

Texas and the Oil Price Collapse: How Texans Think and What They Want

April 2020



OBJECTIVES

Texas regulators are considering curtailing oil production in America's largest oil-producing state for the first time in decades. Ahead of a hearing by the Texas Railroad Commission on the issue, Brunswick Group recently surveyed more than 1,000 Texans to understand:

- How the collapse in oil prices is affecting Texans and their families
- How Texans think about the long-term effects of the downturn on Texas oil producers
- What steps Texans think the U.S. government and Texas Railroad Commission should take to help the industry

METHODOLOGY

Survey sponsor and conducting organization	Brunswick Group
Population surveyed	Texas adults, aged 18+
How the survey was conducted	Online, opt-in
Total sample size	N=1058
Survey dates	April 7-11, 2020
Margin of error	2.9%
Weighting	None

KEY FINDINGS

Only 13 percent of Texans say the collapse in oil prices is having a negative impact on them. Nearly half (49%) say the decline in oil prices is not having a significant impact on them. In part, this may reflect the fact that Texas has diversified its economy over the years and is more resilient to oil price shocks than it once was.



Most Texans are optimistic (44%) or uncertain (42%) about the industry's future. Only 13 percent of Texans said they are "not optimistic that Texas oil producers will be able to recover" from the current economic downturn.



Texans are leaning against government-ordered production limits, but many (36%) are undecided. Four in ten (40%) said they do not want the Texas Railroad Commission to require oil companies to reduce production in the state. Twenty-four percent said they do.



Fewer than two in ten think the U.S. government should ban imports of foreign oil to prop up prices in the U.S., instead being more receptive to the federal government buying from domestic producers (35%) to prop up prices.



WHAT THIS MEANS FOR THE INDUSTRY

The battle over pro-rationing is either side's to win. The fact that more than a third (36%) of Texans say they are "unsure" whether Texas should limit oil production suggests there is time for either side to decisively shape public opinion on the idea.

Language matters. While many Texans recoil at the idea of Texas regulators "limiting" oil production, just as many are receptive to the idea that Texas regulators should "cooperate" with their international counterparts to "stabilize the market."

