

March 18, 2011

The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Obama:

The geopolitical upheaval in the Middle East is once again increasing energy costs in world markets, which directly impacts the costs of energy supplies in the United States. Faced with uncertainty over energy prices, employers are being forced to reassess planned investments during a precarious time for our nation's extended economic recovery.

The uncertainties caused by international events that are well beyond the Administration's control are further compounded by the unreasonably aggressive regulatory agenda being pursued by the U.S. Environmental Protection Agency (EPA). As the stewards of our states' natural resources, we share the broad goals of the EPA to protect our air and water. However, we wish to express our strong concerns over the contents and timing of many of the recently adopted and pending regulations, which together could seriously impact energy supply, reliability, and affordability for the residents, small businesses, and manufacturers in our states and across the country.

The President's Executive Order on January 18, 2011, emphasized the need for predictability and certainty when it comes to federal regulations. However, the EPA is simultaneously developing and implementing a number of regulatory and policy initiatives with extremely short and converging compliance deadlines within the next five years which will significantly impact the energy industry, increase burdensome costs to consumers, and hurt the competitiveness of U.S. manufacturers. An abbreviated list of these new regulations and policy uncertainties includes:

1. Federal regulation of greenhouse gas emissions from industrial, manufacturing and electric generation facilities;
2. Promulgation of new Maximum Achievable Control Technology (MACT) standards for industrial boilers.
3. Promulgation of stringent National Ambient Air Quality Standards for ozone, SO₂, NO₂, and particulates.
4. Proposed new MACT and cooling water intake structures requirements for power plants.
5. Multiple policy interpretations by the Agency related to American coal mining have resulted in the withdrawal of over 50% of pending applications, a 9% approval rate for those remaining, and an unprecedented revocation of an existing permit.
6. Continued uncertainty over whether Coal Combustion Residue will be regulated as a hazardous waste even though it does not meet any of the characteristics of a hazardous waste.

7. The impending EPA study which threatens to usurp state regulation of hydraulic fracturing.

It is vital for our citizens and businesses to have access to a wide diversity of energy sources in order to facilitate our economic recovery. The fact that our dominant energy source, oil, is heavily imported reinforces the need for utilizing our abundant domestic energy supply. The United States has bounteous reserves of oil and natural gas, and we believe that your administration should allow for adequate utilization of these domestic resources. Not only will domestic extraction of oil and natural gas hedge against the uncertainties of the global oil market, but a lifting of the *de facto* moratorium on oil drilling could also stimulate the creation of thousands of stable jobs in a sector that can propel our economy forward in uncertain times. Further, we would discourage the administration from tapping into the Strategic Petroleum Reserve (SPR) at this time. The SPR should only be tapped when we face both international crisis and domestic decline in resource capacity. We have not yet reached this point.

The cumulative impact of EPA's regulatory actions, resulting in a reduction of domestic energy supply and higher energy prices, could force the U.S. to rely even more heavily on foreign energy which can potentially stifle our fragile economic recovery. Additionally, EPA's actions are adding to already overburdened state resources and are limiting the ability of states to administer their own, effective environmental programs and further slow the nation's economic recovery.

We believe the EPA's proposed rules harm domestic energy production and are hostile to the Administration's stated goals of creating jobs, improving the regulatory process, and increasing our nation's energy security. America has an expansive portfolio of domestic energy resources such as oil, natural gas, nuclear, coal, and renewables and our states are well equipped to work in partnership with, not for, the federal government in providing the energy our economy needs to thrive. We request that you ensure any EPA rule maintains the partnership between the federal government and the states; allows for a full analysis of the costs and benefits of the proposed regulations on the economy, jobs and American economic competitiveness; and ensures that new rules do not increase the already high cost of energy to American consumers. We further request that EPA, in partnership with state regulators, analyze and make available cost estimates to states for implementing new regulations.

Sincerely,



Governor Robert J. Bentley
Alabama



Governor Janice K. Brewer
Arizona



Governor Sean Parnell
Alaska



Governor Nathan Deal
Georgia

Governor C.L. "Butch" Otter
Idaho

Governor Tom Corbett
Pennsylvania

Governor Mitch Daniels
Indiana

Governor Nikki Haley
South Carolina

Governor Terry E. Branstad
Iowa

Governor Dennis Daugaard
South Dakota

Governor Bobby Jindal
Louisiana

Governor Rick Perry
Texas

Governor Haley Barbour
Mississippi

Governor Gary R. Herbert
Utah

Governor Jack Dalrymple
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Governor Robert F. McDonnell
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Governor John R. Kasich
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Governor Matthew H. Mead
Wyoming

Governor Mary Fallin
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Governor Luis Fortuño
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