Oil and Natural Gas Energize Oklahoma

Oklahoma’s identity is strongly tied to oil and natural gas development, and in recent years, Oklahoma consumers have benefited from that development – saving them just over $8 billion between 2006 and 2016. These energy resources have been a bedrock of the state’s energy economy benefiting all Oklahomans, and ensure that the lights will turn on and homes will be warm this winter, all at an affordable price. Almost half of the natural gas delivered to consumers within the state is used for electricity generation. Additionally, more than half of the homes in Oklahoma rely on natural gas for heat.1 Beyond these uses, energy powers Oklahoma’s vehicles to keep the state’s thriving trucking industry on the move and also supports new developments in biotechnology and even advancements in the state’s growing aerospace industry. It also ensures that farmers will be able to affordably treat, fertilize and harvest the state’s wheat crops every summer.

Consumer Energy Alliance (CEA) works to support and advocate for the continued development of natural gas and other traditional and alternative energy sources as well as infrastructure such as pipelines and transmission lines that move energy throughout Oklahoma. It is important for our state’s elected officials to embrace the benefits and growth potential that energy production brings to families, schools, and factories across the state.

The Importance of Affordable Energy

On average, each Oklahoma resident spent $3,969 for their energy needs in 2017.2 For those living at or below the poverty line, this translates to almost 32 percent of their income going toward energy expenses.3 Unfortunately, nearly 16 percent of Oklahoma’s population lives in poverty.4 That is roughly 604,000 men, women and children – enough people to fill up the Sooners’ Owen Field almost 8 times.

With these types of statistics, it should come as no surprise that many American families struggle daily to pay for rising energy costs. According to a 2015 survey by the U.S.
Energy Information Administration (EIA), nearly one-third of American households struggled to pay their energy bills to light, heat and cool their homes. The survey found that roughly “one in three households reported reducing or forgoing basic necessities like food and medicine to pay an energy bill, and 14 percent reported receiving a disconnection notice for their energy service. Households also used less energy than they would prefer to - 11 percent of households surveyed reported keeping their home at an unhealthy or unsafe temperature.”5 Energy is not a Republican issue or Democrat issue - it’s a human issue.

Across the nation, more and more families are living paycheck to paycheck – with little to no savings. A January 2018 survey by Bankrate found only 39 percent of Americans had $1,000 saved to cover a financial emergency.6 CNBC recently reported that “69 percent of Americans had less than $1,000 in total savings and 34 percent had no savings at all.”7 Policies that allow for expanded production of natural gas, oil, wind and other diverse and affordable energy sources in Oklahoma are an important solution that can help to alleviate the economic stress of so many Oklahomans.

**Oklahoma Energy Resources Power the Nation**

Oklahoma is one of the nation’s top five petroleum-producing states. Oklahoma refineries account for almost 3 percent of the nation’s total refining capacity. These refineries rely on Oklahoma crude oil – more than 511,000 barrels per day. In 2015, with more than one-tenth of the nation’s proved shale gas reserves, Oklahoma was ranked as the fifth-largest shale gas producer in the country.8

As consumers, we all rely on, and sometimes take for granted, these affordable energy sources to power so many aspects of our daily lives. And with increased production of abundant natural gas across Oklahoma, consumers have been able to benefit - saving just over $8 billion between 2006 and 2016, with residential users alone saving over $2.6 billion. Based upon current population estimates, this equals $682 per citizen.9 Similarly, commercial and industrial users saved almost $5.5 billion combined.10 These energy savings bring relief to Oklahoma families and help keep our state’s industries competitive.

Oklahoma is also at the crossroads for the nation’s pipeline network, with tens of thousands of miles of pipelines transporting crude oil and natural gas across the state. Cushing, Oklahoma is regarded as the “most significant trading hub for crude oil in North America” and is internationally known as the delivery and pricing point for West Texas Intermediate, used as a
benchmark in oil pricing around the world. The Cushing hub provides a connection point between energy producers and refiners across the country and also serves as a major crude oil storage point for the U.S., with several critical pipeline systems terminating there.

**Natural Gas Powers Oklahoma’s Economy**

Oklahoma’s oil and natural gas industry is a big driver of the state’s economy. Even during the recent decline in oil and gas prices at the beginning of this decade when the unemployment rate lingered around 7 percent, the sector continued to be responsible for most of The Sooner State’s economic growth.

In 2016, the Oklahoma oil and gas industry’s total economic impact contributed almost 399,000 jobs with total household earnings of $28.5 billion, and generated $39.5 billion in value added to the gross domestic product. This translates to the oil and gas industry being responsible for one in six jobs in Oklahoma and accounting for $1 out of every $5 in gross state product.

All the while, Oklahoma’s unemployment rate fell below 5 percent.

For fiscal year 2016, gross production taxes totaled nearly $356 million. Almost $320 million (including $137.5 million derived from natural gas production taxes) was apportioned back to oil and gas production regions to be used for roads, bridges and schools.

**The Future of Oklahoma Energy**

The future of Oklahoma’s energy resources and its pipeline network is currently threatened by heavily-funded, out-of-state activists who continue working to eliminate the production and transportation of safe, affordable sources of energy without offering any viable solutions that would help our country meet consumer demand and environmental goals. Rigorous environmental standards and energy production can and do exist. For example, U.S. energy-related CO₂ emissions have declined during seven of the past ten years, and are now 14 percent lower than in 2005. These improvements are occurring at a time when

---

**Oklahoma is at the crossroads for the nation’s pipeline network, with tens of thousands of miles of pipelines transporting crude oil and natural gas across the state.**
our country has catapulted forward to become the world’s leading producer of oil and natural gas.\textsuperscript{17}

With the savings that have occurred over the last decade and energy’s critical role in the state economy, Oklahoma’s policymakers, regulators, and leaders must continue to come together in support of local energy production and infrastructure that will continue to help our state thrive.