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ADMINISTRATOR JACKSON
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Chevron replaces section of Red Butte pipe (*Deseret News*)

Published: Wednesday, June 16, 2010 10:55 p.m. MDT

SALT LAKE CITY — Chevron officials have replaced a 22-foot section of the pipeline that fractured last weekend sending an estimated 33,000 gallons of crude oil into Red Butte Creek.

When the integrity of the repairs will satisfy federal regulators and inspectors — and the pipeline is once again ferrying oil to the company's Beck Street refinery — remains a question.

"We can't put it in operation until the U.S. Department of Transportation signs off on what has been done and there are inspections," said Chevron spokesman Dan Johnson.

As he spoke Wednesday at the site of the pipeline break adjacent to Red Butte Gardens, backhoes were churning up oil-coated dirt not far from a trio of high-voltage power lines carrying 46,000 volts of electricity.

The power lines, the damaged Chevron pipeline and an idle pipeline also owned by Chevron dominate the same utility corridor on Salt Lake's east bench, leading to questions about a coexistence that may have prompted the spill.

Johnson reiterated the company's strong investigative theory that an electrical arc caused by winds knocking into a tree and hitting a metal fence post sent a burst of electricity into the pipe, leaving a hole the size of a quarter.

The oil then leaked in a northwesterly flow to Red Butte Creek, which carried it down to the pond at Liberty Park, with some making its way to the Jordan River.

Although Davis County officials and state wildlife officers have reported seeing a "sheen" of oil in the bays and wetlands of the Great Salt Lake, Johnson was adamant none of the spill crept past 600 North in Salt Lake County.

"There has been a lot of community and industrial activity in the Jordan River, and a lot of sensitivity around what's been put in there over the years," Johnson said. "I don't know that anyone knows with any certainty," that the oil detected is Chevron's, Johnson said.

The EPA, too, said Wednesday that an on-site inspection of the Great Salt Lake did not reveal any "sheen" of oil from Chevron's pipeline break, but it is continuing to monitor wetlands and bays as a precaution.

Additionally, the agency said it does not have concerns that groundwater near the Red Butte Creek spill has been significantly affected because there are no domestic wells in the area.

A statement by the agency's spokesman Richard Mylott said the EPA is in the process of setting up a "unified command" to carry out the continued containment and cleanup of the oil, a plan that divides the impacted areas into 18 sections.

Mylott said no chemicals are being used at this time in cleanup efforts, and wildlife is only being treated with detergents.

"The cleanup effort right now is strictly physical containment and recovery," he said.

Rep. Jim Matheson, D-Utah, has asked EPA Administrator Lisa Jackson for assurances the agency is carefully tracking Chevron's cleanup efforts.

In a letter sent Wednesday, Matheson posed questions that include a request for an elaboration on the standards used to determine when the cleanup is complete, the frequency of water monitoring and who has responsibility for signing off on the cleanup.

Matheson also wrote a letter to U.S. Transportation Secretary Ray LaHood, also voicing concerns being raised about the close co-location of the pipeline and electrical lines.

He stressed in the letter that several questions need answers before a "restart plan" is approved and the Chevron pipeline once again is operational.

Among them are the company's inspection record with the pipeline, the adequacy of its monitoring system and if the company adhered to safety regulations.

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June 16, 2010

Slippery Start: U.S. Response to Spill Falters (*Wall Street Journal*)

Officials Changed Their Minds on Key Moves, and Disagreements Flared Between Agencies; Boom Taken Away From Alabama

By JEFFREY BALL And JONATHAN WEISMAN

On May 19, almost a month after BP PLC's Deepwater Horizon rig exploded, the White House tallied its response to the resulting oil spill. Twenty thousand people had been mobilized to protect the shore and wildlife. More than 1.38 million feet of containment boom had been set to trap oil. And 655,000 gallons of petroleum-dispersing chemicals had been injected into the Gulf of Mexico.

A Journal examination shows that the effort to contain the Gulf spill was hobbled by confusion and disagreements among federal, state and local officials.

That same day, as oil came ashore on Louisiana's Gulf coast, thousands of feet of boom sat on a dock in Terrebonne Parish, waiting for BP contractors to install it. Two more days would pass before it was laid offshore.

The federal government sprang into action early following the vast BP oil spill. But along the beaches and inlets of the Gulf, signs abound that the response has faltered.

A Wall Street Journal examination of the government response, based on federal documents and interviews with White House, Coast Guard, state and local officials, reveals that confusion over what to do delayed some decision-making. There were disagreements among federal agencies and between national, state and local officials.

The Coast Guard and BP each had written plans for responding to a massive Gulf oil spill. Both now say their plans failed to anticipate a disaster threatening so much coastline at once. The federal government, which under the law is in charge of fighting large spills, had to make things up as it went along.

