

FUELING A STRONGER OKLAHOMA

OIPA  **OKOGA**

Chad Warmington
OIPA-OKOGA, *President*

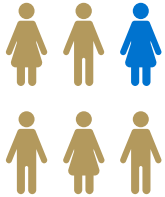
Face of the Industry

- A unified voice to highlight the positive impact the industry has on Oklahoma is critical to our long-term success
- The merger of Oklahoma Oil & Gas Association (OKOGA) and the Oklahoma Independent Petroleum Association (OIPA)
- The largest statewide oil and gas advocacy organization in United States – representing over 1,300 companies



Industry's Critical Role in Oklahoma

Unemployment at 3.5%, and oil field employment at 87,400 – up over 12% since last year

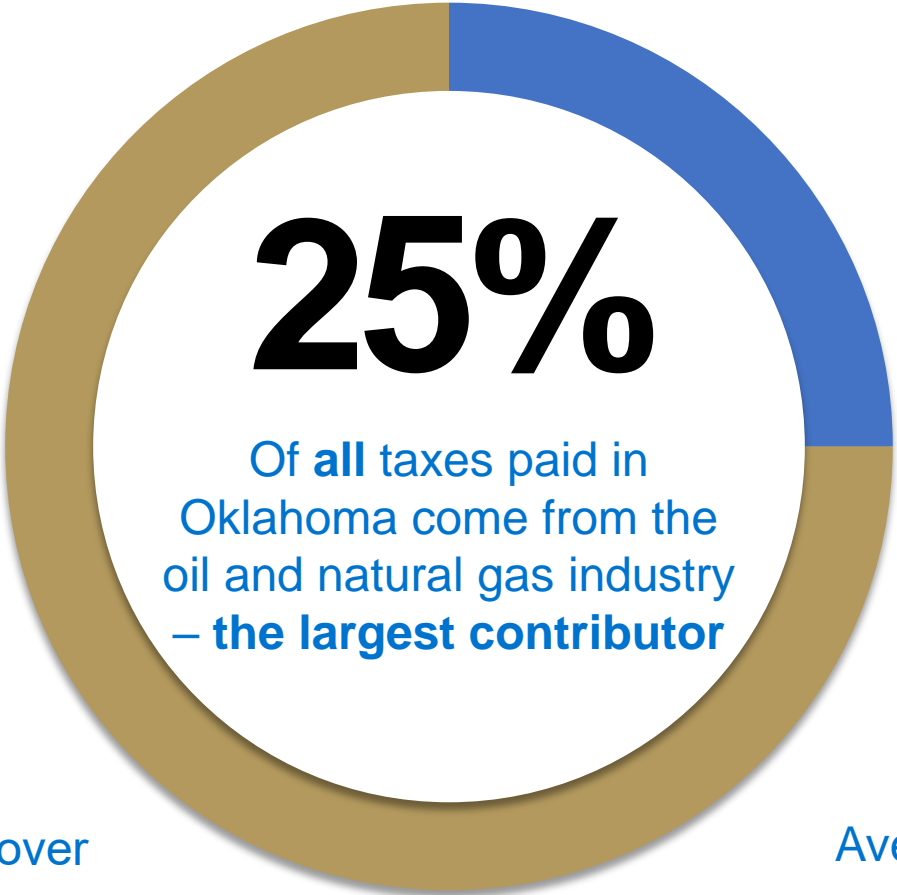


1 in 6

Jobs in Oklahoma are tied to energy

\$2.11B

Contributed to state's education over the last ten years, from GPT alone



25%

Of all taxes paid in Oklahoma come from the oil and natural gas industry – the largest contributor

