**United States Senate Report**

# A Look Ahead to EPA Regulations for 2013

*Numerous Obama-EPA Rules Placed On Hold until after the Election Spell Doom for Jobs and Economic Growth*

**United States Senate Committee on Environment and Public Works**

**Minority Staff**
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# Senate Report

# A Look Ahead to EPA Regulations for 2013

*Numerous Obama-EPA Rules Placed On Hold until after the Election Spell Doom for Jobs and Economic Growth*

President Obama has big plans to continue pushing his far left green agenda in a second term. As *Politico* recently reported, Carol Browner, Obama's former global warming czar and now chief campaign advocate just promised the radical environmental left they needn't worry because they'll get what they want:

> I can tell you, having spent two years in the White House with the president, that this is not a fad. The president believes deeply in these issues. At every turn he has looked at what are the tools available to him to really help build a clean energy future for this country and has been committed throughout his first four years in office, and there's no doubt in my mind this will be a big part of his to-do list and he will remain committed in the next four years.

Browner is referring to the slew of job-killing EPA regulations that the Obama-EPA has put on hold until after the election but will be on the "to-do" list for 2013. As the economy has continued to falter over the past year, team Obama has been delaying rule after rule that will eliminate American jobs, drive up the price of gas at the pump even more, impose construction bans on local communities, and essentially shut down American oil, natural gas, and coal production. They don't want this economic pain to hit American families just before the election because it would cost President Obama votes, so they have simply decided to punt, intending to move full speed ahead if they gain a second term.

Some members of the press have caught on to this election strategy over the past year. On November 16, 2011, *New York Times* reporter John Broder penned an article entitled, "Re-election Strategy is Tied to a Shift on Smog," which chronicled the behind-the-scenes story of how President Obama came to the decision to halt EPA's plan to tighten the ozone standard. As Broder explained, President Obama did not want to be responsible for the economic pain of this rule just before the election, but he told EPA Administrator Lisa Jackson that EPA would have the chance to revise the standard in 2013: "We are just not going to do this now, he said." The Obama administration clearly understood the negative impact the ozone rule would have on jobs. As then-White House Chief of Staff Bill Daley said in a meeting on the rule with the environmental left, "What are the health impacts of unemployment?"

Broder was right: President Obama's reelection strategy *is* tied to his shift on smog – but it doesn't stop with the ozone rule. As *Politico* reporter Darren Samuelsohn wrote in a May 2011 article, "President Barack Obama is offering his beleaguered green base some titillating morsels for what he hopes to deliver on energy policy if he wins a second term"; Erica Martinson, also of *Politico* joined in, writing in May 2012 that "The Environmental Protection Agency's silence on a slew of pending rulemakings is worrying some supporters, who fear the regulations will remain trapped in the White House when an election-year window for new announcements slams shut." In July 2012, Dina Cappiello of the AP reported that litigation has forced the Obama EPA to unveil "politically sensitive rule changes" including a stronger standard for soot before the election when they had hoped to punt; as Vickie Patton, an attorney from the Environmental Defense Fund said, "Election-year politics commenced earlier than I have experienced in over two decades of working on these issues." In an



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October 2011 article, Olga Belogolova of *National Journal* hit the nail on the head by including a quotation by an insider explaining, "The only decision metric that matters for the next 14 months is, 'Will this help us get reelected?' If a regulatory decision is a liability, we should fully expect the administration to delay until Nov. 7" – a day after the election. Now just a few weeks before Election Day, Amy Harder of the *National Journal* wrote an October 16 article, "EPA Poised to Speed Up Regulations After Election."

From all these accounts, it's pretty clear that if President Obama secures a second term, the Obama-EPA will have a very busy next four years, moving full speed ahead to implement numerous major rules and regulations that he has delayed or punted due to the upcoming election. The radical environmental left may not need to worry, but what about American families, who are working hard in tough economic times, trying to make ends meet? What about those Americans in poor communities or on fixed incomes who are hurting more than ever now that they are spending around 24% of their income on higher energy prices thanks to the Obama-EPA? As the nation struggles to recover from a lagging economy in the coming year, Americans could also be grappling with a regulatory onslaught from the Obama-EPA that will strangle economic growth, destroy millions of jobs, and dramatically raise the price of goods, the cost of electricity, and the price of gas at the pump.

This report takes a close look at many of the regulations put in place by the Obama administration that the next President and EPA administrator will face in the coming year: if the Obama-EPA continues to hold reins in 2013, the outlook for jobs and economic recovery is bleak.

