

EXEC REPORT

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Alliance Team Works in DC: Gulf Oil Spill Taints Hydraulic Fracturing

Defense and continued vigilance is the mode for the Industry in Washington, D C.

On March 18-21, new Alliance Chairman **Tom Taylor** (Snowmass Energy, Inc. of Abilene) led a four-man team from the Alliance to assess and defend our positions on tax preferences, hydraulic fracturing and climate change legislation. Accompanying Taylor was **Vance Long** (independent geologist of Abilene), Alliance Executive Vice President **Bill Stevens** (Austin), and Alliance consultant, former member of Congress **Charlie Stenholm**.

The BP spill in the Gulf of Mexico is the topic that dominated all topics. All conversations regarding taxes, fracturing and climate change seemed to start and end with questions of blame, responsibility and the tragic cost of cleanup. Hydraulic fracturing has been called into doubt and implicated by the Gulf blowout. The oil and gas industry's position that there has not been a proven case of groundwater contamination not only falls on deaf ears, but the BP spill is being used to refute our claim of good and sound engineering practices in general.

In general, however, congressional offices support the new EPA study on fracing. Conversations regarding hydraulic fracturing centered around disclosure of chemical components of fracing fluids versus the concept of confidential business information.

The Kerry-Lieberman omnibus climate change bill was introduced in the Senate in the week prior to the group's arrival. Entitled the American Power Act, it is 987 pages and contains a 'cap and trade' proposal. It does however, contain the Boone Pickens provisions of tax credits for natural gas powered vehicles and has a plan to close down older coal electric generating plants in favor of cleaner new technology natural gas plants.

Few believe that Kerry-Lieberman will be seriously considered. It is possible that a more favorable energy bill based around Senator **Jeff Bingaman's** (D-NM) proposal, S. 1462, the American Clean Energy and Leadership Act, may become the bill of choice.

The expensing of IDC's and percentage depletion head the list of our concerns, but recognition of their value to the independents seems to be resonating. We have continued our discussion and relationship with members of the Ways and Means Committee including **Sander Levin** (new Chairman, D-MI), **Earl Pomeroy** (8th ranking member, D-ND) and **Lloyd Doggett** (7th ranking member, D-TX).

The Alliance team participated in a round of events and congressional meetings in coordination with 15 independents from four states and five organizations. Also involved were independents representing the Domestic Energy Producers Alliance, Oklahoma Independent Petroleum Association, Kansas Independent Petroleum Association, and the National Stripper Well Association.

During this trip, the group participated in panel presentations to House staff and members. Approximately 40 House offices attended the roundtable discussions held in the House Budget Committee room. The event was sponsored for Democrats by **Chet Edwards** (D-TX) and **Dan Boren** (D-OK), and for Republicans by **Joe Barton** (R-TX) and **Roy Sullivan** (R-OK).

Additionally, the Alliance team met with Texas Congressional offices of **Lloyd Doggett**, **Ciro Rodriquez**, **Joe Barton**, **Henry Cuellar**, **Charlie Gonzalez**, **Gene Green**, and **Mac Thornberry**. They also attended a reception/fundraiser for **Earl Pomeroy** (D-ND), who is the 3rd ranking majority member on Ways & Means.

From the Senate, the team met with **Stephen Ward** (Chief of Staff for **Jeff Bingaman**, D-NM and chair of Senate Natural Resources), Senator **Kent Conrad** (D-ND and chair of the Budget Committee), Senator **John Cornyn** (R-TX), Senator **Mark Begich** (D-AL), Senator **Mark Pryor** (D-AK) and Senator **Tom Coburn** (R-OK).