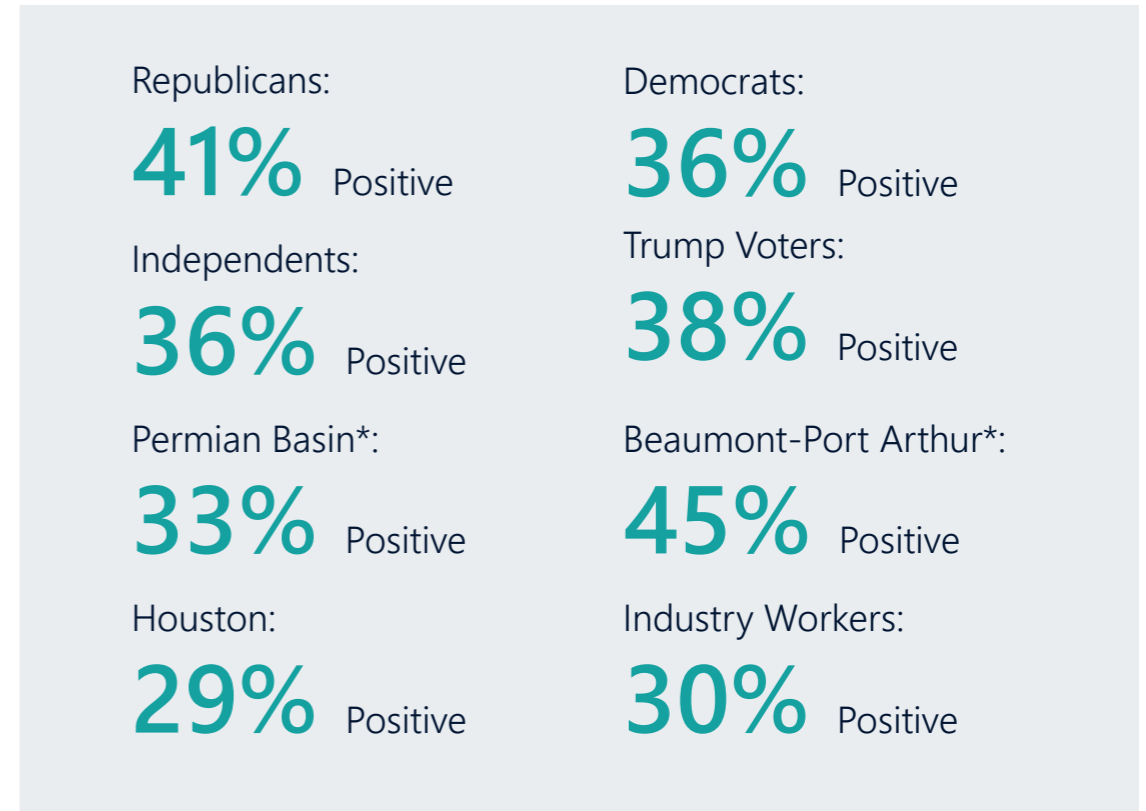
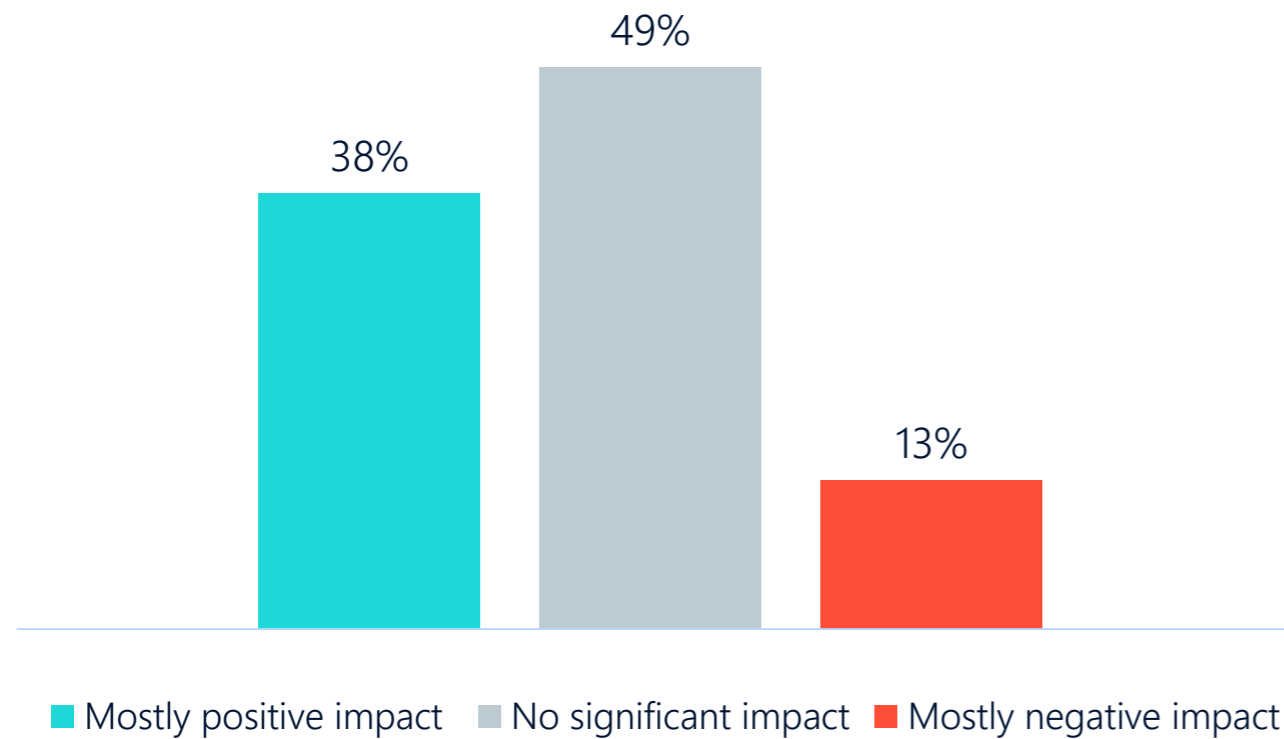
- When asked whether Texas regulators should work with the Organization of Petroleum Exporting Countries (OPEC) to stabilize the market, almost half (51%) agreed. The other 49 percent of Texans said the best way to stabilize the market is to "let competition and the free market rule."
- Political affiliation correlated strongly with how Texans answered this question. Those who identified as Trump supporters were much more likely than Democrats to say they favor letting the free market rule.

