

Upcoming Events

The Energy Producing States Coalition (EPSC) Executive Committee has tentatively determined that the next EPSC meeting will be held in conjunction with the Interstate Oil & Gas Compact Commission's (IOGCC) [2013 Midyear Meeting](#) which is in Point Clear, AL from May 19-21. Additional information will be provided as details are finalized.

The EPSC Executive Committee will also be briefing the [Western Caucus](#) in Washington, DC as part of their participation in the upcoming Energy Council meetings in Washington, DC. The meeting will be held the morning of Friday, March 8, 2013.

Recruiting

EPSC has been adding new states and members to the coalition. There are currently members representing nine states. Those states are: Alaska, Colorado, Mississippi, North Dakota, Ohio, Oklahoma, Texas, Utah and Wyoming. The newest members include: Representative [Lee Denney](#) (OK) and Representative [Lance Gooden](#) (TX)

As a reminder, EPSC membership is open to any state legislator or legislature that is serious about energy production and that supports the Mission Statement of the EPSC. Currently, membership is neither time consuming nor expensive. Members do not pay dues to EPSC. If you know of colleagues that might be interested in joining, all that is needed is to fill out this [form](#).

Policy Initiatives

Public Lands

At the [December EPSC meeting](#), Representative Rob Bishop (R, UT 1) led a discussion on the issue of Public Lands. Earlier this month, the [Institute for Energy Research](#) (IER) provided a new study that expands on and questions some of the assumptions of the report that the [Congressional Budget Office](#) (CBO) provided last year. The CBO report was limited to analyzing simply the lease revenues that could be expected to arise from a proposal to open Federal lands and waters, where currently they are either statutorily or as a matter of Administration policy prohibited from oil and gas leasing. Among IER's findings, by opening certain Public Lands to natural resource development, the economic impact would be incredibly higher than the CBO report suggests. The IER report analyzed additional economic benefits including: economic growth, wages, jobs and federal, state and local tax revenues. Among IER's finding:

- GDP increase: \$127 billion annually for the next seven years
- Jobs increase: 552,000 jobs annually over the next seven years
- Wage increase: \$32 billion increase in annual wages over the next seven years
- Increase in federal tax revenue: \$2.7 trillion increase in federal tax revenues over thirty-seven years
- Increase in state and local tax revenue: \$1.1 trillion in state and local tax revenues over thirty-seven years

Energy Future

Senator Lisa Murkowski (R, AK), Ranking Member on the Senate's Energy & Natural Resources Committee, last week announced her [energy policy blueprint](#), Energy 20/20: A Vision for America's Energy Future, during a speech at the National Association of Regulatory Utility Commissioners winter meeting. The policy includes: approving Keystone XL pipeline, allowing drilling in ANWR and increasing

domestic oil and natural gas production overall, and creating an Advanced Energy Trust Fund to encourage clean energy research.

Senator Mark Warner (D, VA) and the Alliance to Save Energy also released a [plan](#) to double energy productivity by 2030. The recommendations include ideas for sparking investment, modernizing regulations to allow more rapid adoption of energy efficient technology upgrades, and the need for greater public engagement.

Offshore Development

The North Carolina Senate introduced [Senate Bill 76](#), the Domestic Energy Jobs Act, a comprehensive energy bill, on Monday, February 11. The bill authorizes the Department of Environment and Natural Resources and the Mining and Energy Commission to begin issuing permits for shale gas exploration and development starting March 1, 2015, which is five months after regulatory and safety standards are mandated to be in place. The bill provides incentives for energy companies to hire workers and begin production. The bill also authorizes Governor Pat McCrory (R, NC) to begin negotiating a [tri-state pact](#) with Governors of Virginia and South Carolina urging the federal government to open the Outer Continental Shelf for energy exploration. The bill also encourages the Governor to work with the North Carolina Congressional delegation to advocate for state revenue-sharing, since nearly half of the revenue derived from offshore energy exploration and production would be allocated towards job training, energy research and conservation.

