

## June Newsletter

### Action Items

**EPSC Meeting:** 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. There were in excess of 20 attendees at the meeting, including numerous state legislators, state executive branch staff, state regulators, corporate and community organization representatives. The group mentioned several issues that they would like to focus on over the next few months, including: Endangered Species Act, Ocean Policy, Sequestration, Access, Settlement Agreements, CO<sub>2</sub>, BLM Permitting and Hydraulic Fracturing. [Click here](#) for a summary of the meeting.

**Federal Mineral Royalties:** The Department of Interior's Office of Natural Resources Revenue [notified states](#) that they would be withholding nearly \$110 million in guaranteed mineral royalties to the states, as a result of "the sequestration." Among the states most impacted by the decision are: Wyoming (\$53 million), New Mexico (\$26 million), Colorado (\$8.4 million) and California (\$5.5 million). The EPSC Executive Committee released the following [statement](#) and sent letters to the [Senate Energy & Natural Resources Committee](#), the [House Energy & Commerce Committee](#), the [House Appropriations Committee](#) and the [Senate Appropriations Committee](#) expressing opposition to this decision. EPSC is working with Congressional staff on legislation, [State Mineral Revenue Protection Act](#), which would prohibit further reductions in state mineral royalties as a result of actions similar to sequestration. EPSC encourages elected officials to explore all options to restore the funding levels to their guaranteed level. Following a [letter](#) submitted by a bipartisan group of ten Senators and twelve Representatives, EPSC also wrote to the [Office of Management and Budget's](#) Director Sylvia Burwell asking her to confirm that OMB will apply existing law in ensuring that the sequestered funds will be applied to the impacted states as soon as possible in FY 2014. The letter generated [media coverage](#) as well. EPSC will continue to monitor this issue and will provide updates. DOI Secretary Jewell was asked about the issue by [Wyoming Senator John Barrasso](#) when she appeared before the Senate Energy & Natural Resources Committee.

### Policy Initiatives

#### Nevada becomes 5<sup>th</sup> Western State to explore the Transfer of Public Lands

Gov. Brian Sandoval (R) signed [AB 227](#), which creates the Nevada Land Management Task Force to conduct a study addressing the transfer of certain public lands in the State. Nevada joins Utah ([HB 142](#)), Idaho ([HCR 21](#), [HCR 22](#)), Wyoming ([HB 228](#)) and Montana ([SJ 15](#)) in recently passing legislation related to the [transfer of public lands to the states](#). In 1976, Congress enacted a "policy" ([Federal Lands Policy Management Act](#)) declaring that it would simply retain lands in federal ownership. However, a 2009 unanimous U.S. Supreme Court declared that Congress does not have the authority to unilaterally change the "uniquely sovereign character" of the statehood contract, or enabling act, particularly "where virtually all of a state's public lands are at stake." The statehood promise of the federal government to dispose of the public lands is the same for all states east and west of Colorado. Western States assert their right for Congress to honor their states the same statehood promise to transfer title to public lands that it already kept with Hawaii and all states east of Colorado. Western states policy makers recognize that it is not feasible for the federal government to dispose of the majority of remaining public lands through land sales as was done in past decades, but there is precedence of ceding the remaining public lands to the states as State Public Lands. Western states are distraught about the mismanagement of federal lands which has led to unprecedented loss of natural resources, water sheds, species, agriculture and recreational access. Western states assert that they ARE more capable of managing public lands through state and local control than through the regulatory and bureaucratic processes governed from Washington. This movement for the transfer of the public lands rests on the belief that it is the only solution big enough to (i) fund education; (ii) better care for our lands; (iii) protect access [increasingly being closed off by arbitrary fed policies]; (iv) create jobs; and (v) grow local, state, and national economies and tax base. The legislation is part of a three-stage campaign: (i) Education, (ii) Legislation; and (iii) Litigation. The State legislation begins the education and serious preparation process at the state level and begins the process of putting Congress on notice to address the demand to honor the same promise to western states.

