

Compact Comments



October 2005

FREUDENTHAL ASSUMES CHAIRMANSHIP

Wyoming Gov. Dave Freudenthal assumed chairmanship of the IOGCC during the 2005 Annual Meeting, succeeding Alaska Gov. Frank Murkowski.

Freudenthal, addressing members of the Commission, will focus his chairmanship on illustrating to a broad audience the importance of domestic oil and natural gas production when balanced with sound environmental policy.

“There’s a role for technology in making this happen,” said Freudenthal. “Legitimate partnerships with public and private partners are important. If production is done right, we can do more. I absolutely know it can be done.”

Freudenthal extensively highlighted the importance of environmental protection, and held that regulation and new technologies have made sound energy production possible and necessary.

“There are more than two sides to the equation,” Freudenthal said about energy development. “There are thousands.” Freudenthal also noted the importance of communication in the nation’s energy future. Energy production helps



Wyoming Gov. Dave Freudenthal, IOGCC’s 2006 chairman, welcomes meeting participants to the 2005 IOGCC Annual Meeting in his home state.

to build families and jobs, but that isn’t well understood, he said.

IOGCC RESOLUTIONS URGE CONGRESS TO ACT ON VITAL ENERGY ISSUES

IOGCC passed five resolutions at its recent Annual Meeting that focus the organization’s efforts on issues that are vital to the nation’s energy future.

One resolution passed by IOGCC officials calls on government leaders to ensure that federal budgets adequately fund the U.S. Department of Energy’s Office of Fossil Energy oil and gas research and development programs.

“Major U.S. oil and gas companies no longer make their comprehensive oil and gas research available, and independent companies generally lack the capability and capacity to conduct their own research, thereby impacting the nation’s ability to effectively and efficiently develop domestic oil and gas resources,” said Christine Hansen, IOGCC executive director.

In a resolution to open the Coastal Plain of

the Arctic National Wildlife Refuge to hydrocarbon exploration and development, IOGCC officials will advocate in the national interest to the president and Congress the importance of increased domestic energy production to reduce dependence on foreign oil supplies.

“The IOGCC supports conservation and the use of alternative fuels, but recognizes that for the foreseeable future increased oil production is needed to fuel the nation’s transportation system,” said Hansen. “Advanced technology has greatly reduced the footprint needed for development.” If Prudhoe Bay were developed today, the footprint would be 64 percent smaller, she noted.

The organization also agreed to support the development of a program that includes a voluntary, industry-funded education program to increase

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IOGCC OFFICERS

Chairman
Gov. Dave Freudenthal

Vice Chairman
Don Likwartz

Second Vice Chairman
Victor Carrillo

Executive Director
Christine Hansen

ON THE HILL By Kevin Bliss

Congress has returned to Washington with a full agenda. On the energy front, Hurricane Katrina and its impact on our domestic energy supply has made it likely that Congress will soon pass additional energy legislation.

While the U.S. Senate focused on the confirmation of Judge John Roberts as chief justice of the Supreme Court, several U.S. House committees began work on new energy legislation in direct response to the recent energy shortages and high prices. Both the House Resources Committee and the House Energy and Commerce Committee have already marked up legislation.

The National Energy Supply Diversification and Disruption Prevention Act, approved by the House Resources Committee, contains a number of public lands provisions including, of particular interest to the IOGCC, the Offshore State Operations Act of 2005 (OSOA), the Arctic Coastal Plain Domestic Energy Security Act of 2005 and the Energy and Minerals Schools Reinvestment Act (EMSRA). IOGCC Resolutions 05.093 and 05.095, passed at the 2005 Annual Meeting, urged Congress to pass legislation similar to both the Arctic and EMSRA provisions.

Offshore State Operations Act: This act would codify into law the federal moratorium on oil production in federal waters of the Outer Continental Shelf (OCS) bordering coastal states, but would give states authority to opt-out and allow oil production should the governor and state legislature approve. An amendment approved at a late September committee markup of the bill exempted natural gas, meaning that the moratoria on offshore natural gas production would be lifted immediately. The House Resources Committee contends that the OCS has enough natural gas to single-handedly meet all U.S. residential needs for at least 15 years. The bill would provide billions of dollars directly to coastal states and local communities that chose to produce. A part of these funds would also be used to fund petroleum and minerals schools and for scholarships provided under EMSRA.

