The Week That Was: 2011-06-04 (June 4, 2011)  
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The Science and Environmental Policy Project

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SAVE THE DATE: “Restoring the Scientific Method” is the title of the Sixth International Conference on Climate Change (ICCC-6). Sponsored by the Heartland Institute. It will take place in Washington, DC from breakfast Thursday, June 30, to noon Friday, July 1, at the Marriott Wardman Park Hotel. This event will be more modest than in the past, yet as informative and, perhaps, even more challenging to the orthodoxy. The principal speakers include S. Fred Singer, Craig Idso, and Bob Carter – all major contributors to the NIPCC reports. Of course, SEPP is a co-sponsor.

http://www.heartland.org/events/iccc2011

Quote of the Week:  
"It is error alone which needs the support of government. Truth can stand by itself."  --Thomas Jefferson

Number of the Week: 3 out of 6

THIS WEEK:  
By Ken Haapala, Executive Vice President, Science and Environmental Policy Project (SEPP)

The campaign by governments against their citizens using affordable, reliable energy continues in many western countries. Activities in Australia are becoming more intense. During last year’s election, candidate Julia Gillard promised no carbon taxes. Now, Prime Minister Julia Gillard, who won with a slim margin, is insisting on imposing carbon taxes to be levied on major carbon dioxide producers by 2012, with a full emissions trading scheme a few years thereafter. Needless to say, many of her former supporters feel betrayed.

The PM’s appointed Climate Commission produced a report, entitled “The Critical Decade,” outlining the government’s position on the science – largely a repetition of the UN International Panel on Climate Change (IPCC). Bob Carter, David Evans, Stewart Franks & William Kininmonth countered with a report entitled “Scientific audit of a report from the Climate Commission.” The later report is insightful, piercing, well annotated, and refreshingly concise and brief.

TWTW freely admits what some may call a bias. The works of Bob Carter and David Evans have been referenced in past issues of TWTW. Bob Carter is a member of the Nongovernmental International Panel on Climate Change (NIPCC), his latest book was favorably reviewed by TWTW, and he is a speaker at the upcoming Sixth ICCC Conference, “Restoring the Scientific Method.” If TWTW appears to be biased, it is that it supports modern empirical science over sophisticated speculation using numerical models that have never been verified. Please see articles referenced under “Challenging the Orthodoxy.”

In Germany, the government of Chancellor Angela Merkel announced that it will end nuclear power in German by 2022, closing all 17 plants, one of which has been off-line (mothballed) for several years. In March, it “temporarily” closed 7 plants. Germany (counting the inflated capacity of wind turbines) has excess capacity. How it will get electricity from the north, where the wind turbines are, to the south and west, where many of the closed nuclear plants are, by winter, will be a challenge. According to European Nuclear Society, in 2008, nuclear produced 23.3% of the electricity and wind 6.5%. How Germany will make up for the loss of electricity generation from nuclear remains to be seen. How Germany will compensate for the reliable base load electricity nuclear delivers, which erratic wind cannot, is an
additional issue. No doubt, supporters of the government action will claim that closing nuclear plants will produce more jobs – confusing spending money with spending money productively (wisely). Please see articles referenced under “Nuclear Fears and Responses” and http://www.euronuclear.org/info/encyclopedia/p/pow-gen-ger.htm

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In the US, Congress returns next week, but the administration of President Obama continues its campaign against petroleum and other fossil fuels. This week it found a new target. Eleven months ago the 1300-mile long Keystone pipeline opened delivering oil from Alberta, Canada, to US refineries in Illinois, and Cushing, Oklahoma, a major pipeline and storage hub. The system handles about 591,000 barrels a day.

During the eleven months of operation there have been eleven small leaks, with two in May. The first leak in May was about 400 barrels and the second of about 10 barrels. The leaks came from failures at two different pumping stations. In a virtually unheard of action, the Department of Transportation’s Pipeline and Hazardous Materials Safety Administration ordered the shut-down of the pipeline, stating the pipeline owner, TransCanada, must perform metallurgical testing and root-cause failure analysis, and review other parts of the 1,300-mile pipeline system for similar conditions that led to the two leaks. How long the pipeline will be shut-down is unknown.

This action does not bode well for TransCanada which is requesting approvals for a second pipeline from the tar sands of Alberta to refineries in Texas, with a capacity of 1.1 million barrels a day. Since the pipeline crosses international boundaries, it must be approved by the State Department, namely Secretary of State Hillary Clinton. Thus far, the approval has not been forthcoming. The administration’s claim that the US must stop importing oil from unreliable countries in the Mid-East rings hollow. Please See Article Number 5.

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Number of the Week: 3 out of 6. The EPA claims authority to regulate greenhouse gas emissions under a ruling by the US Supreme Court which pertained to tailpipe emissions from new motor vehicles. Three out of the six greenhouse gases EPA is regulating through its new-found powers under its Endangerment Rule are man-made gases and not products of fossil fuel combustion.