Detailed Findings



Nearly half of Texans say the recent decline in oil prices is not having a significant impact on them and their immediate family. Republicans and those who live near Beaumont-Port Arthur are most likely to say that the decline has had a positive impact.

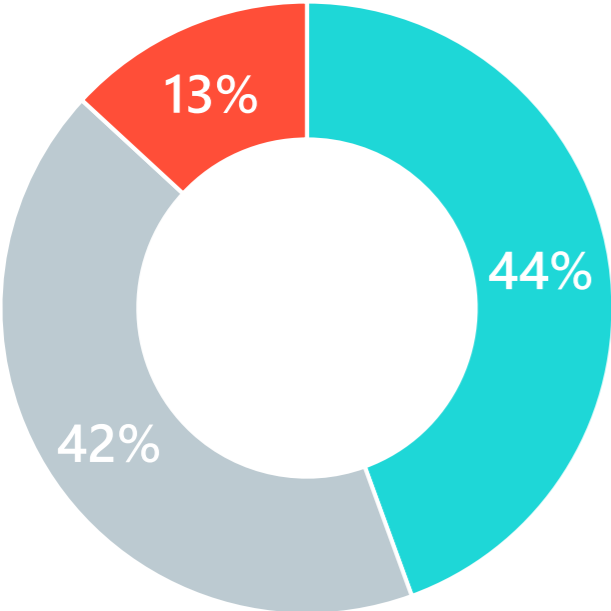
Which one of the following statements best describes how the recent decline in oil prices is impacting you and your immediate family?



*Permian Basin, n=83, includes El Paso, Odessa, Midland, Lubbock, San Angelo DMAs [MOE 10.9%] / *Beaumont-Port Arthur, n=61 [MOE 12.5%] / Industry Workers: n=160, MOE 7.7%

Republicans, Trump Voters and residents of the Beaumont-Port Arthur area are most likely to say oil producers will emerge stronger from the downturn.

Which one of the following best reflects your point of view?



- I feel optimistic that Texas oil producers will emerge stronger from the current economic downturn.
- I am unsure what the long-term effects of the current economic downturn will be on Texas oil producers.
- The current economic downturn is harming Texas oil producers and I am not optimistic that Texas oil producers will be able to recover.

