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Making the Louisiana coast a priority: an editorial
NOLA.com, October 24, 2009;
http://www.nola.com/opinions/index.ssf/2009/10/making_the_louisiana_coast_a_p.html

Editorial Page Staff

Nancy Sutley, the White House's point person on the environment, got an airboat-level view of Louisiana's eroding coastal marshes Tuesday. In a photo from Big Branch Refuge near Lacombe, the boat appears to be in open water, but there is a small strip of green marsh grass in the distance.

Louisianians who have fished and worked the coast for decades can point to broad expanses of water and describe the stands of trees and fields of grass that once grew there.

Byron Encalade, a fisher from East Pointe-a-la-Hache, talked recently about the dramatic loss of land. "I used to travel at night on my boat from St. Bernard all the way across the Mississippi line with only a compass, because we had landmarks we could navigate by," said Mr. Encalade, who fishes for oyster and shrimp. "You can't do that anymore. All the small islands, all the passes, they've all washed away."

Mr. Encalade said he wished that President Barack Obama would tour the marshes by boat during his stop in New Orleans a week and a half ago. That didn't happen, but Ms. Sutley and Jane Lubchenco, the undersecretary of commerce for oceans and atmosphere, should take what they saw on their boat ride back to the White House.

Even before the airboat excursion, Ms. Sutley said she understood the urgent need for coastal restoration. Viewing the erosion first-hand surely reinforced that message.

White House Council on Environmental Quality Chair Nancy Sutley speaks with Col. Al Lee, District Commander for the New Orleans District for the U.S. Army Corps of Engineers, during a visit to the Bayou Bienvenue Coastal Restoration Site in New Orleans' lower Ninth Ward on Thursday, October 15.The boat tour came a day after she, Ms. Lubchenco and several other Obama administration officials listened to three hours of testimony in New Orleans on developing an oceans policy. Most of the comments concerned Louisiana's coastal land loss. That is no doubt partly a reflection of where the meeting was held.

But it also is an indication of the importance of the issue to a broad range of people.

"The nation cannot continue to watch Louisiana disappear," said Robert Twilley, associate vice chancellor for research at Louisiana State University and a professor of oceanography and coastal sciences.

"We have watched as our coast has disappeared," said Tracy Kuhns, who runs the coastal advocacy group Louisiana Bayoukeeper. "It's not just wetlands, it's not just a swamp out here. People live there. When we lose all that we lose our culture and our livelihoods."

That is crucial for the White House to understand. Ours is a working coastline, not a vacation-land dotted with high-priced condos. And the work that is done along our shores is vital to the U.S. economy. Ms. Sutley and Ms. Lubchenco no doubt saw fishing boats and oil and gas pipelines on their marsh trip last week. Our fisheries supply 40 percent of the seafood consumed nationally, and 34 percent of the country's natural gas supply and 29 percent of the crude oil comes through coastal Louisiana.

If nothing else, the federal government ought to help rebuild our coast out of a recognition of its immense economic value. In addition, restoring the state's protective marshland will help protect the government's investment in the region's recovery.

President Obama should remember, too, that South Louisiana has paid a price for oil and gas exploration. A federal Minerals Management Service study released recently found that oil and gas production has taken a significant toll on Gulf Coast wetlands and contributed to this state's land loss crisis. The report also pointed out that destruction caused by pipeline and navigation channel construction could be avoided or reduced by using the least damaging and most easily mitigated construction method.

The findings, which went unpublished for two years, bolster Louisiana's argument that the federal government ought to shoulder a greater share of coastal restoration costs.

For decades the federal government refused to give Louisiana a share of royalties from oil and gas harvested off our coast. Not until 2006 was the state's congressional delegation able to get Congress to pass a revenue-sharing bill -- and even then only on new wells. In the first decade, very little money is being realized for the state.

Louisiana will receive about $7 million this year, and that amount will stay between $7 million and $10 million per year until 2017. New federal Minerals Management Service estimates now conclude the state's share will only grow to between $100 million and $150 million a year, which is substantially less than predicted when Congress approved the revenue-sharing measure.

To help jumpstart restoration projects and pay for land needed for levee construction, the state has put up at least $800 million from its budget surpluses since 2007. That ought to signal Louisiana's commitment to the coast. Gov. Bobby Jindal said he used his time with President Obama to press for funding for the backlog of flood-protection projects that are ready to go and for which the state has already put up matching dollars. The state is hoping that the president will include $500 million to $1 billion in his next annual budget to pay for four major restoration projects.

The governor should continue to press the state's case.

Denise Reed, a coastal researcher at the University of New Orleans, described the situation well. "Louisiana is undoubtedly in a crisis, and we don't need short-term fixes, we need deliberative thinking about what the next century holds."

Louisiana loses the equivalent of a football field in land area to erosion every 38 minutes, which leaves everyone here far more vulnerable to storms. That threat has a cost not only to us but to the nation.

Obama says 'consensus is growing' on comprehensive bill
Greenwire, October 23, 2009; http://www.eenews.net/Greenwire/2009/10/23/2

Darren Samuelsohn

President Obama said today that a "consensus is growing" on Capitol Hill to pass comprehensive energy and global warming legislation, citing recent bipartisan Senate talks aimed at merging domestic oil and gas drilling with a long-sought effort to cap U.S. greenhouse gas emissions.

"This should not be a partisan issue," Obama said during a 15-minute speech at the Massachusetts Institute of Technology in Cambridge, Mass. "Everyone in America should have a stake in legislation that can transform our energy system into one that's far more efficient, far cleaner and provides energy independence for America."

Obama specifically mentioned Senate Foreign Relations Chairman John Kerry's (D-Mass.) partnership with Sen. Lindsey Graham (R-S.C.) designed to pick up a number of fence-sitting senators by folding supply-side energy provisions into a global warming bill.

The president insisted that stronger U.S. leadership in the development of low-carbon technologies would only come through passage of climate legislation on Capitol Hill. "I do believe a consensus is growing to achieve exactly that," he said.

And Obama also took aim at his Republican critics.

"There are going to be those who make cynical claims that contradict the overwhelming scientific evidence when it comes to climate change, claims whose only purpose is to delay the change we know is necessary," Obama said. "We're going to have to work on those folks."

Obama's remarks come as the Senate climate bill's sponsors struggle to keep their issue on the chamber's front burner amid the all-out push to deal with the administration's other priority: health care.

"Right now, it's not on anybody's mind because we're on some other subject," Senate Commerce Chairman Jay Rockefeller (D-W.Va.) said yesterday, a reference to leadership's bid to fold together several competing versions of the health care bill.

Rockefeller added that Senate floor action on climate change is all but certain to wait until 2010.

"I think there's agreement on that, and there has been for a month," he said.

Despite that splash of reality, Senate Environment and Public Works Chairwoman Barbara Boxer (D-Calif.) plans to release the latest version of the climate legislation later today alongside an abbreviated version of U.S. EPA's economic analysis of her proposal.

Boxer begins three days of legislative hearings Tuesday on the climate bill, with a markup envisioned during the week of Nov. 2. She also met separately yesterday with Finance Chairman Max Baucus (D-Mont.) and Energy and Natural Resources Chairman Jeff Bingaman (D-N.M.).

Gearing up for the eventual floor debate, Kerry met yesterday with two fence sitters, Sens. Byron Dorgan (D-N.D.) and Debbie Stabenow (D-Mich.). Kerry also has scheduled Monday talks with Graham and Senate Majority Leader Harry Reid (D-Nev.).

Kerry wants Reid to put a Thanksgiving deadline on Senate committees to complete their sections of the climate bill, a strategy that is sure to spawn pushback from other high-ranking Democrats, including Rockefeller and Agriculture Chairwoman Blanche Lincoln (D-Ark.).

"Senator Kerry is going to have to get clearance with me on that," Rockefeller said yesterday of a possible Thanksgiving deadline.

Rockefeller explained that he won't face much controversy when he does mark up his pieces of the climate bill dealing with adaptation and climate satellites. But he insisted that the health care debate has absorbed his attention.

Kerry yesterday downplayed the prospect that he may not prevail in getting Reid to set committee deadlines or even give a firm schedule for a floor vote.

"I can't tell you when exactly, when we're going to have the vote, but we're going to confront this issue here," Kerry said. "Everybody is serious about it. And if the time isn't going to let us do it by Thanksgiving, or this or that, I can't tell you when, it doesn't mean we're not staying on track and this isn't the next piece of legislation. So we just keep on moving."

White House officials insist they are busy trying to get the climate bill moving. Obama aides last week compiled a running tally of their efforts to move the climate bill, including meetings with more than half the Senate and upward of 115 public statements from the president on energy, including press conferences and town hall meetings.

They also tout calls to nearly 100 mayors in 17 states and 55 energy-themed events in 30 states.

But Rockefeller said yesterday he has heard "not a peep" from the White House on climate change.

From the other side of the aisle, Senate Republicans insist that Democrats are moving a costly legislative package without accounting for its implications. Earlier this week, Sen. George Voinovich (R-Ohio) demanded a Congressional Budget Office report that determines the spending implications of the climate bill, as well as a more thorough EPA analysis.

"This is going to be the most pervasive involvement in the public and private sector of any piece of legislation, maybe more wide than the Clean Air Act," Voinovich said Wednesday. "If you've got something of that significance and that implication, in terms of costs to our country, then we should have the full facts on what it's going to cost."