## Rules Delayed or "Punted" until 2013 by Obama -EPA

**Greenhouse Gas Regulations:** These regulations – which President Obama himself warned would be worse than global warming cap-and-trade legislation – will be an enormous burden on the American people. These rules will cost more than $300 to $400 billion a year, and significantly raise the price of gas at the pump and energy in the home. It's not just coal plants that will be affected: under the Clean Air Act (CAA), churches, schools, restaurants, hospitals and farms will eventually be regulated.

Thus far, EPA has issued regulations governing permit programs and monitoring requirements. Earlier this year, EPA proposed the first source specific greenhouse gas regulations – emissions standards for new power plants. The proposal paints an ominous picture for rate payers: the requirements are so strict they virtually eliminate coal as a fuel option for future electric power generation. In a thinly veiled political move, the agency has put off finalizing the proposal until after the election. Similarly, EPA has punted on standards for existing power plants as well as refineries – standards which will further drive up electricity and gasoline prices. Once these regulations are in place, EPA will proceed to issue regulations, industry by industry, until virtually every aspect of the American economy is constrained by strict regulatory requirements and high energy prices. Take for example, farms: under federal permitting requirements, sources (i.e. a farm whose aggregate emissions exceed CAA permitting thresholds) would be required to comply with costly permitting mandates and pay an annual fee for each ton of greenhouse gas emitted on an annual basis. Known as the "cow tax", there would be a cost-per-animal outcome. EPA itself estimates that in its best case scenario, there will be over 37,000 farms and ranches subject to greenhouse gas permits at an average cost of $23,000 per permit annually, affecting over 90% of the livestock production in the United States.

**Ozone Rule:** As the *New York Times* reported last year, President Obama punted on tightening the ozone standard until after the election, admitting that the "regulatory burdens and regulatory uncertainty" would harm jobs and the economy – but he still pointed to the fact that it will be reconsidered in 2013. EPA itself estimated that its ozone standard would cost $90 billion a year, while other studies have projected that the rule could cost upwards of a trillion dollars and destroy 7.4 million jobs. By EPA's own projections, it could put 650 additional counties into the category of "non-attainment," which is the equivalent of posting a "closed for business" sign on communities. Affected counties will suffer from severe EPA-imposed restrictions on job creation and business expansion, including large numbers of plant closures. The *Times* concluded: "The full retreat on the smog standard was the first and most important environmental decision of the presidential campaign season that is now fully under way. An examination of that decision, based on interviews with lobbyists on both sides, former officials and policy makers at the upper reaches of the White House and the E.P.A., illustrates the new calculus on political and policy shifts as the White House sharpens its focus on the president's re-election."

**Hydraulic Fracturing:** Today the Obama administration – through no less than fourteen federal agencies, including the EPA, the Department of Energy (DOE), the Bureau of Land Management (BLM), the Center for Disease Control (CDC), the Department of Agriculture (USDA), and the Securities and Exchange Commission (SEC) – is currently working to find ways to regulate hydraulic fracturing at the federal level, so that they can limit and eventually stop the practice altogether. In order to curtail hydraulic fracturing on public lands, BLM, under Secretary Salazar's control, will be finalizing new regulations sometime after the election, which will have serious impacts on domestic energy production. According to one study, "The total aggregate cost for new permits and well workovers resulting from this rule would range from $1.499 billion to $1.615 billion annually. This is a conservative estimate of the delays and costs associated with the proposed rule which equates to about $253,800 per well, and $233,100 per re-fracture stimulation." The Obama Administration's anti-hydraulic fracturing agenda doesn't stop there. In the months following the election, we can expect the EPA alone to: issue guidance for the usage of diesel fuels during hydraulic fracturing, which will strip states of the primacy granted to them through the Safe Drinking Water Act; complete a study – highly criticized and unsupported by multiple state and federal agencies – desperately attempting to link hydraulic fracturing to water contamination in Pavillion, WY; answer countless petitions filed by radical environmental organizations potentially leading to the back-door regulation of hydraulic fracturing through the Toxic Substances Control Act, Resource Conservation and Recovery Act, and Clean Air Act; and potentially introduce Effluent Limitations Guidelines for both shale gas extraction and coalbed methane.