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EPA’s Expansion of Power: Last week, TWTW discussed a few scientific points in the lawsuit against EPA for its ruling that greenhouse gas emissions (GHG) endanger human health and the environment. A second part of the litigation is briefly discussed this week, EPA’s expansion of a very narrow ruling to assert regulatory control over virtually all forms of fossil fuel combustion and many other industries, as well.

Very simplified, the clever process used by the EPA is three-fold. The Supreme Court ruling applied to tailpipe emissions from new motor vehicles. One, expand the interpretation to other greenhouse gases, two, expand the ruling by noting there are larger sources of emissions than from new motor vehicles, then, reduce any major, violent public backlash by limiting (tailoring) the regulations to apply to major emitters, at least initially.

The six GHGs EPA claims the Supreme Court gave it the power to regulate are carbon dioxide (CO2), nitrous oxide (N2O), methane (CH4), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF6). According to EPA web sites, the last three are classified as having High Global Warming Potential (GWP), none are products of fossil fuel emissions, and all three are man-made. HFCs are primarily used as refrigerants, including in automobile air conditioners. In the US they are now tightly controlled. PFCs are primarily used in aluminum production and semiconductor manufacturing. SF6 is used in electric power transmission and distribution equipment, in the magnesium industry, semiconductor manufacturing, and leak detection.
The principal human sources of N2O are agricultural activities. With new style catalytic converters, N2O emissions from vehicles are declining rapidly – in 2008 they were less than one half of what they were in 1995. Over 90% of N2O emissions are natural.

Mobile combustion (vehicle) emissions of methane (CH4) are insignificant and are declining. In 2009 they were less than one-half of what they were in 1990. In the US they amount to less than 0.6% of total human emissions.


There are many sources of GHGs. To expand its regulatory powers, EPA freely interpreted the legal ruling concerning new motor exhausts to a self-proclaimed requirement that it must regulate human emissions of GHGs from all sources, and not be limited to new motor vehicles. Then, claiming that such an interpretation led to an absurd result, with a huge public backlash; EPA freely interpreted the Clean Air Act gave it the power to “tailor” its regulations to only the major producers of these GHGs.

Such is how some Federal agencies create policy and power in Washington – ignore science, ignore legal constraints from court rulings and the law, and assert the power when the opportunity arises. On Friday, the group in which SEPP is involved filed their latest written brief, objecting to such EPA actions.

As of this writing, it appears that EPA has until August 18 to respond and we have until October 17 to counter the EPA response.

A recent study of lake sediments in Greenland indicates that the cold weather of the Little Ice Age destroyed the Viking settlements there. Of course, this has been understood for some time, but many of the orthodoxy refused to believe it. Further, many of the orthodoxy have discounted the ice core borings from Greenland as not indicative of the actual coastal temperatures because the borings are taken at high elevations.

The new study indicates that the cold was on the coasts as well as in the center of Greenland. Also the study casts further doubt on the very recent study by the International Arctic Monitoring and Assessment Program that used six years of data to project conditions 90 years hence. (Covered in the May 14, 2011 TWTW.) It appears that temperature trends of the upper latitudes of the Northern Hemisphere change rapidly and dramatically and any long term extrapolation of a trend is highly suspect. Please see article referenced under “Changing Climate.”

The Kyoto Protocol is the international agreement among various nations to limit carbon dioxide emissions. The two largest emitters of carbon dioxide, China and the US, are not parties of the Protocol. Contrary to a resolution passed by the US Senate, then Vice President Al Gore signed the Protocol, but it was never submitted for approval by the Senate. Approval is necessary to make the Protocol binding on the US. The Protocol expires at the end of 2012 and efforts to structure a new agreement are underway.

According to a May 29 report by the French news agency, Agence France-Presse, representatives of Russia, Japan and Canada announced at a G-8 meeting, their countries will not join in a second agreement. The story was picked-up by the Sydney Morning Herald, but not by other major English newspapers. It is not yet clear if the story is accurate.

Nevertheless, at this time it is highly doubtful that the US Senate would approve an agreement with international restrictions on carbon dioxide emissions. It appears unlikely that China will sacrifice its
future prosperity based on the questionable science of the IPCC. India was so outraged by the IPCC’s dismissal of a report challenging the IPCC’s false report of the Himalayan ice melt, that it has organized an independent science body. Please see referenced article under “Problems with the Orthodoxy.”

Various alarmist groups are using the Defense Department’s “Quadrennial Defense Review Report” to insist the state and local governments should adapt programs limiting carbon dioxide emissions because the emissions are causing global warming that threatens the military security of the US. The Report has a five page section entitled “Crafting a Strategic Approach to Climate and Energy. The military unquestionably accepts the report of U.S. Global Change Research Program, which is based on the 2007 IPCC report and its unsubstantiated claims of impending disasters. Please see referenced articles under “Defenders of the Orthodoxy.”

The George Mason University’s Center for Climate Change Communication has selected Naomi Oreskes for its “Communicatory of the Year” award. Apparently her book, Merchants of Doubt, jointly authored with Erik Conway, was instrumental in her selection for the award. The book is a personal attack on four distinguished scientists, two of whom founded SEPP, the late Chairman Frederick Seitz and the President and current Chairman, Fred Singer. The book has been mentioned several times in TWTW and was reviewed on October 23, 2010.

