

April Newsletter

Action Items

Federal Mineral Royalties: The Department of Interior's Office of Natural Resources Revenue [notified states](#) that they would be withholding nearly \$109 million in guaranteed mineral royalties to the states, as a result of the sequestration. The EPSC Executive Committee released the following [statement](#) and sent letters to both the [Senate Energy & Natural Resources Committee](#) and the [House Energy & Commerce Committee](#) expressing opposition to this decision. EPSC encourages elected officials to explore all options to restore the funding levels to their guaranteed level. EPSC will continue to monitor this and will provide updates. [Media organizations](#) have also picked up on the story and the EPSC letter.

EPSC Meeting: 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. The EPSC meeting will be on **Sunday, May 19, from 10am-5pm.**

The tentative agenda includes:

10:00am	Executive Committee Meeting and Update
11:00am	Acknowledgement of New Members/Roll Call of States Compare & share energy legislation that states have passed or are considering this session
12:15pm	Working Lunch – Industry update
1:30pm	Break
1:45pm	Federal legislative overview
3:00pm	Continued collaboration with the Western Caucus
3:30pm	Recruiting
4:00pm	Adjourn
6:00pm	IOGCC Welcome Reception

EPSC Chairman Rep. Roger Barrus has also agreed to represent EPSC during the Public Lands Committee Meeting. **Please encourage fellow elected officials to consider joining us in Alabama.**

RSVP to BOllison@consumerenergyalliance.org if you plan on attending. IOGCC has a room block, which ends on **Friday, April 19**, at the Marriot Grand Hotel for \$159 single/double.

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.

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

Policy Initiatives

Meeting Future Employee Needs

- The United States isn't producing enough qualified workers to meet the future needs of the mining and energy sectors, from coal digging and gas drilling to solar and wind power, a new report released by the National Research Council. "[Emerging Workforce Trends in the U.S. Energy and Mining Industries](#)" urges new partnerships to tackle the problem of retiring Baby Boomers who cannot readily be replaced.

Murkowski Criticizes FY2014 DOI Budget Plan to Have Alaskans Pay for Federal Cleanup

- U.S. Senator Lisa Murkowski (R, AK) criticized the Department of the Interior (DOI) for attempting to stick Alaska with the bill for federal responsibilities that have been neglected for decades. Under the [2014 budget proposal](#) for the DOI, Alaska's 50-percent share of revenue from oil and natural gas activity in the National Petroleum Reserve-Alaska (NPR-A) would be diverted from the state to pay for the cleanup of legacy wells that were drilled by the federal government.

Murkowski, Landrieu Introduce 'FAIR Act' Revenue Sharing Legislation

- U.S. Senators Mary Landrieu (D, LA) and Lisa Murkowski (R, AK) introduced legislation – the [Fixing America's Inequities with Revenues \(FAIR\) Act](#) – to ensure all energy producing states receive a fair share of the revenues they help produce. The FAIR Act authorizes 37.5 percent of revenues for all offshore energy producing states, regardless the type of energy produced. States that produce renewable energy on federal lands within their borders would keep 50 percent of revenues, just as they currently do for traditional energy. It would also gradually lift the current congressionally mandated \$500 million annual cap on revenues kept by Gulf Coast producing states.

Presidential Executive Order on Offshore Pollution Act

- The President signed an Executive Order making some clarifications and modifications to the Offshore Pollution Act. Lee Forsgren, who helped author the original 1990 OPA legislation, has provided a brief [summary of the changes and the likely impacts](#) from this order. With recent activity occurring in both the executive agencies ([OPA](#), [NEPA](#), [BOEM](#) & [Energy Security Trust](#)) and legislatively on the hill with the introduction of the Murkowski/Landrieu revenue sharing bill, it is believed there is a high likelihood of policy activity affecting the offshore industries.

ConocoPhillips Announces Halt to 2014 Chukchi Exploration Plans

- ConocoPhillips announced it was putting its [2014 Chukchi Sea exploration](#) plans on hold until there was a reliable and predictable regulatory framework at the federal level. ConocoPhillips has a stake in 98 leases in the Chukchi Sea.

USGS Finds No Influence of Oil Platforms on Contaminant Levels in California Fish

- The USGS in partnership with BOEM released [two studies](#) showing that fish residing near oil platforms have similar levels of contaminants as those living in other habitats. Since the underwater portion of many offshore oil and gas platforms often provides habitat to a large number of fish and invertebrates, some stakeholders have called for ocean managers to consider a "rigs-to-reefs" option during the decommissioning phase of a platform. This option would maintain some of the submerged structure to function as an artificial reef after oil and gas production has ended. The findings of these studies address questions regarding how the industrial legacy of this kind of artificial reef may affect local fish populations.

National Ocean Policy Final Implementation Plan Close To Release

- The final version of the [National Ocean Policy Implementation Plan](#) was released. The policy and implementation have been the source of continued Congressional inquiry for the last few years with over 60 different departments and agencies involved despite virtually no mention of the policy in budget documents or appropriations bills.