**Florida Numeric Nutrient Criteria** –As the Associated Press reported, "When the Obama administration agreed to set the first-ever federal limits on runoff in Florida, environmental groups were pleased [...] Nearly three years later – with a presidential election looming and Florida expected to play a critical role in the outcome – those groups are still waiting." In 2009, EPA issued a Clean Water Act (CWA) determination that it would set federal numeric nutrient water quality standards for Florida. The proposed standards EPA unveiled in 2010 were criticized for being technologically and economically infeasible. Florida established its own nutrient criteria, and in 2011, petitioned EPA to withdraw the agency's January 2009 determination that numeric nutrient criteria are necessary in Florida, repeal federal rulemaking completed in 2010, and refrain from proposing or promulgating any further numeric standards. In June 2012 a Florida administrative law judge ruled that the state acted within its authority by establishing Florida-specific numeric nutrient standards for the state's inland waters. Florida certified its standards on June 13, 2012 and submitted it to EPA for approval. EPA had

60 days from this date to approve the rule or 90 days to disapprove it. EPA has only sent back an "initial response" that gives no indication whether or not EPA will approve the Florida rule. EPA has thus far punted both on enforcing their own standards and on responding to Florida's petition to establish their own standards.

**EPA's Water Guidance:** EPA's proposed new guidance document for waters covered by the CWA, proposed in April 2011, reinterprets recent Supreme Court decisions to allow EPA to expand federal control over virtually every body of water in the United States, no matter how small. EPA's own analysis of the document estimated that up to 17% of current non-jurisdictional determinations would be considered jurisdictional using the new guidance. Further, the guidance applies to the entire CWA, which will result in additional regulatory responsibilities for states. This dramatic expansion has received tremendous push-back from the regulated community, states, and municipalities who do not want to have extensive new federal authorities and the costs associated with additional CWA compliance pushed through in guidance. As *Inside EPA* reported in the spring of 2012, the guidance looks to be delayed until after the election. This guidance, much like greenhouse gas regulations, failed to pass as legislation when Democrats enjoyed overwhelming majorities in the House and the Senate.

**Stormwater Regulation:** In 2009, EPA announced, as part of the Chesapeake Bay Settlement Agreement, that the agency would propose new nationwide stormwater rules by September 2010 with final action by November 2012. EPA's advanced notice of proposed rulemaking proposed to expand the universe of federally regulated stormwater; establish a first time standard for post-construction stormwater runoff; require first time retrofit requirements on stormwater systems – which could include mandates on cities to change existing buildings, stormwater sewers, and streets; and mandate the use of "green infrastructure" techniques (like "green roofs," rain gardens, permeable pavement) to replace conventional stormwater management practices. All this will put enormous cost burdens on states and municipalities and on anyone who owns property or wants to develop property. If the final rule does everything EPA has proposed, it could be the most expensive rule in EPA history. According to EPA's website, the proposal has been punted until June 2013 and the final rule is due in December 2014.

**Tier III Gas Regulations:** EPA is preparing to propose a rulemaking called Tier III, which reduces the content of sulfur in gasoline from 30 ppm to 10 ppm. The cost of this rule could be up to $10 billion initially and $2.4 billion annually, and it could add up to 9 cents per gallon in manufacturing costs; these costs would inevitably be passed on to consumers at the pump. As a recent *Energywire* article explained, many on the far left believe that political motives caused President Obama to delay this rule until after the election.

**Boiler MACT Rule:** EPA's Boiler MACT standards are so strict that not even the best performing sources can meet them, so many companies will have no choice but to shut their doors and ship manufacturing jobs overseas. The rule has been projected to reduce US GDP by as much as 1.2 billion dollars and will destroy nearly 800,000 jobs. Because of bipartisan Congressional opposition to the standards, the agency is now reconsidering certain aspects of the rule. In what can only be seen as another politically calculated move, the new rule is now being held by the White House, presumably until after the election. Not only is this creating uncertainty among the regulated community, it is also fueling speculation that very few changes have been made to the rule and that the White House would prefer that it not be made public until after the election.

**Cement MACT Rule:** EPA's Cement MACT rule could cause 18 plants to shut down, throwing up to 80,000 people out of work. As more and more cement has to be imported from China, concrete costs for the construction of roads, bridges, and buildings that use cement could increase 22% to 36%. As with Boiler MACT, due to Congressional opposition, EPA is now reconsidering certain aspects of the rule, which will not be seen until after the election.