Federal officials changed their minds on key moves, sometimes more than once. Chemical dispersants to break up the oil were approved, then judged too toxic, then re-approved. The administration criticized, debated and then partially approved a proposal by Louisiana politicians to build up eroded barrier islands to keep the oil at bay.

"We have to learn to be more flexible, more adaptable and agile," says Coast Guard Adm. Thad Allen, the federal government's response leader, in an interview. Because two decades have passed since the Exxon Valdez oil spill in Alaska, he says, "you have an absence of battle-hardened veterans" in the government with experience fighting a massive spill. "There's a learning curve involved in that."

It is unclear to what extent swifter or more decisive action by the government would have protected the Gulf's fragile coastline. The White House's defenders say the spill would have overwhelmed any defense, no matter how well coordinated.

President Barack Obama, in his address to the nation Tuesday night, said that "a mobilization of this speed and magnitude will never be perfect, and new challenges will always arise." He added: "If there are problems in the operation, we will fix them."

Under federal law, oil companies operating offshore must file plans for responding to big spills. The Coast Guard oversees the preparation of government plans. In the event of a spill, the oil company is responsible for enacting its plan and paying for the cleanup, subject to federal oversight. If the spill is serious enough, the government takes charge, directing the response.

BP's plan, submitted to the Minerals Management Service, envisioned containing a spill far larger than government estimates of the Gulf spill. Among other things, it said it would hire contractors to skim oil from the water, spray chemical dispersants on the slick and lay boom along the coast.

Response Scorecard

Two pictures are emerging of the government's response to the U.S.'s biggest environmental disaster. The federal government was engaged early on and responded forcefully. But along the beaches and inlets of the Gulf of Mexico, there are plenty of signs that the response has faltered. See details on three flanks: boom, chemical dispersants and berms.

The Coast Guard's spill-response plan for the area around New Orleans, updated in August 2009, said that laying boom would be one of the main ways to protect the coastline.

When Adm. Allen took charge of fighting the BP spill, he found that both sets of plans were inadequate for such a large and complex spill.

"Clearly some things could have been done better," says a BP spokesman about the company's response, which he says has been "unparalleled."

President Obama first heard of the problem the night of April 20, when a senior National Security Council aide pulled him aside to tell him a drilling rig 50 miles off the Louisiana coast had exploded. It would be "potentially a big problem," the aide said.

Adm. Allen, then the Coast Guard's commandant, was dispatched to the scene; he later said he knew right away the spill would be serious. The next day, Interior Department Deputy Secretary David Hayes flew to Louisiana to set up a command center, leaving Washington in such haste that he had to buy a change of underwear at a Louisiana K-Mart.

On April 22, the day the rig sank, the president convened his first Oval Office meeting on the disaster, with Homeland Security Secretary Janet Napolitano, Interior Secretary Ken Salazar and others. As far as they knew, no oil was leaking.

Two days later, the White House received word that oil was escaping into the Gulf. White House science adviser John Holdren, an environmental scientist, pulled aside two top security officials, White House counterterrorism adviser John Brennan and National Security Council chief of staff Denis McDonough. He pressed them on what secret

technology the government had—a submarine, for example—that could help, Mr. McDonough recalls.

The answer was none.

On the evening of April 28, the NSC's Mr. McDonough and a White House aide interrupted a meeting in the White House's secure situation room. Oil was gushing faster than previously believed. Officials now expected the oil sheen to reach the Louisiana coast the next day.
More on the Spill

Follow key developments since the initial explosion.

The federal government's priority was to keep the oil offshore, partly by laying boom. The coast has hundreds of miles of inlets, islands and marshes, which makes that strategy difficult. "There's not enough boom in the world to boom from Texas to Florida, so we're doing triage," Benjamin Cooper, a Coast Guard commander, told shrimpers and other residents in Dulac, La., in mid-May.

There were problems from the start. The first weekend in May, when the president made his initial trip to the region, the water was rough. Contractors hired by BP to lay boom off St. Bernard Parish, east of New Orleans, mostly stayed ashore, says Fred Everhardt, a councilman. Shrimpers took matters into their own hands, laying 18,000 feet of boom that weekend, compared to the roughly 4,000 feet laid by the BP contractor, Mr. Everhardt says. BP did not respond to requests for comment about the incident.

Edwin Stanton, the Coast Guard official in charge of the New Orleans region, says workers overseen by the government had laid tens of thousands of feet of boom the first week of the spill. But he acknowledges problems getting it to the right place. He says the Coast Guard decided it needed to accommodate local parish presidents, who all demanded boom even though they all didn't equally need it. Without the competing demands, he says, "we might have been able to use what boom we had to greater effect."

To make matters worse, the government didn't have the right kind of boom. Boom built for open ocean is bigger and stronger than that made for flat, sheltered water. The bigger boom is expensive and was in short supply, Mr. Stanton says.