Energy Production on Federal vs. State Land

- The [House Natural Resources Committee](#) will hold a Full Committee oversight hearing on Wednesday, April 17th to examine the difference in energy production and permitting on federal lands versus state and private lands. Total federal oil production is down 7 percent since the President took office and the total onshore acreage leased for the last four years is the lowest in over two decades.

- Oklahoma [Governor Mary Fallin](#) sent the White House Office of Management a letter to acting Chief Jeff Zients detailing the costs associated with the Bureau of Land Management's in-consideration fracking rule. The letter included a report by the [Oklahoma City University](#) and stated, "I encourage your review of this study and urge your reconsideration of the proposed rule." The study estimates complying with the proposed BLM fracking rule could cost each well on public lands as much as \$175,000, or \$370 million annually.

New Natural Gas Reserves Number Increases

- The new recoverable reserves number is the highest in the 48 years the [Potential Gas Committee](#), a nonprofit organization of sector experts hosted by the Colorado School of Mines, has been issuing its evaluations. The last record number was issued in 2010 as the full scale of the impact of hydraulic fracturing technology was just making itself felt across the entire economy, and the Committee's perceived uncertainty about how accessible reserves would actually be following the issuance of that record number caused consternation that industry had been overselling the potential of the fuel.

Report on the importance of Natural Gas Liquids

- The Brookings Institution has a new [report](#) out that focuses on the importance to U.S. industry and the nation of natural gas liquids that are found in shale formations. The report states that maintaining domestic oil and gas production is critical for U.S. natural gas liquids production and for the U.S. industrial sector.

EPA's Hydraulic Fracturing Science Advisory Board

- The EPA's Independent Science Advisory Board (SAB) announced the formation of its [Hydraulic Fracturing Research Advisory panel](#). This panel of independent experts will peer review EPA's 2014 draft report of results for its national study on any potential health and environmental impacts of hydraulic fracturing on drinking water resources. Leading up to the peer review, the SAB panel will provide scientific feedback on EPA's research. The SAB has identified an independent panel of 31 experts that meet the SAB's criteria of having the necessary expertise and breadth of experience to adequately review the EPA hydraulic fracturing study on the potential impacts on drinking water resources, and meet long-standing rules regarding financial conflicts of interest.

House Natural Resources Committee Passes Hydropower Legislation

- The House passed [H.R. 678](#), which would deem available for hydropower development every existing Bureau of Reclamation canal, pipeline, ditch and other conduit of water. The vote was 416-7. Under the bill, the Interior Department would be required to offer "lease of power privilege" rights to the irrigation district or water-users association operating or receiving water from the conduit before the rights are offered to other users. The Bureau of Reclamation says it is the largest wholesale water supplier and the second largest producer of hydroelectric power in the U.S.

Arctic Report to the President

- The DOI released a report entitled [Managing for the Future in a Rapidly Changing Arctic](#). The report is based on input from a wide range of Alaska stakeholders. Accompanying the report is a short [video](#) from Deputy Secretary David Hayes providing the history and a few highlights from the report.

EPA Releases EPA Publishes 18th Annual U.S. Greenhouse Gas Inventory

- EPA released its 18th annual report of overall [U.S. greenhouse gas \(GHG\) emissions](#) showing a 1.6 percent decrease in 2011 from the previous year. Recent trends can be attributed to multiple factors including reduced emissions from electricity generation, improvements in fuel efficiency in vehicles with reductions in miles traveled, and year-to-year changes in the prevailing weather.

Presidential Council Releases Recommendations to Combat Climate Change

- A report from President Obama's [Council of Advisors on Science and Technology](#) identified several executive actions that could be taken to address Climate change. The President asked for the advisors' recommendations during a November meeting. The report makes six main recommendations: 1) prepare country for impacts from change; 2) reduce the carbon intensity of the economy with a focus on electricity generation; 3) promoting market conditions to foster clean energy and energy efficiency; 4) invest in research to develop clean energy technologies; 5) provide international leadership on climate change; and 6) conduct an initial quadrennial energy review. The report recommended support for expanded shale gas production, development and deployment of carbon capture and sequestration technology, and expanded use of nuclear power as ways to foster lower carbon electricity generation in the absence of congressional action.

DOE Promotes First Commercial Enhanced Geothermal System:

- The DOE highlighted the nation's [first commercial enhanced geothermal system](#) (EGS) project to supply electricity to the grid. Based in Churchill County, Nevada, Ormat Technologies' Desert Peak 2 EGS project has increased power output of its nearby operating geothermal field by nearly 38 percent – providing an additional 1.7 megawatts of power to the grid. Leveraging a \$5.4 million Energy Department investment – matched by \$2.6 million in private sector funding – the Ormat Desert Peak project is extending the life of previously unproductive geothermal wells.

Recruiting

EPSC has been adding new states and members to the coalition. There are currently members representing eleven states. Those states are: Alaska, Colorado, Idaho, Mississippi, North Dakota, Ohio, Oklahoma, Texas, Utah, Wisconsin and Wyoming. The newest member is: [Senator John H. Tippetts](#) (ID).

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.