**316(b) Cooling Towers Rule:** EPA is planning to require the use of strict protections for fish in cooling reservoirs for power plants under the Clean Water Act. EPA's own estimates put the draft rule costs between $384 million and $460 million per year and have benefits of just $17 million – a cost benefit gap of more than 22 to 1. As the *Washington Guardian* noted about the delay, "In its latest election-year delay of regulations, the Obama administration said Tuesday it will defer until next year acting on a Clean Water Act rule that could require expensive new construction at power plants to lower fish deaths. The postponement by the Environmental Protection Agency was not unexpected, with the agency having only recently completed a public comment period on its latest data. Still, the move to add another 11 months to the rulemaking marks the latest step by the administration to delay potentially controversial environmental rules until after the November election."

**Coal Ash:** EPA's proposed coal ash rule could cost $79 to $110 billion over 20 years, destroying 183,900 to 316,000 jobs; this will have disastrous impacts in states like Pennsylvania, West Virginia, Ohio and Missouri. As the *Charleston Gazette* reported, "Despite initial tough talk on the issue, Jackson issued a regulatory proposal that did not settle on a particular strategy." *Politico* also noted, EPA is "sitting on proposed regulations to declare coal ash to be a hazardous substance…Administrator Lisa Jackson has said the agency will issue a final coal ash rule by the end of the year, but environmentalists and coal ash recyclers aren't convinced."

**Farm Dust Regulations:** EPA has been regulating farm dust for decades and may tighten the standards as part its review of the National Ambient Air Quality Standards (NAAQS) for coarse particulate matter (PM10). Tightening the PM10 NAAQS would have widespread implications for rural America, as it could be below the amount of dust created during normal farming operations, and therefore be impossible to meet. If the standard is tightened, the only option for farmers to comply will be to curb everyday farm activities, which could mean cutting down on numbers of livestock or the tilling of fields, or they may have to shrink or even end their businesses altogether.

**Spill Prevention Control and Countermeasure (SPCC) Rule:** EPA's Spill Prevention Control and Countermeasure (SPCC) Rule would require farmers and ranchers to develop and implement costly oil and gasoline spill prevention plans, placing a tremendous burden on the agricultural community. The original deadline was set for November 2011, but the rule was delayed due to pressure from Congress. EPA set a new SPCC deadline of May 10, 2013.

This is the agenda that American families will be subjected to, thanks to the Obama-EPA. One look at this barrage of rules and it's abundantly clear that the Obama-EPA is committed to the President's far-left environmental agenda rather than tacking real environmental problems. Of course, one should also look at who President Obama has hired to carry out these regulations: far left environmental activists who put their radical agenda above everything – above sound science, and certainly above any consideration of jobs and the economy.

## OBAMA-EPA REPUTATION FOR "ABUSE": Political Agenda ahead of Jobs/Economy

On May 3, 2012, the left leaning *Washington Post* published an editorial entitled, "The EPA is earning a reputation for abuse" in the wake of an EPA scandal: former EPA Region 6 Administrator Al Armendariz was caught on video admitting the EPA's "general philosophy" of enforcement for oil and gas is to behave like the Romans who "used to conquer little villages in the Mediterranean. They'd go into a little Turkish town somewhere, they'd find the first five guys they saw and they would crucify them. And then you know that town was really easy to manage for the next few years." He continued, saying that he tells his staff to "hit them as hard as you can," "make examples of them," and "go aggressively after them."

The *Washington Post* put it mildly saying that this "didn't sound good" but the editorial didn't stop there. It also pointed to EPA's actions in another recent, high-profile misuse of power that has hurt the agency's credibility: EPA insisting that an Idaho couple, the Sacketts, stop construction on their home and obtain an EPA permit, or face fines of up to $75,000 a day. EPA claimed the Sacketts had violated the Clean Water Act by filling in jurisdictional wetlands. On March 21, the Supreme Court ruled unanimously that EPA had exceeded its authority and has ensured that the Sacketts, and other people who find themselves in similar situations, can challenge EPA's assertion as to whether or not their property contains jurisdictional wetlands, without first submitting to the permitting process. While laying out these two cases of abuse, the editorial elaborated, asking an important question:

> The most reasonable interpretation is also among the most disturbing - that Mr. Armendariz preferred to exact harsh punishments on an arbitrary number of firms to scare others into cooperating. This sort of talk isn't merely unjust and threatening to investors in energy projects. It hurts the EPA. Mr. Armendariz was right to resign this week, while EPA Administrator Lisa P. Jackson denied that his comments reflected the agency's approach. Yet the question will remain: Is an aggressive attitude like the one Mr. Armendariz described common among EPA officials?

