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SCOTT A. ANGELLE
SECRETARY

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE SECRETARY

December 28, 2009

The Honorable Lisa P. Jackson
Administrator
U.S. Environmental Protection Agency (EPA)
EPA Docket Center
EPA West (Air Docket)
Mailcode: 2822T
1200 Pennsylvania Avenue, NW
Washington, DC 20460

RE: Docket ID No. EPA-HQ-OAR-2009-0517

Dear Administrator Jackson:

The Louisiana Department of Natural Resources (DNR) wishes to express our serious concerns regarding the U. S. Environmental Protection Agency's (EPA) *Endangerment and Cause or Contribute Findings for Greenhouse Gases under the Clean Air Act* ("Endangerment Finding"), and associated proposed rules that will have devastating consequences on Louisiana's energy industry and our economy. DNR respectfully requests EPA to immediately revoke this Endangerment Finding. In addition, DNR strongly urges EPA to consider policy decisions that encourage and incentivize the use of natural gas, a cleaner burning fuel, as a best management practice tool to achieve the agency's goal of reducing greenhouse gas emissions.

Your decision this month sets the EPA on a path toward stringent and extensive federal regulations restricting carbon dioxide emissions. This will have a dramatic affect on Louisiana's energy industry resulting in significantly higher energy prices throughout the country and crippling our national economy. Any consideration of the regulation of carbon dioxide emissions with such profound economic impacts should proceed in a comprehensive Congressional legislative process that ensures robust public input and the highest level of transparency and not through the auspices of EPA's rule making authority.

Louisiana is a principal provider of the oil and natural gas produced in the United States, ranking 1st in crude oil production and 2nd in natural gas production. Our role in producing the energy to fuel the nation is evident in the statistics:

- An estimated 17-20 percent of domestically-produced oil and gas comes from Louisiana.
- Twenty six percent of the nation's crude oil and the nation's natural gas consumed in the U.S. is either produced in Louisiana, in the Louisiana Outer Continental Shelf (OCS) or requires Louisiana's energy infrastructure for passage to market.

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- Louisiana is the second largest refiner of petroleum in the U.S. with seventeen operating refineries.
- There are over 83,000 miles of pipelines transporting crude petroleum and natural gas within the state and in its offshore area.

A 2007 study commissioned by the Louisiana Mid-Continent Oil and Gas Association states that the oil and gas, refining and pipeline industries supported \$70.2 billion in sales in Louisiana firms, generated over \$12.7 billion in household earnings for Louisianans, and supported 320,280 jobs in the state in 2005. The \$12.7 billion in earnings represented 15.4 percent of total earnings in Louisiana in that year.

With our production, refining and pipeline capacity, Louisiana plays a critical role in providing our nation's energy supply and ensuring our national energy security. The imposition of additional permitting requirements for stationary sources of greenhouse gas emissions will have a disproportionate impact on energy producing states such as Louisiana and will have a devastating impact on Louisiana's economy. In addition, the impacts to Louisiana's economy will have significant and far-reaching effects on national energy prices while impacting every American citizen. A fifty cent per gallon increase in the cost of gasoline costs the U.S. economy more than \$1.4 billion per week.

EPA's statement of "Endangerment Finding" states that this effort will "cut greenhouse gas emissions and reduce the dependence on foreign oil that threatens our national security and our economy." On the contrary, EPA's Endangerment Finding and the proposed greenhouse gas rules will result in the American oil and gas industry, along with American jobs, moving overseas where emission restrictions are significantly less stringent or simply do not exist; therefore, resulting in a net *increase* in global greenhouse emissions and an *increase* in our nation's dependence on foreign oil.

In addition, EPA's proposed *Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule* ("Tailoring Rule") will exacerbate our current economic and employment challenges. This proposal will have far-reaching consequences and will likely significantly increase permitting and reporting obligations for Louisiana industries. Because permitting requirements are triggered when a new major source is constructed, or a major modification is made to an existing source; the rule could encourage older facilities with higher emission rates to remain online and unmodified. As a result, the Tailoring Rule could potentially disincentivize the construction and expansion of more efficient industrial facilities in Louisiana – again resulting greater concentrations of greenhouse gases in the atmosphere.

Since 1990, Louisiana's CO2 emissions relative to gross state product, has declined by over 20%. The oil and gas industry is taking measures to reduce greenhouse gas emissions including carbon capture and storage technology, combined heat and power (CHP), and investing more than \$1.5 billion in renewable energy resources and \$58 billion in low and zero carbon technology between 2000 and 2008.

Instead of imposing additional restrictions and burdens on America's vital industries, a long-term and sensible solution for our nation's clean energy reform policy would be to develop policies that encourage and incentivize the use of an abundant cleaner burning fuel, American-made natural gas.

In 2003, then Federal Reserve Chairman Alan Greenspan, testified to Congress that America needed to find ways to increase our imports of liquefied natural gas. He indicated that there was not enough natural gas in the U.S. and expressed concerns about the impact it would have on the economy. Only six years later, with recent natural gas discoveries in the Haynesville Shale and the Barnett Shale, America's technically recoverable gas resource base has jumped 35% from just two years ago with an estimated 90

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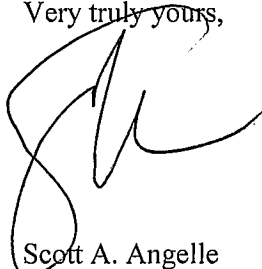
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years of supply at current U.S. consumption levels. Mr. Greenspan's comments were appropriate in the context of the information available at the time; however, progressive technology and new shale finds have opened the gates for the golden age of natural gas in the United States. The real question now before us-- "How do these discoveries and advances in technology change the energy discussion in the United States?" We believe a robust energy and environmental policy that rewards the use of natural gas will create American jobs, reduce emissions, and lower the trade deficit.

About 27 percent of the nation's carbon dioxide emissions come from coal-fired power plants which generate 44 percent of the electricity used in the U.S. Natural gas emits half as much carbon when burned to generate the same amount of electricity. EPA's most recent decision this week requiring the Kentucky Division of Air Quality to reconsider whether natural gas as the primary fuel source is the "best available control technology" for reducing air pollution at the Cash Creek coal gasification plant is an ideal example of best management practices for transitioning to cleaner burning fuel sources and reducing our nation's greenhouse gas emissions. Natural gas is an abundant, low-cost, lower-carbon, American-made alternative to foreign oil and should be the foundation for America's climate change and clean energy reform policies.

At a time when our nation is working to recover from one of the greatest economic recessions, DNR strongly urges EPA to immediately withdraw their Endangerment Finding and any effort to begin regulating greenhouse gases and continue to emphasize policy decisions that encourage natural gas as a primary fuel source for America.

Very truly yours,



Scott A. Angelle
Secretary

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