"We really didn't have the appropriate boom sizes," he says. "I think we would have liked to put out open-water boom at the big passes, but we just didn't have enough."

As the oil spread east, Alabama Gov. Bob Riley wanted to stop it from crossing into Perdido Bay, a key to Alabama and Florida's fishing and tourism industries. In mid-May, the governor and Coast Guard officials worked out a plan to hold the oil back using

heavy boom built for open ocean. Alabama authorities scoured the globe for the boom they needed, says a spokesman for the governor.

In late May, they found it in Bahrain and flew it to the Alabama coast. Days later, the Coast Guard gave it to Louisiana.

Mr. Riley was furious. The Coast Guard and Alabama authorities instead deployed lighter boom. On June 10, oil breached Perdido Bay.

"This isn't a fight between Louisiana and Alabama, it's not between governors," the governor's spokesman says. "But it is incredibly disappointing to have those resources taken from us."

A spokesman for Adm. Allen says the boom was needed to protect a bay in Louisiana, and was taken "well before oil was in sight off Alabama."

Louisiana officials, frustrated that the boom wasn't working, proposed building sand "berms" along the coast to block oil from reaching shore. Dredges would suck sand from the sea floor and spray it in a protective arc along barrier islands. On May 11, state officials asked the U.S. Army Corps of Engineers for an emergency permit to build some 130 miles of berms.

Several federal agencies criticized the proposal. In written comments to the Army Corps of Engineers, the Environmental Protection Agency said the berms might not be built in time to stop oil from hitting shore. It worried the process might spread oil-tainted sand and change the water's flow, possibly hurting marshes. White House officials also were skeptical.

Frustrated by the delay, Louisiana's Republican governor, Bobby Jindal, sent the Louisiana Army National Guard to plug gaps in barrier islands, for which the state had legal authority.

EPA Administrator Lisa Jackson was worried about another threat: the use of dispersants, chemicals designed to break oil into particles that can be digested by bacteria. BP was using unprecedented amounts—about 1.3 million gallons so far, according to federal officials.

According to EPA data, one dispersant, Corexit 9500, is especially toxic to the shrimp and fish used in tests. But it was available in large quantities, so that's what BP was using.

On May 10, with the boom and berm plans foundering, Ms. Jackson met about 25 Louisiana State University scientists to discuss the spill. Most of the scientists urged her not to let BP spray dispersants directly at the leaking well without more research, recalls Robert Carney, one of the LSU professors. Ms. Jackson responded that the EPA was

"under extreme pressure from BP" to approve the move, Mr. Carney recalls. An EPA official confirmed Ms. Jackson met with the LSU scientists.

Five days later, the EPA said it would let BP spray the dispersant on the wellhead.

In mid-May, large globs of oil started washing ashore.

The EPA, under pressure from scientists and environmental groups, abruptly turned against using the dispersant Corexit. On May 20, a day after Ms. Jackson was grilled by lawmakers, the EPA said it had given BP until that night to find a less-toxic alternative or explain why it couldn't. "We felt it was important to ensure that all possible options were being explored," Ms. Jackson said.

BP responded in a letter that makers of other dispersants wouldn't be able to supply large volumes for 10 to 14 days. It said it intended to keep using Corexit, which it said "appears to have fewer long-term effects than other dispersants."

In Terrebonne Parish, BP contractors still hadn't installed the boom, angering Coast Guard officials. "I could just see the fury in their eyes," Michel Claudet, parish president, says of the Coast Guard officials. The poor coordination with BP contractors, he says, "was just a common occurrence." Boom installation finally began on May 21.

Interior Secretary Salazar lit into BP on a trip to Louisiana, threatening to "push them out of the way" and let the government take over ground-level operations. He was contradicted by the Coast Guard's Adm. Allen, who suggested the government didn't have the technical know-how to fight the spill alone.

On May 24, the EPA's Ms. Jackson said the agency wouldn't stop BP from using Corexit, after all, given the lack of alternatives. She said BP would have to "significantly" cut the amount it was using while it and the EPA looked for a better approach.

Louisiana's Gov. Jindal was losing patience. That same day, Homeland Security Secretary Napolitano traveled to Gulf and poured cold water on Louisiana's berm plan. The administration, she said, was looking into "some responses that would be as effective" without the environmental risks.

Standing by Ms. Napolitano, Mr. Jindal didn't disguise his frustration. "We know we have to take action and take matters into our own hands if we are going to win this fight to protect our coast," he said.

On May 27, the administration changed course on the berms. The Corps of Engineers authorized construction of about 40 miles of the 130 miles of berm proposed by Louisiana. Complicating matters, Adm. Allen ordered BP to pay for only a small portion of the 40 miles, to "assess" their effectiveness.