To answer the *Washington Post's* question, it's not just Armendariz. Just after the crucifixion scandal broke, Kim Strassel of the *Wall Street Journal* perhaps put it best when she wrote that Armendariz was "a perfect general for Mr. Obama's war against natural gas" and "on the front lines" of this battle; President Obama is literally the Commander in Chief of a war on affordable energy and he has numerous "green generals" in his administration working hard to stop the development of oil, gas, and coal.

So what does the Obama administration really think of fossil fuels?

- Alan Krueger, President Obama's Chair of President's Council of Economic Advisors said in September 2009 that **"The Administration believes that it is no longer sufficient to address our nation's energy needs by finding more fossil fuels."**

- John Bryson President Obama's former Secretary of Commerce said that the Waxman-Markey cap-and-trade bill – which would have been the biggest tax increase in American history – was a **"moderate but acceptable bill."**

- Rebecca Wodder, Obama's nominee to be Assistant Secretary for Fish, Wildlife and Parks at the Department of the Interior has said that **hydraulic fracturing "has a nasty track record of creating a toxic chemical soup that pollutes groundwater and streams..."** Fortunately, Wodder's nomination was withdrawn due to Congressional concern about her anti-fossil fuel agenda.

- Secretary of the Interior Ken Salazar said last year, **"I have the view, that the issue of fracking is the Achilles heel for our natural gas industry."**

- Energy Secretary Steven Chu famously said in 2008, **"Somehow we have to figure out how to boost the price of gasoline to the levels in Europe."** Gas prices in Europe can be up to $8-$9 a gallon.

- Recently a video surfaced of EPA Region 1 Administrator Curt Spalding who said that due to EPA's greenhouse gas regulations **"if you want to build a coal plant you got a big problem."** He went on to add that EPA's decision to kill coal was "painful every step of the way" because it would devastate communities that depend on coal.

- EPA Region 9 Administrator Jared Blumenfeld has made it clear that the Obama administration is focused on killing fossil fuels: "What EPA and primarily the Department of Energy have been tasked to do at the agency level is really come out with **transition pathways away from a fossil fuel economy, both for the peak oil reason and because of climate change, and because of all the other issues related to oil itself."**

- EPA Region 2 Administrator Judith Enck admitted that EPA remains committed to its global warming agenda: "I think there are things we can do in terms of making smart consumer choices, but **fundamentally we need the large emitters which is power plants, manufacturing, and the transportation sector to make a really substantial shift away from fossil fuels."**

- Anthony Van Jones, President Obama's former Green Jobs Czar described fossil fuels as the fuels of "death.": **"We pull out of the ground death. We burn death in our power plants."**

- Carol Browner wrote in an op-ed in *Politico* in 2010, that "Over the past 18 months, the president has taken unprecedented action to make a down payment on our clean energy future. Under his leadership, this administration has invested tens of billions of dollars in clean energy through the American Recovery and Reinvestment Act of 2009...We have an incredible opportunity to change our country's future, but only if we all agree to tackle the energy challenges our nation has faced for nearly 40 years. **By reducing our dependence on fossil fuels we can lessen the growing threats posed by global warming** while creating whole new industries and jobs — and thereby **lead the world in the clean energy revolution**."

- Of course, Region 6 Administrator Al Armandariz said that **EPA's "general philosophy" is to "crucify" and "make examples" of American energy producers.** In that same video, Armendariz lamented, "**I don't have a Way of Life Act I can enforce but at the same time EPA isn't toothless and we do have certain things that we can enforce with the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act."**

- And we can never forget that President Obama himself promised during his campaign in 2008 that **"Under my plan of a cap and trade system, electricity rates would necessarily skyrocket"** and **"if anyone wants to build a coal-fired plant they can, it's just that it will bankrupt them."**

This summer, the EPW minority office released a video which showcases members of President Obama's green team expressing their desire to force a green "Way of Life Act" on Americans through the EPA. Their attitudes are not surprising considering their resumes. Before coming to the administration, John Bryson was the founder of the Natural Resources Defense Council; Rebecca Wodder was the head of the far-left environmental group, American Rivers; Anthony Van Jones and Carol Browner are now working at the Center for American Progress; and of course, "crucify them" Al Armendariz is now heading up the Sierra Club's "Beyond Coal" campaign, which is focused on killing coal in American electricity generation. It is as if there is a revolving door between the White House and far left environmental organizations.

*War on Coal:*

As Administrator Spalding put it, "If you want to build a coal plant you got a big problem." EPA's greenhouse gas regulations are designed specifically to ensure that no new coal-fired power plant can ever be built, while its Utility MACT and Cross State rules are designed not only to prevent new plants but also to shut down existing ones. In addition, EPA's coal ash rule will help shutter coal plants throughout states like Pennsylvania, West Virginia, Ohio, and Missouri, having devastating impacts on coal communities.