\$225M+

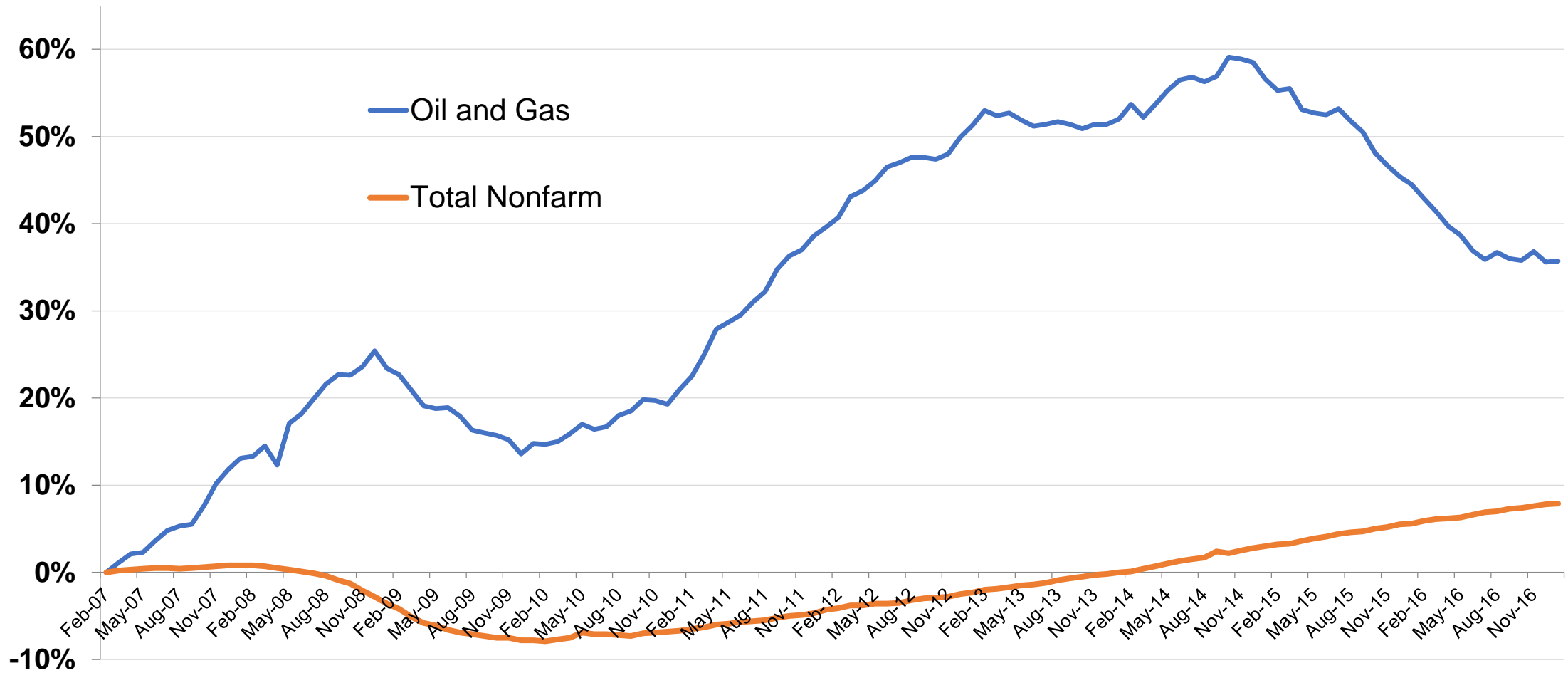
Industry taxes were dedicated to education funding in FY18

\$94,000+

Average Oklahoma industry employee earns more than per year

Industry's Critical Role in America

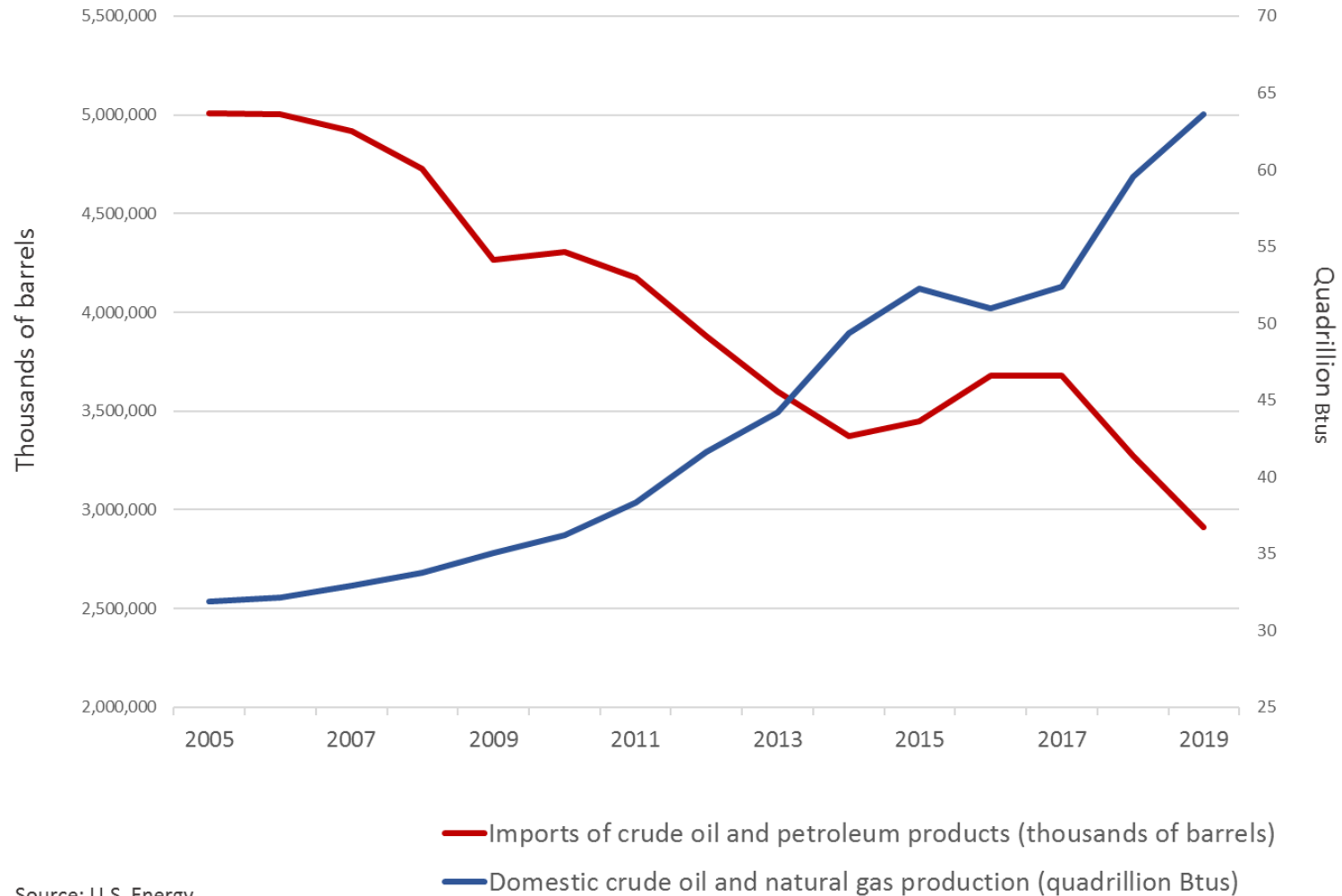
Growth in Oil & Gas Employment Outpaces the Rest of the Economy