Gulf drilling is a danger we can't afford
TampaBay.com, October 23, 2009; http://www.tampabay.com/opinion/letters/gulf-drilling-is-a-danger-we-cant-afford/1046111

Letters to the Editor

Drilling a danger we can't afford

Dave Mica's op-ed expounds on how wonderful drilling in the Gulf of Mexico will be for our economy. If he hasn't seen the news about the huge oil spill off the coast of Australia that is now contaminating Indonesia, perhaps he should take notice. Millions of liters of oil have poured into the ocean, endangering and killing marine life.

Oil drilling is dangerous to our ecosystems. We depend on the oceans for food, and to contaminate them with oil spills is unforgiveable. Every human being deserves a safe and ample food supply. Damaging or collapsing the ocean ecosystems is a crime against all of us.

The owners of the leaking oil rig near Australia have stated that plugging the 25-centimeter hole beneath the ocean's surface where the leak is occurring is "extraordinarily complex" and they don't know when a fourth attempt to plug it will occur. Yikes!

It's time for Mica to join the 21st century. Clean energy from solar or wind will generate the same benefits to our economy and will be much safer. Oil spills, on the other hand, will damage our tourism and economy. We need to say no to drilling!

Barbara Howard, Gulfport
Drilling holds big benefits | Oct. 21, commentary

Our future requires alternative energy

It's no surprise Dave Mica, from the Florida Petroleum Council, wants to maintain reliance on "traditional fuels" and risk the predicted horrors of drilling off our already threatened shores. As if the coasts and oceans of our planet can tolerate added abuses. (Dr. Sylvia Earle, a leading marine biologist, would surely cry foul.)

The future is about alternative energy and better designed transportation, not the gas-guzzling cars Florida Petroleum adores. Haven't Americans become savvy enough about self-serving industry claims to recognize disasters in the making? Ask the folks in Texas, Louisiana, or Australia how happy they are with their oil spill experiences.

Just who does Mica figure will reap the "benefits"? Surely not our beaches, ocean/gulf critters, or the state's dwindling tourists.

JoAnn M. Valenti, Ph.D., Tampa
Drilling holds big benefits | Oct. 21, commentary

Beware empty promises

Dave Mica, one of the highest-paid lobbyists in the state, wants us to believe that allowing offshore oil drilling near Gulf Coast beaches will benefit us. His slick and persuasive op-ed column touts the amazing benefits that allowing the oil companies access to the gulf waters will bring the local citizenry.

Notice how he refrains from using phrases like "offshore drilling," substituting instead the more palatable "offshore energy development." He pays lip service to valid concerns about the environmental impact of drilling, but states that oil companies leave "the Earth nearly untouched."

This is how the oil companies will win the right to drill in the gulf near our beaches. Lobbyists who are paid for their powers of persuasion will feed us a comforting stream of doublespeak and empty promises. They will emphasize economic benefits and minimize the accruing damage and potential for catastrophe. Meanwhile, a steady river of vast sums of money funneled through lobbyists like Mica will continue to sway the political debate in Tallahassee.

If you truly want to know what happens when offshore drilling is permitted, look to communities that have allowed it, like the Gulf Coast in Texas and Louisiana. Walk on their beaches while dodging the clots of tar. Speak to impoverished locals about the economic promises of Big Oil.

The oil and profits don't stay locally. The damage to the beaches does.

Patrick Klemawesch, St. Petersburg
Drilling holds big benefits | Oct. 21, commentary

Consider warming

Well, there is one thing that Dave Mica, Florida Petroleum Council executive director, is not short of: gas! To hear him say it, Florida's answer to its economic and unemployment problems is to allow unfettered oil and gas drilling off our coastline and that in order to reach our highest potential as a state and nation, we must allow this. How does he put it, "there is … enough oil and gas to power 65 million cars for 60 years."

Hello! Has he ever heard of global warming? What about other environmental concerns? Does he care? Everyone knows that climate and beaches are what make Florida a favorite with travelers. What happens when "an accident" fouls the beaches and tourists do not come?

How is the petroleum industry going to save Florida's economy then?
Emilio Sanchez, Palm Harbor

Will they help clean up?

For the people who want offshore drilling to happen here, I have some questions: Will you be there to help for the oil spill cleanup when, not if, it happens? Will you still invite your friends and relatives to visit our beaches, which will have tar balls? Will you explain to your children why we don't have the same beautiful beaches we used to?

I grew up on the Texas coast and realize what could possibly happen here. For the readers of this letter, if you can spare three minutes please write the appropriate politicians and let them know all it takes is one oil spill and our beaches and tourism will never be the same.

Interior proposes massive habitat protections for polar bear
E&E News PM, October 22, 2009; http://www.eenews.net/eenewspm/2009/10/22/1

Allison Winter

The Obama administration today proposed protecting more than 200,000 square miles in Alaska as critical habitat for the polar bear -- an area the administration said would be the largest the government has ever put forward in a bid to protect an imperiled species.

The Interior Department's sweeping proposal, which includes coastal barrier islands, terrestrial denning areas and sea ice off of Alaska's coast, is nearly one-third the size of Alaska and larger than the states of Washington and Oregon combined. Most of the habitat protections would go to offshore sea ice.

The critical habitat designation would add another layer of protection for the bear, which Interior listed as a threatened species last year because of its melting ice habitat. Environmental and industry groups both praised aspects of the proposal today, while questioning what it could mean for oil and gas drilling in the Arctic.

"Polar bears have seen a range-wide decline in sea ice," said Interior Assistant Secretary Thomas Strickland. "Polar bears will benefit from this, since critical habitat receives an additional level of protection."

Before the proposed habitat protections are finalized, the department will gather public comment and undergo an economic review.

The Endangered Species Act requires protection of "critical habitat" for listed species. Federal agencies must consult with wildlife officials on any proposed activities in the area and make sure they pose no threat. The habitat designation does not alter ownership of the land or affect private activities in the area.

But how the critical habitat will affect future oil and gas drilling in the Arctic garnered varied interpretations today.

Environmentalists said the habitat protections would bolster their case against oil and gas drilling in the area, which they think could harm polar bears. But Interior officials insisted that the protections would not significantly alter operations in the Arctic.

"This provides added emphasis to the plight of the bear, but the functional effect is the activities going on both onshore and offshore were already subject to regulatory review as it might affect the bear prior to today," said Strickland. "We believe it will not be a significant additional burden on the industry for that reason."

Because of protections in place under the ESA and the Marine Mammal Protection Act for the polar bear, oil and gas companies already must consult with wildlife officials on how their activities in the Arctic could affect bears. Strickland said the new habitat protections would highlight the importance of protecting habitat for the bear but not add to the consultation process already in place.

Based on their first glimpses of the proposed rule, oil and gas industry officials agreed with Strickland that it should not affect their operations. "We are encouraged by the fact that the notice and the habitat designation ... appear written so as to allow safely conditioned oil and gas exploration in the Arctic," said Richard Ranger, a senior policy adviser with the American Petroleum Institute.

Earlier this week, Interior approved plans by Shell Offshore Inc. to drill on two leases in Alaska's Beaufort Sea, prime habitat for polar bears. Strickland said those leases already "made it through the wicket" of regulatory review and would not change because of the habitat protections.

But environmental groups, which have challenged the administration at every turn with lawsuits pressing for more stringent protections for the bear, contend the new habitat protections beef up their case against oil and gas drilling.

Once critical habitat is in place, the government is charged to prevent "adverse modification" of the habitat and decline permits for any activity that would interfere with the recovery of the species.

"All the disclaimers that Interior could put on it in terms of how it won't affect oil and gas drilling or greenhouse gas emissions does not change the plain language of the ESA," said Brendan Cummings of the Center for Biological Diversity, the group that first sued to protect the bear. "No matter how many different ways they try to spin it, we don't see any way they can rationally say industrializing the Chukchi Sea is not adversely modifying that habitat."

Cummings said the group would consider further lawsuits to challenge the oil and gas leases.

The initial decision to protect the polar bear sparked a rush of conflicting lawsuits from environmentalists, hunting groups, industry groups and the state of Alaska -- some arguing for more stringent protections for the bear and others to remove protections. The plaintiffs filed their first set of legal briefs on the consolidated lawsuit yesterday, and a federal judge in Washington, D.C., is expected to hear arguments next summer.

Fewer Americans believe in human-induced global warming – poll
Greenwire, October 22, 2009; http://www.eenews.net/Greenwire/2009/10/22/4

Ben Geman

A declining percentage of Americans believe there is solid evidence that human activities, including burning fossil fuels, are causing global temperatures to rise, according to a newly released poll by the Pew Research Center for the People & the Press.

However, the poll shows that more respondents support carbon dioxide controls than oppose them. Asked if they back setting emissions limits and making companies pay for their emissions, even if it may mean higher energy prices, 50 percent said they were in favor and 39 percent said they were opposed.

The poll, conducted between Sept. 30 and Oct. 4, finds that 57 percent of respondents believe there is "solid evidence" that the Earth is warming, down from 71 percent in April 2008. The level was 77 percent in January 2007 and August 2006.

Thirty-six percent of the respondents believe warming is occurring because of human activity, down from 47 percent in April 2008. It was also 47 percent in the 2006 and 2007 surveys.

The dominant view among climate scientists is that increased carbon dioxide emissions from burning fuels like coal and oil are causing global temperatures to rise.

The poll shows that the declines in the percentage of people who see solid evidence of global warming have occurred across the political spectrum, although the partisan divide is significant.