EPA is also waging this war on coal on the permitting front. In May 2010, a report released by the EPW minority staff found that EPA at that time was obstructing 190 coal mining permits, putting nearly 18,000 jobs at risk – and not much has improved since then. Last November, a report by the Office of Inspector General (OIG) requested by Senator Inhofe confirmed that EPA, through its own actions, has been deliberately and systematically slowing the pace of permit evaluations for new plants in Appalachia. These findings were concerning enough that the Inspector General did a follow up review – and again, in February of this year, the OIG found that EPA did not have a consistent, official recordkeeping system, which was exacerbating permit delays.

Not only is EPA continuing to stall the permitting process, they are trying to stop permits that have already been granted. In January 2011, EPA took the drastic and unprecedented step of revoking a lawfully issued mining permit that the Bush Army Corps of Engineers had granted to the Spruce Mine project in Appalachia. Fortunately, the courts recognized EPA's overreach in this case. On March 23, 2012 the U.S. District Court

ruled that EPA exceeded its authority – and as the Judge said, EPA's claim that it can veto a permit already issued by the Army Corps of Engineers is a "stunning power for an agency to arrogate to itself when there is absolutely no mention of it in the statute."

The Obama administration's adversity to coal is so great that President Obama doesn't even pretend to support it. In fact, his campaign website had a section devoted to the President's goals for every energy resource except coal. Only after facing intense criticism, and disappointing primary results in coal states, the Obama campaign attempted quietly to add a "clean coal" section to its site. But apparently, President Obama's definition of "clean coal" is no coal. In his 2013 budget request, the President cut funding for coal research and development at the National Energy Technology Laboratory (NETL) by nearly 30%. This is at the same time EPA has proposed greenhouse gas standards for coal-fired power plants that require Carbon Capture and Sequestration (CCS) – a technology that is not ready to operate on a commercial scale. So on the one hand President Obama issues standards in which utilities can't comply without using CCS, while on the other hand he handicaps that very technology.

Through it all, one thing is certain: there is strong bipartisan opposition to President Obama's war on coal. In the lead-up to the vote on Senator Inhofe's resolution to stop the Utility MACT rule, twenty-four state attorneys general – including one quarter of all Democratic state attorneys general – filed suit to overturn Utility MACT because of the devastating effects it will have on jobs and their states' economies; these are Democrats from Arkansas, Kentucky, Mississippi, Missouri, West Virginia, and Wyoming. West Virginia's Governor Earl Ray Tomblin, also a Democrat, wrote to West Virginia Senators Joe Manchin and Jay Rockefeller urging them to vote in favor of the resolution to stop Utility MACT saying EPA's rules have "coalesced to create an unprecedented attack on West Virginia's coal industry." West Virginia's Lt. Govovernor Jeffrey Kessler echoed this concern, saying that EPA is destroying the state's "most valuable state natural resource and industry."

Larry Puccio, the Democrat Party Chairman in West Virginia said, "A lot of folks here have real frustration with this administration's stance on coal and energy." Labor Unions too, have weighed in strongly. Cecil Roberts, president of the United Mine Workers, one of the biggest labor unions in the country, sent a letter to several senators asking them to support Senator Inhofe's resolution because of "the threat that the EPA MATS rule poses to United Mine Workers Association members' jobs, the economies of coal field communities, and the future direction of our national energy policy."

Nearly 80% of the private sector joined in support of putting a stop to President Obama's war on coal, including the National Federation of Independent Business and the National Association of Manufacturers (NAM), the largest manufacturing association in the United States. NAM sent a letter noting that "The Utility MACT regulation is one of the most expensive rules ever written for power plants and, according to one analysis, would cost nearly $95 billion. These costs will be passed down to residential consumers and U.S. manufacturers, which use one-third of our nation's energy."

