



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

May 16, 2014

The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

In your State of the Union address, you reassured the American people of your commitment to an all-of-the-above energy strategy to bring our nation closer to energy independence while creating needed jobs. Mr. President, your words promise an energy renaissance while your policies are strangling the energy industry. You are waging a war on coal, kicking the can down the road on the Keystone XL pipeline and creating obstacles to onshore and offshore oil and gas production.

Americans deserve affordable and reliable energy and the jobs that come with it. American businesses need stable and predictable regulations if they are to compete globally, and if our economy is to grow. Mr. President, you have given us mandates that will incapacitate — and possibly eliminate — critical sources of energy while stifling job creation and threatening American energy security.

I am deeply concerned that your Environmental Protection Agency (EPA) behaves more like a den of activists than a repository of even-handed regulators. Most recently, EPA has targeted coal plants with the Mercury and Air Toxics Standards and Cross-State Air Pollution Rule. Coal plants produce about 40 percent of the energy used in American homes and businesses, and were critical in ensuring grid reliability at peak demand during the “polar vortex.” More than 100 coal plants employing 15,000 Americans are closed or closing due to EPA regulations under your administration, and proposed new regulations will directly affect more than 37,000 employees across the nation, in addition to jeopardizing the reliability of our nation’s electrical grid and increasing energy costs for families. This, despite your assurance of a renewed emphasis on American economic recovery.

The Honorable Barack Obama
May 16, 2014
Page 2

Your procrastination on the Keystone XL pipeline continues this troubling trend. After five years and a legion of environmental studies, you've allowed politics to trump a common-sense decision to build the Keystone Pipeline, a decision clearly in the best interests of our nation. The State Department has concluded that the project is environmentally sound and that construction alone would contribute approximately \$3.4 billion to the U.S. economy, supporting more than 2,000 direct jobs and inducing another 40,000 indirect jobs. Your continued inaction on this critical project is delaying opportunity for thousands of American families, and that is simply unacceptable.

Contrary to your administration's actions, pursuing an all-of-the-above energy strategy requires allowing for the exploration and production of resources both on land and at sea. Your administration has taken credit for the economic benefits of the shale boom, which has occurred largely on state and private lands. For example, while production in Texas has more than doubled in the last five years, production on federal lands has declined, and is further threatened by the Bureau of Land Management's attempts to usurp state regulatory oversight of oil and gas production. In addition, Mr. President, your administration has locked up 85 percent of the Outer Continental Shelf to energy exploration and production, obstructing huge potential for economic expansion and job creation.

While the domestic benefits of a thoughtful energy strategy are undeniable, we cannot underestimate the global impact these policies would have as well. The U.S. energy boom has dramatically increased our ability to compete in global energy markets. U.S. terminals constructed to import natural gas just a few years ago are now working swiftly to reverse that flow. Expanded Liquefied Natural Gas (LNG) exports will provide net economic benefits to the United States, including the creation of thousands of American jobs. However, the current process for approving LNG exports to Non-Free Trade Agreement (NFTA) countries — many of whom are our allies — is outdated and has failed to keep pace with domestic development. Only six applications to export LNG to NFTA countries have been approved, with 24 more still pending. In a world roiled by newfound Russian aggression, the ability to trade our energy resources freely is an urgent diplomatic tool, as well as an economic force that must not be ignored.

One-size-fits-all mandates are blunt instruments, serving only to curb innovation and diminish the opportunity and livelihood of American citizens. Texas employs a true all-of-the-above energy strategy, producing one third of the nation's crude oil and natural gas and accounting for more than one quarter of the nation's petroleum refining capacity. Texas produces more electricity than any other state with natural gas, coal, nuclear, wind, solar, biofuel and hydroelectric generation. We've also installed more wind energy capacity than any other state and all but five countries. Even as our population has grown by more than 5 million since 2000,

The Honorable Barack Obama
May 16, 2014
Page 3

we've led the U.S. energy revolution while protecting our environment and reducing harmful pollutants in the air like nitrogen oxide by 62.5 percent, and ozone by 23 percent — a reduction that is 12 percent greater than the national average.

The success we've seen in Texas shows that energy production and environmental protection are not mutually exclusive. If adopted, the Texas approach could create jobs, contribute billions of dollars to the economy, strengthen our energy security and make the United States a global energy powerhouse today and for future generations. I encourage you to act quickly to free up these resources and remove the barriers to our nation's economic resurgence and opportunity for families across America.

Sincerely,

A handwritten signature in black ink that reads "Rick Perry". The letters are cursive and fluid, with a large initial "R" and "P".

Rick Perry
Governor

RP:kwp