Economic Importance of Salt Creek Oil Fields

By: David T. Taylor
March 1999
THE ECONOMIC IMPORTANCE OF THE SALT CREEK OIL FIELDS

Production

The Wyoming Oil and Gas Commission’s database indicates three Salt Creek Fields in Natrona County including Salt Creek, Salt Creek-East, and Salt Creek-West. The Commission’s database indicates that these three fields produced a total of 2,255,627 barrels of oil and 705,300 MCF of natural gas in 1997. These numbers do not include productions from the Tea Pot Dome Naval Reserve.

Jobs and Earnings

Information from producers operating in the Salt Creek Fields indicated that oil and gas production directly supported 34 jobs in Natrona and Johnson Counties in 1997. These jobs represent primarily production personnel in the field and some administrative and office personnel located in the area. The Wyoming Department of Employment indicated that the average earnings per job for oil and gas production in Wyoming for 1997 was $48,155. Based on this information, the total payroll for the 34 jobs is estimated to have been $1.6 million in 1997.

Because the oil and gas production purchases services and products from other businesses in the area, the production in the Salt Creek Fields also generated jobs and earnings in other sectors of the Natrona and Johnson County economies. These jobs would be associated with purchases from oil field service companies and other service and support businesses in the area. Based on previous studies in Wyoming, it is estimated that the secondary economic activity associated with the Salt Creek Fields generated an additional 141 jobs and $2.9 million in earnings in the two counties in 1997. Average earnings per job for the secondary economic activity were $20,776.

Combining the direct and secondary economic effects, it is estimated that the production in the Salt Creek Fields generated a total of 175 jobs and $4.6 million in earnings for Natrona and Johnson Counties in 1997. The average earnings per jobs for the total economic activity were $26,100.

Wyoming Department of Employment data indicates that the average earnings per job for all jobs in Natrona County were $24,130 and that the average earnings per job for all jobs in Johnson County were $18,517. This indicates that jobs in oil and gas production are substantially higher paying than the average for the area and that the secondary jobs associated with oil and gas production are comparable to average for the area.

Ad Valorem Taxes on Production

Based on the average assessed valuation for oil and natural gas in Natrona County for 1997 and the county’s 1997 mill levy, it is estimated that the production from the Salt Creek Fields generated $2.8 million in property tax revenue for Natrona County in 1997.
About $2.0 million of this amount went to public schools (K-12). The remainder went to County Government ($500 thousand) and the Community College ($300 thousand). It should be noted that, due to declining oil prices, production property tax revenue from the Salt Creek Fields would have been substantially lower in 1998 and 1999.

**Severance Taxes**

The State of Wyoming assesses a six-percent severance tax on oil and gas production. Total severance taxes for the Salt Creek Fields in 1997 are estimated to have been $2.4 million. Of the six-percent tax, 4.2 percent goes to county governments in Wyoming and 12.5 percent goes to city and town governments in Wyoming. These funds are distributed based on population. In 1997 Natrona County local governments (county, cities, and towns) received an estimated 2.6 percent of the total severance tax from production in the Salt Creek Fields ($62,257). In 1997 Johnson County local government (county, cities, and towns) received an estimated 0.2 percent of the total severance tax from production in the Salt Creek Fields ($4,789). Of course Natrona and Johnson County governmental units also received a portion of the severance taxes from the production of all other oil and gas fields in the state. Due to declining oil prices, severance tax revenues would also have been substantially lower in 1998 and 1999.

**Ad Valorem Taxes on Equipment and Facilities**

Producers in the Salt Creek Oil Fields also pay taxes in Natrona County on equipment and production facilities. These assets would be taxes at the same 71.350 mill levy as production. It was not possible for this analysis to determine the equipment and facilities taxes associated with oil and gas production in the Salt Creek Fields.