This strong bipartisan opposition to President Obama's war on coal is well placed, given the impact on consumers:

- **ARKANSAS** - 40% of electricity; $70 million in annual payroll

- **LOUISIANA** - 9th cheapest electricity; $100 million in payroll
- **MICHIGAN** - 60% of electricity; 10th in coal use
- **MISSOURI** - 80% of electricity; 6th in coal use
- **MONTANA** - 60% of its electricity; 5th in coal production
- **NORTH DAKOTA** - 85% of electricity; 9th in coal production
- **OHIO** - 85% of its electricity; more than 19,000 jobs
- **PENNSYLVANIA** - 52% of electricity; 5th in coal use
- **TENNESSEE** - 62% of electricity; $220 million in annual payroll
- **VIRGINIA** - more than 31,000 jobs; 13th in coal production
- **WEST VIRGINIA** - 2nd in coal production; more than 80,000 jobs

With so many jobs at stake, EPA has been trying to claim that coal fired electricity generation is dwindling because of natural market forces, due to the cheaper price of natural gas. Their message is: don't blame the EPA. But Administrator Spalding told us the truth. Thanks to the EPA, there will be no new coal plants in the United States and coal's demise will be painful – "painful every step of the way."

*War Oil and Natural Gas: "Crucify Them"*

When former Region Six Administrator Al Armendariz's admitted that EPA's "general philosophy" is to "crucify" and "make examples" of oil and gas producers, Americans were given a rare glimpse into the Obama administration's true agenda.

Not long after Administrator Armendariz made this stunning admission, EPA began zeroing in on its first crucifixion victims, targeting natural gas producers in Pennsylvania, Texas and Wyoming. In each case, EPA made headline-grabbing allegations that these American energy producers were causing water contamination through hydraulic fracturing; but despite EPA's intensity and determination, they were unable to find any definitive evidence to back up their alarmist claims. When EPA's investigations did not turn out the way they had hoped, the agency quietly released several late-night statements admitting they were wrong, but by then, the damage was already done. These companies were not breaking the law, yet they were being "made examples" of – even worse was the impact on the working families in these areas who were being told by EPA that hydraulic fracturing had contaminated their water, and in some cases, threatened to explode their homes, only to discover a year later that EPA had gotten it wrong.

Of course not one cubic foot of natural gas could be extracted from these tight formations without the use of hydraulic fracturing, so part of President Obama's election strategy is to try to convince voters that he is for natural gas, all while working hard to usurp states' authority to regulate hydraulic fracturing; the goal is to instate more and more federal control over the practice so that he can eventually put a stop to it. As he said in a revealing statement last year,

> "The problem is, is that extracting [natural gas] from the ground — the technologies aren't as developed as we'd like and so there are some concerns that it might create pollution in our groundwater, for example. So we've got to make sure that if we're going to do it, we do it in a way that doesn't poison people."

Obama administration officials have made similar comments. Secretary of the Interior Ken Salazar said last year, "I have the view, that the issue of fracking is the Achilles heel for our natural gas industry" and in 2010 Energy Secretary Steven Chu said, "We are going to have to get some sort of regulatory thing going on that [hydraulic fracturing]." They have certainly been trying to do just that. Today the Obama administration, through no less than fourteen federal agencies, is currently looking at ways to regulate hydraulic fracturing at the federal level – they are trying desperately to find a link between hydraulic fracturing and groundwater contamination, but for all their efforts they have not been successful.

That's because calls for EPA and other agencies to regulate hydraulic fracturing aren't related to any valid threat to drinking water supplies. Since the first use of hydraulic fracturing in 1949 in Duncan, Oklahoma, producers have completed hydraulic fracturing jobs more than 1.5 million times without one documented case of groundwater contamination from fractured formations. Studies conducted by EPA, the University of Texas, Ground Water Protection Council, and Interstate Oil and Gas Compact Commission have found that there is no significant environmental risk or any proof of water contamination from the fractured formation, and they have demonstrated the effectiveness of state governments regulating hydraulic fracturing operations. Even EPA Administrator Lisa Jackson has admitted, "I'm not aware of any proven case where the fracking process itself has affected water."

The Obama Administration has certainly flexed its regulatory muscles on federal lands where President Obama has control. In fiscal year 2011, production of natural gas dropped 11 % from 2010 while oil production plummeted nearly 14 % on federal lands and in federal waters under President Obama's watch.

One telling statistic comes from a report by the nonpartisan Congressional Research Service (CRS), which revealed that since 2007, approximately 96% of the increase in domestic oil production took place on non-federal lands. The bottom line is that America is having an oil and natural gas boom not because of the President but precisely because the President's attempts to stop it have failed. Our immense shale deposits are located predominantly in areas of the country where states regulate oil and gas development, not the federal government. That's why states like Pennsylvania, Arkansas, Oklahoma, Texas, Louisiana, West Virginia, Ohio, Michigan, and North Dakota, are leading the way towards a true energy boom.



