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## Texas Oil & Gas Production Now Dominated by Independents

By Alex Mills

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Quietly, the major oil companies have been leaving Texas during the last 15 years.

In 1994, the seven largest oil and gas producers were major oil companies. In 2008, only one major was in the top seven.

Independent oil and gas producers dominate the drilling and production charts in Texas today.

For example, independents drilled 96 percent of the wells in Texas in 2008 (the most current drilling and production data available), according to Texas Railroad Commission (RRC) records. ExxonMobil, Chevron, ConocoPhillips, Shell and BP only drilled 4 percent.

The majors dominated oil production in Texas in 1994. The largest producers were: Amoco, 124,382 barrels per day (b/d); Exxon, 94,604 b/d; Shell, 71,178 b/d; Texaco, 67,183 b/d; Marathon, 58,612 b/d; Mobil 58,075 b/d; and Chevron 55,244 b/d. By 2008, Chevron's production had dropped to 35,264 b/d, which was the fourth largest producer, and ExxonMobil had declined to eighth place with 21,376 b/d.

In 1994, there were 13 major oil companies within the top 32 oil producers in Texas, but there were only four in the top 32 in 2008: Chevron USA, ExxonMobil, Chevron Midcontinent, and ConocoPhillips.

Independents' percentage of oil production grew from 32 percent in 1994 to 87 percent in 2008.

Total oil production by the top 32 producers (both independents and majors) has declined 39 percent (947,691 b/d in 1994 compared to 576,973 b/d in 2008), but natural gas production has increased 60 percent (12,141,450 mcf/d in 2008 compared to 7,565,347 mcf/d in 1994).

Independent natural gas producers – such as Devon, XTO, Chesapeake and EOG – have replaced Exxon, Mobil, Shell, Chevron and Texaco as the dominant natural gas producers in Texas. Devon, who was not even ranked in the top 32 in 1994, was number one in 2008 with 1,724,799 mcf/d and almost tripling the production of number one gas producers in 1994, Exxon, which had 667,132 mmcf/d. As a matter of fact, XTO (1,667,413 mcf/d), Chesapeake (1,124,062 mcf/d) and EOG (879,725 mcf/d) all had more production than Exxon had in 1994.

Independents share of natural gas production in Texas has grown from 41 percent in 1994 to 88 percent in 2008.

Why?

**The majors decided that the reserves remaining in Texas were not big enough. They needed to find large reserves around the world and offshore. Independents stepped in and using some of the latest technology in drilling and completion expanded their resource base.**

**Also, there were a lot of mergers, buy outs and acquisitions. Top producers in 1994 - such as Amoco, Texaco, Mobil, Arco and Fina – are not around anymore.**

**However, just recently ExxonMobil announced the acquisition of XTO, which is a large producer in the Barnett Shale play around Fort Worth.**

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