Not many sectors of New Mexico’s economy have been spared from losses in employment since 2007. The oil and gas extraction sector is no exception. Rig counts, a good indicator of oil and gas activity, have dropped by about two-thirds from October 2008 through April 2009, highlighting the problems facing the industry. The low count in April 2009 (32) was the fewest rigs operating since April 1999 (25). While employment dropped off somewhat in 2009, it has remained near 2008 levels. When we look at states with a larger oil and gas employment sector, only Kansas and Wyoming have experienced negative job growth from 2007 to 2009.

Considering the drop in drilling activity starting in November 2008, it is somewhat surprising to see employment has not dropped off more than it has. According to QCEW employment data, the economy shed about 100 jobs from 2008 through the most current 2009 report. However, over 300 jobs were added from 2007 to the current QCEW period, equating to a 11.1 percent growth. The chart below shows a comparison of states with employment over 1,000 in the extraction industry.
Since 2001, about 1,200 extraction jobs have been added to New Mexico's oil and gas industry. That puts us in the top five for employment growth. Only three of our neighboring states have added more jobs to the extraction sector. The jobs added in Texas alone exceed all of the other ten states' combined growth. When employment opportunities are weak in the smaller areas, there is a good likelihood employment may be found in the Texas oil and gas economy.

Where do we go from here? We know oil and gas job growth in New Mexico is going to grow more slowly than in many other states. Job growth likely will not pick up at a faster pace until the second half of 2010. Exploration companies, such as Halliburton and Schlumberger, are optimistic for growth to accelerate in the second half of 2010 in the U.S. as well. In the longer view, industry projections models suggest New Mexico's extraction sector will grow from 4,310 in 2008 to 4,910 by 2018, adding about 600 jobs to the economy. That represents a 14 percent increase through 2018. That is slightly above the growth rate for total all industries of 13.5 percent.