Among Democrats, 75 percent hold this view, down from 91 percent in 2006, 86 percent in 2007 and 83 percent last year. Among independents, the number is now 53 percent, a sharp drop from the 75 percent of independents who believed there is solid evidence of global warming last year and similar levels in 2006 and 2007.

Thirty-five percent of Republicans see solid evidence of global warming, down from 49 percent last year, 62 percent in 2007 and 59 percent in 2006.

The poll also finds that 35 percent view global warming as a "very serious problem," down from 44 percent in the April 2008 survey.

The results come as President Obama and Democratic leaders in Congress are seeking to enact legislation that would establish a cap-and-trade program to sharply reduce U.S. greenhouse gas emissions over the next several decades.

Pew found that 14 percent have heard "a lot" about a cap-and-trade policy, 30 percent have heard "a little" and a majority -- 55 percent -- have heard nothing about it.

Pew surveyed 1,500 adults using cell phones and land lines. The survey had a 3 percent margin of error.

Rare Tanker Collision Spills Oil into Gulf of Mexico
WSJ, October 21, 2009;
http://online.wsj.com/article/SB125614318305099285.html?mod=WSJ_hpp_MIDDLTopStories

By RUSSELL GOLD

U.S. Coast Guard crews scrambled Wednesday to clean a large fuel spill in the Gulf of Mexico amid rough seas, after a rare collision in the busy petroleum shipping lane.

"In this sea state, it will be virtually impossible to contain," said Coast Guard Petty Officer Prentice Danner. He said there were five-foot waves and strong winds in the area where the collision occurred, about 40 miles southeast of Galveston, Texas.

MoreSee Coast Guard video from a helicopter overflight of the oil spill..
The spill involved 18,000 gallons of fuel oil, according to the U.S. Coast Guard. The Coast Guard dropped a liquid Wednesday afternoon in an attempt to dissipate and coat the oil so it wouldn't adhere to wildlife.

A Coast Guard videotape of the area showed patches and streaks of fuel in the waters for miles around the ship.

The incident comes as the federal government considers whether to allow more offshore oil exploration. U.S. Rep. Edward J. Markey, a Massachusetts Democrat, said in a statement that this was "troubling incident reminds us that our energy and environmental security is always at risk as long as we remain an oil-dependent country."

While spills of oil, fuel and chemicals used in drilling occur every few months, collisions involving giant oil tankers in U.S. waters are rare. In July 1990, a large oil tanker collided with two barges in the Houston Ship Channel, discharging 700,000 gallons of crude oil.

The latest collision took place Tuesday night, after the large oil tanker Vega Star had transferred 530,000 barrels of Saudi Arabian crude oil to the smaller tanker Krymsk, according to Tony Redding, a spokesman for JSC Novorossiysk Shipping Co., which owns the Krymsk.

The AET Endeavor, a supply vessel that was helping maneuver the tankers, made contact with Krymsk while retrieving equipment used in the transfer, Mr. Redding said, adding, "Our vessel was struck by the other vessel." No injuries were reported.

The collision ruptured a port tank holding fuel oil used to power the Krymsk.

The Coast Guard has yet to determine which vessel, if either, is at fault. A spokesman said it hadn't determined the cause yet. A spokesman for Malaysia's AET Tanker Holdings Sdn. Bhd. said the company was "fully participating in the investigation."

It is the third-largest spill related to the oil industry activities in U.S. waters this year, according to the Minerals Management Service. The largest involved about 63,000 gallons of crude oil from a leaking Royal Dutch Shell pipeline off the Louisiana coast.

While the cargo tanks carrying the crude oil were double-hulled, the smaller tanks holding the fuel oil used to power the Krymsk had a single skin.

The Coast Guard said the ship officers involved were tested for alcohol and drugs. The alcohol tests came back negative. Results from the drug test are pending.

Alexander to Obama: No 'enemies list'
Politico, October 21, 2009; http://www.politico.com/news/stories/1009/28549.html

By: Politico Staff

Sen. Lamar Alexander (R-Tenn.) accused the White House on Wednesday of "street-brawling" with opponents, and said the West Wing's strategy of freezing out opponents amounts to a latter-day "enemies list," a reference to an infamous practice of President Richard Nixon.

"An 'enemies list' only denigrates the Presidency and the Republic itself," Alexander said on the Senate floor. "These are unusually difficult times, with plenty of forces encouraging us to disagree. Let's not start calling people out and compiling an enemies list. Let's push the street-brawling out of the White House and work together on the truly presidential issues: creating jobs, reducing health care costs, reducing the debt, creating clean energy."

Alexander quoted from a POLITICO article headlined "White House plan: Neuter the Chamber."

"According to Politico," Alexander said, "the White House plans to 'neuter the United States Chamber of Commerce," an organization with members in almost every major community in America. The Chamber had supported the president's stimulus package and some of his early appointments, but has problems with his health care and climate change proposals."

Here is the full text of Alexander's prepared remarks:

In 1969 and during the first half of 1970, I was a wet-behind-the-ears, 29-year-old staff aide in the West Wing of the Nixon White House. I was working for the wisest man in that White House, Bryce Harlow, who was a friend of President Johnson, as well as the favorite staff member of President Eisenhower, and President Nixon's first appointee.

Based upon that experience and my forty years since then in and out of public life, I want to make what I hope will be taken as a friendly suggestion to President Obama and his White House: don't create an enemies list.

As I was leaving the White House in 1970, Mr. Harlow was heading out on the campaign plane with Vice President Spiro Agnew whose job was to vilify Democrats and to help elect Republicans. The Vice President had the help of talented young speechwriters, the late Bill Safire and Pat Buchanan. In Memphis, he called Albert Gore, Sr., the "southern regional chairman of the eastern liberal establishment." He labeled the increasingly critical news media, "nattering nabobs of negativism."

Those phrases have become part of our political lore. They began playfully enough, in the back and forth of political election combat. After I had come home to Tennessee, they escalated into something more. They eventually emerged into the Nixon enemies list.

In 1971 Chuck Colson, who was then a member of President Nixon's staff and today is admired for his decades of selfless work in prison reform, presented a list of what he called "persons known to be active in their opposition to our administration." He said he thought the administration should "maximize our incumbency . . . [or] to put it more bluntly, . . . use the available federal machinery to screw our political enemies." On that list of 20 people were people like CBS correspondent Daniel Schorr, Washington Star columnist Mary McGrory, Leonard Woodcock, the head of the United Auto Workers, John Conyers, the Democratic Congressman from Michigan, Edwin Guthman, managing editor of the Los Angeles Times, and several prominent businessmen such as Howard Stein, of the Dreyfus Corporation and Arnold Picker, vice president of United Artists. The New York Times and the Washington Post were made out to be enemies of the Republic.

Now make no mistake, politics was not such a gentlemanly affair in those days either. After Barry Goldwater had won the Presidential nomination in 1964, Daniel Schorr had told CBS viewers that Goldwater had – quote – "travel[led] to Germany to join-up with the right wing there" and – quote "visit[ed] Hitler's old stomping ground." — unquote. Schorr later corrected that on the air.

What was different about Colson's effort, though, was the open declaration of war upon anyone who seemed to disagree with administration policies. Colson later expanded his list to include hundreds of people, including Joe Namath, John Lennon, Carol Channing, Gregory Peck, The St. Louis Post-Dispatch, the Congressional Black Caucus, Alabama Governor George Wallace. All this came out during the Watergate hearings. You could see an administration spiraling downwards. And, of course, we all know where that led.

Now the only reason I mention this is because I have an uneasy feeling, only ten months into this new administration, that we're beginning to see symptoms of this same kind of animus developing in the Obama administration.

According to Politico, the White House plans to "neuter the United States Chamber of Commerce," an organization with members in almost every major community in America. The Chamber had supported the president's stimulus package and some of his early appointments, but has problems with his health care and climate change proposals.

The Department of Health and Human Services imposed a gag order on a large health care company, Humana, who had warned its Medicare Advantage customers that their benefits might be reduced in Democratic health care reform proposals—a piece of information that is perfectly true. This gag order was lifted only after the Republican leader, Sen. Mitch McConnell of Kentucky, said he would block any future nominees to the Department until the matter was righted.

The White House Communications director recently announced that the administration would treat a major television network, Fox News, as "part of the opposition." On Sunday White House officials were all over talk shows urging other news organizations to "boycott" Fox and not pick up any of its stories. Those stories, for example, would include the video that two amateur filmmakers made of ACORN representatives explaining how to open a brothel. That's a story other media managed to ignore until almost a week later when Congress decided to cut ACORN's funding.

The President has not stopped blaming banks and investment houses for the financial meltdown even as it has become clear that Congress played a huge role, too, by encouraging Americans to borrow money for houses they couldn't afford.

He was "taking names" of bondholders who resisted the GM and Chrysler bailouts.

Insurance companies, once the allies of the Obama health care proposal, have suddenly become the source of all our health care problems—because they pointed out, again correctly, that if Congress taxes insurance premiums and restricts coverage to those who are sicker and older, the cost of premiums for millions of Americans is likely to go up instead of down.

Because of that insubordination, the President and his allies have threatened to take away the insurance companies antitrust exemption.

Even those of us in Congress have found ourselves in the crosshairs:

The assistant Republican leader, Sen. Jon Kyl of Arizona, said to ABC's George Stephanopoulos that the stimulus plan wasn't working. The White House wrote the governor of Arizona and said, "If you don't want the money, we won't send it." Sen. McCain said that this could be perceived as a threat to the people of Arizona.

