

March Newsletter

Action Items

Keystone XL: The U.S. Department of State has released its draft [Supplemental Environmental Impact Statement](#) for the proposed Keystone XL pipeline. The draft takes into consideration the reroute of the pipeline through Nebraska and reviews all areas of potential environmental concern. In its latest iteration, the State Department again finds no areas where the project could pose significant environmental impact. **Comments on the draft are due on April 22nd** to keystonecomments@state.gov.

Oil and Gas Lease Sales

The Bureau of Ocean Energy Management (BOEM) has completed a draft [Environmental Impact Statement](#) for two proposed oil and gas lease sales in the Gulf of Mexico's Eastern Planning Area and is seeking public comment. **Comments on the draft are due on April 16th** and may be submitted to boemegomeis@BOEM.gov. BOEM will host [public hearings](#) in Tallahassee, FL (March 26); Panama City Beach, FL (March 27); Mobile, AL (March 28); Gulfport, MS (March 29); and New Orleans, LA (April 1). Lease Sales 225 and 226, scheduled for 2014 and 2016, are part of the [Outer Continental Shelf Oil and Gas Leasing Program: 2012-2017](#).

For a draft letter to submit on either initiative, please contact Bo Ollison (BOllison@consumerenergyalliance.org)

Executive Committee Activities

The EPSC Executive Committee briefed the [Congressional Western Caucus](#) (CWC) meeting in Washington, DC on Friday, March 8, 2013. EPSC Chairman, Utah Representative Roger Barrus (R, District 18), Vice Chairman, Alaska Senator Cathy Giessel (R, District N), and Alaska Senator Lisel McGuire (R, District K) [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 CWC suggested that state legislatures pass resolutions in support of other state's interests while Speaker Boehner's staff suggested creating a task force between the organizations to identify strategic opportunities on ways to collaborate. Anyone interested in participating in these two initiatives, please let Bo Ollison know (BOllison@consumerenergyalliance.org).

The EPSC Executive Committee has determined that the next 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. We are looking at meeting on Sunday, May 19, from 10am-5pm prior to the Welcome Reception on the USS Alabama.

The tentative agenda includes:

- Compare and share energy legislation that state legislatures have passed or are considering this session
- Federal legislative overview
- Continued collaboration with the Western Caucus
- Recruiting

There is also the potential for an EPSC panel during the IOGCC meeting. Please RSVP to BOllison@HBWResources.com if you plan on attending. IOGCC has a room block, which ends on April 19, at the Marriot Grand Hotel for \$159 single/double. We will provide updates as additional details are finalized.

EPSC Immediate Past Chairman, Wyoming Speaker Tom Lubnau (R, District 31) participated in a [video](#) on the future of coal and its benefits.

Policy Initiatives

Administration's Proposed Expansion of NEPA

- Recent [press reports](#) have indicated that the Obama Administration's Council on Environmental Quality (CEQ) will be issuing new guidelines requiring federal agencies to consider the impact on global warming before approving major projects, including pipelines, highways, natural gas export facilities and ports for coal sales. CEQ is expected to release standards for how agencies address global warming under the National Environmental Policy Act (NEPA). NEPA requires agencies to consider and publish the environmental impact of their actions before making decisions, which provides the opportunity for outside organizations to weigh in on the project prior to a decision being made as well as challenge the reviews in court if a project is approved. EPSC will follow this issue closely and provide updates.