Arctic Coastal Plain Domestic Energy Security Act: This act would authorize production from the northern coastal plain of the Arctic National Wildlife Refuge. The House Resources Committee estimates that the potential daily production in ANWR's northern coastal plain is roughly equal to 25 years of Saudi Arabian imports. It is expected that this provision will be included in this year's budget resolution to prevent a filibuster in the Senate.

The Energy and Minerals Schools Reinvestment Act: This act would give federal financial assistance to petroleum and mining schools in the United States to increase the enrollment of individuals studying engineering, geology and geophysics. The goal of the act is to make it national

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SUPERIOR ENVIRONMENTAL STEWARDSHIP RECOGNIZED



Wyoming Gov. Dave Freudenthal (left), IOGCC chairman, awards Devon Energy Corp., represented by David Templet, the 2005 Chairman's Stewardship award in the Major Company category.

The IOGCC recognized superior environmental stewardship at the 2005 Chairman's Stewardship Awards ceremony during the Annual Meeting in Jackson Hole, WY.

Presented annually, the Chairman's Stewardship Awards represent the IOGCC's highest honor for exemplary efforts by oil and natural gas organizations that have gone far beyond the basic mandates of law to protect our environment.

Devon Energy Corporation, Bill Barrett Corporation, Indiana Oil and Gas Association, STRONGER, Inc., Coalbed Natural Gas Alliance and EnCana Oil and Gas Inc. were those selected to receive an award.

The awards accepted nominations in four categories; Major Company, Independent Company, Environmental Education, and Environmental Partnership.

The Major Company award, presented to Devon Energy Corporation, recognizes innovative projects by large oil and natural gas companies that demonstrate positive environmental stewardship.

Devon Energy Corporation is one of the largest oil and natural gas producers in the United States, accounting for daily production of more than 600,000 barrels of oil equivalent. In 2003, Devon agreed to become an active member of the Natural Gas STAR Program, voluntarily reducing their methane emissions by 12.66 billion cubic feet. This is enough to heat more than 180,000 homes per year.

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WYOMING HIGHLIGHTS

IOGCC ANNUAL MEETING 2005



Wyoming Gov. Dave Freudenthal (right) succeeds Alaska Gov. Frank Murkowski as 2005-2006 IOGCC chairman.



California Associate Representative Hal Bopp, state oil and gas supervisor, discusses key issues in his state at the Council of State Regulatory Officials meeting.



IOGCC Second Vice Chairman Victor Carrillo of Texas (left) stops to chat with Official Representative Don Mason of Ohio between sessions.

STEWARDSHIP AWARDS

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Devon was also recognized for its plan to restore the Esperanza Ranch, a migratory path used by wildlife for centuries to move between desert and mountain ranges. Joining with the Tucson Audubon Society and an Arizona land developer, Devon successfully established a 300-acre riparian easement to be preserved in and also established an endowment to help fund ongoing restoration and preservation activities.

The Independent Company award, presented to Bill Barrett Corporation, recognizes similar projects by small, independent oil and natural gas companies.

Bill Barrett Corporation was recognized for spending more than \$900,000 to clean up well sites neglected by previous owners, reroute and realign roads to better protect natural artifacts and fund a cultural artifact inventory project. The corporation also donated equipment to a local college, and regularly contributes cash to numerous community causes.

The Energy Education award, presented to both the Coalbed Natural Gas Alliance and EnCana Oil and Gas Inc., recognizes a group or organization that has created a program to educate the public about petroleum and the hundreds of ways it affects the lives of Americans each day.

The Coalbed Natural Gas Alliance is an organization created to educate the public about coal bed natural gas development.

The Alliance disseminates factual, valid scientific data to educate and inform consumers about the positive effects the production has on the economy and environment. Through dedication and hard work, the Alliance was recognized for reaching roughly 1.5 million in 2005 alone to educate them about the development of natural gas from coal seams in the Powder River Basin.

EnCana also received an award as a result of a partnership between employees, contractors, consultants, regulators, county officials, industry associations and area educators to host the annual Energy Expo. An estimated 1,200 adults and children attended the event in 2005 to learn about the day-to-day oil and natural gas operations and have any questions answered.