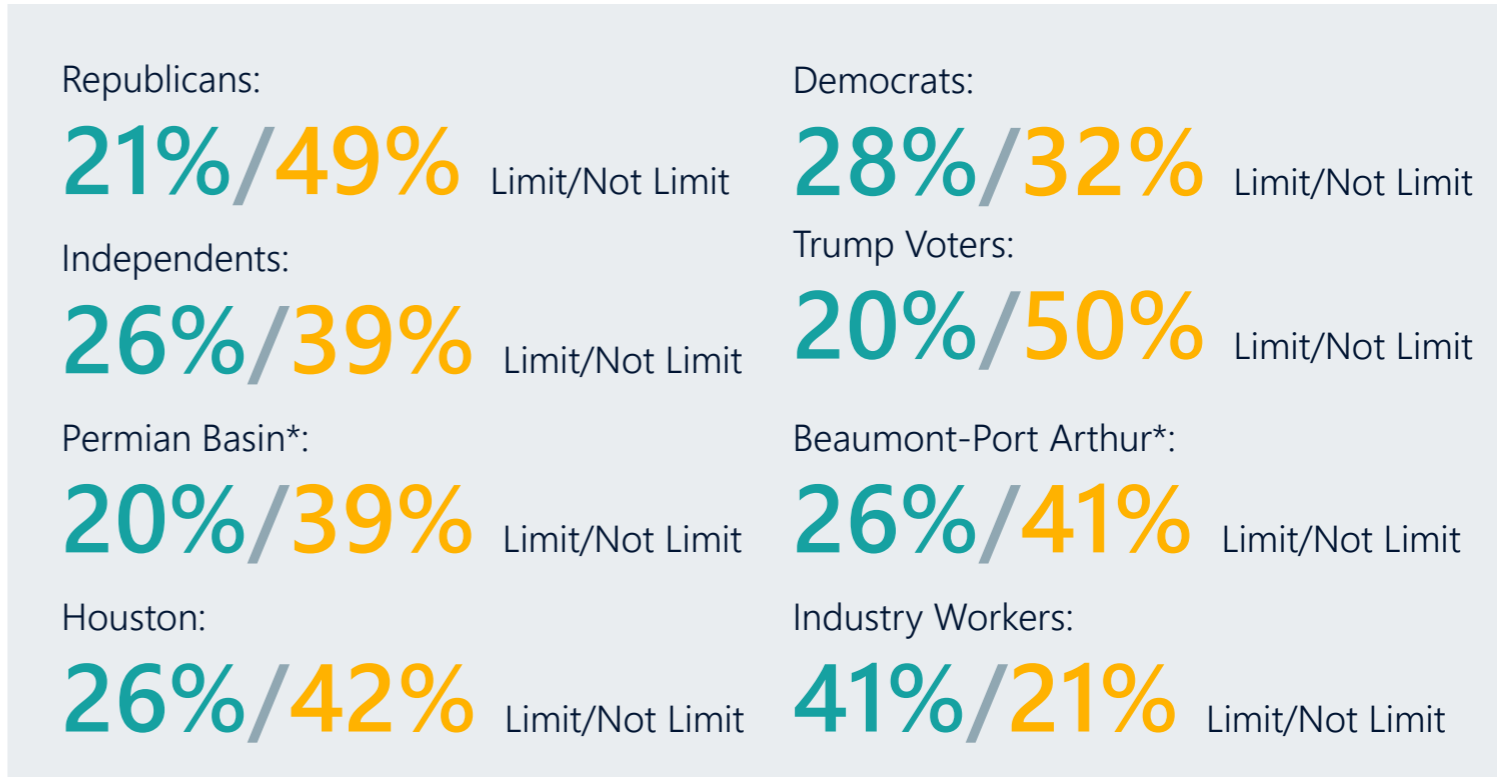
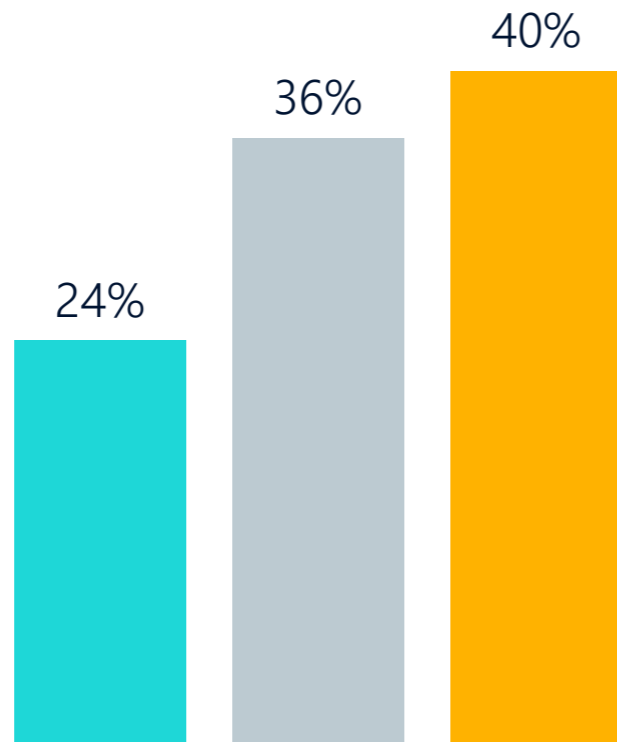
Republicans: 53% Optimistic	Democrats: 32% Optimistic
Independents: 44% Optimistic	Trump Voters: 55% Optimistic
Permian Basin*: 42% Optimistic	Beaumont-Port Arthur*: 52% Optimistic
Houston: 42% Optimistic	Industry Workers: 53% Optimistic

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Four-in-ten think that the state Railroad Commission should NOT limit oil production, though more than a third are unsure. Republicans and Trump voters are considerably more likely to be opposed to limits.

