While total U.S. and West Virginia employment declined in 2005 to 2010, jobs expanded in key West Virginia energy sectors, in part due to growth in natural gas production. In addition, business growth – again, while down in the overall U.S. economy – was positive in West Virginia energy sectors, including among small and midsize businesses. In fact, the energy sector is dominated by small businesses. Expanded demand for U.S. natural gas internationally will be a net positive, resulting in greater U.S. natural gas production, increased investment, enhanced GDP growth, rising incomes, and more jobs. Let’s look at the numbers for West Virginia.

- Among oil and gas extraction businesses, the number of employer establishments grew by 9.6 percent, including growth of 5.3 percent among establishments with less than 20 workers and 9.6 percent among establishments with less than 500 workers.

- Among drilling oil and gas wells businesses, the number of employer establishments grew by 12.5 percent, including growth of 36.6 percent among establishments with less than 20 workers and 12.5 percent among establishments with less than 500 workers.

- Among supporting oil and gas operations businesses, the number of employer establishments grew by 48.3 percent, including growth of 45.2 percent among establishments with less than 20 workers and 48.3 percent among establishments with less than 500 workers.

- Among oil and gas pipeline and related structures construction businesses, the number of employer establishments grew by 14.3 percent, including growth of 30.2 percent among establishments with less than 20 workers, and 14.3 percent among establishments with less than 500 workers.

In addition, each West Virginia energy sector looked at here is overwhelmingly populated by small and midsize establishments:

- Among oil and gas extraction businesses, 86.9 percent of
employer establishments in 2010 had less than 20 workers, and 100 percent had fewer than 500 employees.

• Among drilling oil and gas wells businesses, 77.8 percent of employer establishments in 2010 had less than 20 workers, and 100 percent had fewer than 500 employees.

• Among oil and gas operations businesses, 82.2 percent of employer establishments in 2010 had less than 20 workers, and 100 percent had fewer than 500 employees.

• Among oil and gas pipeline and related structures construction businesses, 75 percent of employer establishments in 2010 had less than 20 workers, and 100 percent had fewer than 500 employees.

• Among oil and gas field machinery and equipment manufacturing establishments, 50 percent of employer establishments in 2010 had less than 20 workers, and 100 percent had fewer than 500 employees.

The Future: LNG Exports

Looking ahead, the opportunity exists for exporting liquefied natural gas (LNG), given the large differential in natural gas prices in the U.S. versus elsewhere in the world, and rising global demand. Expanded demand for U.S. natural gas in international markets will result in greater U.S. natural gas production, with such benefits as increased investment, GDP growth, rising incomes, and more jobs being among the developments. A recent study for the Brookings Institution noted, “In their analyses, both Deloitte and EIA found that the majority—63 percent, according to both studies—of the exported natural gas will come from new production as opposed to displaced consumption from other sectors.” Clearly, LNG exports guided by market forces mean further expanding opportunity for small and midsize businesses to be created, to grow, and to create jobs.