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Industry Indicators Highlight Need for Budget Caution

OKLAHOMA CITY — Following today's Board of Equalization budget revenue certification, which amounts to a six percent reduction in projected growth revenue from earlier estimates, OIPA-OKOGA president Chad Warmington issued the following statement:

"This slide in projected revenue demonstrates the impact volatile commodity prices have on a state budget that's over-reliant on a single industry," Warmington said. "Like many Oklahomans, we're encouraged by the projected budget surplus and have a healthy dose of cautious optimism for the year ahead, but lawmakers should pay attention to several early indicators that could cause further revenue challenges.

"Oklahoma has lost twenty rigs — roughly 15 percent — in the last two months, while other states have seen their rig counts remain stable or even increase. This trend combined with the volatile nature of oil and natural gas pricing could lead to a further tightening of revenue for the state.

"Commodity prices and geology will always be the prevailing forces pushing companies to expand or contract their drilling budgets. But state and local policies can tip the scales to determine where drilling rigs — and the economic activity that surrounds them — are most active. We urge policymakers to work toward diversifying the state budget's revenue streams and support policies that strengthen Oklahoma's competitive business climate."

About OIPA-OKOGA: OIPA-OKOGA, the newly formed oil and natural gas trade association created by the merger of the Oklahoma Independent Petroleum Association and the Oklahoma Oil & Gas Association, is the only trade association in Oklahoma that represents every segment of the oil and natural gas industry, allowing the industry to speak with one voice when advocating for the interests of our members, landowner partners, host communities and employees. The association's goal is to enhance Oklahoma's economy for future generations and make the state a destination for capital investment from the upstream, midstream and downstream segments of the energy industry.