As you might know, some Texas oil producers have asked the Texas Railroad Commission – a state agency that regulates oil and gas production in Texas – to consider limiting the amount of oil that oil companies operating in Texas can produce. Which of the following statements best reflects your point of view on what the Commission should do?

- The Texas Railroad Commission should limit the amount of oil that oil companies operating in Texas can produce.
- I am unsure.
- The Texas Railroad Commission should not limit the amount of oil that oil companies operating in Texas can produce.

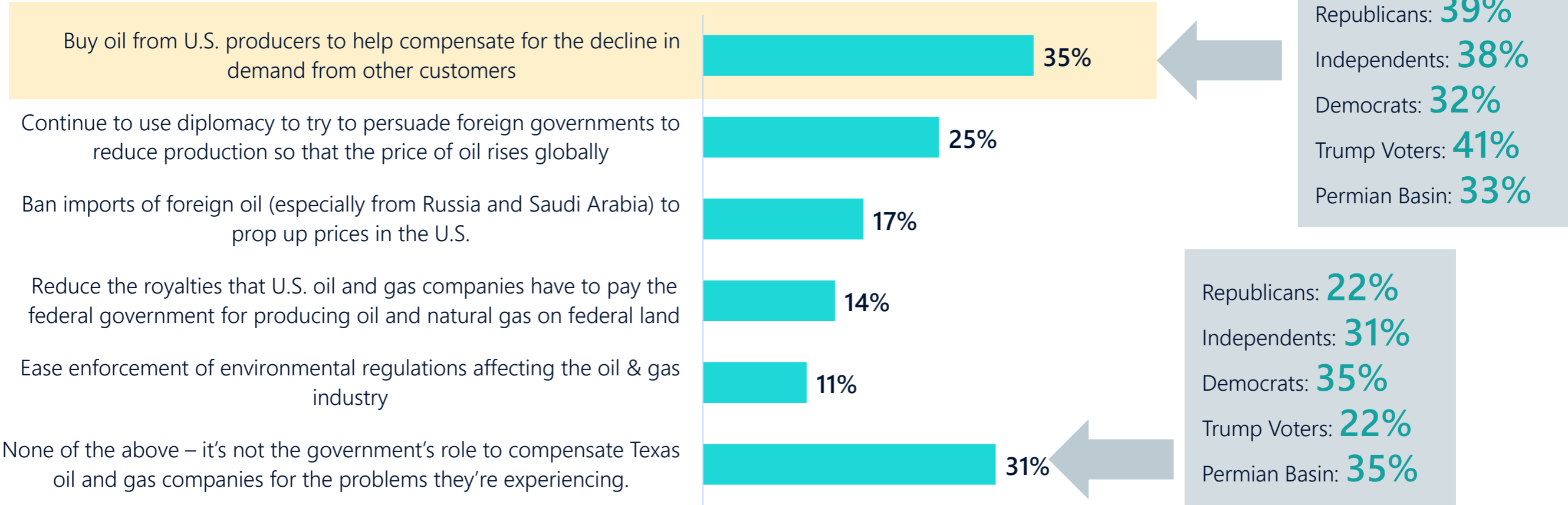


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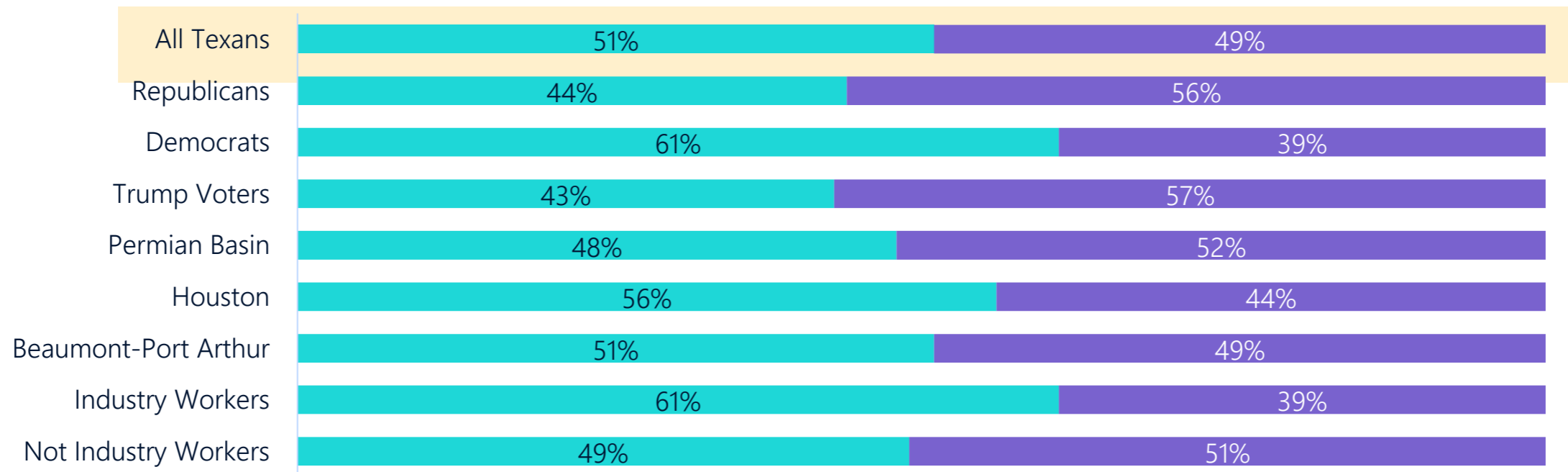
Most Texans want to see the federal government buy from domestic producers to alleviate the industry’s economic woes; while nearly a third think it should do nothing. Fewer than two-in-ten would ban foreign imports.

Based on what you know, which of the following actions should the U.S. government take when it comes to the current economic state of the Texas oil and gas industry? Please select all that apply.