Mr. Obama got an earful when he met state and parish officials the next day on a visit to Grand Isle, a barrier island south of New Orleans. BP crews had arrived prior to the president's arrival and worked feverishly to tidy up the beaches. They left after he flew out.

Before leaving, the president ordered Adm. Allen to look into building more berms. On June 1, Adm. Allen convened a meeting in New Orleans, where Gov. Jindal and parish chiefs demanded BP pay for more berms. The next day, Adm. Allen said the administration was ordering BP to pay for all 40 miles authorized. The work began Sunday.

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EPA Fines Jackson $48K For Water Violations (*WAPT News 16*)

Penalty Linked To Arctic Blast
POSTED: 8:35 am CDT June 16, 2010
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JACKSON, Miss. -- The city of Jackson has been fined $48,000 by the Environmental Protection Agency for violating clean water standards.

The fine is related to January's arctic blast that caused 150 water pipes, some of which were more than 100 years old, to burst, leaving some residents without water for weeks.

In February, 16 WAPT News spoke to EPA Administrator Lisa P. Jackson, who said that the city could be fined for the violations, which occurred while crews tried to fix the pipes.

Mayor Harvey Johnson said it could cost the city $200,000 to $300,000 to fix the city's water problems. He said the city must deal with 27 storm water management issues.

Feds nix using strong bedbug killer in Ohio homes (*Associated Press*)

Filed by Associated Press June 15th, 2010
COLUMBUS — Federal authorities have said no to Ohio's request to fight bloodsucking bedbugs in homes with an industrial insecticide.

The U.S. Environmental Protection Agency says it won't allow the unconventional use of Propoxur because of the potential danger to children.

EPA Administrator Lisa Jackson told Gov. Ted Strickland in a letter this month that the pesticide may pose a risk to nervous systems of children who enter rooms that have been treated.

Propoxur is used in commercial buildings, on crops and in pet collars. Ohio officials who said the state was seeing severe bedbug infestations sought an exemption last year so the insecticide could be applied in residences.

The Ohio Department of Agriculture says it's disappointed with the government's answer.

EDITORIAL / OP-ED / COMMENTARY / LETTERS

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Farm lobby must step aside, because the Chesapeake Bay can wait no longer (*Washington Post*)

By Robert McCartney
Thursday, June 17, 2010; B01
Here are the interest groups that would benefit from legislation before Congress to really, finally clean up the Chesapeake Bay: Boaters. Fishermen. Swimmers. People who live on the shoreline. People who like to visit the bay. People who eat fish, crabs and oysters that come from the bay.

Here's the main interest group fighting the bill: farmers.

Guess which side looks likely to win?

The potent national farm lobby is poised to block a pair of bills that would set a firm deadline of 2025 for cutting the flow of pollutants by enough to restore the bay's health, according to both supporters and opponents of the measures.

Two Maryland Democrats, Sen. Ben Cardin and Rep. Elijah Cummings, are the leading sponsors of the similar bills. They would give federal and state governments genuine authority for the first time over all kinds of polluters -- including farmers -- in the six-state Chesapeake watershed.

That would be a major advance, not just for our region but also the rest of the country. For nearly four decades, the farming industry has succeeded in preventing the federal government from extending mandatory measures to stop it from polluting the nation's water. Many other major polluters, such as sewage treatment plants and factories, succumbed to such regulation long ago.

To their credit, the nation's farmers have cut back on pollution to a significant degree through voluntary steps encouraged by government subsidies. It hasn't been enough, though. Farm runoff is the largest single source of pollution in the Chesapeake.

Some farmers "are doing the right thing, helping to preserve the bay for future generations, but there are a lot of farmers who haven't done that," Cardin said. "What's fair about this is all farmers [would] have to meet certain standards."

The American Farm Bureau doesn't see it that way. It says the legislation is technically unfeasible, would discourage development and raise farmers' costs. The bureau spent $5 million on lobbying last year, according to the Center for Responsive Politics.

"It's going to do nothing except cut into profits of agriculture. The way that Mr. Cardin's bill goes about doing things could pretty much squeeze farmers to the point where they would have to go out of business," said Don Parrish, the bureau's senior director of regulatory relations.

Cardin and others in his camp acknowledge that farmers need some special treatment. It's a lot harder to measure and control runoff of nitrogen, phosphorus and sediment from hundreds of fields than from an individual waste-water facility or industrial plant. The bill includes grants for technical assistance to agriculture and strengthens a pollution trading system to help farmers manage the new requirements.

With help like that to keep them in business, I think farmers should be expected to do their full share of what's necessary to clean up the bay. Past efforts to restore the Chesapeake have failed repeatedly, even thought it's well known what steps are needed. In particular, farmers must plant cover crops in the winter to absorb excess nutrients, convert farmland to buffer strips along stream banks and shorelines, and put manure piles on slabs or in sheds.

