

**From:** Banks, David (EPW)

**Sent:** Monday, April 23, 2012 11:58 AM

**To:** [REDACTED]

**Cc:** [REDACTED]

**Subject:** Our Take on the Announcements from Friday, April 13

Hello all,

We wanted to take some time to provide our thoughts on the Administration's two announcements of Friday, April 13<sup>th</sup>. From where we sit in EPW, it appears that the White House pulled a fast one, impressively working industry and the media. Below is our take on the sequencing of that Friday's events. If we're incorrect with any of this analysis, please weigh in.

The first announcement – or the Executive Order (EO) – established an interagency process on the development of unconventional natural gas. It appears that the EO was rolled out in coordination with a number of you and released around noon – in time to make the afternoon press. It was followed by a number of positive, supporting quotes from you, which the White House quickly bundled together and released to the public. We assume that many of your quotes were coordinated with the White House.

- Despite our consensus that States are already regulating the industry effectively, we can understand why many of you would want such an interagency process, given EPA and DOI activity. We're sure that the EO seemed reasonable to many of you and that a number of you had input on the structure of this process. Having said that, we were surprised with the level of enthusiasm for a process that could result in federal regulation – a position that has been consistently opposed by industry.
- We take note that the presence of a number of agencies, departments, and White House offices that are typically friendlier to business interests probably provided you added comfort. We also understand that the promise of promoting interagency communication with stakeholders – particularly in an Administration that has often refused to take meetings with industry – appeared to be a concession.

For our part, we were astounded that the White House would issue an EO to form an interagency process. After all, this is the supposed function of the Executive Office of the President – it governs, coordinating work across the Executive Branch. Having said that, this White House has had problems with governing and providing structure and engaging stakeholders – a fact that certainly influenced your position.

- We therefore determined that this was a move by the White House to take credit for what they should be doing anyway.

- Of course, we also understand that this White House is desperately trying to convince the public that it supports domestic energy development – when all of us on this email chain know how hard EPA is working to justify regulation of hydraulic fracturing, even if it means manipulating data to frighten the public. On this point, we hope that all of you appreciate the role Senator Inhofe has played in exposing EPA.

The under-the-radar announcement in the late afternoon, however, clarified the Administration's true intentions, in our opinion. Around 3pm or so, OSTP, DOE, DOI, and EPA proclaimed the formation of a steering committee to coordinate and align all research regarding hydraulic fracturing. This was a "limited" release with our office not getting a copy until Monday; no one in the press appears to have picked up on it. These agencies, as you know, have political appointees that are targeting unconventional gas development for federal regulation. Of course, this process will largely define the work program of the interagency process announced in the EO.

- The timing of the "real" announcement – on a late Friday afternoon after the press focused on the EO and after the White House secured positive quotes from many of you – was a very clever move by the Administration. Because industry broadly supported the interagency process, your organizations cannot now easily criticize the steering committee, which is part of that process but almost certainly will not be friendly toward you.
- In addition, the timing of the releases undoubtedly cannot be taken lightly. In our opinion, industry should assume that the White House staged the sequencing and concealed their real intentions to secure positive quotes from you on a process that ultimately gives environmentalist NGOs more influence than industry.

Moving forward, we – your partners – would kindly ask for better coordination and communication from you to prevent the Obama Administration from pulling similar stunts in the future. We would point out that no one in industry gave us a heads up – despite the role Senator Inhofe has played in protecting the regulatory authority of States and exposing EPA for its data manipulation.

For our part, we are weighing the prospects for forming a hydraulic fracturing (oil and gas) caucus in the Senate. We would ask that you help inform that process, which – unlike the Obama White House – will genuinely seek to promote the use of unconventional energy resources while strengthening environmental quality. On this agenda, we look forward to working with you.

Best regards – Dave

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