governments will lose significant tax payments in the form of sales taxes and other taxes and fees. The total negative economic impact to the State of Kansas alone would be about \$3.9 billion over the next four years.

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¹ Estimates of crude oil production prematurely plugged for years 2010, 2011 and 2012.

² Based on increased imports to offset plugged production for years 2010, 2011 and 2012

³ Kansas effective tax rate for 2008 was 10.81% of value. Estimates based on \$50/barrel for years 2010, 2011 and 2012.

⁴ Kansas effective tax rate for natural gas in 2008 was 10.81% of value. Estimates based on \$4/mmcf for years 2010, 2011 and 2012.