The book makes many outrageous accusations against the four scientists, but fails to substantiate them. Hard evidence is lacking. After Science magazine published a fawning review, it refused to publish a rebuttal from Fred Singer, the only one of the four still alive. In a distorted way, perhaps the award is appropriate, for the book is much like popular global warming claims – “… full of sound and fury, signifying nothing.” (Macbeth) Please see referenced article under “Communicating Better to the Public.”

ARTICLES:

For the numbered articles below please see: www.sepp.org.

1. Overruled
Editorial, IBD, June 2, 2011
http://www.investors.com/NewsAndAnalysis/Article/574193/201106021903/Overruled.htm

2. Another Wave Of American Oil
Editorial, IBD, May 31, 2011
http://www.investors.com/NewsAndAnalysis/Article/573830/201105311841/Another-Wave-Of-American-Oil.htm

3. Bureaucratic Rift Stalls Alaska Well
By Stephen Power and Daniel Gilbert, WSJ, June 2, 2011
http://online.wsj.com/article/SB10001424052702304563104576357800795837470.html?mod=ITP_pageone_1

4. Future Oil Supplies Can Lower Prices Today
Opinion By Lucian Pugliaresi, WSJ, June 2, 2011
http://online.wsj.com/article/SB10001424052748703834804576301362192667154.html?mod=ITP_opinion_0

5. U.S. Bars TransCanada From Restarting Keystone Pipeline
By Ben Lefebre and Chipe Cummings, WSJ, Jun 3, 2011
NEWS YOU CAN USE:

**Climategate Continued**
The EU Connection in Climate Research
Millions of euros come with an agenda
By John Rosenthal, Hoover Institution, Aug 1, 2010
http://www.hoover.org/publications/policy-review/article/43291
[SEPP Comment: An informative, long piece]

**Challenging the Orthodoxy**
Scientific audit of a report from the Climate Commission
By Bob Carter, David Evans, Stewart Franks, & William Kininmonth, Quadrant, May 30 [H/t JoNova]
Part I: Introduction, Discussion & Conclusions
Part II: Science Audit

Australia’s Invisible Energy Trade: better than most and getting even better
By Jo Anne Nova & Mike Wilson, JoNova.com, June 3, 2011

Greenland Ice Cap’s Melting Not Unusual
By David Whitehouse, The Observatory, May 31, 2011
http://thegwpf.org/the-observatory/3118-greenland-ice-caps-melting-not-unusual.html

Defenders of the Orthodoxy
Prospect of limiting the global increase in temperature to 2°C is getting bleaker
CO2 emissions reach a record high in 2010; 80% of projected 2020 emissions from the power sector are already locked in
By Staff Writers, IEA, May 30, 2011
http://www.iea.org/index_info.asp?id=1959
[SEPP Comment: A doubling of CO2 will not cause temperature increase of 2°C.]

Union of Concerned Scientists caught in yet another lie … about warming, ozone and health risks
By Joseph D’Aleo, ICECAP, Jun 3, 2011
http://www.icecap.us/

The New Military War Against Climate Change
By Larry Bell, Forbes, May 31, 2011

Quadrennial Defense Review Report
Department of Defense, February 2010
http://www.defense.gov/QDR/QDR%20as%20of%202009JAN10%201600.pdf#page=107
Tiny bubbles signal severe impacts to coral reefs worldwide
By Staff Writers, SPX, June 1, 2011
[SEPP Comment: A solution with a pH above 7 is not acidic. The report does not state the pH of the studied area.]

Questioning the Orthodoxy
Fall, Winter, and Spring Northern Hemisphere Snow Cover Extent from the Rutgers University Global Snow Lab
By Roger Pielke, Sr. Climate Science, May 30, 2011
http://pielkeclimatesci.wordpress.com/
[SEPP Comment: According to the IPCC: Snow cover has declined on average in both hemispheres. Actually in the Northern Hemisphere the trends since 1967 are: a slight decline in the fall, an increase in the winter, and a clear decline in the spring.]

Warmer temperatures stimulate the gain of carbon stored in trees
Posted by Anthony Watts, WUWT, May 28, 2011

Problems with the Orthodoxy
Kyoto deal loses four big nations
By Staff Writers, Agence France-Presse, May 29, 2011 [H/t WUWT]
[SEPP Comment: This story has not been picked-up by the major western news media.]