Sen. Bennett of Utah and Sen. Collins and I as well as Democratic Senators Byrd and Feingold all have questioned the number and power of the 18 new White House czars who are not confirmed by the Senate and have suggested that is a threat to constitutional checks and balances. The White House refused to send anyone to testify at congressional hearings. Sen. Bennett and I found ourselves "called out" on the White House blog by the President's communications director, Anita Dunn.

Even the president, in his address to Congress on health care, threatened to "call out" members of congress who disagreed with him.

This behavior is typical of street brawls and political campaign consultants. It is a mistake for the President of the United States and the White House staff.

If the president and his top aides treat people with different views as enemies instead of listening to what they have to say, they're likely to end up with a narrow view and a feeling that the whole world is out to get them. And as those of use who served in the Nixon administration know, that can get you into a lot of trouble.

This administration is only ten months old. It's not too late to take a different approach – both at the White House and here in the Congress.

Here is one opportunity. At the beginning of this year, shortly after the President's inauguration, the Republican leader, Sen. McConnell, addressed the National Press Club. He proposed that he and the President work together to make social security solvent. He said that he would make sure the President got more support in that effort from Republicans than President George W. Bush got from Democrats when he tried to solve the same problem. President Obama held a summit on the dangers of the runaway costs of entitlements which I attended. Every expert there said making social security solvent was essential to our country's fiscal stability. There is still time to get that done.

On clean energy, Republicans have put forward four ideas: build 100 nuclear plants in 20 years, electrify half our cars and trucks in 20 years, explore offshore for low-carbon natural gas and for oil, and double energy research and development for alternative fuels. The administration agrees with this on electric cars and research and development. We may not be far apart on offshore exploration. And, at his town meeting in New Orleans last week, the president said the United States would be "stupid" not to use nuclear power. He is right, since nuclear reactors produce 70% of our carbon free electricity. So why don't we work together on this lower-cost way to address clean energy and climate change instead of enacting a national energy tax?

On health care, the White House idea of bipartisanship has been akin to that of a marksman at the state fair shooting gallery: hit one target and you win the prize. With such big Democratic congressional majorities, the White House figures all it needs to do is unify the Democrats and pick off one or two Republicans.

That strategy may win the prize but lose the country. Usually, on complex issues, the president needs bipartisan support in Congress to reassure and achieve broad and lasting support in the country. In 1968 I can remember when President Johnson, with bigger majorities in Congress than President Obama has today, arranged for the Civil Rights Bill to be written in open sessions over several weeks in the office of the Republican leader, Everett Dirksen. Dirksen got some of the credit; Johnson got the legislation he wanted; the country went along with it. Instead of comprehensive health care that raises premiums and increases the debt, why should the White House not work with Republicans step by step to reduce health care costs, and then, as we can afford it, reduce the number of Americans who don't have access to health care?

The President and his Education Secretary Arne Duncan have been courageous— there is no better word for it— in advocating paying teachers more for teaching well and expanding the number of charter schools. These ideas are the Holy Grail for school reform. They are also ideas that are anathema to the labor unions who support the president. President Obama's advocacy of master teachers and charter schools could be the domestic of equivalent of President Nixon going to China. I, among others, admire his advocacy and have been doing all I can help him.

Having once been there, I can understand how those in the White House feel oppressed by those with whom they disagree, how they feel besieged by some of the media. I hope the current White House occupants will understand that this is nothing new in American politics—all the way back to the days when John Adams and Thomas Jefferson exchanged insults. The only thing new is that there are today multiple media outlets reporting and encouraging the insults 24 hours a day.

As any veteran of the Nixon White House can attest, we've been down this road before and it won't end well. An "enemies list" only denigrates the presidency and the republic itself.

Forty years ago, Bryce Harlow would say to me, "Now Lamar, remember that our job here is to push all the merely important issues out of the White House so the president can deal with the handful of issues that are truly presidential." Then he would slip off for a private meeting in the Capitol with Democratic leaders who controlled the congress and usually find a way to enact the president proposals.

Most successful leaders have eventually seen the wisdom of Lord Palmerston, Prime Minister of the United Kingdom who said, "We have no eternal allies, and we have no perpetual enemies.
The British writer Edward Dicey was once introduced to President Lincoln as "one of his enemies". "I did not know I had any enemies," was the Lincoln's answer; And Dicey later wrote, "I can still feel, as I write, the grip of that great boney hand held out to me in token of friendship."

So here's my point. These are unusually difficult times, with plenty of forces encouraging us to disagree. Let's not start calling people out and compiling an enemies list. Let's push the street-brawling out of the White House and work together on the truly presidential issues: creating jobs, reducing health care costs, reducing the debt, creating clean energy.

The Price Of A Lost Year
Harrisonburg Daily News Record, October 21, 2009; http://www.dailynews-record.com/opinion_details.php?AID=41720&CHID=32

By Chris Saxman

AS DEBATES OF climate change and health care engulf America, we cannot overlook a recent anniversary marking one lost year and counting. When Congress let expire the moratoria on oil and natural gas exploration in coastal waters, the economic possibilities of new jobs, trillions of revenue dollars and bolstered energy security were finally within national reach. But thanks to governmental slow-pedaling, America now greets the anniversary of this major policy change with nothing but outturned pockets and continued delay.

During our year of inaction, more than 200 oil and natural gas discoveries have been reported across five continents in countries, including Australia, Brazil, Norway and Ghana. Just for the first half of this year, according to HIS Cambridge Energy Research Associates, those new discoveries have totaled around 10 billion barrels of oil.

The development of America's vast domestic oil and natural gas resources that had been kept off-limits by Congress for decades could generate $1.7 trillion in revenue for federal, state and local government. According to an ICF International study, domestic development could also create thousands of well-paying jobs. Despite government intervention, unemployment is still rising. Domestic exploration could enhance America's energy security and help solve our economic problems.

On the local level, Virginia has an unprecedented opportunity to be the first state along the Atlantic to benefit from the development of offshore oil and natural gas resources. Should this happen, the Commonwealth stands to gain more than 1,888 new jobs if these areas were developed. It's the type of solution the state needs to overcome its 6.9 percent unemployment rate. Offshore development in Virginia could also generate $19.5 billion in federal, state and local revenues. Over the life of the resource, ICF International estimated, Virginia's share of production from the Outer Continental Shelf could total half a billion barrels of oil and 2.5 trillion cubic feet of natural gas. That energy, straight from Virginia's shores, would provide part of America's energy solution, as our nation attempts to stay competitive in the face of rapid globalization and increased competition for resources.

The issue is clearly important to the American people. The government's open comment session where citizens, policymakers and others who wished to voice an opinion on offshore exploration has drawn to a close. The

Minerals Management Service — the federal agency that manages the nation's natural gas, oil and other mineral resources on the Outer Continental Shelf — received more than 450,000 responses to the expired moratoria.

During last year's election cycle, the public continuously maintained support for offshore drilling — regardless of political affiliation. In June 2008, a Reuters/Zogby poll revealed 60 percent of Americans support domestic drilling. That same month, a Rasmussen survey showed 67 percent of Americans support increased exploration. And here in Virginia, public opinion polls from two of the state's major newspapers found similar results. This is a majority that can no longer remain silent.

Federal waters in the Outer Continental Shelf hold vast, untapped amounts of oil and natural gas. These resources are critical as we rebuild our economy and get our nation back on strong footing. Right now, about 25 percent of America's crude oil and 15 percent of our natural gas production comes from offshore areas. With the moratoria's expiration, America now has an estimated 14 billion barrels of oil and 55 trillion cubic feet of natural gas at its disposal. It's enough resource to power more than 20 million cars and heat nearly 1 million households for 30 years. That amount could be even higher, given the range of unexplored territory off our coasts.

Companies searching for oil and natural gas now rely on state-of-the-art technology that extends their reach while decreasing their impact on ecosystems or surrounding wildlife.

Global competition is more cutthroat than ever. To stay relevant, America must have the oil and natural gas that makes our economy tick. Renewables are important, but cannot offer the promise of oil and natural gas. Today's exploration operations are safe, clean and provide the energy our nation needs to right itself.

We can be the first state along the Atlantic to welcome the search for oil and natural gas resources or we can continue pushing off what may be the inevitable. We have the opportunity. We need the energy. Now all we need is for the current administration to have the desire to do what's best for our economic and energy security.

The case for drilling
Florida Today, October 20, 2009;
http://www.floridatoday.com/article/20091020/COLUMNISTS0205/91019021/1138/OPINION/The+case+for+drilling

Florida can benefit from its offshore oil

BY DAVE MICA

When Congress let expire the moratorium on oil and natural gas exploration, the possibilities of new jobs, approximately $1.7 trillion of revenue dollars and energy security were finally within reach. However, a year has passed and America has yet to reap any benefits.

Here in Florida, support for offshore development has gained steam, as evidenced by state public opinion polls. Last year's advancement in the state House of Representatives opened the door on this issue and its potential economic benefits. And now, legislative leaders have pledged their support to revisit it next session.

We would do our state good by supporting lawmakers and pro-drilling advocates.

According to an ICF International study, commissioned by American Petroleum Institute, Florida could gain 13,142 jobs and $428 billion in revenue by 2030 if the previously off-limit federal areas are developed. That would help our state to overcome its 11 percent unemployment rate.

Given the benefits, why does the Obama administration continue to delay development?

