

## STUDENT READING 2

### Fracking in North Dakota: Economic Impact

The sections below summarize studies and other reports on the economic impact of fracking throughout in the United States.



*An aerial view of a fracking site*

#### *Brookings Institution study (2015)*

A March 2015 study by the Brookings Institution, whose stated mission is "to conduct in-depth research that leads to new ideas for solving problems facing society at the local, national and global level," estimated that natural gas prices were 47 percent lower in 2013 than they would have been without an increase in fracking operations. Specifically, the study found that an increased natural gas supply attributed mainly to fracking had reduced gas prices by \$3.45 per 1,000 cubic feet of gas. Further, the study's authors, Catherine Hausman and Ryan Kellog, argued that residential consumer gas bills decreased \$13 billion per year between 2007 to 2013 due to fracking. Additionally, Hausman and Ryan argued that increased fracking operations outpaced data collection on the environmental impacts of fracking. The authors found that state regulators face uncertainty about how to focus on mitigating specific environmental concerns as a result.

### *Congressional Budget Office study (2014)*

In December 2014, the Congressional Budget Office (CBO), a federal office that provides budgetary information to Congress, published a study on the economic and budgetary effects of increased oil and natural gas production, including increased fracking use. The study's authors argued that natural gas costs in the year 2040 would be 70 percent higher without increased development of natural gas through fracking. The authors also found that gross domestic product (GDP) in the year 2020 would be 0.7 percent higher than it would have been without increased natural gas production and that GDP would be 0.9 percent higher by 2040. The study's authors concluded that federal tax revenues would be \$35 billion higher in the year 2020 due to increased natural gas production. According to the CBO's report, the Marcellus Shale (which includes Pennsylvania, New York, and West Virginia) accounted for 25 percent of total recoverable shale gas followed by the Haynesville-Bossier Shale in Texas and Louisiana at 15 percent, the Eagle Ford Shale in Texas at 10 percent, and the Barnett Shale in Texas at 10 percent (as of December 2014). The CBO report also found that the Eagle Ford and Austin Chalk Shales (both in Texas) accounted for 40 percent of recoverable shale oil (crude oil found in shale formations) followed by the Bakken Shale in North Dakota and Montana at 20 percent (as of December 2014).

### *American Enterprise Institute study (2013)*

A February 2013 study by Aparna Mathur and Kevin A. Hassett at the American Enterprise Institute, which describes itself as "a community of scholars and supporters committed to expanding liberty, increasing individual opportunity and strengthening free enterprise," found that direct economic benefits from increased gas production by fracking generated approximately \$36 billion in economic activity in 2011 (multiplying total U.S. natural gas production of 8.5 trillion cubic feet of natural gas in 2011 by an average price of \$4.24 per thousand cubic feet). The authors argued that this economic value could lead to higher employment in the gas production and delivery sectors.

### *IHS study (2013)*

A September 2013 study published by IHS, which describes itself as dedicated to "next-generation information, analytics and solutions to customers in business, finance and government," concluded that an increase in unconventional oil and natural gas production (production that uses technology such as fracking to force petroleum or gas from the ground and up through a well) increased disposable income per U.S. household by an average of \$1,200 in the year 2012. The study's authors argued that this increased income came in the form of lower energy bills and lower costs for goods and services. Additionally, the study's authors said that up to 250,000 jobs could be created by the year 2020 due to fracking.

### *Adapted from:*

*Ballotpedia. (n.d.). Fracking in North Dakota. Retrieved March 4, 2022, from [https://ballotpedia.org/Fracking\\_in\\_North\\_Dakota](https://ballotpedia.org/Fracking_in_North_Dakota)*

