

SUMMARY *of* PROCEEDINGS



ENERGY PRODUCING STATES COALITION

COALITION MEETING INFORMATION

Houston, Texas
May 4, 2012

COALITION MEMBERS PRESENT

Alaska

Rep. Charisse Millett
Rep. Kyle Johansen

Utah

Rep. Roger Barrus

Wyoming

Rep. Thomas E. Lubnau II, Chairman
Sen. Drew Perkins
Rep. Thomas A. Lockhart
Sen. Eli Bebout

A list of meeting attendees is attached as Appendix 1.

The agenda is attached as Appendix 2.

The Committee Meeting Summary of Proceedings (meeting minutes) is prepared by the Legislative Service Office (LSO) and is the official record of the proceedings of a legislative committee meeting. This record does not represent a transcript of the meeting; it is a digest of the meeting and provides a record of official actions taken by the Committee. All meeting materials and handouts provided to the Committee by the Legislative Service Office, public officials, lobbyists, and the public are on file at the Legislative Service Office and are part of the official record of the meeting. For more information, please contact the Legislative Service Office at 307-777-7881 or by e-mail at lso@state.wy.us. The Summary of Proceedings for each legislative committee meeting can be found on the Wyoming Legislature's website at <http://legisweb.state.wy.us>.

EXECUTIVE SUMMARY

The Coalition met in Houston, Texas to discuss issues affecting energy producing states. Coalition members and others in attendance at the meeting discussed the various issues and challenges affecting energy production in the member states. Coalition members received a presentation from Denbury Energy Resources on the lack of a regulatory process which supports development of enhanced oil recovery activities. The Coalition heard a report from the Consumer Energy Alliance and considered some form of partnership with that group. Coalition members also discussed ways in which the EPSC could reach out to other energy producing states. Consumer Energy Alliance staff was asked to develop a Memorandum of Understanding for member states and legislators who are interested in joining the Coalition, as well as providing the Coalition with a report on energy producing states.

MAY 4, 2012

CALL TO ORDER

Chairman Lubnau called the meeting to order at 8:00 a.m. The following sections summarize the proceedings by topic. Please refer to Appendix 2 to review the Meeting Agenda.

INTRODUCTION

Chairman Lubnau opened the meeting with a description of the genesis of the EPSC which sprang from the Western States Energy and Environment Symposium co-sponsored by the Wyoming Legislature and the Council of State Governments in Jackson, Wyoming in 2009. Representative Clarisse Millett of the Alaska House of Representatives had originally taken the lead in forming a coalition of energy producing states. Chairman Lubnau described the development of the Mission Statement of the Energy Producing States Coalition. He also described the early teleconferences and the Salt Lake City and Anchorage meetings in 2011 at which the Coalition begin to develop its core concepts. Those core concepts included the belief that energy producing states are in the best position to develop their energy policy and that the federal government was too unwieldy to effectively manage energy resources in this country.

The stated goals of the Houston meeting were to explore some form of partnership with Consumer Energy Alliance (CEA), discuss issues impacting energy development in the member states, and the development of effective tools to convince other energy producing states to join the Coalition. Chairman Lubnau stated that it may be difficult to keep the Coalition moving forward but he believed Coalition members were up to the task.

Coalition members and attendees introduced themselves.

DENBURY RESOURCES: REGULATORY ISSUES FACING ENHANCED OIL RECOVERY AND CARBON SEQUESTRATION

Greg Schnacke, Executive Director of Governmental Relations for Denbury Resources Inc. presented the Coalition with a presentation on Denbury Resources and the challenges of developing enhanced oil recovery (EOR) infrastructure in the current federal regulatory environment. (Appendix 3). Mr. Schnacke asked legislators in attendance to consider introduction and adoption of legislation on carbon dioxide storage

similar to Mississippi's or regulations like those adopted by the Texas Railroad Commission (see Appendix 3).

CONSUMER ENERGY ALLIANCE

David Holt began the discussion by explaining the mission of Consumer Energy Alliance (CEA). Mr. Holt stated that CEA is a nonprofit, nonpartisan organization whose mission is to expand the dialogue between the energy and consuming sectors and to advance a better understanding of energy security. (Appendix 4). CEA's membership includes individual consumer advocates, consumer advocacy groups, trade and transportation groups and energy producers. Mr. Holt further described the staffing structure of CEA and the volunteer work he is doing individually for the Outer continental Shelf Governor's Coalition. Mr. Holt answered questions from Coalition members concerning possible conflicts of interest which may arise between the Coalition and members of CEA. Mr. Holt stated that he would share any potential conflicts which may arise with Coalition members and the Coalition could then decide appropriate measures to respond to the conflict. Mr. Holt provided the Coalition with some possible ideas how CEA could help grow the membership of the Coalition.

Dave Harbour, CEA board member discussed possible structures the Coalition could adopt. Mr. Harbour stressed that whichever organizational structure the Coalition settled on, it was essential that the Coalition standardize and institutionalize its operation. To achieve this, the Coalition should develop by-laws with the assistance of CEA. At this point, membership in the Coalition should require the least possible financial obligation. The Coalition should also consider requiring potential members to sign a set of "guiding principles" or a "memorandum of understanding" to ensure that only those legislators which support the mission statement of the Coalition would become members. Mr. Harbour also suggested that the Coalition hold its meetings in conjunction with meetings of the Interstate Oil and Gas Compact Commission.