Source: FRED, Federal Reserve Bank of St. Louis

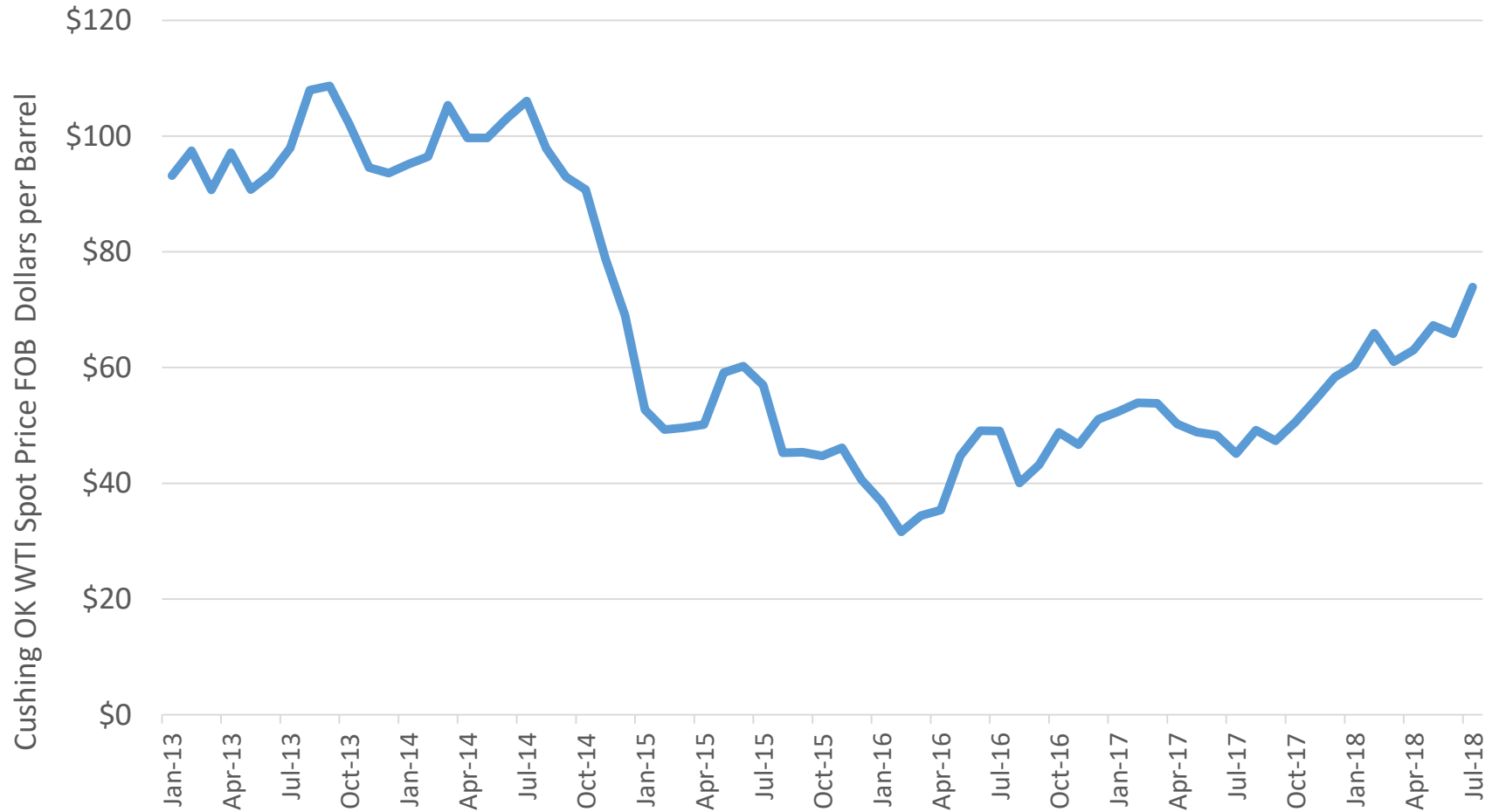
Oil Imports Plunge

Oil Imports Plunge As