Over the life of the resource, ICF International estimated that Florida's share of production from the Outer Continental Shelf could total 19.7 billion barrels of oil and 56.5 trillion cubic feet of clean-burning natural gas.

That energy, straight from the state's shores, would provide part of America's energy solution, as our nation attempts to stay competitive in the face of increased globalization.

Offshore energy development is safe and it is clean.

Through advanced technology, the oil and natural gas industry has reduced its environmental footprint, minimizing the impact on ecosystems and wildlife. The industry goes about its business finding, developing and delivering oil and natural gas while leaving the Earth nearly untouched — a fact all Americans need to remember.

The government estimates our nation’s oil and natural gas resources could power 65 million cars for 60 years and heat 60 million households for 160 years. And odds are, much more resources lurk below the ground.

In 1987, the Minerals Management Service estimated approximately 9 billion barrels of oil in the Gulf of Mexico and by 2006, that estimate ballooned to 45 billion.

After decades-long investments of hundreds of billions of dollars, technology is enabling America’s oil and natural gas companies to access more resources from more remote places — some previously unreachable — with significantly less impact on the environment.

These technology investments allow oil and natural gas companies to access the same amount of reserves with half the number of wells it took 20 years ago.

Every day, industry, business and households across America rely on a steady supply of traditional fuels. Through the safe, clean expansion of drilling, our state can play a major role in contributing to these domestic needs. And in part, the increased industrial activity will help close the looming gap between those employed and those searching for work.

For the good of our nation, lawmakers must seize the opportunity of an expired moratorium and expand domestic access.

Groups debate NRC effort to tally 'hidden costs' of energy production
Greenwire, October 20, 2009; http://www.eenews.net/Greenwire/2009/10/20/10

Katie Howell

A National Research Council study that found at least $120 billion in hidden costs from energy production and use drew fire yesterday from industry groups and their allies, which say the analysis failed to account for hidden benefits of their sector.

The 350-page report details hidden costs of health problems associated with air pollution from electricity generation and transportation. Specifically, it attributes $63 billion of hidden costs to electricity generation in 2005, the year used in the report. The vast majority of that -- $62 billion -- is related to generation at coal-fired power plants, the report says (Greenwire, Oct. 19).

"Energy production from fossil fuels causes air pollution, which damages people's health and welfare. That was big news -- in the 1970s," Marlo Lewis, a senior fellow at the Competitive Enterprise Institute, wrote in an e-mail. "Did we really need a 346-page study with more than 50 expert contributors to tell us that?"

The energy industry expressed concern that the congressionally mandated report did not accurately tally the benefits it provides.

"Numerous studies have shown the health benefits of electricity in providing air conditioning, heating and refrigeration," said Carol Raulston, a spokeswoman for the National Mining Association. "In the case of electricity ... the health and welfare benefits clearly outweigh the cost of electricity -- about $1,000 per year for the average household."

Those hidden benefits are already reflected in market values, said Jared Cohon, president of Carnegie Mellon University and chairman of the panel that wrote the report, during a teleconference to mark the report's release yesterday.

But Raulston disagreed. "The report completely ignores the 'hidden' benefits of coal-based generation, in that there is no calculation of the health and welfare benefits of energy," she said.

The authors of the report acknowledged that their research was not comprehensive. Cohon said the quantified amounts primarily accounted for the hidden health costs associated with nitrogen oxide, sulfur dioxide and particulate matter emissions -- a factor gleaned from the results of similar external-cost studies published in the 1990s. They did not consider the impacts of climate change, national security or other air pollutants like mercury.

"The researchers claim to identify at least $120 billion annually in damages from emissions of NOX, SO2 and PM 'relative to a baseline of zero emissions from energy-related sources,'" CEI's Lewis said. "That translates into $1,600 per year in damages for a family of four -- a cost so well 'hidden' from the supposed victims that skepticism regarding its reality is justified.

"That aside, without energy, we'd all freeze in the dark," Lewis added. "The net cost of not having energy vastly outweighs the supposed 'hidden' costs."

The mining industry raised another concern that while the report acknowledged that air pollution emissions have declined as coal-based electricity generation has increased, it did not point out that the reductions occurred without additional costs.

"They certainly gave due credit that emissions are down dramatically, but they did not note that it happened without a tax or monetary incentive in the regulatory apparatus," Raulston said.

But environmentalists and representatives of renewable-energy groups praised the report.

"As our government grapples with climate and energy issues, the conclusion is clear: renewable energy policies improve Americans' health and save Americans money," said Rob Gramlich, senior vice president for public policy at the American Wind Energy Association, in a statement.

Sean Garren, clean energy advocate for Environment America, said the report "reinforces the unacceptably high cost of our dependence on dirty energy."

"Without quantifying the cost of global warming, many toxic pollutants like mercury or national security risks, the report puts a whopping $120 billion price tag on a year's worth of mostly air pollution from our dirty energy sources, which we can add to the nearly $1 trillion a year consumers spend directly on our dirty fossil fuels," Garren said.

So the US administration is not against drilling?
Financial Times, October 20, 2009; http://blogs.ft.com/energy-source/2009/10/20/so-the-obama-administration-is-not-against-drilling/

So the US administration is not against drilling?

by Sheila McNulty

The US Interior Department has decided it is okay for Shell Oil to drill exploration wells in the Beaufort Sea off Alaska for the first time in over a decade. An interesting decision by the Minerals Management Service division and one that has left the industry - except for Shell, of course - strangely silent.

In fact, the only ones who seemed to notice were the environmentalists, who insisted the decision was wrongheaded. The commentary was very much like that from the Bush years. Indeed, former President George W Bush’s name was invoked in the response by Whit Sheard, Alaska program director for Pacific Environment:

MMS is again trying to implement an overly aggressive Bush-era drilling plan in one of the riskiest areas on the planet to drill. Although fisherman, traditional indigenous communities, the courts and the global scientific community have all condemned this plan, the Arctic continues to be treated like a sacrifice zone.

Hmm. Interesting take on things, especially since during the Bush era drilling in the area continued to be blocked. That is the problem with stereotyping. Bush really did not do everything he could to grow US oil and gas development in the US, and Obama is not doing everything he can to kill it.

Indeed, despite what the oil industry fears, the Obama Administration is not standing in the way of oil and gas development just because it supports the development of renewables. Indeed, it even decided several weeks ago to let some drilling go ahead in contested areas of Utah.

Here is how the MMS described why it made this decision:

Shell's plans include a mid-drilling season break in activities and removal of the drillship from the area to accommodate fall subsistence bowhead whaling by the Native Villages of Kaktovik and Nuiqsut. Specifically, all operations would be suspended beginning August 25, 2010, and all vessels would proceed from the project area to the northwest during the whale hunts, or would leave the Beaufort Sea entirely. Activities may be resumed after completion of the subsistence hunts and extend through October 31, 2010, depending on ice and weather.

It sounds like a perfectly reasonably way to balance the US' growing energy needs and the preservation of its environment. Nonetheless, Shell realises the drilling is not a done deal. There are still local regulatory hurdles to jump. Here is what Pete Slaiby, Shell Alaska vice president, had to say:

This is another positive step towards the goal of drilling in 2010. There is still work to be done before we reach that goal, including obtaining all required permits and continued engagement with stakeholders.

Shell is perfectly right to be cautious until all everything has been approved. But it looks like its multi-year effort to get drilling again in this area might well take place under, of all recent presidents, the one the industry has feared most - Obama.

Interior approves drilling on 2 Beaufort Sea leases
E&E News PM, October 19, 2009; http://www.eenews.net/eenewspm/2009/10/19/3/

Noelle Straub

The Interior Department today approved plans by Shell Offshore Inc. to drill on two leases in Alaska's Beaufort Sea.

The Minerals Management Service greenlighted the development with conditions, including a break from drilling during fall bowhead whaling by native tribes and compliance with air and water quality rules. The decision drew praise from Alaska lawmakers but condemnation from environmental groups.

Shell plans to drill two exploration wells during next year's July to October open water drilling season. The plan is limited to the far western area of Camden Bay, including the use of one drillship with one tending ice management vessel. The two leases are about 16 and 23 miles north of Point Thompson, Alaska.

"The Minerals Management Service is committed to responsibly developing offshore energy resources," MMS Director Liz Birnbaum said in a statement. "Now that we have approved Shell's plan and reached this important milestone, we will continue to work with Shell to ensure that all activities are conducted in a safe and environmentally responsible manner."

David Dickson, director of the Alaska Wilderness League's Western Arctic and Oceans Program, criticized the decision.

"We're very disappointed because MMS has approved this very substantial industrial activity in a very sensitive area without fully analyzing the potential impacts to marine wildlife and subsistence cultures that depend on that marine life," he said. "We had recommended that the MMS conduct a full environmental impact statement on this drilling activity prior to approving it and clearly they haven't done that."

Alaska Sens. Mark Begich (D) and Lisa Murkowski (R) welcomed the news.

"This decision shows Secretary Salazar and the Obama administration recognize the importance of Alaska's abundant offshore oil and gas resources, and it brings us one step closer to environmentally-responsible development offshore of Alaska," Begich said in a statement. "They are getting the balance right: including safeguards for important subsistence resources and allowing drilling to go forward."

Murkowski added, "This is good news as we advance increasingly serious discussions on energy legislation in the Senate. I will continue to work with the administration to ensure that environmentally responsible exploration is also allowed to move forward in the Chukchi Sea, and to secure revenue sharing for Alaska."

