



# ECONOMIC IMPACT FACT SHEET

*Energy Advances New Mexico is focused on realizing domestic energy solutions to help meet our nation's energy demand, while reducing dependence on foreign resources.*

## ECONOMIC EFFECTS

- » \$3.925 billion generated through natural gas and oil extraction, when multiplied throughout the state's economy, is estimated to have had a total impact of \$5.083 billion.
- » The \$3.425 billion contributed to the state's output corresponds to 12,007 jobs associated with natural gas and oil extraction.
- » The monies injected into the state's economy from natural gas and oil production result in additional employment - an additional 13,528 jobs were created (for a total of 29,177 jobs) as a result of natural gas and oil production in the state.
- » Multiplier effect estimates an increase of one job in the natural gas and oil industry results in additional 1.96 jobs created in the state.
- » Total impact, including spillover effects on other industries, of the natural gas and oil industry on NM's output is \$2.778 billion.

## EFFECT DEFINITIONS

- » **Direct effects:** estimates of dollar impacts to economy resulting from production by businesses within sector under consideration. A particular sector's direct effect on the economy is the amount of money generated by the sector through sales of its products and/or services.
- » **Indirect effects:** impacts to the economy as the result of industry businesses purchasing inputs from other industry sectors within the economy. The production in other industries resulting from input demands generated by the primary industry. For example, sales of heavy trucks derived from demand from the natural gas and oil industry would be considered indirect economic impacts resulting from the natural gas and oil industry.
- » **Induced effects:** Finally, induced effects are the value of increased spending by households resulting from the increase in income that was generated through the direct and indirect effects discussed above.

## JOB INCREASE AS A PERCENTAGE

- » Employment in 2001 was reported by the US Bureau of Economic Analysis as 3,078. By 2011, the number of jobs in oil and gas extraction climbed to 4,757.
- » This was an increase of 39% in only 10 years.
- » There were 14,886 natural gas and oil industry jobs in NM in 2011.

## COMPENSATION

- » The natural gas and oil industry generated an estimated \$1.69 billion in labor income in 2011.