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Consequences of the Falling Price of Oil and LOGA's Perspective

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The last six to seven months have seen an approximate 70 percent drop in crude oil prices. There are multiple factors contributing to the significant drop in price, one of which is the United States' new status as the world's largest oil producer, increasing its oil production by 95 percent in the last six years through the use of horizontal drilling and hydraulic fracturing. Because the country now imports significantly less oil than it had previously, it has created an excess supply. Other oil-producing countries are not willing to reduce their own production to reduce the supply and increase the demand, thus restoring the fallen price. The consequences of falling oil prices are as legion as the causes, including the cancellation of oil and natural gas projects, the layoff of oilfield workers, a decline in the number of oil rigs and serious economic disruption in countries like Russia and Iran.

Louisiana Oil & Gas Association (LOGA) Vice-President, Gifford Briggs, has recently spoken about what he believes will be the consequences in Louisiana at a State of the Industry luncheon in Lafayette. He anticipates that some oil and gas companies may turn offshore for work or look away from oil and to Louisiana's shale plays for natural gas. Regardless, LOGA is optimistic that the energy industry in Louisiana will successfully face the challenges that falling oil prices entail. See a complete description of Vice-President Briggs' speech here.