

Energy Producing States Coalition May 19, 2013 Meeting, Point Clear, Alabama

The Energy Producing States Coalition (EPSC) met on Sunday, May 19, 2013 in conjunction with the Interstate Oil and Gas Compact Commission in Point Clear, Alabama. Meeting attendees included numerous state legislators, state executive branch staff, state regulators, corporate and community organization representatives. Additional [details](#) of the meeting are available.

Participants provided a summary of [energy legislation](#) that states such as Wyoming, Utah, Alaska, Texas, Louisiana and Mississippi are dealing with this Legislative session. Many familiar issues were discussed related to the legislation, including access, water issues, taxes, federal regulatory issues and how to encourage additional production.

An industry update was provided by representatives of ExxonMobil, Shell and the Mississippi Energy Institute. [ExxonMobil](#) explained their investment in the region and spoke about the importance of access issues. [Shell](#) focused on a number of issues it's facing, including: hydraulic fracturing, water and air issues, Endangered Species Act (ESA) and the impact local bans on natural resource development can have. The [Mississippi Energy Institute](#) focused on the Governor's energy plan, which the Institute helped draft and the view that energy issues are not partisan issues, and that states need to lead the way with respect to energy initiatives and hopefully that will encourage the federal government to follow suit.

Following the luncheon discussion of industry's perspective, a discussion was had on numerous issues facing both the federal government and states. Issues included: the Endangered Species Act, Ocean Policy, Outer Continental Shelf Access, Seismic issues, Taxes and Revenue Sharing. Among the concerns discussed were the impact of settlement agreements related to ESA; the potential impact of [Ocean Policy](#) requirements on every state in the country, not just those on the coast; the [FAIR Act](#) introduced by Senators Murkowski (R, AK) and Landrieu (D, LA); the importance of expanding [access to the areas off the coast of Virginia, North Carolina and South Carolina](#); the role that opposition groups can have in impacting seismic activity which therefore impacts E&P activity; the potential threat of eliminating tax components such as the Intangible Drilling Cost exemption and the impact such a move will have on energy development and production; and the critical nature of the [decision by the Office of Natural Resources Revenue](#) within the Department of Interior to withhold state mineral revenues from development on Public Lands as a result of the sequester.

The Federal Mineral Revenue discussion was expanded to include ways that EPSC can work with Congressional offices, particularly the [Congressional Western Caucus](#). Pete Obermueller, Executive Director spoke to the participants about the group and had suggestions for ways our organizations could work together to advocate for natural resource development legislation. Utah Rep. Rob Bishop (R, UT 1) of the Western Caucus presented at last December's meeting in Austin, TX. EPSC Executive Committee members Utah Rep. Roger Barrus and Alaska Senator Cathy Giessel as well as Alaska Senator Lisel McGuire participated in a Congressional Western Caucus meeting in Washington, DC on March 8, 2013. EPSC [presented](#) the approximately 70 Congressional staffers and stakeholders with background on EPSC as well as issues facing states related to domestic energy development. Both organizations stressed the importance of collaborating on policy initiatives.

The discussion related to the [State Mineral Protection Act](#) focused on two methods to eliminate the possibility of the federal government stealing State revenues. The first option is through legislation. In the House, Rep. Cynthia Lummis (R, WY) introduced HR 1972, the State Mineral Protection Act, which has nine co-sponsors: Rep Rob Bishop(R, UT 1), Rep. Chris Stewart (R, UT 2), Rep. Jason Chaffetz (R, UT 3), Rep. Kevin Cramer (R, ND), Rep. Scott Tipton (R, CO 3), Rep. Cory Gardner (R, CO 4), Rep.