**White House Releases Arctic Strategy:** The White House [announced](#) the release of the [National Strategy for the Arctic Region](#), a broad framework that lays out the U.S. Government's strategic priorities in the Arctic for the next 10 years. The National Strategy, developed to coordinate and prioritize federal actions in the rapidly changing region, reaffirms and builds upon the work of several interagency efforts, including the [Interagency Working Group on Coordination of Domestic Energy Development and Permitting in Alaska](#), which was established under the President's Executive Order 13580.

**House Members Form ESA Working Group:** Members of the House of Representatives announced the creation of the [Endangered Species Act \(ESA\) Working Group](#). This Working Group, led by House Natural Resources Committee Chairman Doc Hastings and Western Caucus Co-Chair Cynthia Lummis, will examine the ESA from many angles. Throughout the year, the Working Group will hold a series of events, forums, and hearings that will invite discussion and input on ways in which the ESA may be working well, how it could be updated, and how to boost its effectiveness for both people and species.

**VA U.S. Senators Introduce Offshore Drilling Bill:** Senators Mark Warner (D, VA) and Tim Kaine (D, VA) introduced legislation, [The Virginia Outer Continental Shelf Energy Production Act of 2013](#), that would allow offshore oil and gas exploration and development off Virginia's coast. Leasing had been planned for the area under a previous five year plan, but was excluded in the most recent plan released by the Administration. The legislation would provide revenue sharing (37.5 percent) to Virginia, using a similar formula to what Gulf Coast states currently collect. The revenue sharing language is technology neutral, covering all forms of energy production, including offshore wind energy.

**Rep. McKinley Introduces New Coal Ash Legislation:** Rep. David McKinley (R, WV 1) introduced a new version of coal ash legislation. H.R 2218, the [Coal Residuals Reuse and Management Act of 2013](#), sets up a state-based regulatory program that will ensure the safe management and disposal of coal combustion residuals and encourage beneficial reuse by removing the barriers and costs associated with EPA's proposed rule. The bill will: provide minimum federal standards but allow states to craft a permit program that works for each state; remove rulemaking authority of EPA for coal ash; require EPA to defer to the States with respect to regulation of coal; and allow states to protect human health and the environment by adapting an existing solid waste regulatory program to coal ash. The House Energy and Commerce Committee Subcommittee on Environment and the Economy marked up and passed the bill last week.

**Legacy Well Draft Strategic Plan for NPR-A Meets Criticism:** Recently, the BLM released a draft plan for the [cleanup of legacy wells](#) drilled by the federal government in the National Petroleum Reserve in Alaska. The cleanup plan targets 132 "legacy wells" drilled between 1944 and 1982 by the U.S. Navy and U.S. Geological Survey. Of those, 16 are considered high-priority cleanup projects, 34 are considered to pose moderate risks, warranting cleanup in later years, and the rest are considered safe enough to leave alone with 18 wells currently in use by the USGS for climate monitoring. The plan has been criticized by both federal and state officials from Alaska for proposing inadequate funding, long time frames, and suggesting that the state of Alaska should pay for a portion of the federal cleanup. Sen. Murkowski declared the plan "dead on arrival," while the state legislature has renamed the wells, "travesty wells."

**DOE Approves LNG Project:** DOE conditionally authorized Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (Freeport) to export [domestically produced liquefied natural gas](#) (LNG) to countries that do not have a Free Trade Agreement (FTA) with the United States from the Freeport LNG Terminal on Quintana Island, Texas. The approval is the first approval of a group of project applications DOE is considering.

**DOI Releases New Proposed Hydraulic Fracturing Rules for Public Lands:** The Department of the Interior announced the release of a new [draft proposal for rules for hydraulic fracturing](#) on Bureau of Land Management Lands. The proposed rule would establish safety standards for hydraulic fracturing on public and Indian lands and calls for greater integration with existing state and tribal standards, and flexibility for energy developers. The [updated draft proposal](#) will be subject to a new 30-day public comment period. Initial responses to the proposal have been mixed with both proponents and opponents of hydraulic fracturing expressing concerns about the effectiveness, feasibility, and necessity of the proposal. In a [letter to DOI](#), the Chairman and Ranking Member of the House Natural Resources Committee have called for a 120 day review period rather than the planned 30 day period. EPSC also wrote a [letter](#) to BLM's Neil Kornze asking that BLM consider extending the comment period. At a Senate Energy and Natural Resources Committee hearing, "[to review programs and activities of the Department of the Interior](#)" Secretary Jewell announced a 60 day extension of the comment period for BLM's proposed hydraulic fracturing rule.