Texans are evenly split between letting the free market rule and increasing international cooperation to help stabilize the market. Democrats and those working in the oil & gas industry are most likely to support international cooperation; Republicans and Trump Voters are more likely to support letting the free market run its course.

Which one of the following statements comes the closest to your own point of view?



- We need more international cooperation to get through this economic downturn; the Texas Railroad Commission should work with OPEC and other, foreign oil-producing states to help stabilize the market
- The best way to stabilize the market is to let competition and the free market rule

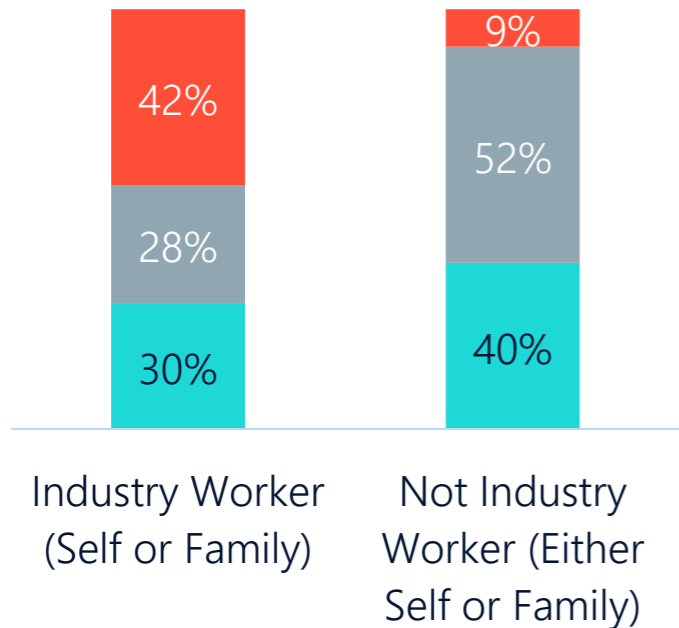
Additional Detailed Findings

Industry Perceptions

Those who work in the industry are nearly five times as likely as those who do not to say that the decline in oil prices is hurting them and their family, and almost three times as likely to fear local producers will not be able to recover.

