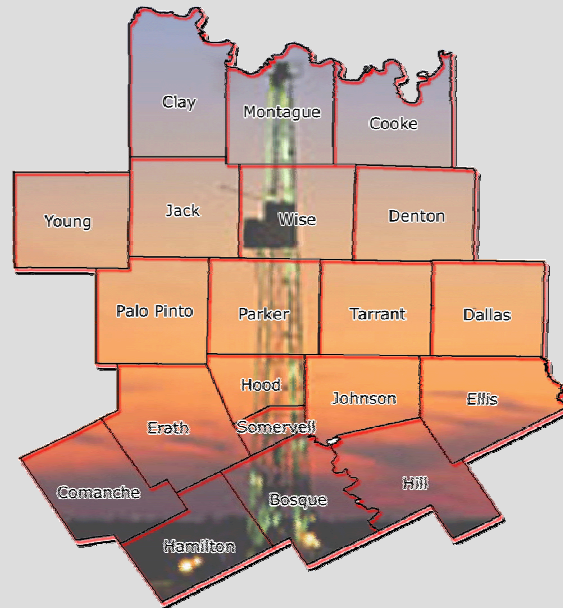


Drilling for Dollars:

An Assessment of the Ongoing and Expanding Economic Impact of Activity in the Barnett Shale on Fort Worth and the Surrounding Area



Barnett Shale Expo

March 2008

Activity in the Barnett Shale Continues to Transform Fort Worth and the Surrounding Area

- **Activity in the Barnett Shale generates** thousands of jobs and tens of billions of dollars in investment. **Royalty and bonus payments** to area residents, cities, school districts, and others continue to rise, as do **property tax receipts** to local taxing authorities.
- Already one of the largest natural gas fields in North America, the **scope of the Barnett Shale is expanding**, with exploration and development pushing boundaries and reserve estimates outward and upward.
- The Barnett Shale generates a multi-billion-dollar direct impact on the economy, with multiplier effects rippling through **virtually all regional industries**.

“In 2007, our analysis of the impact of the Barnett Shale indicated it was like ‘icing on the cake’ for the already healthy Fort Worth-area economy. This year, we found that activity in the Barnett Shale is making an even bigger difference, with expansion in benefits surpassing expectations.”

Dr. M. Ray Perryman



Barnett Shale Activity Insulates the Area from the National Economic Slowdown

Although the national economy is definitely slowing, activity in the Barnett Shale continues to serve as a catalyst for ongoing economic vitality in Fort Worth and the surrounding region.



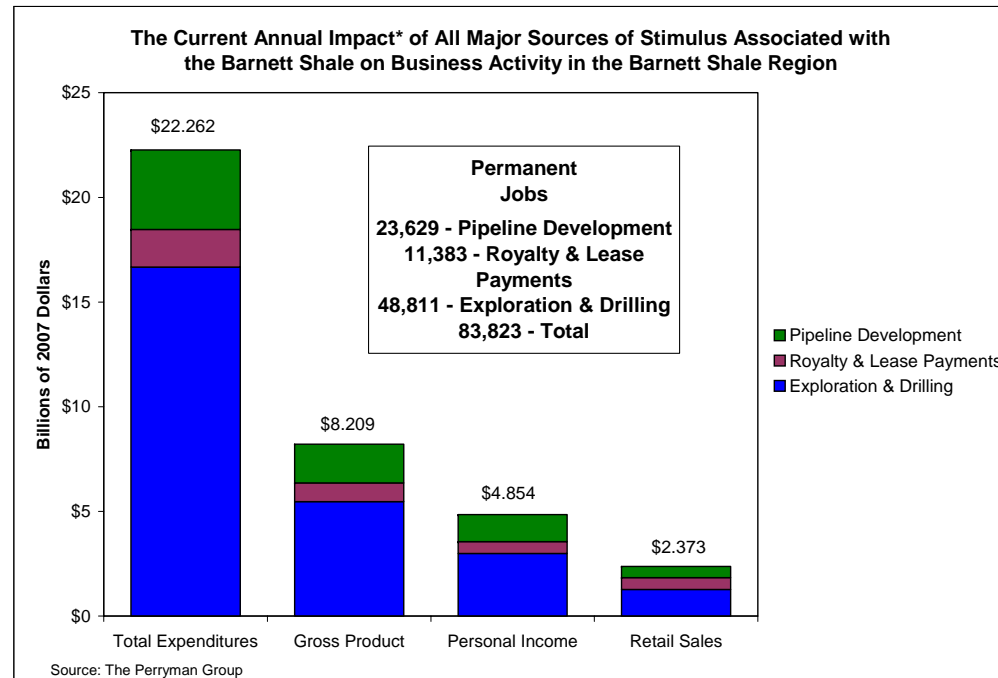
- In recent months, signs of sluggishness in the national economy have begun to surface. While Texas is in a better position than the nation as a whole, the state's economy is also likely to cool to some degree.
- By contrast, the Fort Worth area economy is projected to maintain a healthy pace of growth.
- As a large source of business activity, investment, and jobs, the Barnett Shale is one reason for continued growth at this healthy pace.
- The diverse Fort Worth economy has many sources of future growth, but the Barnett Shale will serve as both a catalyst for expansion and a source of stability.



Gains for the Fort Worth Area are Exceeding Expectations

- Activity in the Barnett Shale and, hence, the economic benefits for the area are growing faster than expected. In fact, based on year-end 2007 levels, the area was experiencing **gains of \$8.2 billion in annual output (8.1% of total output) and 83,823 jobs (8.9% of total jobs)**, up from \$5.2 billion in annual output and 55,385 permanent jobs last year. **The performance represents a net gain of more than 50% in a single year.**

Prior estimates of the future impact of the Barnett Shale have proven to be far below the actual effect of exploration, drilling, and production on regional business activity.