Seeking a Common Ground
Cooler heads prevail against climate panic
By Jeff Jacoby, Boston Globe, June 1, 2011
http://www.boston.com/bostonglobe/editorial_opinion/oped/articles/2011/06/01/cooler_heads_prevail_against_climate_panic/

Communicating Better to the Public – Exaggerate?
“Communicator of the Year”: Honoring Oreskes Reveals Much About the State of the Climate Debate
By Jeff Kueter, George Marshall Institute, June 3, 2011
http://www.marshall.org/article.php?id=957

Are You Ready for More?
By Sharon Begley, The Daily Beast, May 29, 2011 [H/t Timothy Wise]

Big Bad Wolf Romm: “Climate on the Brink…” (Plea to temper ‘shrillness’ by EDF’s Krupp ignored)
http://www.masterresource.org/2011/06/bad-wolf-romm-shrillness/#more-15226
The Changing Climate
Climate helped drive Vikings from Greenland
http://news.brown.edu/pressreleases/2011/05/vikings

Extreme Weather
Flooding Continues Along Missouri River, Recedes on Mississippi
By Jeff Sussman, Weather Bell, Jun 3, 2011
http://www.weatherbell.com/weather-news/flooding-continues-along-missouri-river-recedes-on-mississippi/

Klotzbach and Gray continue to expect a well above-average hurricane season
By Ric Werme, WUWT, June 2, 2011

Deadly twisters rare in northeast: US
By Staff Writers, AFP, June 2, 2011
[SEPP Comment: Many blamed the 1953 tornado that hit Worcester, MA, on nuclear testing.]

A New Flood, Some Old Truths
Editorial, NYT, May 27, 2011 [H/t David Manuta]
http://www.nytimes.com/2011/05/28/opinion/28satan.html?emc=eta1
[SEPP Comment: Heavy snow storms seem to be hitting the northeast with “scary regularity.” Should we abandon cities such as New York?]

Changing Seas
Scientists foresee faster sea level rise along New Jersey coast
By Kirk Moore, Asbury Park Press, May 29, 2011
[SEPP Comment: Subsidence of land, both naturally and by pumping ground water are not the same as sea level rise.]

Cap-and-Trade and Carbon Taxes
Australia PM ramps up carbon tax campaign
By Staff Writers, AFP, May 30, 2011
http://www.terradaily.com/reports/Australia_PM_ramps_up_carbon_tax_campaign_999.html
[SEPP Comment: When reason, fails use propaganda.]

World Bank warns of ‘failing’ international carbon market
By Fiona Harvey, The Guardian, June 1, 2011 [H/t GWPF]
http://www.guardian.co.uk/environment/2011/jun/01/world-bank-failing-carbon-markets
[SEPP Comment: What a loss!]

New Jersey to Pull Out of RGGI, Shun New Coal Plants
By Staff Writers, Power News, June 1, 2011
[SEPP Comment: New Jersey pulls out of a regional cap-and-trade program.]

**Subsidies and Mandates Forever**

Renewable energy mandate: Colorado sold a bill of goods
Paul Chesser, ATI, May 27, 2011

**EPA and other Regulators on the March**

Germany ‘Sliding Head Over Heels Into Eco-Dictatorship’
By Fritz Vahrenholt, De Welt, May 27, 2011

Salazar: Interior will not enforce ‘wild lands’ policy
By Andrew Restuccia, The Hill, June 1, 2011
[SEPP Comment: A policy of the Administration’s imagination that was never authorized by Congress.]

New York AG sues feds over gas ‘fracking’
By Ben Geman, The Hill, June 31, 2011
[SEPP Comment: An item of definite concern on the possibility of EPA asserting control of natural gas drilling beyond prudent environmental regulations.]

**Energy Issues**

Regulator sets conditions on Keystone oil line restart
By Jeffrey Jones and Tom Doggett, Reuters, Jun 3, 2011
http://business.financialpost.com/2011/06/03/regulator-sets-conditions-on-keystone-oil-line-restart/

**Nuclear Fears & Responses**

Germany announces end to nuclear power by 2022
By Staff Writers, AFP, May 30, 2011
http://www.nuclearpowerdaily.com/reports/Germany_announces_end_to_nuclear_power_by_2022_999.html

Slovenia, Slovakia rule out nuclear plant closures
By Staff Writers, AFP, May 30, 2011
http://www.nuclearpowerdaily.com/reports/Slovenia_Slovakia_rule_out_nuclear_plant_closures_999.html

Panic in the Nuclear Streets
By Ferdinand Banks, Energy Pulse, May 26, 2011
http://www.energypulse.net/centers/article/article_display.cfm?a_id=2426

GAO: U.S. Nuclear Waste Policy Plagued with Uncertainties
By Staff Writers, Power News, June 1, 2011
Oil and Natural Gas – the Future or the Past?
Everything you’ve heard about fossil fuels may be wrong
The future of energy is not what you think it is [H/t William Westmiller]
By Michael Lind, Salon, May 31, 2011
[“We may be living in the era of Peak Renewables …”]

Shale Boom in Texas Could Increase U.S. Oil Output
By Clifford Krauss, NYT, May 27, 2011

Offshore Drilling? Obama Says Nil baby Nil
By Art Horn, ICECAP, Jun 1, 2011
http://www.icecap.us/

BP Oil Spill and Administration Control of Drilling
Running on empty: The drilling ban one year later
Obama still has his foot on the throat of domestic oil production

Some Jobs To Save
Editorial, IBD, June 3, 2011
http://www.investors.com/NewsAndAnalysis/Article/574399/201106031840/Some-Jobs-To-Save.htm?