U.S. Oil and Natural Gas Production Increases



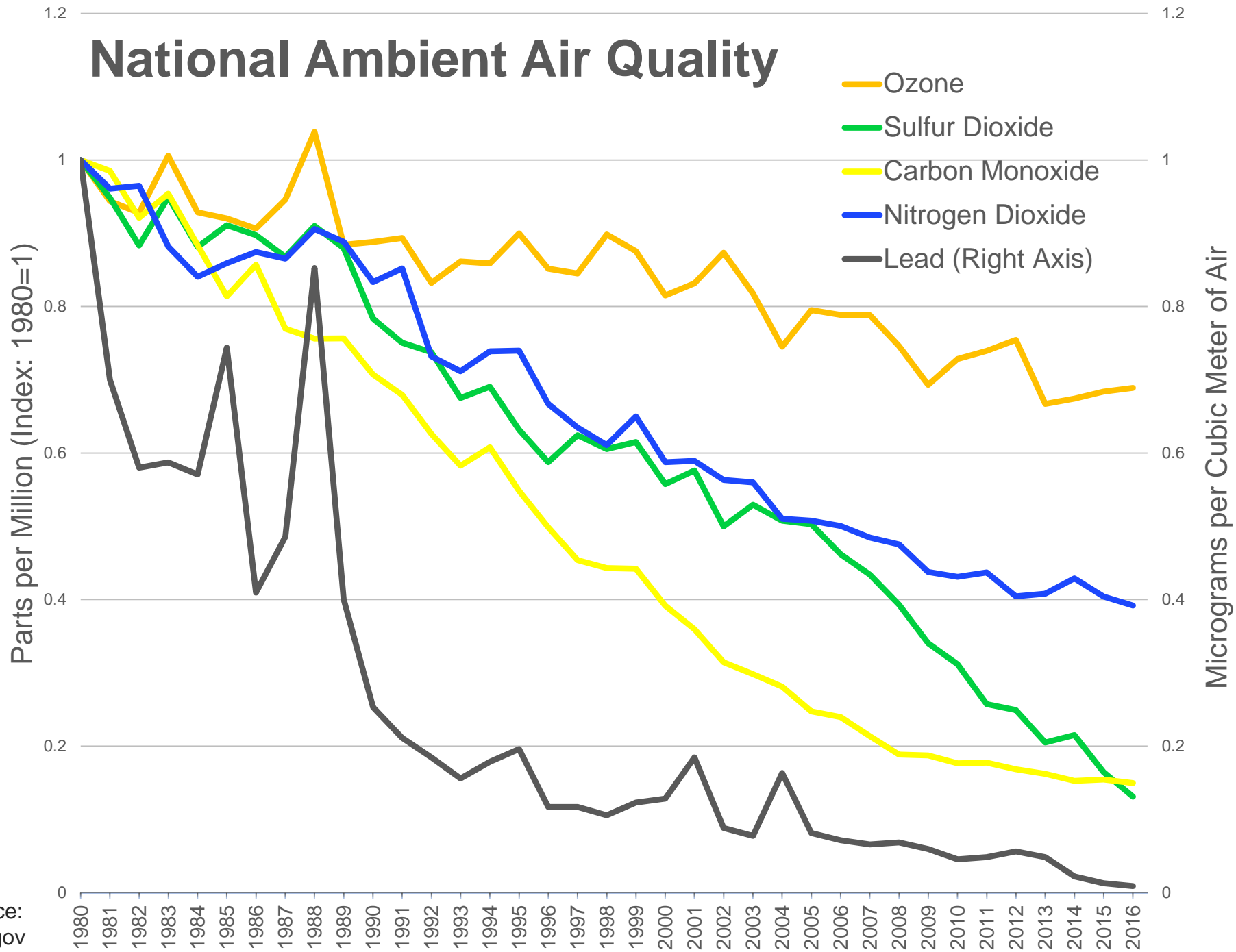
Source: U.S. Energy Information Administration