Shell obtained the two leases during oil and gas lease sales in 2005 and 2007. Because the sales were included in the 2002-2007 five-year offshore leasing program, they are not affected by a recent court decision that sent the 2007-2012 program back to MMS for additional analysis.

Prior to drilling, Shell must obtain an approved application for permit to drill from MMS, the agency said, and the plan must be consistent with the Alaska Coastal Zone Management Program. Shell must also meet the air and water quality rules of U.S. EPA and the Marine Mammal Protection Act requirements of the Fish and Wildlife Service and the National Marine Fisheries Service, MMS said.

The plans include a mid-drilling season break in activities and removal of the drillship from the area to accommodate fall subsistence bowhead whaling by the Native Villages of Kaktovik and Nuiqsut. All operations would be suspended beginning Aug. 25, 2010, and all vessels would proceed from the project area to the northwest during the whale hunts, or would leave the Beaufort Sea entirely. Activities may be resumed after completion of the subsistence hunts and extend through Oct. 31, 2010, depending on ice and weather.

The exploration wells will be drilled using the Frontier Discoverer, a modern drillship retrofitted and ice reinforced for operations in arctic OCS waters.

The Beaufort Sea is estimated to contain 8.22 billion barrels of oil and 27.64 trillion cubic feet of natural gas, MMS said.

Energy Firms Find No Unity on Climate Bill
NYT, October 19, 2009; http://www.nytimes.com/2009/10/19/business/energy-environment/19fuel.html

By JOHN BRODER and JAD MOUAWAD

WASHINGTON — As the Senate prepares to tackle global warming, the nation's energy producers, once united, are battling one another over policy decisions worth hundreds of billions of dollars in coming decades.

Producers of natural gas are battling their erstwhile allies, the oil companies. Electrical utilities are fighting among themselves over the use of coal versus wind power or other renewable energy. Coal companies are battling natural gas firms over which should be used to produce electricity. And the renewable power industry is elbowing for advantage against all of them.

Some supporters of global warming legislation believe that the division in the once-monolithic oil and gas industry, as well as other splits among energy producers, could improve the prospects for the legislation.

"It's much harder to pass clean-energy legislation when big oil and other energy interests are united in their opposition," said Daniel J. Weiss, climate policy director at the liberal Center for American Progress. "The companies that recognize the economic benefits in the bill can help bring along their political supporters."

The American Petroleum Institute trade group, dominated by major oil companies, opposes the legislation, saying it would discourage domestic exploration and lead to higher oil prices. But some natural gas companies, though longtime members of the institute, have formed a separate lobby and are working actively with the bill's sponsors to cut a better deal for their product.

The proposal moving through Congress would cap the emissions of greenhouse gases each year and allow companies to buy and sell permits to pollute. That approach, known as cap and trade, is meant to guarantee that emissions will decline, while providing market incentives for companies to invest in low-carbon technologies.

The measure would effectively put a price on carbon, raising the prospect that some energy producers might have to pay more than others. For that reason, billions of dollars could be at stake in some of the most arcane language in the bill.

Energy lobbies are using every tactic in the book to protect their industries, producing alarming studies about $5 gasoline and other steep cost increases that might result from a cap-and-trade system. They are also financing protest groups and advertising campaigns. In one case, a public relations firm working for the coal industry even sent opposition letters to Congress under forged names.

The divisions in the energy sector mirror a split in the broader business community. Several large companies like Apple and the utility Exelon left the United States Chamber of Commerce recently over the group's opposition to climate change legislation.

But the biggest fights are among energy producers. They have spent more than $200 million in the first half of the year on lobbying efforts in Washington, according to the Center for Responsive Politics, a nonpartisan research group, up from $174 million in the same period last year.

"The fact that the lobbying is so fast and so furious is a positive sign that this thing is moving along," said Mark Brownstein, a managing director at the Environmental Defense Fund and an advocate of climate legislation. "The fact that everyone is rushing to Washington tells you people believe it is real."

As legislation inches through Capitol Hill, onetime allies in the utility sector, like Exelon, which operates low-emission nuclear plants, and the Southern Company, a big consumer of coal, find themselves on opposite sides of the debate over renewable energy.

Utilities that have access to hydroelectric power or operate nuclear plants tend to favor a national mandate to increase the use of renewable power, because their carbon emissions are relatively low. Many coal-dependent utilities, particularly in the Southeast and Midwest, oppose the provision because they emit more carbon and would have to buy more permits over time.

In past energy policy debates, the oil and gas lobbies were largely united. In 2005, they won incentives for drilling in the Gulf of Mexico. Two years later, after Democrats had taken control of Congress, producers were unable to block a huge new mandate for alternative fuels like ethanol and biodiesel, but managed to save valuable oil industry tax breaks that some Democrats tried to end.

Today, each energy subsector, fearing any legislation that might give it a disadvantage, is battling for favor. The gas producers, for example, have formed the American Natural Gas Alliance, which is spending heavily on advertising and lobbying to point out that gas emits roughly half the carbon dioxide of coal. The group has also helped organize its allies in Congress into a new natural gas caucus, with two dozen members.

"These fissures are happening because a policy is increasingly seen as inevitable," said David G. Victor, an energy expert at the University of California, San Diego. "Old coalitions are splintering and fascinating new alliances are being formed."

The most important fight is over whether companies have to buy pollution permits, called allowances, or whether the government hands them out free in the early years to help ease the cost of the transition.

President Obama has said the permits should be auctioned, an approach that would cost companies tens of billions of dollars. But after fierce lobbying from electrical utilities, the House made the permits free in the first decade of the program, to help finance the transition to cleaner fuels and to shield electrical consumers from higher prices.

Industry analysts say the utilities' willingness to negotiate with Democratic lawmakers gained them a huge advantage when the House passed its climate bill in June. The oil and natural gas industries, by contrast, felt shunned in the House debate because they would not negotiate, these analysts say.

For example, oil companies complained that their mandated purchase of emissions permits would amount to a tax to be used to clean up dirty coal plants.

"There was an inherent flaw when Congress set off down the road of favoring one fuel source over another," said J. Larry Nichols, chairman of Devon Energy, an independent oil and gas company, and also chairman of the American Petroleum Institute. "You knew there had to be a feeding frenzy among various competing fuels trying to protect themselves."

Half of the nation's electrical power is generated by burning coal, and emission limits are a long-term threat to the business. The coal industry, through a group it finances called the American Coalition for Clean Coal Electricity, is running a campaign to persuade the public that coal is affordable, abundant and can be cleaned up thanks to still-distant technology that would capture carbon emissions and store them underground.

Some coal executives aim to scuttle legislation in the Senate by continuing to cast doubts on the science of climate change.

"A lot of coal-using utilities seem to be on the wrong side of this issue," said Don L. Blankenship, the chief executive of Massey Energy, the largest producer of Appalachian coal, who has called climate legislation a hoax and a Ponzi scheme. "How can they be so confident that man is changing the world climate?"

$70 a Barrel: A New Floor for the Oil Industry?
NYT, October 19, 2009; http://www.nytimes.com/2009/10/20/business/global/20iht-renoil.html

By JAD MOUAWAD

NEW YORK — After years of volatility, oil prices have found a level that seems to satisfy producing nations, oil companies and major consumers.

But in the wake of the economic crisis and the collapse in demand, a new reality has also set across the petroleum industry. Today's price of around $70 a barrel is increasingly viewed as a new floor for the industry.

Below that level, oil executives warn that they will find it difficult to expand production or invest in new exploration projects.

Few petroleum executives imagine returning to a world where oil prices trade at $20 a barrel, their average throughout the 1990s. In fact, many are saying that spending in the industry has been crimped and projects have been delayed since oil prices dropped from last year's highs.

Companies are feeling the crunch throughout the industry. ConocoPhillips, for example, said recently that it would cut its capital budget by 12 percent next year, and planned to sell assets worth $10 billion over the next two years to reduce its debt ratios.

During the summer, Eni, the giant Italian oil company, slashed its dividend by 23 percent, in part to protect its spending program. The move stunned investors who have long been accustomed to the industry's policy of paying ever-higher dividends.

Smaller independent energy producers across the United States have capped wells that have become uneconomical. In Canada, heavy oil projects have been put on hold. Even Saudi Aramco, the world's biggest oil company, required contractors to lower their bids for new refineries in the kingdom.

"There is a new tone in the industry," said Paul Horsnell, an energy expert at Barclays Capital. "At $70, the patient is still breathing. It's not a boom, but it's enough to keep things ticking. At $60 or below, the patient is on life support."

"The $65 to $75 range has been no accident at all," Mr. Horsnell said. "It's what's needed to keep the patient alive."

The concern is widely shared. The steady rise in oil prices over the past years came to an abrupt end with the financial crisis last year. After oil peaked at $147 a barrel in New York in July 2008, prices collapsed within a few months, falling to a low of $34 a barrel by December.

Paolo Scaroni, the chief executive of Eni, said that he expected oil prices to hover around $65 to $75 a barrel over the next five to seven years, a level he described as "low." Some analysts are forecasting that oil could once again rise above $100 a barrel in the next few years as a result of renewed economic growth from China and elsewhere.

"If prices rise above $65, we will be happy," Mr. Scaroni said, "but we don't count on it in our planning."

Oil prices jumped above $75 a barrel last week, their highest level in a year.