The Indiana Oil and Gas Association was presented with the Environmental Partnership award, as was STRONGER Inc. This award recognizes projects other than those created exclusively by an oil or natural gas company, but do involve industry participation.

The Indiana Oil and Gas Association was recognized for making significant progress in eliminating orphaned wells and correcting wrongs of past operators, while STRONGER Inc., was recognized for reviewing state oil and gas waste management programs and suggesting improvements for state programs.

FORMER OFFICIAL REPRESENTATIVE HONORED WITH E.W. MARLAND AWARD



Lowell Braxton (right), former IOGCC official representative from Utah, received the annual E.W. Marland Award from Wyoming Gov. Dave Freudenthal, IOGCC chairman, at the Annual Meeting in Jackson Hole, WY.

The IOGCC honored Lowell Braxton with its annual E.W. Marland Award at this year's Annual Meeting in Jackson Hole, WY. The award, established in 1994, recognizes an outstanding state regulator.

Braxton, a former IOGCC official representative, made significant contributions to the Commission through the Steering Committee, the Public Lands Committee and the Legal and Regulatory Affairs Committee.

Prior to his retirement this February, Braxton served as director for the Utah Division of Oil, Gas and Mining.

E.W. Marland was a U.S. Congressman and the 10th governor of Oklahoma, and is considered the "Father of the Compact."

LOUISIANA CALLS FOR ENERGY ASSET PROTECTION

In response to hurricane Katrina, Louisiana Secretary of Natural Resources Scott Angelle emphasized before the U.S. House Committee on Energy and Commerce that the country must invest in the protection of energy assets within his state.

Louisiana has a long history of oil and natural gas production. According to the testimony, 34 percent of the nation's natural gas supply and nearly 30 percent of the crude oil supply is either produced in the state, offshore or moves through the state and its coastal wetlands. The state also hosts more than 16 percent of the total U.S. refining capacity.

Angelle outlined how experts and political leaders in the past have "sounded the alarm" that federal government must restore the state's wetlands that protect from storm surge, build and update hurricane protection and begin sharing Outer Continental Shelf revenues with the coastal producing states.

"It is vital to the nation's security and economic future that Louisiana is not only restored – both its infrastructure and its wetlands – but that it be strengthened in the process," he said.

Introducing

*IOGCC's new
interactive blog on
key energy issues*

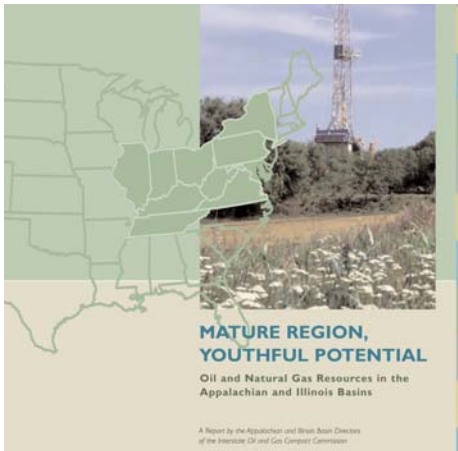
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IOGCC Vice Chairman Don Likwartz, Wyoming Oil and Gas supervisor, presents a certificate of appreciation to former IOGCC Vice Chairman John Norman, Alaska Oil and Gas Conservation Commission commissioner, at the Annual Meeting in Wyoming.

GROUP RELEASES APPALACHIAN/ ILLINOIS BASIN REPORT



IOGCC's Appalachian and Illinois Basin Directors group released the above report that examines the region's potential.

Its time to take a second look at the 'most drilled, least explored' basins in the world according to a recent report developed by the IOGCC's Appalachian and Illinois Basin directors and the U.S. Department of Energy's Office of Fossil Energy and National Energy Technology Laboratory.

The report, "Mature Region, Youthful Potential: Oil and Natural Gas Resources in the Appalachian and Illinois Basins," outlines the opportunities within the region, which has already produced more than 5 billion barrels of oil and 50 trillion cubic feet of natural gas.

New technologies and drilling techniques have extended the life of the region, and estimates of remaining recoverable resources are in the range of 4.8 billion barrels of oil and up to 96 trillion cubic feet of natural gas.

The report also examines the basins' economic impact, prerequisites for bringing the recovered resources to market as well as steps to encourage resource development and economic growth.