Paper argues against conclusion that bacteria consumed Deepwater Horizon methane
By Staff Writers, SPX, June 3, 2011
http://www.terradaily.com/reports/Paper_argues_against_conclusion_that_bacteria_consumed_Deepwater_Horizon_methane_999.html
[SEPP Comment: An issue that will not be resolved but will wither away.]

Alternative, Green (“Clean”) Energy
Big companies aggressively jump into clean tech
Is there still big green to be made in green tech?
By Jon Swartz, USA Today, May 25, 2011
[SEPP Comment: Why are huge government subsidies needed? See article below.]

Investors Flock to ‘Clean’ Tech, So Why the Subsidies
By Paul Chesser, National Legal and Policy Center, May 26, 2011

BOEMRE Takes Steps to Issue First U.S. Lease for Marine Energy Demonstration
By Sonal Patel, Power News, June 1, 2011
http://www.powermag.com/POWERnews/3760.html?hq_e=el&hq_m=2212628&hq_l=10&hq_v=5e660500d0
Go green, go broke
By Peter Smith, Quadrant, Jun 3, 2011

Questioning the European Green
Biofuel Push Stalls in ‘Car Crazy’ Germany
By Eric Westervelt, NPR, May 24, 2011 [H/t Timothy Wise]

California Dreaming
An Unclear Course on Emissions Policy
By Felicity Barringer, NYT, May 29, 2011

California’s Cap-and-Trade Illegality: CARB Rethink Necessary
By Tom Tanton, Master Resource, May 31, 2011
http://www.masterresource.org/2011/05/carb-cap-and-trade-illegality/#more-15181

Oh Mann!
Harassing climate-change researchers
[SEPP Comment: Asking researchers to justify their published research is harassment! See letter below.]

A hypocritical response to U-Va. Records request
Letter by Christopher Horner, Washington Post, June 2, 2011

Review of Recent Scientific Articles by NIPCC
For a full list of articles see www.NIPCCreport.org

Adaptation to Ocean Acidification

Solar Activity and Global Climate Change

Are Some Global Warming policies Deadlier than Global Warming?
A 135-Year Rainfall History of India: 1871-2005

Food for Fuel and Other Issues
Is the food production system broken?
By Martin Livermore, Scientific Alliance, June 2, 2011
http://www.scientific-alliance.org/scientific-alliance-newsletter/food-production-system-broken

Other Scientific News
Cities affect storms, but downwind areas can get the worst of it
By Brian Wallheimer SPX, May 31, 2011
http://www.terradaily.com/reports/Cities_affect_storms_but_downwind_areas_can_get_the_worst_of_it_999.html

Groundwater Depletion Is Detected From Space
By Felicity Barringer, NYT, May 30, 2011
http://www.nytimes.com/2011/05/31/science/31water.html?_r=1&nl=todaysheadlines&emc=theta210

An Epidemic of False Claims
Competition and conflicts of interest distort medical findings
By John P.A. Ioannidis, Scientific American, May 31, 2011 [H/t Marc Morano, Climate Depot]
http://www.scientificamerican.com/article.cfm?id=an-epidemic-of-false-claims

‘Worms from hell’ unearth possibilities for extraterrestrial life
By Marc Kaufman, Washington Post, June 1, 2011 [H/t WUWT]

Other News
Experts create first legal roadmap to tackle local ocean acidification hotspots
By Staff Writers, SPX, June 1, 2011
[SEPP Comment: Ocean ‘acidification’ is so poorly defined.]

Philippines struggles under mountain of dead fish
By Staff Writers, AFP, May 30, 2011
http://www.terradaily.com/reports/Philippines_struggles_under_mountain_of_dead_fish_999.html
[SEPP Comment: Global cooling.?
]

BELOW THE BOTTOM LINE:
Global warming threatens anthrax cattle burial areas in Russian Arctic
By Staff Writers, RIA Novosti, May 31, 2011 [Secondary Article]
http://www.terradaily.com/reports/Climate_played_big_role_in_Vikings_disappearance_from_Greenland_999.html

Climate change to deal blow to fruits, nuts: study
By Staff Writers, AFP, May 28, 2011
ARTICLES:

1. Overruled
Editorial, IBD, June 2, 2011
http://www.investors.com/NewsAndAnalysis/Article/574193/201106021903/Overruled.htm

**Regulation:** Ever wonder if anyone in government gives a thought to costs when one of its labyrinthine laws is put into effect? Turns out at least one federal agency says it's prohibited from doing so. Which explains a lot.

In a town where the government is accustomed to doing whatever it wants, one member of Congress has challenged the system. Rep. Vicky Hartzler, R-Mo., asked the Environmental Protection Agency about its rule-making process. What she learned is breathtaking, but not surprising.

"Under the Clean Air Act, decisions regarding the National Ambient Air Quality Standards (NAAQS) must be based solely on an evaluation of the scientific evidence as it pertains to health and environmental effects," reads a letter from assistant EPA administrator Gina McCarthy to Hartzler.

"Thus, the agency is prohibited from considering costs in setting the NAAQS."