Many factors explain this new reality. Much of the “cheap oil” that can be extracted and developed at low cost lies in Saudi Arabia, Iran, Iraq and along the rest of the Gulf, where it is mostly beyond the reach of international oil companies for various political or safety reasons.

Elsewhere, as in Venezuela or Russia, which both hold substantial reserves, stricter government policies have made it difficult for companies to invest in recent years. In Brazil, which traditionally had been open to investors, the government has recently decided to tighten access to its promising offshore region, granting preferential treatment to its domestic industry.

Even in the United States, companies say they are constricted. Royal Dutch Shell paid more than $2 billion to acquire offshore exploration leases in the Arctic region north of Alaska a few years ago but has yet to drill a well because of legal hurdles. The U.S. Congress is also considering rescinding tax credits and other favorable policies — moves that would essentially increase taxes on oil producers.

“Any new taxes will hurt,” said Lamar McKay, the chairman and president of BP America.

The picture is not entirely grim. Companies have made large discoveries this year. BP announced a major offshore find in the Gulf of Mexico last month, while Anadarko Petroleum and its partners said they had probably identified a major petroleum basin running 1,125 kilometers, or 700 miles, from Ghana to Sierra Leone.

But oil companies must run faster just to stand still. More than 3.5 million barrels a day of new capacity must be added each year to offset the normal decline of old fields around the world.

Some of that can be done by stimulating existing fields to pump more oil; some by investing in new capacity in already-discovered reserves, such as in Saudi Arabia; and some can be done through well-head exploration. But the industry has replaced only 88 percent of last year’s combined oil and gas production, the lowest level since 2004, according to a recent study by the consulting firm IHS Herold, even with a 20 percent spending rise to $500 billion.

“While the resource base likely remains plentiful, this illustrates how hard the upstream sector is having to work to sustain productive capacity — as welcome as the new discoveries are,” the International Energy Agency noted in its latest monthly report.

As evidence of how much the picture has changed even for the biggest players, Exxon Mobil has bid around $4 billion for a single oil field off the coast of Ghana earlier this month, a surprisingly high admission ticket for one of the newest exploration basin offshore Africa.

Only a few months after walking away from bids to work in Iraq, major oil companies recently indicated that they might finally accept very tough fiscal terms to develop Iraq's vast reserves, despite a difficult security environment and low profit margins.

At the same time, costs throughout the industry have not dropped as fast as oil prices have. The soaring rise in raw materials prices as well as engineering and service costs in recent years led to a doubling of production costs between 2004 and 2008. Earlier this year, many anticipated that these costs would fall as orders slowed. But the deflation has not been as deep as expected.

Patrick de la Chevardière, chief financial officer of the French oil giant Total, estimated that costs had dropped only by 15 percent to 20 percent since last year’s peak, while oil prices fell more than 51 percent in the same period.

Many energy experts expect to see a future of constrained production and strong demand that pushes up prices in the long term. The world is not running out of oil, they say, but increasing production and replacing declining reserves is getting increasingly difficult.

Forecasters at Total say they believe that as a result of the recession, lower prices, and the credit crunch, as much as four million barrels a day of new production will be delayed by 2015. The company sees global oil supplies at 89 million barrels a day by then instead of 93 million as it had expected last year.

“We can weather the storm for a while, but I am quite alarmed that investments are coming down,” said Peter Voser, the chief executive of Royal Dutch Shell. “We are steering toward a problem when demand picks up and supplies will not be able to keep up.”

Similar concerns are also heard within the headquarters of the Organization of the Petroleum Exporting Countries in Vienna.

“When members see that demand is not growing, they stop investing,” Abdulla al-Badri, the group’s secretary general, said at a press conference last month. “We think that anything that is below $75 a barrel will not encourage our members to invest.”

But the world cannot afford to slow down energy investments, said David O’Reilly, the chairman and chief executive of Chevron.

“If you just look at population and economic growth forecasts, there is a path that tells us we need to be very concerned about affordable energy supplies in the future,” he said.

For the moment, the more puzzling question is why are prices still as high as they are while the world remains in one of the worst downturns in more than half a century.

The recession has pushed oil consumption down for the second year in a row for the first time since the early 1980s, and oil demand is expected to drop by 1.9 percent to 84.9 million barrels a day this year, according to the International Energy Agency.

But the energy agency forecasts a rebound in 2010, and the market has anticipated that growth as the global economy comes back to life. Oil demand next year is seen rising by 1.4 million barrels a day next year, or 1.7 percent, to 86.1 million barrels a day, mostly because of a jump in demand from Asia.

One reason is that geopolitical factors are creeping back into the market. The tension about Iran’s nuclear program has recently returned to the fore, and Nigeria, which has been a chronically unstable producer, remains a “wild card” for the industry, according to a senior petroleum executive, who declined to be named given the sensitive nature of his company’s relations with Nigeria.

Expectations have also changed since the latest slump in prices. In the mid-1980s, and during the 1990s, when prices fell, companies still managed to expand production because costs also fell, taxes were lowered, and new technologies like deep-water drilling were developed.

That’s why, even as oil reached $10 in 1998, an Economist cover article sent shock waves through the sector. It said the world was “drowning in oil” and predicted prices as low as $5 a barrel.

Maximum Utility
National Review, October 19, 2009;
http://article.nationalreview.com/?q=Njk1MjY1NzI1ZTU1OTZjN2U1MGRjOWYyOGQxNzQ1MTA=

Why states should focus on reliable, low-cost power.

By Daren Bakst

Like the federal government, state governments have adopted policies that undermine efforts to secure low-cost and reliable energy sources. States have created numerous obstacles to developing low-cost energy, and even outright mandated the use of expensive and unreliable forms of energy.

The stated goal of these policies is to fight global warming. However, even if the United States drastically reduced its carbon-dioxide emissions, there would be no meaningful effect on global temperature. The idea that emissions reductions in the U.S. can heal the planet, while China’s and India’s emissions grow unchecked, is absurd.

Further, there hasn’t been global warming since 1995. In fact, since 2001, there’s been a decline in global temperatures even as atmospheric carbon-dioxide levels have risen.

There are three simple things that states can do to develop sound energy policy.

First, states should allow utility companies to use the least expensive and most reliable sources of electricity. Electricity customers want to be able to flick a switch and know that the lights will turn on. And they want this reliability at the lowest possible cost.

Unfortunately, about 35 states mandate that utility companies generate some electricity from renewable energy sources, such as solar and wind power. These mandates, called renewable-portfolio standards, drive up electricity costs and undermine the reliability of the electricity grid.

There's no great mystery as to why these mandates exist. If mandates didn't exist, utility companies wouldn't buy electricity from these sources — primarily because they are unreliable and expensive.

Second, states need to stop blocking the development of low-cost and reliable electricity sources, such as nuclear power. Across the country, many states make it difficult if not impossible to build nuclear power plants. Among the more extreme states are Minnesota, which has a moratorium on the construction of nuclear power plants, and Hawaii, which has a constitutional amendment that bans the construction of nuclear power plants without a two-thirds vote of each chamber of the legislature.

According to the Energy Information Administration, a new advanced nuclear power plant costs about 32 percent less, in dollars per megawatt hour, than a new on-shore wind power plant. This estimate is conservative, because the back-up generation needed for wind power — typically natural-gas turbines, which keep the lights on when the wind isn't blowing — isn't taken into consideration.

There's no electricity source more reliable than nuclear power. It has a capacity factor of about 90 percent. This means that it generates 90 percent of the total electricity it technically can generate. In comparison, wind power only has a capacity factor of about 30 percent, largely because the wind doesn't blow at the right speeds all the time.

Third, coastal states, in particular, need to take a leadership role in promoting offshore drilling. Now that federal moratoria have been lifted, states can be the driving force for increased domestic oil and natural-gas production. In the areas currently off-limits to drilling, the United States Department of the Interior estimates that there's about 18 billion barrels of oil. Based on current numbers, this would be equivalent to 32 years' worth of imports from Saudi Arabia.

There's an estimated 76 trillion cubic feet of natural gas. To put this in perspective, this would be equivalent to 19 years' worth of natural-gas imports. Besides reducing dependence on foreign energy sources, offshore drilling would increase the supply of oil and natural gas, thereby driving down prices.

States also would directly benefit from removing obstacles to offshore drilling; they would share in the royalties from offshore leases. An estimate by the House Natural Resources Committee's Republican staff indicated that North Carolina would receive about $24 billion over a 30–40 year period. Sen. Mary Landrieu's (D., La.) staff has estimated that Louisiana would receive up to $40 billion over 50 years based on new leases in offshore areas that were opened up in 2006.

Energy is the lifeblood of our entire nation. It keeps our factories humming, computer disks whirring, and telecoms crackling. It is essential for operating our schools and hospitals. It allows us to cool ourselves in the summer and warm ourselves in the winter.

While the federal government continues to look for ways to drive up energy costs through proposals such as cap-and-trade, the states don't have to join in. They can take the lead and once again commit themselves to policies that enhance energy supplies and lower energy costs.

Oil industry stages blitz to push offshore drilling
Newsobserver.com, October 19, 2009; http://www.newsobserver.com/business/story/148132.html

BY JOHN MURAWSKI

RALEIGH -- The election season gave us chants of "Drill, baby, drill!" The political sloganeering is over, but the oil industry is now engaged in behind-the-scenes strategizing that can be summed up as Lobby, baby, lobby.