Michelle Lujan Gresham (D, NM 1), Rep. Stevan Pearce (R, NM 2) and Rep. Ben Ray Lujan (D, NM 3). The bill was referred to the House Energy and Commerce Committee's Subcommittee on Energy and Mineral Resources. On the Senate side, Sen. Mike Enzi (R, WY) introduced a similar bill S 951, with the following co-sponsors: Sen. John Barrasso (R, WY), Sen. Tom Udall (D, NM), Sen. Heidi Heitkamp (D, ND), Sen. John Hoeven (R, ND), Sen. Orrin Hatch (R, UT), Sen. Mike Lee (R, UT) and Sen. Jim Risch (R, ID). The legislation, as proposed, would ensure that mineral revenue for natural resource development on public lands would be paid directly to those states it is owed to. Currently, mineral revenue is paid to the federal government and then distributed to the states. This legislation would protect states from future garnishing of state mineral revenue under the justification of sequestration or a similar budgetary proposal. EPSC released a [statement of support](#) for the proposed legislation.

The second option is through the precedent of previous examples of sequestration. A [letter](#) was submitted to OMB Director Sylvia Burwell from a bipartisan group of ten Senators and twelve Representatives that stated, "Current law accords these funds special status and specifically makes them available for obligation in FY 2014. We ask you to confirm that DOI will in fact make the sequestered MLA revenue available to the states in FY 2014 and to ensure that DOI does so as soon as possible." With the 1985 sequester, the federal government withheld state payments for only the current fiscal year which was paid to the states at the beginning of FY 1986. EPSC also submitted a letter to Director Burwell supporting this request for confirmation that DOI will in fact follow existing legal precedent in applying the sequestered funds to the impacted states as soon as possible in FY 2014. EPSC encourages its members to reach out to their state Attorneys General to evaluate the prospects of legal action should OMB determine to not follow precedent. EPSC released a similar letter to [OMB](#).

The discussion also focused on possible methods of establishing a more formal connection between EPSC and staff members of the Western Caucus. EPSC has provided Pete Obermueller with a current list of members of EPSC and elected officials that have participated in previous EPSC meetings and is in the process of determining who their member of Congress is. Once that process is finalized, a letter will be sent to each office to request participation in collaborating between the two organizations in a timely manner.

A final area of potential collaboration is in messaging. The development of a "rapid response team" to counter inaccurate information articulated by those opposed to natural resource development was one prospective idea. One important idea related to messaging was to ensure that our messaging resonates with families. Messaging needs to reflect the idea that the proposal is necessary for family's future and/or security.

The participants also provided key issues that they thought EPSC should focus on. Among the issues suggested and the EPSC member who will take the lead on the issue are:

- Endangered Species Act (Giessel, AK)
- Ocean Policy (Millett, AK)
- Access (Handy, UT)
- Land Exchange (Handy, UT)
- Settlement Agreements (Barrus, UT)
- CO2 (Greear, WY)
- BLM Permitting (WY)
- Green House Gas Emissions
- Hydraulic Fracturing
- Sequestration

It was agreed that position papers and messaging on the selected issues would be drafted and shared amongst the organization. If you have additional issues you think EPSC should focus on or if you would like to work on any of the issues listed above, please contact Bo Ollison at BOllison@hbwresources.com.

As an additional follow up for the organization, it was determined that we would wait before scheduling the next in person meeting until there is a particular issue that would warrant a meeting. It was also determined that regular conference calls would be scheduled to update the organization on the activities related to the specific issue areas.

A final area of discussion was opportunities to increase participation in EPSC. As members attend events with other state legislators, we would encourage you to highlight the benefits of EPSC membership. We would also hope that you would reach out to your state energy related committee members to also encourage them to join EPSC. EPSC membership applications can be found [here](#).

EPSC Chairman Utah Rep. Roger Barrus also participated in the IOGCC **Public Lands Committee meeting**. “[*Should the Federal Government or the States Manage Energy Production on Public Lands?*](#)” provided not only a historical perspective of the long-standing debate over who would best manage public lands, but also the role of the Western Energy Corridor can play in providing the diverse forms of energy the country needs.

For additional information on EPSC, please visit our website, www.energystates.org.