Government regulations come with costs. Compliance is a heavy burden. During a news conference in which Hartzler spoke of "horror stories" caused by rules, she referred to a Small Business Administration estimate that says government regulations cost the economy more than $1.75 trillion a year, about 12% to 14% of GDP and half of what Washington is now spending — $3.456 trillion — in a year.

The Competitive Enterprise Institute, which has been keeping up with federal regulation for years through its yearly "Ten Thousand Commandments" reports, believes the cost is closer to $1.8 trillion because agencies spend an estimated "$55.4 billion (on budget) to administer and police the regulatory enterprise."

CEI also says regulatory costs:

- Exceed 2008 corporate pretax profits of $1.463 trillion.
- Tower "over the estimated 2010 individual income taxes of $936 billion by 87%.
- Reveal "a federal government whose share of the entire economy now reaches 35.5%" when combined with federal 2010 outlays of $3.456 trillion.

Rather than use taxpayers' dollars to stimulate the economy, CEI suggests a "deregulatory stimulus" that would be achieved by simply rolling back regulation.

But if a cost-benefit analysis had been required for every rule spit out by the federal machine, there would be no need to stimulate the economy by lifting onerous regulations. The stimulus would have been built in. It seems like this is something else the government has been prohibited from considering.

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2. Another Wave Of American Oil
Editorial, IBD, May 31, 2011
http://www.investors.com/NewsAndAnalysis/Article/573830/201105311841/Another-Wave-Of-American-Oil.htm
**Energy:** Analysts say a series of 20 new oilfields in Texas could increase domestic output by a quarter over the next decade. The government had better not stand in the way of getting this crude out of the ground.

The media are predicting another oil boom in Texas. They're reporting that more than a dozen companies have plans to drill 3,000 wells over the next year in the southern part of the state.

According to energy research group IHS CERA, the shale fields could be producing as many as 3 million barrels a day by 2020.

"This is very big and it's coming on very fast," Daniel Yergin, chairman of IHS CERA, told the New York Times. "This is like adding another Venezuela or Kuwait by 2020, except these tight oilfields are in the United States."

Aubrey McClendon, chief executive of Chesapeake Energy, seems even more enthusiastic. He told the Times that the coming Texas oil boom is "the one thing we have seen in our adult lives that could take us away from imported oil."

Someone tell Vice President Joe Biden that this promising source of crude is indeed a "big deal."

But don't expect the green lobby, the Democrats in Congress who are beholden to it and the activist bureaucrats within the federal government to just move aside and let it happen.

They will fight it and continue to try to force Americans into transportation choices they don't want, such as those electric cars that 57% told a USA Today-Gallup poll they wouldn't buy no matter how high gasoline goes.

Unlike conventional oil extraction, the crude in these Texas fields will have to be taken out by a process called fracking. The oil is trapped tightly in rock formations that have to be fractured by the injection of pressurized fluids, mainly water. The fractures let the crude flow into the wellbore where it can be collected.

Environmentalists say fracking is dirty, a danger to human and environmental health.

They reflexively oppose it, though at one time — as recently as two years ago — some supported it. At least one group has sued to stop fracking.

Perhaps we're being a bit cynical, but maybe the change of mind arrived at the same time the vast amounts of new energy that can be derived from fracking became a threat to renewable fuel and "alternative energy."

The green lobby knows the public will see no reason to pay a premium for those when fracking will keep fossil fuel cheap and plentiful.

These crude-rich Texas tracts aren't the only domestic onshore fields that can keep the U.S. awash in its own oil. The Green River formation in the Western U.S. alone might hold more than 1.5 trillion barrels of oil.
That's six times the proven reserves in Saudi Arabia. Only fools would let such a potential energy bonanza go to waste.

We shouldn't be fighting over increasing domestic energy. The U.S. imports roughly six barrels of oil for every 10 it uses. Nearly half of those six barrels come from nations we shouldn't be doing business with and a cartel that artificially jacks up prices.

If we could phase out importing from Venezuela, Russia, even Saudi Arabia, wouldn't we be wise to do so?

And if we could build a North American market for oil that helps offset the world market that is so skewed by intervention from bad governments, isn't that our duty?

There is also the price problem, and the economic difficulties that go with it, that can addressed by producing more of our own fossil fuel.

The mere announcement that the U.S. will aggressively develop its vast reserves is enough to bring down the world price of oil. Traders anticipating a world with an ample supply of oil will price contracts lower.

But then much of our current political class cares nothing about bringing fossil fuel prices down.

In fact, it rather likes steep prices so it can use them to push for more public policies that support uneconomic renewables and "alternative energy."

It's these elected officials, not the big oil companies, that are causing your pain at the pump.

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3. Bureaucratic Rift Stalls Alaska Well
By Stephen Power and Daniel Gilbert, WSJ, June 2, 2011
http://online.wsj.com/article/SB10001424052702304563104576357800795837470.html?mod=ITP_pagede_1

A proposed bridge and pipeline in the remote reaches of Alaska are highlighting the obstacles facing the U.S. in its push to produce oil in ecologically sensitive regions.