The Falling Cost of Energy



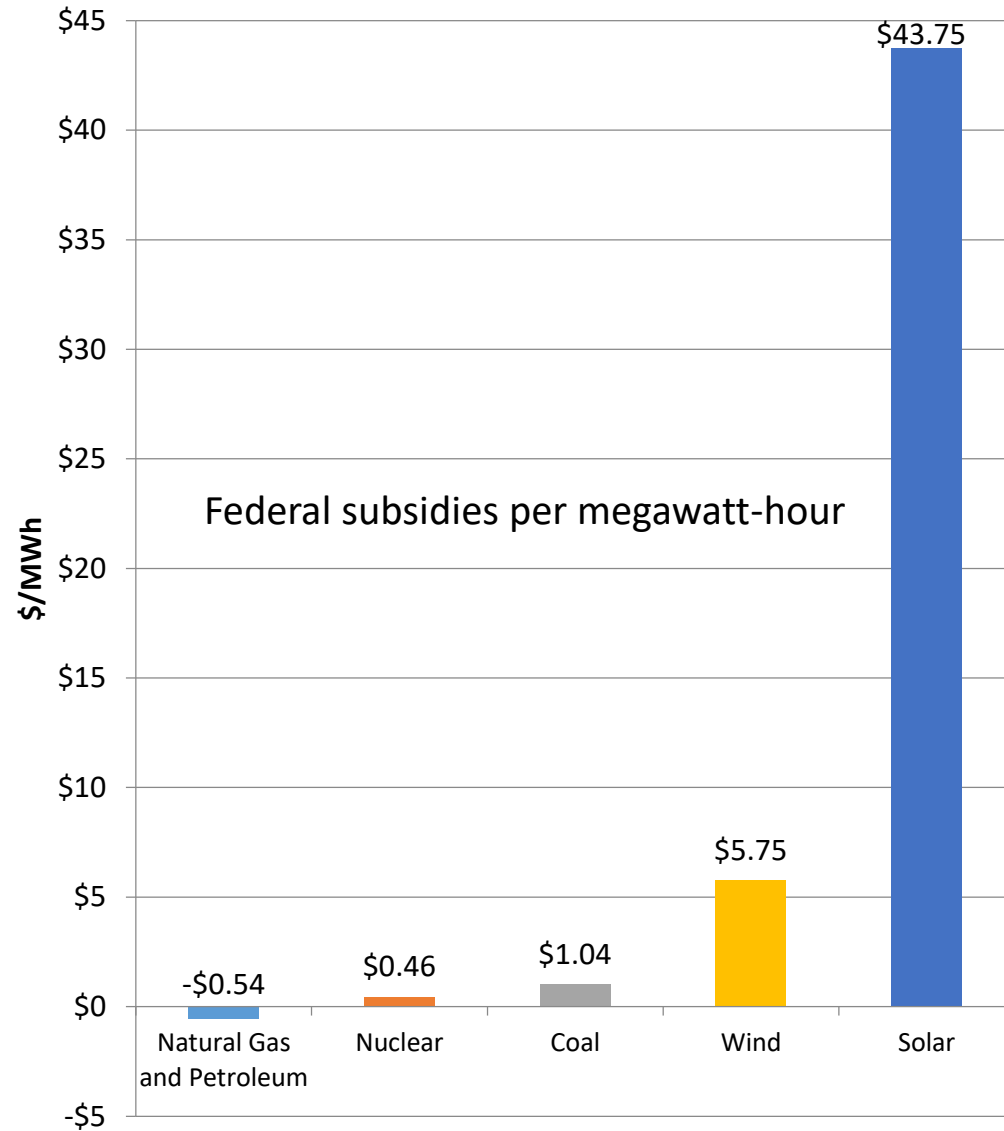
Source: Energy Information Administration

National Ambient Air Quality



Source:
epa.gov

Who Gets Taxpayer Subsidies?



Source: EIA (FY 2016)

Future of the Oil & Natural Gas Industry in Oklahoma



COMMITMENT TO THE SUCCESS OF OKLAHOMA



Responsible and safe production by mitigating seismicity



Supporting a strong education system empowered by talented teachers



Secure a fair and stable operating environment

Reducing Seismicity



Oklahoma Corporation Commission has directed the reduction of wastewater disposal volumes by nearly **1 million** barrels a day



For **2+ years**, regulators, researchers and oil and gas industry experts have collaborated to find solutions to reduce seismicity



Industry has provided **millions of dollars** to reducing seismicity



Legislation passed to strengthen state's ability to take action

Seismicity Facts

In 2018, Oklahoma earthquakes **declined** while production and drilling **increased**.

76%

Oklahoma felt earthquakes in 2018 from 2015 levels

18%

Oklahoma oil production in 2018 from 2015 levels

9%

Oklahoma average rig counts in 2018 from 2015 levels

Sources: U.S. Energy Information Administration, United States Geological Survey and Baker Hughes

Note: Based on latest available data as of July 1, 2018.

Seismicity Facts

FACT

Fracking is NOT causing most of the induced earthquakes.

FACT

Not all wastewater injection wells induce earthquakes.