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The results of this development are clear: shale gas production alone supported more than 600,000 jobs and is expected to grow to over 870,000 jobs by 2015 and more than 1.6 million by 2035; it has also contributed more than $76.9 billion to US GDP in 2010. But the success of state regulation is exactly what President Obama is trying to stop, and if reelected, he will do everything in his power to expand the federal government's regulatory reach over hydraulic fracturing.

*Keystone Pipeline*

By rejecting the Keystone pipeline, President Obama squandered the best job creating opportunity he has ever had: he prevented 20,000 jobs from being created immediately and up to 465,000 by 2035. Even the unions and the president's own jobs council asked him to approve the project. As the job's council interim report stated, "What's gotten less attention [...] is the number of jobs at stake" and the Keystone pipeline could "support or preserve hundreds of thousands of jobs in the next few years."

President Obama also missed his biggest chance to strengthen energy security. The United States currently imports more oil from Canada than any other country and this pipeline would have facilitated even more Canadian imports, helping to reduce our reliance on the Middle East and Venezuela. The pipeline would also have helped the US transport its own resources more effectively through Cushing, OK where current pipeline infrastructure can't accommodate volume of crude oil needed for distribution. In other words, the Keystone pipeline would have greatly improved our ability to get resources out of Cushing.

President Obama gave numerous excuses for why he rejected the pipeline but his radical environmental friends told us the truth: as global warming alarmist Bill McKibben said, "There have been few even partial victories about global warming in recent years so [the Keystone decision] makes this an important day' and the delay 'will effectively kill the project." Al Gore echoed this sentiment saying "This is an important win not only for the thousands of activists who risked arrest – and for the hundreds who went to jail – but for all of us who want to try and roll back the effects of the climate crisis, not magnify them." Of course, the irony is that preventing the pipeline will only increase emissions as Canada sells and ships its resources to places like China that have far fewer pollution control standards.

President Obama's rejection of the pipeline is perhaps best explained by Steven Chu who in testimony before Congress refused to retract his statement that he wants Americans to pay European gas prices, and went on to say, "The overall goal [of the Obama-administration] is to decrease our dependence on oil; to build and strengthen our economy and decrease our dependency on oil." Secretary Chu said that the goal is to "decrease our dependency on oil" – and he didn't specify foreign oil. Clearly, the Obama administration's ambition is to eliminate oil altogether.



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# Conclusion

EPA faces a tremendous 2013 no matter who wins the Presidential election this November. However, as this report has shown, under an Obama -EPA that has earned a "reputation for abuse," American families will be subjected to a regulatory onslaught that will drive up energy prices, destroy millions of jobs, and further weaken the economy. Those in poor communities and on fixed incomes, who are already spending around 24% of their income on higher energy prices, will be hurt the most. As editorial writer Chris Lane wrote in the *Washington Post*, "As the Democrats become more committed to, and defined by, a green agenda, and as they become dependent on money from high-tech venture capitalists and their lobbyists, it becomes harder to describe them as a party for the little guy — or liberalism as a philosophy of distributive justice."

The good news is that it does not have to be this way: America has tremendous resources and developing these resources is the key to turning the economy around. According to a U.S. Geological Survey (USGS) report released in April, America has 26% of the world's recoverable conventional oil resources, and that doesn't begin to include our enormous oil shale, tight oil and heavy oil resources. We also hold almost 30% of the world's technically recoverable conventional natural gas resources. The Congressional Research Service (CRS) has also found that America possesses largest oil, natural gas, and coal resources on earth – more than Saudi Arabia, China, and Canada combined. Another study has shown that the economic benefits from domestic oil and gas development is approaching $1 billion a day and is keeping the United States from sinking into another recession. It also revealed that cheaper natural gas, due to hydraulic fracturing has saved American families an average of $566 million a day over the past year.

Just one look at the states that are developing their own resources and its clear which plan works: Oklahoma has over 83,000 producing oil wells and 43,000 producing natural gas wells. The Oklahoma oil and gas industry supports 300,000 jobs and contributes $51 billion to the state economy every year. That is precisely why Oklahoma's unemployment rate is has been consistently around 4 percent while the national unemployment rate hovers around 8-9 percent.

Taking advantage of our resources, instead of pursuing President Obama and his EPA's policies of energy austerity, will lead to immense economic recovery, millions of new jobs, and increased energy security. How successful America is in achieving economic recovery has much to do with how successful the EPA is in enacting the job-killing, anti-fossil fuel agenda the Obama administration has set for 2013.



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