The infrastructure would allow ConocoPhillips, the U.S.'s third-largest energy company by market value, to begin developing the first commercial oil well in Alaska's National Petroleum Reserve since it was opened to drilling in 1998. The project, first proposed in 2005, has taken on new urgency with President Barack Obama's May pledge to conduct more frequent lease sales in the 23-million-acre reserve.

But Conoco's project has been stymied in part by the U.S. Army Corps of Engineers, which cited environmental worries in refusing to grant the company a permit to build a bridge, a gravel road and a pipeline over a waterway to its drill site. The project traverses the Colville River Delta, a mosaic of arctic lakes and channels in the far eastern reaches of Alaska's North Slope.

The project has put two federal agencies at odds. The Environmental Protection Agency has maintained that a roadless alternative, which would route the pipeline under the Nigliq Channel and use an airstrip instead of a road and bridge, would be less damaging to the reserve's environment. The Interior Department backs Conoco's proposal as environmentally preferable.
The resulting standoff has left the project's future in question, infuriating Alaska officials eager for the hundreds of jobs that building the bridge and operating the drill site would bring. Congressional Republicans cited the Corps' decision in a report last week as evidence the Obama administration is biased against oil and gas development.

An Interior Department spokeswoman said the agency was "committed to facilitating responsible development" for all projects in the reserve.

Only a handful of companies have drilled exploratory wells in the reserve. Several—including Conoco—have relinquished acreage and focused exploration efforts elsewhere. The arctic conditions, lack of infrastructure and environmental restrictions mean that the expense and risks of drilling are much higher than in the contiguous U.S. In October, the U.S. Geological Survey issued a revised estimate that the reserve held 896 million barrels of oil—just 10% of what it was thought to contain in 2002, which has made it a less attractive target for the industry.

Conoco has proposed building a 1,400-foot bridge over the Niglq, and a six-mile gravel road that would allow it to haul materials and workers to and from the drill site. A pipeline would ship oil from the wells—as much as 18,000 barrels a day—over the channel to the company's processing facilities. The project has received the endorsement of Alaskan landowners that would be affected and the nearby Village of Nuiqsut.

But the Corps' Alaska district in February 2010 denied the application, concluding that the roadless alternative was preferable. It was a rare step by the Alaska district engineer, who has denied just two of nearly 3,000 permit applications, including the Conoco proposal, since he took command in June 2009.

The Corps' ruling followed a June 2009 recommendation from the EPA, which said the construction of a road and bridge "may result in substantial and unacceptable impacts to" the Colville River Delta's protected and endangered species. Conoco appealed the Corps' ruling, and in December the Corps' Pacific division remanded the application back to the Alaska district for further consideration.

The administration has been trying to resolve the stalemate since September, when Interior Secretary Ken Salazar traveled to Alaska to meet with Conoco officials and local residents.

The company contends that an underground pipeline would make it harder to detect leaks and prevent a spill. Alaska's chief pipeline engineer and the Interior Department agree.

In a May 3 letter to the Corps, the Interior Department's deputy secretary, David Hayes, wrote: "After the experience that our Department had with last summer's failure of previously assured oil and gas technology in the Gulf of Mexico, we feel strongly that an above-ground crossing...is an inherently less damaging alternative."

Col. Reinhard Koenig, the Corps' district engineer who denied the permit, said in an interview that he still believed the underground pipeline was preferable. Nonetheless, he said the Interior Department made arguments that could cause the Corps to reverse its decision.

The Corps is expecting additional responses from Conoco by Monday.

If the EPA eventually disagrees with Col. Koenig's decision, it could petition his superior to review the matter.

An EPA spokesman said it was working with the Corps and others to "explore potential modifications that would allow the project to proceed while reducing the impact on environmentally sensitive areas."
A Conoco spokeswoman said it "is working through the remand process and we will be responding to the Corps of Engineers' request for information."

Even if the issue of the Corps permit is resolved, construction on the project couldn't begin until the company secures an additional bridge permit from the U.S. Coast Guard, and a "small number of other permits that are not viewed as controversial," Conoco said.

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**4. Future Oil Supplies Can Lower Prices Today**

Opinion By Lucian Pugliaresi, WSJ, June 2, 2011

http://online.wsj.com/article/SB10001424052748703834804576301362192667154.html?mod=ITP_opinion_0

Every time there's a run-up in gasoline prices, our policy makers respond with two measures: (1) investigations of market manipulation and (2) proposals to increase the tax take on oil and gas companies. Today is no exception.

The political popularity of these tactics is hard to resist, but neither one will likely drive down prices or even increase revenues. The government has found no wrongdoing by the oil companies in any of the major oil price run-ups, and the effective tax rate on oil companies, 39.8% according to the Tax Foundation, is the highest among all industries.

There is, however, a strategy open to the Obama administration that could yield both lower prices and higher revenue from oil and gas companies. To undertake this strategy, the president will have to retreat from his war on petroleum.