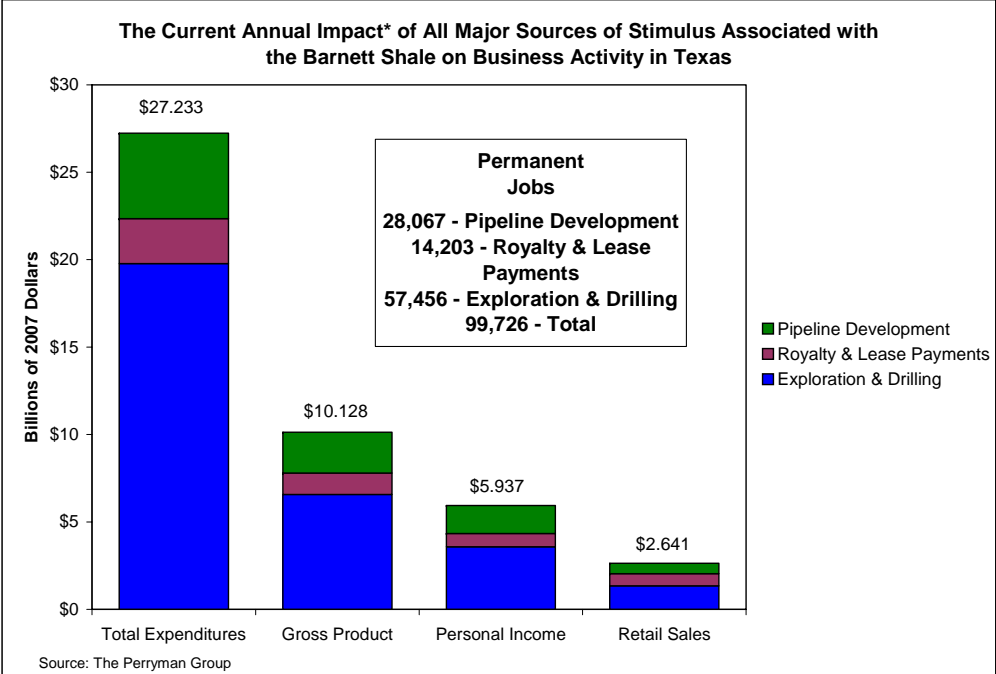


*Impact based on activity levels as of year-end 2007.



The State Economy Also Benefits

- The state benefits through increased economic activity of an estimated **\$10.1 billion in annual output and 99,726 jobs** (based on year-end 2007 levels of activity). This is a significant rise from the \$6.4 billion in annual output and 65,953 jobs reported last year.



*Impact based on activity levels as of year-end 2007.

In addition to billions of dollars in economic activity, the State of Texas receives an estimated \$212.1 million in severance taxes from activity in the Barnett Shale. Other types of State tax revenues and fees are also positively affected with the total fiscal stimulus reaching \$715.5 million.



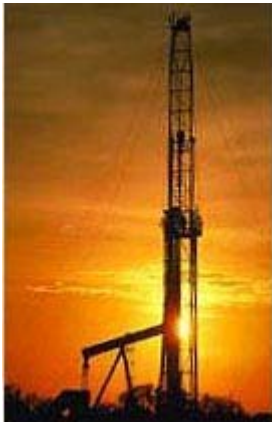
Individuals, Organizations, and Local Governments are Sharing in the Gains

- Individuals and organizations (as well as local governments) have received **sizable bonus payments and royalty interests**. This additional income is enhancing quality of life as well as economic opportunity for individuals throughout the area.
- Taxing entities benefit from property taxes paid on oil and gas properties as well as tax receipts stemming from enhanced retail sales and real estate development due to the economic impact of the Barnett Shale. **Total State and local tax receipts generated by activity in the Barnett Shale and the resulting multiplier effect exceed \$1 billion per year.**
- Revenue to local governments in the region (both **direct and indirect**) was estimated to total **\$378.7 million (excluding royalty and lease payments), up from \$227.7 million** as of 2006. With continued expansion in drilling and exploration activity and production, these receipts will almost certainly increase over time. **The State of Texas received an estimated \$715.5 million from all taxes associated with Barnett Shale activity**, up from approximately \$490.9 million in 2006.
- State and local governments also benefit from **permits and fees as well as other types of levies** such as hotel/motel occupancy taxes and receipts stemming from various types of taxable activity. In the aggregate, **Barnett Shale activity is responsible for almost \$1.1 billion in annual fiscal revenues.**



The Barnett Shale Will Enhance Prosperity for Decades to Come

The economic impact of the Barnett Shale is expanding even faster than anticipated. People from all walks of life are sharing in the gains, both directly and indirectly.



Although virtually all business activity involves trade-offs, the downside elements of the Barnett Shale (such as noise, water use, and infrastructure needs) are being dealt with proactively to minimize the negative elements. Moreover, the **increased funds available to local governments are being put to good use through lasting investments and improvements.** In addition, many individuals have been able to enhance their financial situations significantly through royalty payments and lease bonuses.

The Barnett Shale is a catalyst for ongoing economic vitality. Recent growth has exceeded expectations, and the resulting business and investment activity will help insulate the regional economy from the national slowdown.



Contact Information

The Perryman Group

510 N. Valley Mills Drive, Suite 300

Waco, Texas 76710

Phone: 254.751.9595

Fax: 254.751.7855

www.perrymangroup.com

info@perrymangroup.com

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