**DOI Signs Agreement with Pacific Northwest States on Energy Infrastructure:** Secretary of the Interior Sally Jewell signed a Declaration of Cooperation with the States of [Oregon and Washington](#) to expedite the review and permitting of energy generation, power transmission and other vital infrastructure development in the Pacific Northwest. The agreement establishes a pilot Pacific Northwest Regional Infrastructure Team to more efficiently coordinate the permitting processes for infrastructure. The infrastructure team will focus on a variety of projects, including renewable energy generation, electricity transmission, broadband, pipelines, ports and waterways, and water resource development that are proposed in the states.

**DOI Announces Auction of 165,000 Acres Offshore RI and MA for Wind Development:** The Department of Interior's Bureau of Ocean Energy Management announced its plans to hold the first-ever [competitive lease sale](#) for renewable energy on the U.S. Outer Continental Shelf (OCS). The auction, scheduled to take place on July 31, will offer 164,750 acres offshore Rhode Island and Massachusetts for commercial wind energy leasing. The Wind Energy Area offshore Rhode Island and Massachusetts covers about 164,750 acres and is located 9.2 nautical miles south of the Rhode Island coastline. BOEM will auction the area as two leases, referred to as the North Lease Area (Lease OCS-A0486) and the South Lease Area (Lease OCS-A0487). The North Lease Area consists of about 97,500 acres and the South Lease Area covers about 67,250 acres.

**DOI Announces Approval of Renewable Energy Projects in Arizona and Nevada:** Secretary of Interior Sally Jewell announced the approval of [three renewable energy projects](#) in Arizona and Nevada. The projects include the 350-megawatt Midland Solar Energy Project and the 70-megawatt New York Canyon Geothermal Project located in Nevada, and the 100-megawatt Quartzsite Solar Energy Project located in Arizona. In addition to these projects, BLM has identified an additional 15 active renewable energy proposals slated for review this year and next.

**IEA Predicts Transformative Impacts on Global Oil Markets from US Oil Boom:** The [International Energy Agency](#) announced the release of a study analyzing the impact of the US and N. American oil boom on global oil markets. According to the [Medium-Term Oil Marketing Report \(MTOMR\)](#), the effects of continued growth in North American supply – led by US light, tight oil (LTO) and Canadian oil sands – will cascade through the global oil market. Although shale oil development outside North America may not be a large-scale reality during the report's five-year time frame, the technologies responsible for the boom will increase production from mature, conventional fields – causing companies to reconsider investments in higher-risk areas.

**EPA Proposes Changes to the RFS:** The EPA has released [proposed changes](#) to the RFS. The proposed rule would allow renewable electricity used to power electric vehicles, renewable diesel, and renewable naphtha—all of which are produced from landfill biogas—to generate cellulosic or advanced biofuel renewable identification numbers (RINs). The rule would also allow renewable compressed natural gas produced and renewable liquefied natural gas from landfill biogas to generate cellulosic renewable identification numbers while butanol that has 50 percent fewer lifecycle greenhouse gas emissions than comparable petroleum products would be able to qualify as

advanced biofuel.

**New Tier 3 Rule Released:** Following an OMB review, the EPA released its proposed [new Tier 3 rule](#). EPA's Tier 3 standards for gasoline and vehicles would cut the allowable sulfur content of gasoline from 30 ppm to 10 ppm beginning in 2017. The proposal also includes new volatile organic compound, nitrogen oxides, and particulate matter emissions standards for new light- and heavy-duty vehicles, as well as new evaporative emissions standards. The vehicle emission standards would be phased in between 2017 and 2025. The Tier 3 standards are intended to harmonize federal regulations with requirements in California, establishing a uniform standard for the nation. EPA estimates the requirements will cost petroleum refiners \$3.4 billion in 2030 with estimated health benefits of between \$7.4 billion and \$23 billion per year. The EPA will accept comments on the rule through June 13<sup>th</sup>.