The American Petroleum Institute, an oil industry trade group, is busy promoting the advantages of offshore drilling in coastal states. The group's message: It's time to lift the nation's three-decade moratorium on offshore drilling and tap the nation's domestic energy reserves.

In this state, the promotion task falls to William Weatherspoon, executive director of the N.C. Petroleum Council, the state branch of the Washington-based lobby group. Weatherspoon's PR offensive will take him to business groups, civic organizations and editorial boards and behind the microphones for TV and radio interviews.

"It's a question of risks and benefits to be sure," Weatherspoon said. "And the story about the benefits needs to be told."

Timing for drilling advocates is crucial. For offshore drilling to happen off the coast of this state, North Carolina would have to be placed in a queue for federal land leases in the coming year, Weatherspoon said. By selling the public on the idea of offshore oil and gas exploration, the N.C. Petroleum Council wants to give the state's elected officials the political cover they need to push for federal drilling leases for North Carolina.

Drilling advocates, expecting strong resistance from environmental groups, are painting the environmentalists as part of the problem.

"The people who have blocked domestic energy development have made us more dependent on foreign oil," he said.

Benefits for the state

To counter images of derricks, tankers, pipelines and worries of oil spills, Weatherspoon contends that offshore exploration will create 6,700 new jobs in the state.

One little-known benefit would be the potential to split the revenue from oil industry fees between the federal government and the state. Under one scenario, North Carolina would qualify for $577 million a year for the life of a 30-year drilling project, under terms in effect in Gulf Coast states.

"That would be dynamite for North Carolina," he said. "We need to offset the risk for our tourism and fishing industries."

Offshore drilling may be incompatible with other activities in large tracts of water. The state has more than 8,500 licensed commercial fishermen and the industry generates more than $140 million for the state's economy. Additionally, the state has about 1.9 million licensed recreational anglers.

Gov. Bev Perdue this month wrote U.S. Interior Secretary Ken Salazar to stress the importance of revenue-sharing for the state. Perdue noted in her letter that two of the three oil and gas leases expected in the Atlantic Ocean will likely be off the coast of North Carolina.

The area off North Carolina offers one of the best prospects along the Atlantic seaboard, containing nearly a fourth of the total Atlantic Ocean oil reserves. Weatherspoon noted that drilling would take place about 40 miles offshore, far beyond visibility from the coast.

Weatherspoon said that as an industrialized society the U.S. will depend on oil, especially for transportation, for the next three or four decades, until alternative energy development is sufficiently advanced to offset fossil fuels.

"We want to keep North Carolina moving toward giving oil and gas leasing," Weatherspoon said. "Delay is the deadliest form of denial, and we don't want to see North Carolina stall."

Hints at more drilling fall short of wooing oil company support for cap and trade
E&E Daily, October 19, 2009; http://www.eenews.net/EEDaily/2009/10/19/1/

Anne C. Mulkern

The suggestion from two key senators that climate change and energy legislation could allow expanded oil and gas drilling has failed to charm the fossil fuel industry that opposed the House bill.

The biggest oil and gas companies and their trade group said they will have to hear a lot more than what Sens. John Kerry (D-Mass.) and Lindsey Graham (R-S.C.) wrote in an Oct. 10 New York Times op-ed, which referenced additional drilling as part of a bipartisan approach.

Oil and gas companies fear Senate climate legislation will look much like the House bill that set up a program forcing businesses to buy allowances for carbon emissions. The early years of the cap-and-trade program would give away 85 percent of the carbon permits, but petroleum refiners would receive the smallest share. More drilling won't suffice, an industry spokesman said.

"In short, it's nowhere near a trade off," said Lou Hayden, policy analyst at American Petroleum Institute, trade group for 400 oil and gas companies, refiners, pipeline companies and fuel transporters.

Costs that would be imposed by the House bill are "so great it would restrict a lot of U.S. refining capacity," Hayden added. "Access to domestic oil and natural gas should not be held hostage to a very costly and very unbalanced climate change bill."

Kerry and Graham wrote that "we are committed to seeking compromise on additional onshore and offshore oil and gas exploration -- work that was started by a bipartisan group in the Senate last Congress. Any exploration must be conducted in an environmentally sensitive manner and protect the rights and interests of our coastal states."

The "Gang of 10" last year called for production greater than 50 miles off the coasts of the Carolinas, Georgia and Virginia, if those states agree, and they would get a revenue cut. It also would reduce the no-drilling buffer off Florida's Gulf of Mexico shores to 50 miles.

Neither office currently will go beyond what is in the op-ed. Kerry spokeswoman Whitney Smith said that the senator's office was "not ready to talk specifics yet, it's just too soon." Graham's office did not respond to voice and e-mail messages.

Kerry and Graham gave a kind of "rough architecture" of what a bipartisan bill could look like, said Mark Muro, director of policy for the Metropolitan Policy Program at the Brookings Institute. The op-ed probably should not be viewed as laying out specific provisions, he said.

"Clearly, it's essentially a political ploy in the effort to try and find a sweet spot for a potential bipartisan bill," Muro said. "There are a lot of differences of opinion about how important increased drilling will be ... and whether it stands for something more."

If a provision on drilling ultimately ends up in Senate legislation, it might not matter whether the legislation has the support of industry, another analyst said. In fact, putting the proposal in print might have less to do with winning the hearts of the oil industry than winning the votes of senators.

Adding language on drilling might bring in senators from states along the Gulf of Mexico like Sen. Mary Landrieu (D-La.), or those from Indiana and Ohio where manufacturing businesses use natural gas and other fossil fuels and residents warm homes with heating oil. Diesel and other fuel prices also affect agricultural states, said Samuel Thernstrom, resident fellow at the American Enterprise Institute and communications director at the Council on Environmental Quality from 2001-2003.

"The industry position on these things is important, but by no means the end of the story," Thernstrom said. "A lot of what proponents of the climate bill are trying to do is give people an excuse to find a way to vote for it. They're trying to persuade people that are really having a hard time making up their mind."

Drilling stalled

The Gang of 10 proposal never moved forward as a bill after President Bush last summer lifted a moratorium on offshore drilling and a congressional ban was allowed to lapse as well. (A large portion of the eastern Gulf of Mexico remains off-limits until 2022 under a separate 2006 bill that expanded gulf leasing.)

Oil companies say the lifting of some limits on drilling has not made much difference in terms of their access. The Interior Department still needs to issue exploration leases and so far has not started doing so, Hayden said.

In fact, "the estimated total number of oil wells, natural gas wells and dry holes" completed in the third quarter of this year was down 46 percent from the same period a year earlier, a level not seen since 2003-2004, API said in a statement last week.

"It's important for America to be investing in energy security," said Rob Young, spokesman for Exxon Mobil Corp. "The best way to do that is to have access to the U.S. resources that have been off limits. We would be encouraging any policy provision to go down that path."

But Exxon Mobil and other oil companies said they would need to see a specific drilling provision in legislation and what else is in a Senate climate bill before making a decision on support or opposition.

"All we can do is respond to what's out there," Hayden said.

Industry lays out wants

For now, that means oil and gas companies must wait and lobby for what they want and don't want in a Senate bill. So far, they do not like that the bill from Kerry and Sen. Barbara Boxer (D-Calif.) is similar to the House measure from Reps. Henry Waxman (D-Calif.) and Ed Markey (D-Mass.)

"We are still assessing Kerry-Boxer but acknowledge that it contains many elements similar to Waxman-Markey," said Chevron Corp. media adviser Justin Higgs. "We do not support Waxman-Markey because it places transportation fuels under the cap-and-trade program, it is not equitable, it lacks provisions to control costs and it lacks transparency for consumers."

The companies say that the provision on free emissions allowances in Waxman-Markey is not equitable. Electric utilities in that bill get 35 percent of those free permits in 2012 and 2013, with the sector's free permit portion shrinking every few years after that. Oil refiners, in contrast, receive 2 percent of those free emission allowances for two years. That will drive up fuel costs and potentially the price of anything that is shipped or trucked, the oil companies have said.

"We're just saying you can't treat emitters so disproportionately," Hayden said.

Chevron said it wants climate change legislation that meets seven principles. In a statement it outlined those as: "shared reduction of greenhouse gases by top emitting countries"; a recognition of oil, gas and coal "as critical energy sources expected to dominate energy supply for the long-term"; continuation and enhancement of programs to promote energy efficiency and conservation; a "measured and flexible approach"; ensuring that no sector or company is disproportionately burdened; accelerating research and development of carbon mitigating technologies; and transparency of "costs, risks, trade-offs and uncertainties."

Royal Dutch Shell PLC spokesman Bill Tanner said legislation should create "an environment that will allow continued investments in energy supplies and the efficient deployment of low-carbon technologies to address greenhouse emissions.

"With energy demand expected to grow, we should focus on legislative efforts that keeps open all supply options while respecting the need for proper policy frameworks and incentives, Tanner added. "We believe that a federal cap-and-trade program that sets mandatory caps on emissions -- along with a price on carbon -- is the most effective way to slow, stop and reverse greenhouse gas emissions."

Exxon Mobil said it rejects cap and trade as the best option and instead favors a carbon tax as the cleanest, most market-based option.

Although a carbon tax has not had much traction on Capitol Hill, Chairman and CEO Rex Tillerson earlier this month rejected the idea such a plan is politically impossible. "It is not too late for Congress to consider a carbon tax as the better policy approach for addressing the risks of climate change," Tillerson said. "Indeed, there has never been a more opportune time for Congress to pursue this course of action."