Keystone

Nebraska Governor Dave Heineman on January 22 approved the Final Evaluation Report of the Keystone Nebraska Reroute. The new route avoids the environmentally-sensitive Sand Hills region of Nebraska. Gov. Heineman sent the following letter to [President Obama](#) and Secretary Hillary Clinton asking that Nebraska's evaluation be included in the State Department's Draft Supplemental Environmental Impact Statement. It is anticipated that the State Department will release its revised Draft Supplemental Environmental Impact Statement, which would include the new route, by the end of March.

Hydraulic Fracturing

The New York State Department of Environmental Conservation (DEC) filed a notice of continuation with the Department of State to extend the rulemaking process by 90 days to provide New York State Commissioner of Health, Dr. Nirav Shah additional time to complete his review of the draft Supplemental Generic Environmental Impact Statement. The state received over [66,000 public comments](#) on the statement. The public comment period ended on January 11, 2013. Dr. Shah's report is taking longer to complete than expected. On Tuesday, February 12, 2013 Governor Andrew Cuomo's Administration announced that it would not meet a February deadline to issue a new environmental impact statement which will likely require the state to start the regulatory process over and begin a new 45-day comment period.

The State of California is also examining Governor Brown's proposal to regulate hydraulic fracturing. Many outside organizations and elected officials have expressed their concern that the proposal does not go far enough in requiring the disclosure of the chemicals. Even with the state working on the proposal, local governing agencies are moving ahead with their own proposals. The South Coast Air Quality Management District, which regulates air quality in Southern California, has recently drafted its

[own proposed rule 1148.2](#), is accepting written comments until February 19, 2013 and is scheduled to vote on the proposal on April 5.

Revenue Sharing

Alaska Senator Mark Begich (D, AK) introduced a bill, S 199, the [Alaska Adjacent Zone Safe Oil Transport and Revenue Sharing Act](#), which requires oil produced in the federal waters of the Chukchi and Beaufort Seas to be brought ashore by pipeline, a method that is safer than tanker transport and secures future throughput for the Trans-Alaska Pipeline. The measure also breaks down stakeholder sharing by providing Alaska with 37.5% of the federal bonus bids and royalty share from any energy development, fossil or renewable. Of that 37.5%:

- 25% is directed to local governments;
- 25% is directed to Alaska Native village and regional corporations;
- 10% is directed tribal governments;
- 40% goes to the State of Alaska.

The proposed bill also dictates that:

- 15% of the federal share of royalties is directed to the Land and Water Conservation Fund
- 7.5% of the federal share is dedicated directly to deficit reduction

Taxes

Prior to the President's State of the Union, Representative Earl Blumenauer (D, OR 3) introduced the [Ending Big Oil Tax Subsidy Act](#) (HR 609). The proposed legislation would eliminate 10 tax loopholes enjoyed by the oil industry. The bill has 26 Democratic co-sponsors. Senator Robert Menendez (D, NJ) introduced S 307, [Close Big Oil Tax Loopholes Act 2013](#). The bill currently has 16 Democratic co-sponsors and focuses on the "Big 5" energy companies – BP, ExxonMobil, Shell, Chevron and ConocoPhillips. This proposal involves modifications to the foreign tax credit rules (dual capacity), eliminates the deduction of Section 199, the domestic manufacturing tax deduction, eliminate the option of expensing Intangible Drilling Costs and require that these costs be capitalized, would require the capitalization of the cost of tertiary injectants, and would repeal Sections 344 and 345 of the energy Policy Act of 2005.

Nuclear

The Department of Energy announced the first of two possible awards to support a new project to design, license and help commercialize small modular reactors (SMR) in the United States. The project supported by the award will be led by Babcock & Wilcox (B&W) in partnership with Tennessee Valley Authority and Bechtel. For more information, visit www.energy.gov/nuclear.

Website

EPSC's new [website](#) is up and running. If you have suggestions for issues, content or event updates, please let Bo Ollison know. Bo can be reached at BOllison@HBWResources.com.