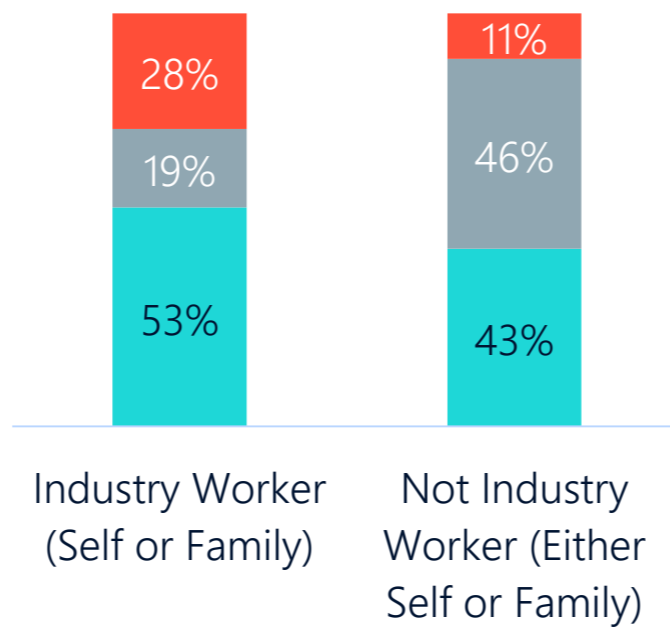


The decline in oil prices is having a... on myself and my immediate family

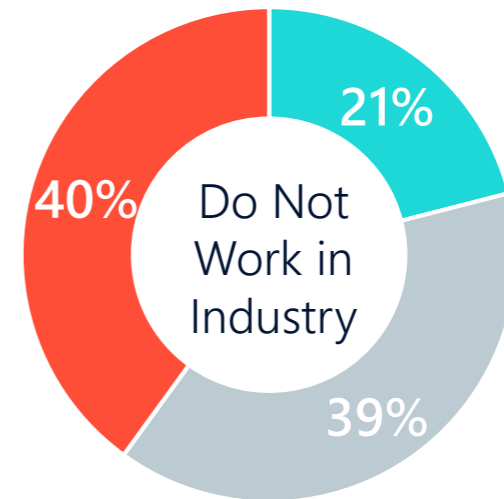
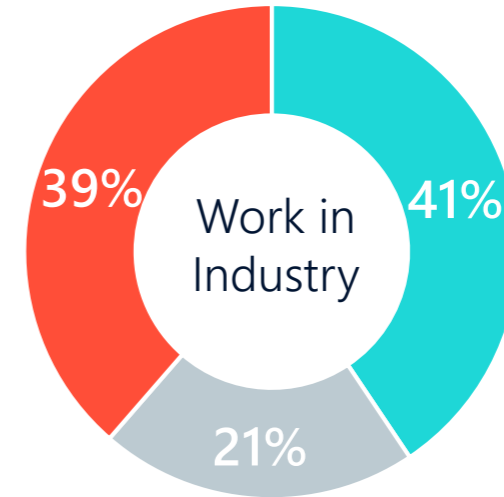


- Mostly negative impact
- No impact
- Mostly positive impact

Perceptions of the future for Texas oil producers



- Texas oil producers will not be able to recover
- I am not sure
- Texas oil producers will emerge stronger



While those in the industry are twice as likely to **want to see production levels limited by the Texas Railroad Commission**, equal numbers of those who are and who are not in the industry do not want to see limits.

- Should limit production
- I am not sure
- Should not limit production

*Industry Workers: n=160, MOE 7.7% / Non-Industry Workers: n=911, MOE 3.17%

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