Natural Resource and Economic Development

- Senator David Vitter (R, LA) has introduced, "[Energy Production and Project Delivery Act of 2013](#)" (S 17). The bill deals with a number of issues, including revenue sharing, energy production, regulatory streamlining and project delivery and the economic impacts over the next thirty years. Among its provisions, the bill would open new areas in Alaska, limit the reach of the EPA, and expedite the approval of the Keystone Pipeline. The bill has 22 Senate co-sponsors and also has the support of a number of outside organizations.
- A new [study](#), believed to be the most thorough assessment yet of the natural gas production potential of the Barnett Shale, foresees slowly declining production through the year 2030 and beyond and total recovery at greater than three times cumulative production to date. The study, released by the University of Texas's Bureau of Economic Geology, examined actual production data from more than 16,000 individual wells drilled in the Barnett play through mid-2011. The research provides substantial evidence that there are large quantities of gas available that can be drilled profitably at a market price of \$4 per million British thermal units. The study concludes that 44 trillion cubic feet of natural gas will be recovered from the Barnett—more than three times what has been produced so far and about two years' worth of U.S. consumption at current rates. It is anticipated that additional studies for the Haynesville, a shale field in Louisiana and East Texas, and the Fayetteville in Arkansas will be released by the fall and a study of the Marcellus Shale in the northeast should be completed by the end of the year.
- A recent report by Joel Kotkin of the Manhattan Institute, "[America's Growth Corridors: The Key to National Revival](#)" focuses on four areas of the country creating more jobs and gaining population. These four regions share certain key drivers of economic growth: lower costs (particularly for housing); better business climates; and population growth. Mr. Kotkin also wrote a [Wall Street Journal op-ed](#) discussing options regions have for promoting economic growth, including the resurgence of fossil fuel-based energy, notably shale oil and natural gas.
- The Outer Continental Shelf (OCS) Governors Coalition sent a [letter](#) to Sally Jewell prior to her confirmation hearing laying out their priorities and desire to work with the Department of Interior to allow expanded access and development of offshore resources, revenue sharing, and greater collaboration with coastal states.

President Issues Executive Order Modifying and Clarifying Aspects of OPA Liability Fund

- On March 15th, the President issued an Executive Order, [12777](#), reassigning and clarifying responsibilities for inflation adjustments in Oil Pollution Act liability limits.

Federal Lands

- The Congressional Research Service issued a [report](#), *U.S. Crude Oil and Natural Gas Production in Federal and Non-Federal Areas*, finding that oil and gas production fell on federal lands despite increases in production overall due to increased development on private lands. The report found that all increases in oil production since 2007 have occurred on non-federal lands.
- The Office of Management and Budget (OMB) completed its review of a proposed rule on [oil shale management on western federal lands](#) that would increase environmental protection requirements while limiting the areas available and providing flexibility to the royalty system. The Bureau of Land Management (BLM) issued a final environmental impact statement on the rule last November making 676,967 acres available for application for future leasing in Colorado, Utah, and Wyoming. The rule would also allow leasing of 129,567 acres in Utah for tar sands development.

Revenue Sharing

- Sen. Lisa Murkowski (R, AK) introduced, "[Fixing America's Inequality with Revenue \(FAIR\) Act](#)" which is designed to ensure all energy-producing states receive a fair share of the revenues they help produce while also encouraging investment in clean energy and conservation.

Hydraulic Fracturing

- There has been activity in Washington, DC and in a number of states related to [hydraulic fracturing](#). Rep. Lee Terry (R, NE 2) and Rep. Ed Whitfield (R, KY 1) are working on introducing a bill that would give states sole oversight of hydraulic fracturing. The bill would also eliminate the excise tax on new natural gas-fueled trucks for three years. The measure is targeted at providing the oil and gas industry with the certainty that can attract investments by heading off questions from multiple federal agencies, particularly the EPA. Bills dealing with hydraulic fracturing have also been introduced in states such as: [Florida](#), [Indiana](#), [Illinois](#), [Maryland](#), [Minnesota](#), [Nebraska](#), [New Jersey](#) and [North Carolina](#). These bills range from increasing state issuance of permits (NC) to bills prohibiting the use of hydraulic fracturing (MD). Additional debate is happening related to the mining of silica sand (MN).

Fuel Economy Improvements for 2012

- EPA released its [annual report](#) that tracks the fuel economy of vehicles sold in the United States, underscoring the major increases made in the efficiency of the vehicles Americans drive, reducing oil consumption and cutting carbon emissions. According to the report, EPA estimates that between 2007 and 2012 fuel economy values increased by 16 percent while carbon dioxide (CO2) emissions have decreased by 13 percent, and in 2012 alone the report indicates a significant one year increase of 1.4 miles per gallon (mpg) for cars and trucks.