**BSEE to Establish Ocean Energy Safety Institute:** The Bureau of Safety and Environmental Enforcement (BSEE) Director James Watson announced that the Bureau is taking steps to establish an independent Ocean Energy Safety Institute to further enhance safe and responsible operations across the offshore oil and gas industry. The Institute will provide a forum for dialogue, shared learning and cooperative research among academia, government, industry and other non-government organizations in offshore-related technologies and activities that ensure safe operations with limited impact to the environment.

**Alaska Governor Seeks Additional Evaluation of ANWR Resources:** Alaska Gov. Sean Parnell (R) said May 20 that the state submitted a [187-page exploration proposal](#) to Interior Secretary Sally Jewell with the hope that it will be included in the department's final management plan. Parnell said the state felt compelled to offer the plan because of fears that the U.S. Fish and Wildlife Service (FWS) intends to prevent oil and gas exploration in the 1.5-million-acre ANWR coastal plain.

**USGS Releases New Report on the Greater Sage-Grouse:** The [U.S. Geological Survey](#) announced the release of a new [baseline environmental report](#) compiling all available data on the populations and habitat requirements for the Greater Sage Grouse. The BLM and the USFS are preparing Environmental Impact Statements to address the effects of implementing proposed Greater Sage-Grouse conservation measures on the lands they manage. The agencies will use the BER in summarizing the effect of their joint planning efforts intended to help conserve the bird and its sagebrush habitat across its range in the western United States.

**7 Public Meetings Planned for Seismic PEIS for Gulf of Mexico:** BOEM and NOAA/NMFS are proposing the preparation of the [Programmatic Environmental Impact Statement](#) (PEIS) pursuant to the National Environmental Policy Act (NEPA) to evaluate the environmental impacts of geological and geophysical (G&G) activities in Federal and State waters of the Gulf of Mexico (GOM). A draft PEIS is expected to be published in mid 2014. The EIS will assess the potential environmental impacts associated with G&G activities that include deep-penetration and high-resolution seismic surveys, electromagnetic surveys, magnetic surveys, gravity surveys, remote-sensing surveys and geological and geochemical sampling. These activities provide information about the location and extent of oil and gas resources, bottom conditions for oil and gas or renewable energy installations, and suitable locations of sand and gravel used for coastal protection and restoration. The seven meetings will occur in the following places:

**Tampa, Florida:** Monday, June 10, 2013, Embassy Suites Westshore Tampa Airport Hotel, 555 North Westshore Boulevard, Tampa, Florida 33609; at 6:30 p.m. EDT;

**Fort Walton Beach, Florida:** Tuesday, June 11, 2013, Ramada Plaza Beach Resort, 1500 Miracle Strip Parkway, SE, Fort Walton Beach, Florida 32548; at 6:30 p.m. CDT;

**Mobile, Alabama:** Wednesday, June 12, 2013, Government Plaza, 205 Government Street, Mobile, Alabama 36644; at 6:30 p.m. CDT;

**Gulfport, Mississippi:** Thursday, June 13, 2013, Courtyard by Marriott Gulfport Beachfront MS Hotel, 1600 East Beach Boulevard, Gulfport, Mississippi 39501; at 6:30 p.m. CDT;

**Galveston, Texas:** Monday, June 17, 2013, Galveston Hilton, 5400 Seawall Boulevard, Galveston, Texas 77551; at 6:30 p.m. CDT;

**New Orleans, Louisiana:** Wednesday, June 19, 2013, Bureau of Ocean Energy Management, 1201 Elmwood Park

Boulevard, New Orleans, Louisiana 70123; at 1 p.m. CDT; and

**Silver Spring, Maryland:** Thursday, June 20, 2013, National Oceanic and Atmospheric Administration, 1305 East-West Highway, Silver Spring, Maryland 20910; at 1:00 p.m. EDT.

## Recruiting

EPSC has been adding new states and members to the coalition. There are currently members representing thirteen states. Those states are: Alaska, Arizona, Colorado, Idaho, Indiana, Mississippi, North Dakota, Ohio, Oklahoma, Texas, Utah, Wisconsin and Wyoming. The newest members are: [Rep. Eric Koch](#) (IN) and [Rep. Frank Pratt](#) (AZ)

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](mailto:BOllison@consumerenergyalliance.org).