



Oklahoma Energy Producers Alliance
PO Box 2389 | Ada, OK 74821
www.okenergyproducers.org

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Hearne Williford
Williford Resources, LLC

Dear Mr. Speaker,

We want to make sure you get a “heads up” on a letter Newfield sent out to working interest and royalty owners wherein they inform mineral owners that their checks reflect a 150% tax increase and listed the House and Senate members that voted in favor of 1010XX. [Click here to see a copy of Newfield’s letter and list.](#)

We find this “after the fact attack” very unfortunate and not productive for the oil and gas industry. How can it be viewed as anything other than punishing those legislators who had the courage to step up and provide a funding stream to address teacher pay? For what purpose? To teach those legislators a lesson? To keep them from voting for any future taxes? What is the likelihood of the legislature walking that 75% gangplank again?

Unfortunately, it seems more likely to be an attempt to defeat your members in their runoff elections. How so? Oil run checks go out 25 days after the end of the month in which the product is sold. So the oil run checks that accompanied their letter a week ago and names of members voting yes would still have had the 2% GPT rate. (Oil and gas sold in May). So why else would they send that letter two months early? Since the 5% rate didn't go into effect until July 1 the checks reflecting that change would be received around August 25.)

Here are a few talking points that might be helpful for your members:

1. Newfield is a Texas based company that moved their company and their jobs from Tulsa to Houston in 2016.
2. Newfield has an effective tax rate of 8.3% in Texas. 8.3% is much higher than the new rate of 5% gpt they will pay on their new wells in Oklahoma. The fact is that even at 7% Oklahoma still has the lowest effective tax rate among major oil and gas producing states.

https://www.idl.idaho.gov/oil-gas/2016-oil-gas-taxation-comparison_rev.pdf

3. Oklahoma was getting an international black eye when at least two national stories claimed that “Oklahoma cares more about its oil industry than its children”. Oklahoma’s leaders should never apologize for addressing this decade’s-old problem.
4. In research polling, standing up to big oil companies and restoring the gpt to 7% was supported by 67% of Oklahoma voters, both Republican and Democrat. The Oklahoma legislature only went to 5% gpt.



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5. The number of rigs running in Oklahoma today is 140, which is 20 more than were running the day HB1010XX was signed into law. This restoration of 3% gpt (bringing the total to 5%) has had ZERO effect on drilling in Oklahoma. Oil companies drill where the oil and gas are. Already having the lowest effective tax rate in the nation is just a gift to our industry at the expense of Oklahomans.

Here is how it all works out in real money:

Oklahoma oil was priced at \$66.35 per barrel (WTI crude price) when Governor Fallin signed HB1010XX into law on March 29, 2018. As of July 6, 2018, the price per barrel is \$73.61, an increase \$7.26 per barrel. So, what does that mean? Even with a 3% increase in gpt, oil and gas producers and royalty owners are still getting \$5.05 per barrel more than when Governor Fallin signed the bill into law.

Oil production is around 580,000 barrels per day, with 60% of that being taxed at the lower 5% gpt. Those companies are still collectively earning over 1.7 million dollars more per day. In Oklahoma, the other 40% of the oil is taxed at 7% gpt.

The members of Oklahoma Energy Producers Alliance live in Communities all across Oklahoma. Our children and grandchildren attend public schools. We are proud to have played a significant role in supporting the restoration of 3% of the original 7% gpt the industry paid for decades. We believe this increase was necessary to provide a long overdue pay raise for Oklahoma's teachers.

OEPA is committed to supporting legislators who went out on a limb and voted for this historic measure. We will never castigate you for voting for your conscious. Our role is to advocate for the small business members of our industry. We do that vigorously.

Your members put their names on a ballot and have earned the right to decide.

Best Regards,

The OEPA Board of Directors