For more information about the report or to obtain a copy, contact the IOGCC at 1-800-822-4015, ext 101 or log onto www.iogcc.state.ok.us.

ON THE HILL

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policy to preserve and foster the human capital necessary for economic, energy and minerals security. A provision was also added to the act in the September markup concerning skilled workers.

Additional provisions were also approved by the House Resources Committee. One would strengthen the oil shale program created in the recently passed Energy Policy Act of 2005. The committee estimates that the United States has two trillion barrels of oil in place in oil shale resources, making the United States the "Saudi Arabia of oil shale." Other provisions would diversify fuel sources by encouraging more renewable energy such as wind and geothermal power and would expedite the development of environmentally-responsible renewable energy projects on federal lands. A marginal well provision would require the secretary of interior to promulgate regulations by early 2006 to establish an updated program allowing royalty relief for stripper wells operating on federal lands.

Gasoline for America's Security Act of 2005: This legislation, reported out of the House Energy and Commerce Committee in late September, addresses the problems of refinery capacity and gasoline transportation in the United States and would give governors the ability to "opt-in" to a reformed regulatory review process coordinated by the U.S. Department of Energy. It would also allow the president to identify federal lands as potential sites for new refineries and to encourage distribution of refinery sites around the country. The bill also reforms the process by which new pipelines for gasoline and other refined oil products would be built. On pipeline projects, the Federal Energy Regulatory Commission is designated as lead agency. Changes were also made in the New Source Review program and the bill directs the Federal Trade Commission to investigate allegations of price gouging.

It is not yet certain what the Senate will do on the energy front. Sen. Pete Domenici, chairman of the Senate Energy and Natural Resources Committee, has indicated he may introduce legislation that would allow states the ability to opt-out of the federal moratoria on offshore oil and gas exploration and production. Similar to OSOA in the House, this provision makes it look more likely that some offshore legislation may be pass and be signed by the president. This provision, as well as the provision authorizing ANWR development may become law as part of the Budget Reconciliation bill.

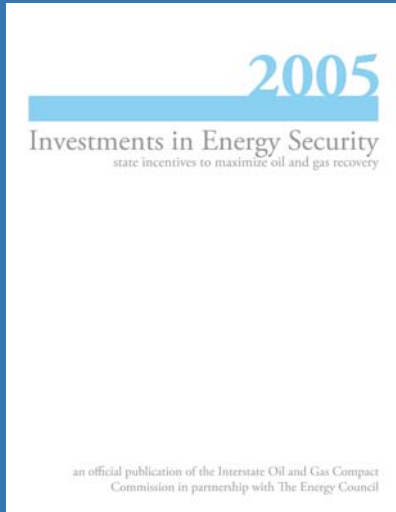
RESOLUTIONS

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awareness and educate the public about the importance of oil and natural gas as an energy source. In an additional resolution, IOGCC resolved to continue to identify petroleum manpower and research needs, and will recommend that Congress encourage institutions of higher learning to increase both the number of students in programs and scholarships available for petroleum-specific degrees.

Lastly, the organization passed a resolution that requests the U.S. Environmental Protection Agency reconsider implementation of stormwater Phase II requirements for construction sites. In accordance with the Energy Policy Act of 2005 the IOGCC will urge EPA to review its pending internal policy and guidance on regulation of stormwater discharge and recognize the exemption of construction associated with oil and gas activities. The resolution calls for EPA to provide states and other stakeholders the opportunity to comment on future proposed requirements and complete an analysis of potential positive or negative impacts on the environment. The IOGCC also is seeking an analysis of potential costs and benefits to the states, oil and gas industry and citizens before any further stormwater regulations are implemented.

Now Available!



2005 Investments in Energy Security: State Incentives to Maximize Oil and Gas Recovery

Log onto www.iogcc.state.ok.us to download the report or call 405-525-3556, ext. 101 to order a hard copy.

Calendar of Events

Midyear Issues Summit

May 1-3, 2006

Grand Hotel
Point Clear, Alabama

Annual Meeting

Oct. 15-17, 2006

Omni Hotel
Austin, Texas

Midyear Issues Summit

May 20-23, 2007

Sheraton Billings Hotel
Billings, Montana



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