



Written by [Bob Adelman](#) on June 7, 2013

First Time Since 1995: U.S. Produces More Oil Than It Imports

When Brantley Hargrove [noted in the Dallas Observer](#) on Thursday that, during the last week in May, the United States produced more oil than it consumed (for the first time since February, 1995), he was awfully quick to give nearly all the credit to Texas. But he was proud, nevertheless:

Tight oil formations in the Eagle Ford Shale of South Texas and the Permian Basin — along with production in North Dakota — allowed the country to meet 88 percent of its energy requirements this spring, Bloomberg reports. That hasn't happened since 1986.

By the end of this year, it's predicted [that] the Eagle Ford will be the biggest tight-oil producing play in the country. And unlike the Bakken Shale in North Dakota, there's no bottleneck, and no shortage of conveyances to get the oil to market. It is, after all, next to one of the largest refinery complexes in the country.

Which is to say, it looks like Texas is going to be oil flush for years to come.

During the last week in May, U.S. oil production [averaged 32,000 barrels a day](#) more than were being imported, causing oil inventories to climb to their highest level in 82 years. The United States pumped a total of 7.3 million barrels every day, compared to 7.27 million barrels imported from OPEC and elsewhere. This was inevitable: Domestic oil production has increased by 42 percent over the past five years while imports have slumped by 26 percent over the same time.

This has had an enormous positive economic impact on both states, but much more so for North Dakota, [according to the Bureau of Economic Analysis](#) (BEA). In its state income analysis for 2012 the BEA noted that while the average state's income slowed between 2011 and 2012, North Dakota's surged by more than 12 percent, and added:

For the fifth time in the last six years North Dakota has had the fastest personal income growth of all states. Since 2006, personal income in North Dakota has grown at a compound annual rate of 9.2 percent, substantially outpacing the 2.9 percent growth rate of all other states.

Texas' was *only* 4.8 percent.

Every one of the 11 individual economic sectors that BEA tracks registered positive growth for North Dakota last year, including construction, wholesale trade, and transportation. [Money Morning expanded on North Dakota's remarkable economy](#): "In 2012, North Dakota's Gross Regional Product was \$39.5 billion. This is enormous since its population is only about 690,000 people." That works out to a per-person GDP in North Dakota of \$57,250 compared to Texas' which is still a very healthy \$46,425. *Monday Morning* continued:





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Since 2005, North Dakota's oil and gas industries have grown by an astonishing 396.5%.

North Dakota is now the #2 oil producer in the nation [[Texas is #1](#)]: Oil production specifically grew more than 600% over the past few years.... The state produces about 11% of the U.S. total oil production.

Each of North Dakota's 8,500 oil wells is profitable and not only generates healthy royalty checks to their owners, but also hefty tax revenues to the state as well. As *Money Morning* noted:

It costs \$10 million to drill a well, but it generates roughly \$20 million net profit. Each well pays approximately \$4.4 million in taxes to the state and pays out \$7.6 million in royalties. Every well also generates about \$1.6 million in wages.

In reviewing North Dakota's success, [economist Mark Perry reported](#):

North Dakota's economic success goes beyond its well-publicized shale oil prosperity, which is being supplemented by other booming sectors including manufacturing, tourism, advanced manufacturing, information technology, and agriculture.

The state's pro-business climate should get some of the credit for the impressive output and job gains over the last several years, including leading the country in real GDP growth.

Whatever North Dakota is doing, it's working, and the state should be a nationwide model for economic development and job growth.

The confluence of technology, opportunity, enforced private property rights, minimum government, and low taxes is working to make North Dakota the poster child for free enterprise. The entire country is benefiting from what's happening there as well as in Texas.

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