

To: Swink, Suzanne [REDACTED]@bp.com]
Cc: Nolan, James [REDACTED]@bp.com]; van Hoogstraten, David Jar [REDACTED]@bp.com]; Ung, Poh Boon [REDACTED]@bp.com]; Clanton, Brett [REDACTED]@bp.com]; Miner, Robert [REDACTED]@bp.com]; Sitomer, Gabrielle [REDACTED]@bp.com]; Wood, Dana A. [REDACTED]@bp.com]; Smith, Chris D [REDACTED]@bp.com]
From: Stout, Robert [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN [REDACTED]
Sent: Sat 18/02/2017 3:16:19 PM (UTC)
Subject: Re: BLM V&F CRA follow-up

Redacted - First Amendment

Bob

Sent from my iPhone

On Feb 18, 2017, at 10:13 AM, Stout, Robert <[REDACTED]@bp.com> wrote:

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Sent from my iPhone

On Feb 17, 2017, at 1:11 PM, Swink, Suzanne <[REDACTED]@bp.com> wrote:

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From: Stout, Robert
Sent: Friday, February 17, 2017 1:10 PM
To: Nolan, James; van Hoogstraten, David Jan; Ung, Poh Boon; Clanton, Brett
Cc: Swink, Suzanne
Subject: FW: BLM V&F CRA follow-up

Bob Stout

Robert L. Stout, Jr.
Vice President & Head of Regulatory Affairs
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From: Swink, Suzanne
Sent: Friday, February 17, 2017 12:59 PM
To: Aleix Jarvis; Andrew Kauders; Anne Wall; Brian Griffin; Corine Weiler; Dan Meyer; David Morgenstern; David Schiappa; 'Matthew Johnson'; Mike Chappell; Randall Gerard; Randy Davis; Tony Podesta; 'Kirk Blalock'; Jim Massie - Alpine Group [REDACTED]@massiepartners.com)
Cc: Morrell, Geoff; Streett, Mary; Matthews, Jason; Walker, Ryan; Guido, Robert; Stout, Robert
Subject: BLM V&F CRA follow-up

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MORE GOOD NEWS ON EMISSIONS

<image001.jpg>

Mark Green

Posted February 16, 2017

There's a lot of good news to be found in EPA's draft Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2015, which came out this week – all of it underscoring progress, much of it led by industry, in reducing emissions – even as American consumers and the U.S. economy are supplied the energy they need.

First, overall GHG emissions declined 150.1 million metric tons (MMt) or 2.2 percent from 2014 to 2015. Much of that reduction (137.3 MMt) is in lower emissions from electricity generation (down about 6.7 percent from 2014 to 2015). EPA:

The decrease in total greenhouse gas emissions between 2014 and 2015 was driven in large part by a decrease in CO2 emissions from fossil fuel combustion. The decrease in CO2 emissions from fossil fuel combustion was a result of multiple factors, including: (1) substitution from coal to natural gas consumption in the electric power sector ...

Here's a look at the decline in CO2 emissions associated with generating electricity:

<image002.jpg>

According to the U.S. Energy Information Administration, total natural gas use increased 2.7 percent from 2014 to 2015, and gas consumption for electric power increased 18.7 percent. Net electricity generated from natural gas increased more than 204,000 thousand megawatthours from 2014-2015. Below, the change in net electricity generation by energy source 2014-2015 (thousand megawatthours):

<image003.jpg>

What we see is the growth of cleaner-burning natural gas as the fuel for generating electricity, the main reason CO2 emissions have fallen.

At the same time, as industry produces more and more natural gas, the production process itself is improving, becoming cleaner and helping improve air quality. In its draft inventory, EPA reports that methane emissions (CH4) from natural gas systems fell 0.8 MMt from 2014 to 2015 (0.5 percent), while methane emissions from petroleum systems fell 3.4 MMt (7.6 percent). Over the longer term, the decreases are even larger – since 1990, down 18.6 percent for natural gas systems and down 28.8 percent for petroleum systems. EPA:

From 1990 to 2015, CH₄ emissions from petroleum systems decreased by 16.8 MMT CO₂ Eq. ... Production segment CH₄ emissions have decreased by around 8 percent from 2014 levels, primarily due to decreases in emissions from associated gas venting and flaring.

Basically, producers, under existing rules and industry standards, are capturing more methane (the main component in natural gas) for delivery to individual consumers and businesses.

That's a great environmental development – one that should guide policymakers as they consider repealing the federal Bureau of Land Management's (BLM) redundant and technically flawed venting and flaring rule that went into effect last month. Simply put, methane emissions are falling, and it's not because of BLM's duplicative and potentially damaging rule. Industry is advancing emissions reduction technologies because it is incentivized to capture methane, a product it sells. The rule simply isn't needed.

Although BLM lacks statutory authority and expertise to regulate air quality – that authority belongs to and is being exercised by EPA and the states – it did so anyway. The rule could result in the shutting in of a number of wells in areas under federal control, possibly reducing the availability of natural gas supplies for consumers and potentially decreasing revenues to government.

The U.S. House voted recently to repeal BLM's rule under the Congressional Review Act (CRA), and a vote is expected in the Senate. The Senate should follow the House's lead and vote for repeal, because BLM's rule duplicates EPA and state government efforts to regulate the air quality and is beyond the scope of BLM's legal authority. The BLM rule could affect company investment decisions, including decisions not to drill at all or to shut-in existing production, on federal lands. These significant impacts could adversely impact small businesses and drive down federal revenues for local communities.

We can't stress enough: Continued implementation of this rule could hinder production and impact revenues to government. Congress should complete the repeal of BLM's rule under CRA and send it to President Trump for signature.

Then both can look to streamline federal permitting and approve needed infrastructure – to promote safe and responsible energy production on federal lands, which in turn will bring in more revenue to government.