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United States Senate

WASHINGTON, DC 20510

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The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20002

Dear Mr. President,

I write out of deep concern that your administration is moving forward with a regulatory assault on domestic oil and natural gas production, harming the many Louisianians who work in those industries to provide for their families. What is most troubling is that we have seen this destructive game plan before with another sector – the coal industry. As you well know, our domestic energy production is key to providing low-cost, affordable electricity and energy for families and businesses. Unfortunately, it appears that as a natural extension of this administration's war on coal, the administration is now declaring war on oil and natural gas.

In recent years, the Environmental Protection Agency (EPA) has moved forward on a range of regulations, such as the Cross State Air Pollution Rule, Mercury and Air Toxics Standards, and the so-called Clean Power Plan or CPP, which have brought tremendous harm to the coal industry and coal-sector workers. For example, as of June 2015, utilities have announced that they will either retire or convert 393 coal-fired units representing 62,000 MW of electric generating capacity, and those utilities have cited EPA regulations as the primary reasons for those closures or conversions.¹ These developments are having real world impacts: according to the Mine Safety and Health Administration, through the first quarter of 2015, coal mining employment dropped 31.5 percent from 2011, from 143,437 jobs to 98,310 jobs.² These staggering numbers in the coal industry, mainly due to policies from this administration, lead me to question how your new policies will affect oil and natural gas.

This fall, your administration will finalize a proposal to lower the national ambient air quality standards for ground-level ozone, which, according to the Center for Regulatory Solutions, a project of the Small Business and Entrepreneurship Council, could be the most expensive regulation in American history. In fact, according to a study by NERA Economic Consulting, a new ground-level ozone standard of 65 ppb, which your administration is considering, could result in a nearly \$11 billion loss in gross state product in Louisiana from 2017 to 2040, and over

¹ American Coalition for Clean Coal Electricity, *Coal Unit Shutdowns*, June 18, 2015

² MSHA *Mine Safety and Health At a Glance Fact Sheet and Quarterly Reports*

34,000 lost jobs per year in our state.³ A large number of Louisiana parishes would be unable to comply with that standard. As you know, counties and parishes that are out of compliance face major obstacles to attracting new investment and economic growth, but non-compliance is not required for economic harm to occur to these counties and parishes. In fact, the Baton Rouge Metro Area Chamber of Commerce conducted a report this year that found, “Since the EPA first proposed lowering the ozone standard in December, the Baton Rouge Area has seen four major industrial projects totaling 2,000 direct and indirect jobs, and more than \$7 billion in capital investment, either put on hold or redirected elsewhere. These losses are in direct correlation with the uncertainty created by the newly proposed ozone rule.”⁴

In another development, the EPA recently unveiled a proposal to regulate methane emissions from new, modified and reconstructed oil and gas upstream sources. While proponents have tried to downplay the impacts of this proposal, the Clean Air Act requires that existing sources be addressed once new sources are regulated. If and when that occurs, industry will be required to upgrade or retrofit a large number of existing facilities and infrastructure, adding large costs without increasing environmental benefits. There is no doubt that such requirements would put more oil and gas industry employees out of work. It should also be noted that many of the proponents of regulating methane emissions from oil and gas also oppose the practice of hydraulic fracturing and have tried in various ways to prove that it poses a threat to the environment and public health. As you will recall, that position was recently rejected by your own EPA, which concluded in an in-depth, long-running study that hydraulic fracturing poses no such “widespread, systemic impacts on drinking water.”⁵

EPA is not the only offender. In April, the Department of Interior’s Bureau of Safety and Environmental Enforcement (BSEE) unveiled its well-control rule. Initiated four years ago in response to the tragic Deepwater Horizon oil spill in 2010, BSEE appears to have ignored subsequent steps taken by industry to improve safety and proposed a far-reaching, technically-flawed rule. Drillers in the Gulf of Mexico have conveyed to me that it could lead to a number of negative impacts, resulting in an effective moratorium on drilling new wells and therefore, bring tremendous damage to an industry and region that suffered from the de-facto moratorium unjustly imposed by your administration in 2010. Nonetheless, BSEE’s economic analysis for the proposal somehow projected that it will bring net economic benefits, while preliminary estimates from some industry representatives are that it could bring in excess of \$3 billion per year in average direct costs to the industry, or \$32 billion from 2017 – 2026, as well as billions of dollars in lost royalties and tax revenues for local governments.⁶

³ NERA Economic Consulting, *Assessing Economic Impacts of a Stricter National Ambient Air Quality Standard for Ozone*, July, 2014

⁴ Baton Rouge Area Chamber, *BRAC Public Policy Commentary: Eighteen of Twenty Top-Performing Metro Economies at Risk from New Ozone Standards*, March, 2015

⁵ U.S. EPA, *EPA’s Study of Hydraulic Fracturing for Oil and Gas and Its Potential Impact on Drinking Water Resources*, July, 2015

⁶ *BSEE Proposed Well Control Rule, Cost and Economic Analysis*. Prepared for American Petroleum Institute by Quest Offshore and Blade Energy Partners. July 2015

As you approach the final year of your presidency, I urge you to abandon policies that will bring further economic harm to energy-producing states. Instead, your Administration should focus on mitigating environmental impacts in a manner that considers and collaborates with the people and communities that produce and rely on fossil fuels to make their living and who have played such a major role in strengthening our country and economy as a result.

Sincerely,

A handwritten signature in blue ink that reads "David Vitter". The signature is written in a cursive style with a large, stylized "D" and "V".

David Vitter
United States Senator
Louisiana