USFWS Grants Extension on Gunnison Sage-Grouse Comment Period

- The U.S. Fish and Wildlife Service (USFWS) notified lawmakers that it will grant a [three-week extension](#) of the comment period on its [Gunnison sage-grouse proposal](#). The extension comes after a bipartisan group of lawmakers from Colorado and Utah requested a 60-day extension of the comment period and formal hearings on the matter. USFWS has proposed two rules that would list the Gunnison sage-grouse as an endangered species and would designate over 1.7 million acres of critical habitat in western Colorado and eastern Utah. The initial public comment period, originally scheduled for March 12, 2013 will now close on April 2, 2013. There will be a second opportunity to comment for the economic analysis for the proposed critical habitat, which is expected to occur in May.

DOE Guide for Large-Scale Renewable Energy Facilities

- The Federal Energy Management Program issued [best practices](#) and other guidance for large-scale renewable energy projects at federal facilities. The guide covers project management strategies, common terms, and principles that DOE says will help agencies mitigate risks for projects producing more than 10 megawatts at federal facilities. DOE said the guide will help the private sector understand the federal energy planning and acquisition processes.

Senators Introduces Hydropower Bill

- Sen. Lisa Murkowski (R, AK) introduced the [Hydropower Improvement Act of 2013](#). The legislation is co-sponsored by Sens. Ron Wyden (D, OR), Jim Risch (R, ID), Maria Cantwell (D, WA), Mike Crapo (R, ID), Patty Murray (D, WA) and Mark Begich (D, AK). The bill seeks to substantially increase the United States' hydropower capacity. According to the Department of Energy, the U.S. has the potential for 300 gigawatts of additional hydropower.

PA Natural Gas Study

- Pennsylvania's waterways show little evidence of damage from toxic chemical spills from its fast-growing natural gas industry, according to a study published in the [Proceedings of the National Academies of Sciences](#). The study examined the impact of gas drilling on surface water from the drilling boom but did not address questions of whether drilling has polluted underground aquifers, a main concern of environmental advocates. The study of almost 5,000 gas drilling sites around the state didn't find evidence in waterways of significant chemical spills from drill sites, but did note a five percent increase in suspended solids, generally dirt, leaves and other materials, downstream. Suspended solids can be the result of runoff from development, although the study doesn't pinpoint the source of the dissolved solids pollution.

Recruiting

EPSC has been adding new states and members to the coalition. There are currently members representing ten states. Those states are: Alaska, Colorado, Mississippi, North Dakota, Ohio, Oklahoma, Texas, Utah, Wisconsin and Wyoming. The newest members include: Senator [Lesil McGuire](#) (AK) and Representative [Brett Hulsey](#) (WI).

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](#).

Website

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

Events

- In partnership with the Florida Chamber of Commerce, Consumer Energy Alliance of Florida hosted an Energy 101, [Energy Issues for Florida and America Briefing](#) (segment starts at 15:50), in Tallahassee for state legislators, energy officials and interested organizations. Legislators who addressed the audience included the House Energy and Utilities Subcommittee's Vice Chairman Jose Felix Diaz (R, District 116) and Ranking Member Alan Williams (D, District 8), and Representatives Lake Ray (R, District 12) and Ray Rodrigues (R, District 76). The Florida Petroleum Council, Consulate General of Canada, and Florida Chamber of Commerce joined CEA as participants in the event. Issues addressed included increased production of domestic onshore and offshore natural resources, interim storage of nuclear waste, the potential for alternative/renewable energy sources, energy efficiency, reform of the renewable fuels standard, EPA regulations affecting energy production, and the importance of the Keystone XL pipeline to Florida and the U.S. economy.

There are a number of upcoming events that might be of interest to EPSC members. Additional information will be available on these events soon.

- Iowa Energy & Manufacturing Forum, Des Moines, IA, Wednesday, March 25, 2013
- CEA-Texas Lunch and Tour at Lime Instruments, "Demonstration of Oil and Gas Field of the Future." Houston, TX, Friday, April 19, 2013
- Southeast Energy Alliance, Myrtle Beach, SC, Wednesday, May 1, 2013
- Ohio Energy 101, Columbus, OH, May 7, 2013
- EPSC Meeting in conjunction with the IOGCC [2013 Midyear Meeting](#), Point Clear, AL, May 19-21, 2013