Under the Obama administration, the Environmental Protection Agency is already pushing such actions. But legislation is needed to be sure the EPA has authority to require them. A law also would ensure continued progress if a future administration is less sympathetic to the cause.

Farmers' objections today are reminiscent of the ones made by industrial polluters who (unsuccessfully) fought the 1972 Clean Water Act.

"These are the same arguments that were made by industry going up to the 1970s: 'We wouldn't be able to do it. It's too expensive.' And of course we were able to achieve those goals" in reducing pollution, said George Hawkins, general manager of D.C. Water (hitherto known as WASA).

Hawkins, a former EPA lawyer who teaches environmental law at Princeton, supports the Cardin-Cummings approach. He said it was fair to ask more of agriculture in part

because pressure to save the bay has fallen disproportionately on urban and inner suburban residents who've had to pay to upgrade sewage facilities.

"I don't believe farmers have faced any more difficult economic circumstances than lower income residents of the District of Columbia, Baltimore or Philadelphia, who are paying for it through higher water rates," Hawkins said.

Cardin's bill is scheduled to go before the Senate Environment and Public Works Committee next week, and the panel is expected to approve it. However, the bill faces an uphill battle in the full Senate.

The farm lobby thinks Cardin and company are in too much of a hurry.

"We've had an effect on the Chesapeake Bay for 400 years. The Clean Water Act has been in place for 30 years. We're not gong to change things back, or make any dramatic effect, in 10 to 15 years," said Wilmer Stoneman, associate director of governmental relations for the Virginia Farm Bureau.

That's shortsighted. We've known for a generation what needs to be done. Let's do it right, and now.

I discuss local issues at 8:51 a.m. Friday on WAMU (88.5 FM).

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Resolving BP spill will take years (*Atlanta Journal-Constitution*)

June 17, 2010 Thursday
Main Edition
OPINION; Pg. 21A
Resolving BP spill will take years
By Noel L. Griese; For the AJC
Just before the Deepwater Horizon accident, Florida spent $200,000 on a study of offshore drilling safety that concludes: "Oil spills from offshore exploration, development, production and the transportation associated with these activities are unlikely to present a major risk to Florida."

So much for studies.

As the editor of Energy Pipeline News, I have followed the tragedy in the Gulf of Mexico with an insider's knowledge of offshore drilling and an idea of what we can expect in the months and years ahead. Unfortunately, my background leads me to conclude that the cleanup will take years to accomplish, and compensating the victims and punishing those responsible will also take time.

Although the Deepwater Horizon may have been the first rig most Americans ever heard of, the Gulf is populated by a tangled network of 3,500 oil-drilling platforms and more than 43,000 miles of pipelines between Texas and Alabama.

The U.S. Gulf had accidents before the Deepwater Horizon burned and sank. Because of hurricanes Katrina and Rita, more than 8 million gallons of oil were spilled from coastal oil facilities and some 3.3 million gallons were spilled from a tank barge when it struck a sunken oil platform. More than 600,000 gallons were spilled from U.S. offshore oil platforms and pipelines.

Testimony before congressional committees reveals that shortcuts to safety were taken on the Deepwater Horizon to save money. The rig, which was costing BP $1 million a day, was 21 days behind schedule. So corners were cut. There's plenty of blame to go around --- for responsible party BP, rig owner Transocean, cementing contractor Halliburton, federal regulators and responders.

Based on an admittedly low-ball U.S. government estimate released in late May, the BP well blowout spilled about 500,000-800,000 barrels of oil into the Gulf through May. That compares with about 3.5 million barrels spilled off shore of Mexico over nine months in 1979 by the Pemex -operated Ixtoc I well that blew out on June 3, 1979, in the second-largest accidental spill in world history. But new estimates from a government technical committee on the amount of oil released through June 3 put the BP blowout already very close to surpassing the Ixtoc I record.

Despite vast U.S. waters, only 62 federal inspectors oversee offshore drilling in the Gulf and U.S. waters along the East and West coasts. Perhaps because its regulatory arm is understaffed, the Minerals Management Service quickly granted permission for BP to take the risks that resulted in the accident.

MMS also collects about $13 billion in annual royalties from the oil industry. This dual role of collecting revenues and enforcing safety put the agency in a conflict of interest with itself. Secretary of the Interior Ken Salazar is in the process of splitting the various MMS functions into three separate offices in an effort to minimize future conflicts of interest.

Despite our experience with the Exxon Valdez disaster in 1989, the response to the Deepwater Horizon spill was initially disorganized and inept. Even today, almost two months after the blowout, only a relatively few skimmers are in the Gulf cleaning up oil floating on the surface. Deployment of ocean booms to protect shorelines has been basically ineffective.