Coalition members discussed an affiliation with CEA. Coalition members decided to have an informal relationship with CEA to determine whether the two organizations can beneficially work together. Chairman Lubnau requested that CEA prepare for the Coalition:

1. A draft Memorandum of Understanding (MOU) for states and individual legislators to join the Coalition;
2. A fact sheet on possible member states; and
3. A draft invitation to possible member states and individual legislators.

Coalition members discussed the role bylaws could play in developing the structure of the organization. General discussion was also held on ways in which member legislatures could fund a non-profit organization such as dues or appropriations for direct expenses. The Coalition decided that membership should not require any dues for now. Members discussed whether to limit membership of legislators from each state and how votes would be tabulated.

Coalition members reiterated their goal of membership in the Coalition of the top ten energy producing states. Jack Belcher, Vice President of CEA, stated that CEA could help the Coalition achieve this goal. Mr. Belcher stated that one avenue to achieve this goal would be to emphasize the obstacles confronting energy development, production and transmission in all energy producing states.

SUCCESSSES FROM PAST LEGISLATIVE SESSIONS

Coalition members discussed legislation introduced in their respective legislatures which sprang from the Energy Producing States Coalition.

Wyoming members discussed legislation which: authorized and partially funds baseline scientific assessments to gather critical information prior to energy development (HB 0090); grants county commissioners special expertise on all issues which they have statutory authority so that they can achieve cooperating agency status in federal land management decisions (SF0084), authorizes state primacy over greenhouse gas regulations (SF86); and supports the opening of the Arctic National Wildlife Reserve (ANWR) to energy development and oppose wilderness designation (HJR001).

Alaska legislators discussed various legislative efforts, including the "Central Park Wilderness Resolution".

Rep. Roger Barrus of Utah discussed the State of Utah's efforts to obtain state control of non-national park or military facility federal lands in the state through the Utah Lands Protection Act. Rep. Barrus described the steps the State of Utah was beginning to undertake to gain control over the aforementioned federal lands.

CURRENT ISSUES EFFECTING ENERGY DEVELOPMENT

Shawn Reese, Policy Director for Wyoming Governor Matt Mead discussed the continuing implementation and effects of Governor Mead's Executive Order on Greater Sage-Grouse Core Area Protection (Appendix 5). Mr. Reese stated that all states with sage grouse were working to develop a coordinated sage grouse plan through the Western Governors Association. Governor Mead and Colorado Governor John Hickenlooper are coordinating the development of this plan. The United States Fish and Wildlife Service has advised all of the state grouse states to develop and adopt state regulations protecting sage grouse habitat and other resources vital to sage grouse.

Wyoming legislators also discussed the continuing frustration with attempting to develop energy resources on federal land. With the increased development of shale gas formations in states with a much higher percentage of fee land, there is a concern that drilling activity will decrease in western states and move east. Coalition members remarked that a permit could be obtained to drill on fee land in a state such as Illinois in three to eight weeks, while obtaining a permit to drill on Bureau of Land Management land in Wyoming could take longer than a year. Members from Wyoming also stressed the importance of developing West Coast coal shipping facilities for the continued viability of American coal and to benefit the American economy.

Representatives Millet and Johansen discussed current issues affecting energy development in Alaska. Lack of energy development in the Arctic National Wildlife Refuge (ANWR) continues to place increased pressure on the short term and long term viability of the Trans-Alaskan Pipeline. The pipeline requires a minimum level of oil flowing through it or it will freeze. If the pipeline freezes, the reclamation agreement requires the pipeline to be disassembled and reclaimed. If no new production is sent down the pipeline from ANWR the pipe line may be disassembled. The Alaskan legislators also discussed their concern that the United States Fish and Wildlife Service (USFWS) is targeting subspecies or subpopulations for protection under the Endangered Species Act when the species overall was meeting or exceeding population objectives. Rep. Millett pointed to the Wood Bison and certain populations of Beluga Whales as examples of this possible overreach by the USFWS.

Coalition members discussed efforts by the Federal Administration to support energy development in such areas of the world as Brazil and Mexico while stunting domestic production at home. Coalition members discussed the possibility of drafting a resolution exhorting the federal government to support domestic energy production rather than subsidizing foreign energy production.

POSSIBLE FUTURE MEETING DATES

Coalition members discussed possible future meeting dates. Discussed were meetings before other gathering of state legislators such as at ALEC, CSG-West or the Interstate Oil and Gas Compact Commission.

MEETING ADJOURNMENT

There being no further business, Chairman Lubnau adjourned the meeting at 4:00 p.m.

Respectfully submitted,

Representative Thomas E. Lubnau II, Chairman

Committee Meeting Materials Index

Appendix	Agenda Item	Appendix Description	Appendix Provider
1	Committee Sign-In Sheet	Lists meeting attendees	LSO
2	Committee Meeting Agenda	Provides an outline of the topics the Committee planned to address at meeting	LSO
3	Denbury Resources	Denbury Resources Presentation to EPSC	Denbury
4	Consumer Energy Alliance	CEA Materials	CEA
5	Issues Impacting Energy Development	Wyoming Governor Matt Mead's Ex. Order on Greater Sage-Grouse Core Area Protection	Wyoming Governor's Office