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# EXEC REPORT

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## **TCEQ Finds “No Cause For Concern” After Extensive Air Tests In Barnett Shale**

The Texas Commission on Environmental Quality (TCEQ) surveyed 126 natural gas production sites between December 15-17 for volatile organic compounds (VOCs), including benzene, and found “either non-detection or levels of VOCs below levels which would cause and short-term or long-term health concerns.” **John Sadler**, deputy director of the Office of Compliance and Enforcement at TCEQ, said: “In fact, the majority of the testing during that trip found no detection of volatile organic compounds at all.” TCEQ and the Texas Railroad Commission (RRC) were criticized by some citizens in North Texas who believed that benzene and other harmful chemicals were being emitted by natural gas drilling and production activities. The results of the TCEQ study can be found on TCEQ’s Barnett Shale website, <http://www.tceq.state.tx.us/implementation/barnettshale>.

## **RRC Chairman Victor Carrillo Issues Statement on Barnett Shale Air Emissions Issues**

“This is a vitally important issue to Texas,” Railroad Commission Chairman Victor Carrillo said in a news release. “Not only from a public health standpoint but also from an economic standpoint with tens of thousands of jobs at stake. Therefore solutions need to be based on scientific facts gathered and analyzed by independent bodies, not conjecture and accusations. TCEQ’s efforts will not stop with this study and they will continue their monitoring and collection effort. The Railroad Commission will continue to play an active role in the ongoing discussions with both state and local officials. An outright drilling moratorium, as suggested by Democratic Representative **Lon Burnam**, based on the facts we have in hand to date, would be a drastic overreaction to this issue and would negatively impact Texas.” For Carrillo’s complete statement, go to [www.texasalliance.org](http://www.texasalliance.org).

## **Ways and Means Committee Explores Need Of Oil And Gas Tax Incentive**

Texas House Ways and Means Chairman **Renee Oliveira** (D-Brownsville) opened the interim committee hearing in Houston on January 13 by setting the stage with current economic conditions which will impact the upcoming 2011 legislative session: seven straight months of double digit declines in sales tax revenues (the state’s largest revenue source), a looming \$12 billion budget shortfall, and calls by leadership for across the board agency cuts of 2.5 to 3.5%. Midway through the meeting, Oliveira read from his Blackberry that Speaker **Joe Straus** had just signed onto a plan to ask for 5% cuts. After reports of the state’s economy by state revenue estimators, the committee heard testimony on implementation of the margins tax (franchise tax) and examination of four tax provisions for the oil and gas industry (the high cost gas exemption, the EOR credit, the marginal well tax credit and the two-year inactive tax credit). Oliveira framed the question by stating that “oil had been deregulated in the 1980’s and incentives had been in place for 25 years. The technology is developed and paid for, and industry needs to explain to us in this time of shortfalls why the incentives are needed today and into the future.” The high-cost gas provision, the largest of the four, allows nearly one-third of the gas produced in Texas today and 90% of new gas drilling to receive a 50% rebate for drilling and completion costs in areas designated as high cost. It can represent approximately \$1 billion annually in refunds.

## **Senate Natural Resources Chairman Says He Will Not Seek Re-election**

State Senator **Kip Averitt** (R-Waco), Chairman of the Senate Natural Resources Committee, said January 13 that he has ended his re-election campaign, citing health problems. The decision comes a week and a half after the closing of

*(Exec Report Continues On Page 2)*

# EXEC REPORT

the filing period to run for state elected office as a Democrat or Republican and leaves Burleson insurance agent **Darren Yancy** as the sole candidate left to campaign in the GOP primary. No Democrats have filed to run for Averitt's seat, which covers McLennan, Coryell, Falls, Bosque, Hill, Navarro, Somervell, Hood, Johnson and Ellis counties. Averitt, 55, a certified public accountant, has represented Waco since 1992, when he was elected to the state House.

## **Could Cap-And-Trade Be Dead? If So, What's Next?**

Many Republicans and Democrats in the Senate want to kick dirt on cap-and-trade and move on to other issues. Democrats that have expressed concerns to Majority Leader **Harry Reid** include Bayh of Indiana, Lincoln of Arkansas, Nelson of Nebraska, Bingaman of New Mexico, Dorgan and Conrad of North Dakota and Landrieu of Louisiana. **Charles Grassley** of Iowa, ranking Republican on the Senate Finance Committee, noted this week that he believes that cap-and-trade is dead, but there will be an energy bill and a tax bill to pay for the give-a-ways to wind, solar, etc. The energy bill that probably will be the blueprint in the Senate is authored by Energy & Natural Resources Committee Chairman Bingaman is called the American Clean Energy Leadership Act of 2009. The bill allocates funding for new energy technologies, and establishes a strong renewable electricity standard (RES) that sets minimum amounts of electricity made from alternative energy (wind, solar, etc.) that utilities must sell. For oil and gas, there isn't much but it does open up some areas in the Gulf for exploration, and increases the federal guarantee for financing of an Alaska natural gas pipeline to \$30 billion.

## **CFTC Announces New Energy Trading Restrictions**

The Commodity Futures Trading Commission (CFTC) makes changes to trading rules in an effort to limit energy speculation that some believe was a major cause of crude oil price increases during summer of 2008. The changes include proposing hard limits on the number of futures a single investor can hold. Congress heard testimony during the summer of 2009 about activities and practices of commodity traders. The position limits may apply to energy futures on regulated exchanges such as the oil and natural gas contracts traded on the New York Mercantile Exchange.

## **Obama's Green Jobs Program Has High Price Tag**

President Obama announced on January 8 that his latest solution to our unemployment problem: he's handing corporate executives on Wall Street \$2.3 billion to create 17,000 "green jobs." That's \$135,295 of your hard-earned tax dollars per job! The announcement was just another in a long line of promises we've heard from President Obama about "green jobs" and our "clean energy future." After decades of research and billions of taxpayer dollars invested in the wind and solar energy industries, they are still unable to operate in the marketplace without a 30 percent taxpayer funded government subsidy.