The Unified Command responding to the Gulf spill has not explained very well why supertankers are not being deployed to vacuum up oil, as was the case in the Persian Gulf some years ago. Vacuuming in the Persian Gulf was easier because the oil floated to the surface and was not broken up with dispersants.

After you suck this sort of oil into a supertanker, you wait for the oil and water to separate. Then, if there are no regulations against it, you siphon off the water and pump it back into the ocean.

Despite BP's denials to the contrary, much if not most of the oil spilled in the Gulf is in huge plumes of droplets of oil in colloidal suspension. There are many of these plumes, which are up to 3,000 feet deep and miles long.

Normally, the heavy ends of the oil (used to make asphalt) settle on the ocean bottom. The thick, gooey oil, ranging in consistency from tar to mousse, floats on the surface.

Even if most of the Gulf could be vacuumed up into supertankers to get the droplets of oil, what would end up in the supertankers would be a tiny amount of dispersant and oil, mixed with a huge amount of water. Regulations prohibit dumping the siphoned water back into the ocean, so the responsible party (BP) would have to figure out what to do with much of the Gulf of Mexico sitting as oily water waste in supertankers. It's doubtful that there's enough tank capacity onshore to handle all this oily water until it is disposed of properly.

The spill may be reduced in size by various temporary measures, but stopping the oil will likely not happen until August, when two new relief drillings to intercept the blown-out well are completed. When that happens, the well will be cemented and capped.

But expect cleanup of the environment to go on for decades.

Under the Clean Water Act, the EPA and Department of Justice can fine BP up to $4,300 per barrel spilled if willful negligence is proved. Proving negligence should not be difficult.

BP is already on probation in the U.S. after pleading guilty to a misdemeanor criminal charge resulting from oil spills on Alaska's North Slope.

The experience of the federal government in suing Exxon over the Exxon Valdez accident offers some clues about where future government lawsuits against BP are likely to head.

Less than a year after the Exxon Valdez oil spill of about 262,000 barrels (though the spill may have been larger), a federal grand jury indicted Exxon and its shipping subsidiary on five criminal violations. Exxon, facing $600 million in fines, pleaded not guilty.

In a plea bargain with the Justice Department, Exxon agreed to pay $100 million in fines and restitution. But the federal judge in the case rejected the deal. The parties settled for $125 million.

Later, in 1994, a grand jury in a civil action levied punitive damages of $5 billion against Exxon, but that was reduced by the U.S. Supreme Court to $507.5 million under a maritime law ruling. Maritime law may also apply in the BP case.

In all, Exxon, at risk for $6 billion, ended up paying just over $1 billion in these criminal and civil settlements. Settlements in most such cases are negotiated, delayed and appealed over a long time. By the time many suits are settled, the claimants are dead.

Companies like BP normally turn to contractors to handle the claims process for those seeking immediate damages, such as fishermen who have lost their livelihoods. The contractor employees, who may be overseen by a BP representative, are familiar with techniques for minimizing claims paid. Claimants are often desperate, and settle for cents on the dollar to get paid.

It remains to be seen how BP will exert its political muscle to minimize its losses.

BP has hired 27 more lobbyists, mostly former elected and appointed federal officials, to work its case on Capitol Hill.

The oil and gas industry spent more on federal lobbying last year than all but two other industries, with $174.8 million in lobbying expenditures, according to the Center for Responsive Politics.

Political action committees set up by the oil and gas producers contributed an additional $9 million in the last election cycle to congressional candidates, with Koch Industries (owner of Atlanta-based Georgia Pacific), ExxonMobil, Valero Energy and Chevron leading the way. BP ranked 19th, with $75,500 in contributions, mostly to Republicans.

BP has also rolled out a $50 million PR campaign featuring a TV spot starring CEO Tony Hayward, whose impolitic comments while the news cameras were rolling, such as "I'd like to get my life back," have proven to be less than popular.

In paid TV ads, what the CEO says can be controlled.

Noel L. Griese is the editor of Energy Pipeline News, published daily by Anvil Publishers of Atlanta and the author of 17 books on the energy industry and other subjects.

COMMENTARY:

Democrats are divided over climate-change legislation (*Morning Sun*)

Thursday, June 17, 2010 6:56 AM EDT

Senate Republicans fell short last week of overturning the Environmental Protection Agency's authority to regulate greenhouse gases, but exposed a significant split among Democrats that may bode ill for passage this year of comprehensive energy and climate-change legislation.

As the Washington Post reported, the contentious vote "suggested the Senate is far from decided on whether to put a price on the industrial emissions that stem from everyday activities such as lighting a home or driving a car."

A bill by Sen. Lisa Murkowski, R-Alaska, sought to overturn the EPA's administrative finding last year that declared greenhouse gases dangerous and assumed authority to regulate them. It was defeated by a 53-47 margin.