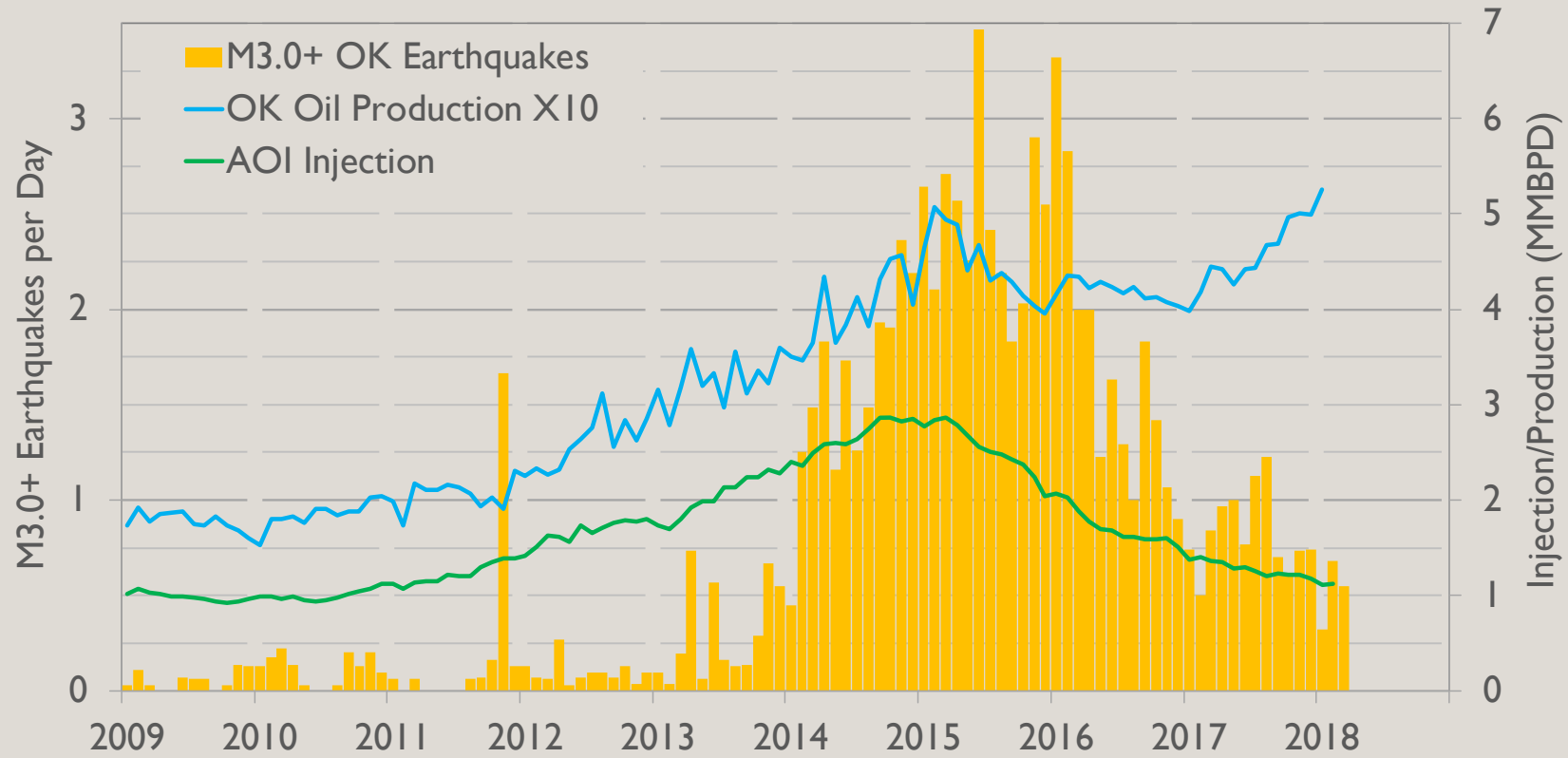
FACT

Wastewater is produced at all oil wells, not just hydraulic fracturing sites.

FACT

The content of the wastewater injected in disposal wells is highly variable.

17 Earthquakes, Injection, Oil Production



Oil & Gas Industry Supports Teachers

A+

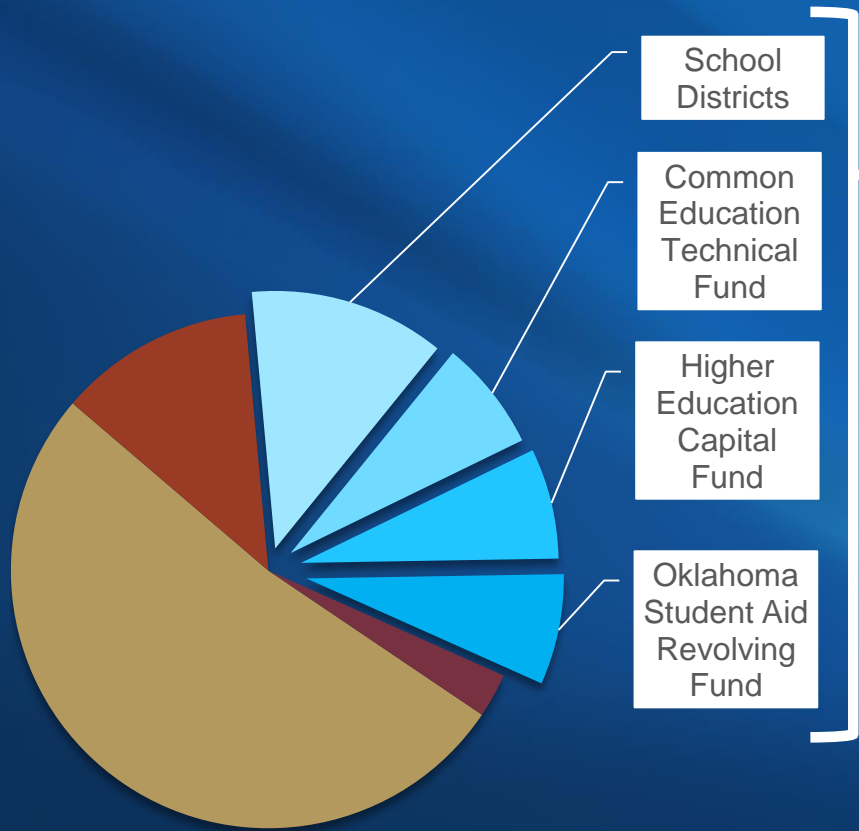
As the leading industry in Oklahoma, the men and women who represent this industry believe in having the best schools and teachers:

- ✓ Proper funding ensures a bright future for our education system
- ✓ Funding from the industry is dispersed to nearly every school district in the state
- ✓ Industry supported a teacher pay raise
- ✓ Industry supported a plan to diversify revenue sources



Industry Contributions to Education

Distribution of GPT



School Districts

Common Education Technical Fund

Higher Education Capital Fund

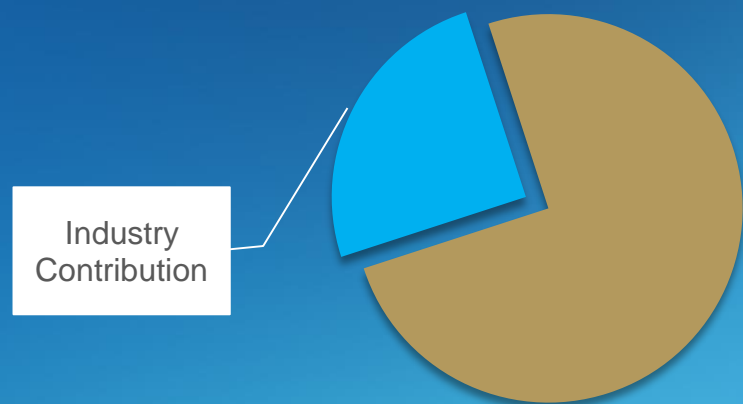
Oklahoma Student Aid Revolving Fund

\$225,977,244

\$467,744,416

\$693,721,660
Oil & Gas Industry Contribution to Education, 2018

Education Funding from Non-GPT Taxes

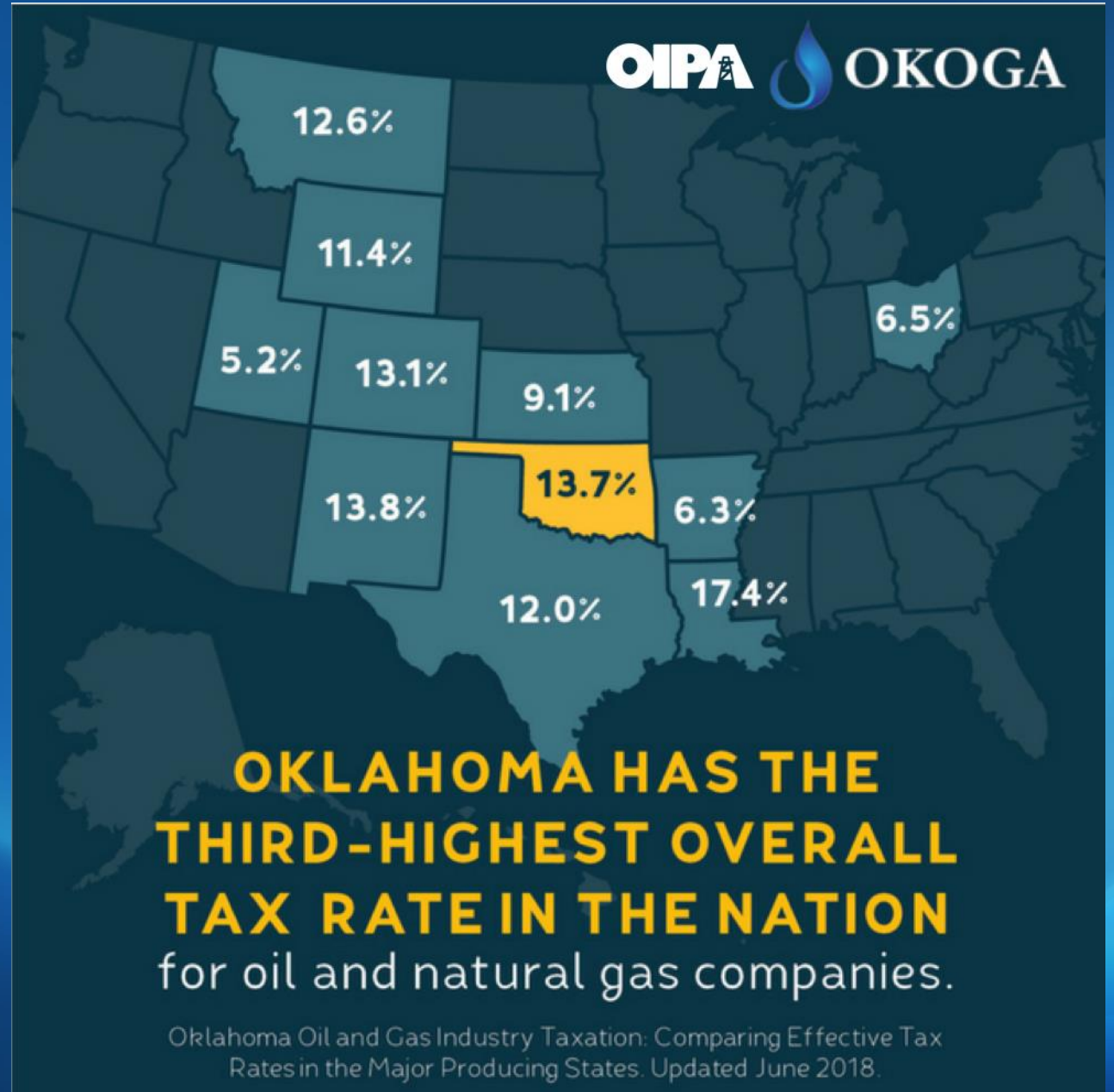


Industry Contribution

**A Low-Tax
State**

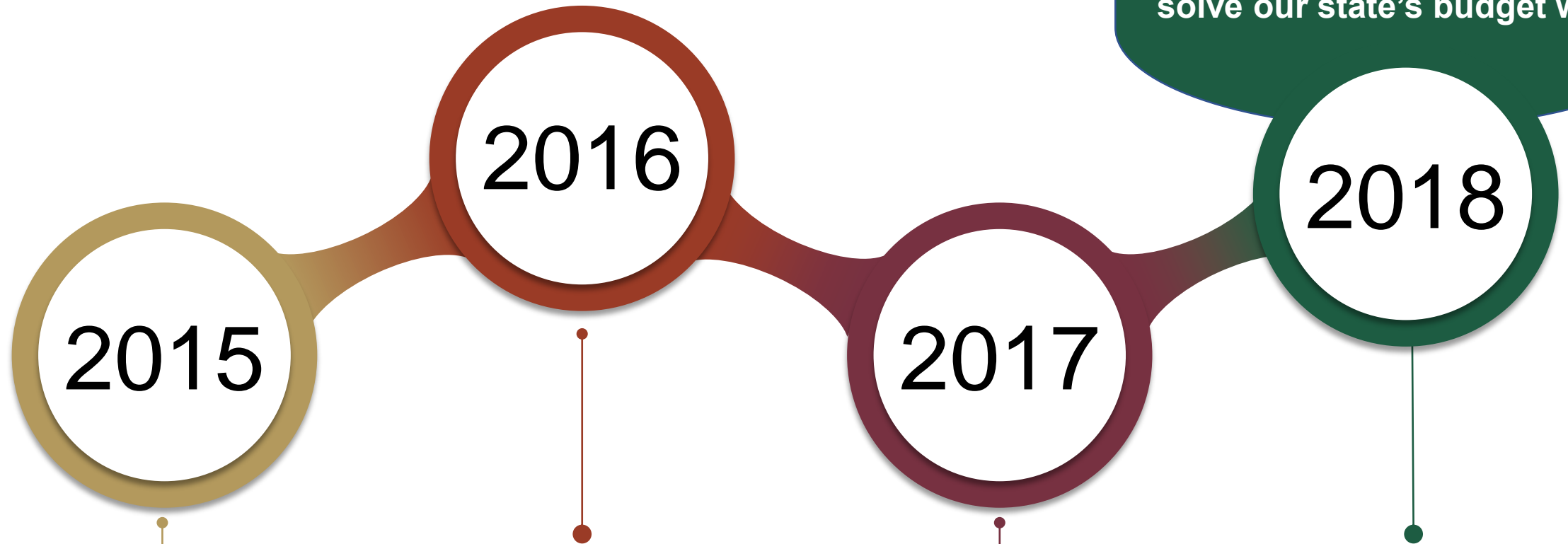
?

OIPA  **OKOGA**



Oklahoma Tax Hikes on Oil & Gas: A Brief History

Increase after increase has yet to solve our state's budget woes.



Lawmakers **increased taxes** on enhanced production and three-dimensional seismic surveys

Oklahoma faced another budget shortfall, and the legislature raised taxes on oil & gas by an additional **\$120 million**

The Oklahoma legislature **increased the tax rate** on recently drilled horizontal wells by **300%**; three months later, lawmakers nearly **doubled it again**

The legislature **increased the tax rate** on new producing wells by **300%**

OIPA-OKOGA Legislative Agenda

Right of Way Legislation

- Counties and cities need a clear definition of what is and is not allowed regarding use of right-of-way to transport water to and from oil and natural gas production sites.

Municipal Takings Legislation

- Ensures mineral owners and oil and natural gas producers are not impacted economically if an Oklahoma municipality enacts stringent regulations that thwart the development of natural resources.

Well Protection Study

- Ensuring Oklahoma producers can effectively and efficiently utilize modern drilling practices while protecting the state's historic oil and natural gas production is a priority.

Petroleum Excise Tax

- A growing and vibrant oil and natural gas authority requires a well-funded and well-staffed regulatory agency.

Fair & Stable Operating Environment is Good for Investment



Research shows Oklahoma tax revenues are highly sensitive to changes in the oil & gas sector



Companies need certainty in the operating environment to make sound business decisions



Constant fluctuations in tax policy for energy production deters investment in the state



Continual tax increases jeopardize the performance of the state's largest GDP influencer

www.OIPA.com
www.OKOGA.com



@OIPA
@OKOGA



Oklahoma Independent Petroleum Association
Oklahoma Oil & Gas Association



OIPA  **OKOGA**