

Job numbers, rig count increase slightly

Wyo energy industry stabilizes

By BEN NEARY - Associated Press writer | Posted: Tuesday, January 5, 2010 12:00 am



Drilling rigs within the Pinedale Anticline natural gas field stand against the backdrop of the Wyoming Range near Pinedale in this photo from January 2009. Employment in the state's energy sector fell dramatically over the last year from its level of more than 20,000 workers in late 2008, but the slide may have stopped. (Mark Gocke/Star-Tribune correspondent)

CHEYENNE -- Wyoming's energy industry appears to be stabilizing after shedding roughly a third of its workers in the past 14 months, many observers say.

David Bullard, a senior economist with the Wyoming Department of Employment, said employment in Wyoming's oil and gas sector crept up by 100 jobs from October to November 2009, rising from 14,300 to 14,400.

While that's only a modest increase, any increase at all is good news for Wyoming's energy industry. Employment in the state's energy sector collapsed over the last year from its level of more than 20,000 workers in late 2008.

"It's a very small increase, just 100 jobs, not statistically significant," Bullard said. "But it may be a tentative sign of things leveling off."

The number of rigs drilling for oil and gas in the state also has leveled off after plunging downward over the past year as well. There were 39 conventional rigs and seven coal-bed methane rigs drilling in the state in November, according to state figures. While that's fewer than half the number that were operating in the state in November 2008, officials say the numbers have been holding steady and even increasing slightly in the past few months.

Jim Robinson, senior economist with the state's Economic Analysis Division, said it now appears that Wyoming has had two or three months in a row in which oil and gas employment numbers have leveled out.

"I think that the industry itself in Wyoming has gotten to the point now where they've found out a sustainable employment force that they need to have in the state at current production," Robinson said.

State severance tax revenues for natural gas were over \$34.3 million from the start of the state fiscal year in July through November, according a report Robinson released. That's more than 8 percent ahead of state revenue projections.

The Rockies Express Pipeline became fully operational in November. It carries natural gas from Wyoming and Colorado nearly 1,700 miles to the eastern edge of Ohio. Robinson and others said the pipeline has helped to stabilize prices at the Opal Hub, a pricing point in western Wyoming.

Traditionally there has been significant uncertainty about wintertime gas prices in Wyoming, Robinson said. But he said prices are more stable this year and are moving higher.

Rob Hurless, energy adviser to Gov. Dave Freudenthal, said opening the Rockies Express Pipeline has helped to increase prices for Wyoming gas while also helping to get rid of the traditional price differential between prices in Wyoming and trading hubs elsewhere in the country.

Since Rockies Express came on line, the differential in prices between Opal and Henry Hub, a trading center in Louisiana, has shrunk to just pennies, Hurless said. He said the differential last year and the year before was more than \$1.

Hurless said he expects that most of the jobs Wyoming has lost in the energy sector have been in exploration. He said many rigs have left the state for new gas plays in Texas and Louisiana.

Roy Cohee, is president of C&Y Transportation Co. in Casper, a trucking firm that delivers pipe to drilling locations. He's also a veteran Republican state legislator who closely tracks state revenues from energy production.

Cohee said he sees clear signs that Wyoming's energy economy appears to have stabilized.

"Even though as a company we didn't lay anybody off, our work started to slow down last February," Cohee said. "And during the summer months, late spring and through the summer, we were operating at levels about 55 percent of what we were doing the previous year, month to month."

However, Cohee said his business has seen an improvement in the last 60 days as the number of drilling rigs in the state has gone up by perhaps two or three -- each rig employing as many as 100 people when all the support positions are taken into account.

"And just that little upturn is enough to make a difference where our work is now at about 70 percent of what it was in the previous year's level," Cohee said. "It appears to have stabilized at least to this point. I don't know what the next few months will bring."

Petroleum Association of Wyoming Vice President John Robitaille said he believes the industry needs to see both an increase in prices as well as quicker action by the U.S. Bureau of Land Management to issue drilling permits.

"If both of those things should coincide, then I think there's a real good chance we could come out of this," Robitaille said. "It's just pretty volatile right now, it's going to go up and down. We need it to go up and stay up to really effect any change right now."