We, like Murkowski, regard the EPA's administrative intrusion of applying the Clean Air Act to carbon dioxide and other greenhouse gases to be a monumental over-reach. The law never was intended to regulate CO2. The EPA's power grab circumvents legislature authority, while centralizing economic decisions affecting a wide spectrum of industries under the administration's control.

The division in Democratic ranks was epitomized by liberal senator and global warming true-believer Jay Rockefeller, a West Virginia Democrat, who agreed with Republican Murkowski. "I have long maintained that the Congress - not the unelected EPA - must decide major economic and energy policy," Rockefeller said. "EPA regulation will have an enormous impact on the economic security of West Virginia and our energy future."

Senators' votes could have far-reaching political significance in this election year, putting lawmakers on the record in the climate-change debate. President Barack Obama had threatened a veto. Nevertheless, forcing the issue "exposed frays among Democrats," reports ABC News.

"To a certain extent, the vote on the Murkowski resolution is something of a preliminary test of how a climate bill will fare in the Senate, but the message is murky," ABC News quoted Michael B. Gerrard, director of the Center for Climate Change Law at Columbia Law School.

Those opposing EPA regulatory power over ubiquitous greenhouse gases properly argue that controlling those emissions effectively creates a new energy tax and kills jobs.

The debate featured its share of cheap, election-year theatrics. California's Sen. Barbara Boxer, facing a serious challenge in November from Republican nominee Carly Fiorina, brought props to make her case for EPA control, including large photos of oil-soaked birds in the Gulf of Mexico, which she contended are a consequence of reliance on carbon-emitting fuels.

Of course, that's like pointing to a traffic accident and demanding the banishment of cars and trucks.

The ranking environmental committee Republican, Sen. James Inhofe, R-Okla., was closer to the truth when he argued, "(G)lobal warming is the greatest hoax perpetrated on the American people. ... (T)here's no relationship between this (EPA disapproval resolution) and the oil spill."

The Jacksonville Daily News

Vote shows long odds against an energy bill (*Journal Tribune*)

Published:
Wednesday, June 16, 2010 11:04 AM EDT
A Senate vote last week illustrated the political difficulties of taking meaningful steps toward the “clean energy future” envisioned by President Barack Obama.

A narrow Senate majority upheld the authority of the Environmental Protection Agency to regulate greenhouse gases. The 53-47 vote rejected an effort to overturn the EPA rules, but it is far from a mandate for energy reform.

Even six Democrats voted against the EPA’s new role. But the bottom line is that the EPA’s authority to set rules aimed at reducing emissions from power plants, vehicles and other major sources has been upheld by both the U.S. Senate and Supreme Court.

Now the challenge is to enact an energy bill that will use economic leverage and other incentives to make real progress on reducing emissions of carbon dioxide and other gases that promote global warming.

Such a bill passed last year in the U.S. House, but it has been stalled in the Senate ever since. As has been the case so often recently, it looks like the best possibility for meaningful reforms will be through Senate bipartisanship.

And once again, it looks like a tough sell. Both Sen. Susan Collins and Sen. Olympia Snowe voted for the resolution to curtail EPA authority over greenhouse gas emissions. After the vote, they cited concerns about the impact of new regulations on Maine’s pulp and paper industry.

Both of Maine’s senators emphasized the need to regulate carbon emissions and encourage clean energy through a comprehensive energy bill. Collins has proposed an approach in which the government would auction pollution allowances to industry and distribute the proceeds in “dividend” checks to every American.

Other Republicans hope to encourage a reduction in emissions without the cap-and-

trade approach laid out in the House bill, relying on better efficiency standards and the promotion of alternative fuels.

Last week's vote showed fewer than 60 votes supporting EPA regulation of greenhouse gas emissions, but the right energy bill might succeed this year. The oil spill in the Gulf is a continuing lesson on the hazards that accompany fossil fuels.

Meanwhile, greenhouse gas emissions increased 26 percent from 1990 to 2005, according to the EPA. Average U.S. temperatures have been rising steadily and 2000-2009 was the warmest decade on record worldwide.

Arctic sea ice is waning and ocean temperatures are rising. Statistics indicate that severe weather and droughts are more prevalent and sea levels worldwide are rising.

The Senate has a chance to address the growing crisis, and it should seek a bipartisan approach that will enable it to do so.

— Questions? Comments? Contact Managing Editor Nick Cowenhoven at nickc@journaltribune.com.