In world oil markets, prices are determined not only by what is happening to current production, but also by the expectations that buyers and sellers have about future production. In the 1973-74 Arab oil embargo, for example, oil prices quadrupled overnight even though little oil was lost from the market. Instead, buyers and sellers expected that the growth in oil production in the region would be substantially curtailed as a result of the likely nationalization of Persian Gulf oil fields.

Crude oil prices shot up at the outset of the 1979 Iranian Revolution, and again when war broke out between Iran and Iraq the following year, although in neither case did the amount of oil supplied to the market decline by much. But buyers and sellers understood that expectations about the growth of new production from both Iran and Iraq were shifting downward. Unrest in Libya, combined with expectations of continued turmoil throughout the Middle East, is certainly contributing to the current run-up in oil prices.

Nevertheless, many analysts deny that quickly opening our borders to imports from Canadian oil sands, more access to the petroleum resources in Alaska, expanding oil and gas leasing in new offshore and onshore provinces on federally owned lands, and deepwater drilling in the Gulf of Mexico will make a difference. The supplies will reach the market too far in the future to help us with prices today, or the amount will be too small to matter. This is too simplified a view of the oil market.

If we open up more North American resources for development, we may very well shift long-term expectations on domestic supply and receive the benefits of lower prices even before the supplies come to market. We may even get some pleasant surprises, such as what we recently experienced with the shale gas revolution. New discoveries of shale gas, and breakthroughs in the technology of extraction, have pushed down natural gas prices between $4-$6 per thousand cubic feet (mcf) over the last three years. These lower prices have saved American consumers over $50 billion a year, according to data from the federal Energy Information Agency.
I will leave you with a statistic: If we can alter the long-term price of crude oil by $20 a barrel—let's say to $80 instead of $100—the savings in our import bill alone would be $100 billion per year. This would immediately foster economic growth. That means more jobs, a better return on capital, higher corporate and personal income taxes paid, and government revenues from bonus bids and royalties from petroleum development.

Unlike costly programs for electric cars and renewable fuels, an aggressive petroleum development strategy will generate large and sustainable additions to both domestic employment and government receipts.

Mr. Pugliaresi is president of the Energy Policy Research Foundation and a former staff member of the National Security Council under President Ronald Reagan.

5. U.S. Bars TransCanada From Restarting Keystone Pipeline
By Ben Lefebvre and Chip Cummings, WSJ, Jun 3, 2011
http://online.wsj.com/article/SB10001424052702304563104576363861917951924.html?mod=WSJ_Energy_leftHeadlines

U.S. government regulators have barred TransCanada Corp. from restarting its Keystone pipeline following two small oil spills in the U.S. along the line last month.

The move signals heightened scrutiny of the company as it pursues approval for an extension of the 591,000-barrel-a-day system.

It is the first so-called corrective action order by the Department of Transportation's Pipeline and Hazardous Materials Safety Administration against the operator since at least 2002. The Keystone pipeline, which has suffered 11 small leaks in as many months, transports heavy crude from Canada's oil sands region in Alberta to Cushing, Okla., and Illinois refineries.

The line spilled 400 barrels of oil at a pumping station in North Dakota on May 7 and 10 barrels of oil in Kansas on May 29.

While the latter spill and subsequent shut down briefly jolted oil markets this week, a glut of stored oil at Cushing, a key pipeline and storage hub, could keep oil-price reaction muted. It is unclear how long the pipeline will be shuttered.

The PHMSA said TransCanada must perform metallurgical testing and root-cause failure analysis, and review other parts of the 1,300-mile pipeline system for similar conditions that led to the two leaks.

The company is addressing the PHMSA's requests, TransCanada spokesman Terry Cunha said.

TransCanada said earlier Friday that it had submitted a restart plan for the pipeline, after replacing pressure transmitters along the line that it said had caused the Kansas leak.

TransCanada has said the series of breakdowns and leaks on the line have been caused by unrelated technical problems. "It's not unusual to have some minor incidents on a project of this size," Mr. Cunha said in an email response to questions Friday.

TransCanada is seeking approval from the U.S. State Department to expand the Keystone system to 1.1 million barrels a day and to extend it from Cushing to refineries on the U.S. Gulf coast. A decision is expected this year.
Environmentalists have fought the expansion plans, recently citing worry about oil spills along the line in the U.S. Some environmental groups have made pipeline safety a key plank in efforts to curtail U.S. imports of crude from Canadian oil-sands, also called tar sands. Activists have long targeted the industry as energy-intensive and environmentally damaging. The industry has defended itself as an environmentally responsible alternative source of crude.

More recently, U.S. groups have campaigned against what they have said may be a heightened risk of spills in pipelines carrying oil-sands crude. They have argued that because the crude blend must be heated and diluted, the blend could be more corrosive.

Oil executives and Alberta government officials have cited years of pipeline operation in both the U.S. and Canada as evidence that crude from oil-sands is no more prone to spills than conventional oil.

TransCanada has said that there is no link between the pipeline problems and the type of oil it is transporting. TransCanada reiterated in a statement Friday that "there is no issue with the integrity or safety of the Keystone pipeline."