AIR

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Planet Panel (Washington Post)

June 17, 2010
THE QUESTION
Should EPA or Congress set CO2 limits?
While Sen. Lisa Murkowski's (R-Alaska) amendment to bar the Environmental Protection Agency from regulating greenhouse gases under the Clean Air Act narrowly failed, sources indicated the Democratic leadership will allow John D. Rockefeller IV (D-WVa.) to offer a similar amendment later this summer. Should EPA keep pressing ahead with new greenhouse gas rules, or should it accept Congress will shape the future of any mandatory limits on carbon dioxide?"
Posted by Rachel Saslow on June 16, 2010 9:03 AM

Texas proposes changes to clean-air permit rules (*Associated Press)*

Story also appeared: *Washington Post*

(AP

HOUSTON — Texas is proposing changes to its clean-air permitting process for petrochemical companies in an attempt to satisfy concerns about compliance with the federal Clean Air Act.

The Wednesday announcement comes after the U.S. Environmental Protection Agency ordered two companies to apply directly to the federal government for operating permits and bypass Texas officials.

The proposed changes include outlining that a company can't use state rules to circumvent federal regulations.

The EPA has threatened to take over Texas' air quality program. Texas officials say they hope to satisfy EPA concerns, but that the proposed changes aren't a direct response to the EPA's actions this week.

A spokesman for the regional EPA said the agency still is reviewing the state's permit program.

Online:
Texas Commission on Environmental Quality proposal:
http://www.tceq.state.tx.us/rules/pendprop.html

Fraser, Hancock: 'Stop This Intrusion' of EPA Takeover (*Texas Insider Report*)

AUSTIN, TEXAS — "With the recent announcement that they will take over air quality permitting for two more Texas facilities, the U.S. Environmental Protection Agency (EPA) has infringed upon the rights of the State of Texas, our economy & our environmental track record in favor of their own agenda.

"Texas has made great environmental gains without imposing stringent regulations or barriers to free enterprise. Our emissions levels are down significantly, and we lead the nation in wind-generated electricity.

"The EPA's takeover of air quality permits is an arrogant and unnecessary exercise of federal power that proves the federal government's lack of respect for states and private businesses.

"We continue to be committed to enacting environmental policies that complement, rather than constrict, economic growth.

"Through the TCCRI Energy & Environment Task Force, we are studying our options to resist the federal takeover of the air quality permitting process in Texas. It is imperative that the federal government stop this intrusion and let Texas get back to successfully balancing the dual interests of a strong economy and a clean environment."

Senator Fraser and Representative Hancock are co-chairmen of the TCCRI Energy & Environment Task Force, which is working to issue conservative public policy recommendations to the 82nd Texas Legislature.

The Texas Conservative Coalition Research Institute (TCCRI) is committed to shaping public policy through a principled approach to state government.

State regulators refine procedures to address EPA objections (*Fort Worth Star Telegram*)

Posted Wednesday, Jun. 16, 2010
By DAVE MONTGOMERY
dmontgomery@star-telegram.com
AUSTIN -- The Texas Commission on Environmental Quality adopted new procedures Wednesday on industrial clean air permits that officials said they hope will address objections raised by federal environmental regulators.

The commission approved changes in a "flexible permit" program that the Environmental Protection Agency says violates federal clean air standards. The EPA took over permitting at three Texas facilities this week, provoking an angry backlash from Texas political leaders.

Commission spokesman Terry Clawson called the action a "path forward," but there was no immediate indication Wednesday that the state-federal dispute was near a resolution. In announcing the revisions, the commission also credited the flexible permitting system with reducing pollution in Texas and did not change the basic structure of the program.

"We are defending our flexible permitting program because it works," commission Chairman Bryan Shaw said. "EPA is not able to demonstrate how our program is less protective of the environment than the bureaucratic approach."

Joe Hubbard, a spokesman with the EPA regional headquarters in Dallas, noted that the agency disapproved the flexible permit program in September and is scheduled to finalize that in less than two weeks, on June 30.

"Today's action by TCEQ will take many months for the state to complete," Hubbard said. "It may or may not establish [a] new flexible permit program in Texas at a future date."

Under the "flexible permitting" policy, facilities cap emissions under a plantwide ceiling instead of using caps for each source within the facility. EPA officials contend that the policy weakens compliance with the Clean Air Act.

States are responsible for issuing permits under the Clean Air Act, but the EPA is authorized to take over the process if it believes states have fallen down on the job. The EPA took action in Texas after months of disagreement between state and federal officials over how Texas officials regulate emissions in the nation's second-largest and second-most-populous state.

Steve Hagle, the director of the commission's air permits division, said the revisions approved Wednesday were designed to address concerns raised by the EPA when it disapproved the flexible permit program in September. The rule changes would ensure that flexible permits could not be used to circumvent federal requirements and call for more detailed monitoring, record-keeping and reporting.

The goal, Hagle said, was to develop a program that the EPA would approve. "If it meets the requirements of the federal Clean Air Act, it should be approved," he said.

Hagle said the EPA has not indicated whether it will accept the changes. "We expect they will comment on the proposal," he said.

The EPA's decisions have provoked a strong response from Gov. Rick Perry and other top officials, who maintain that the agency's actions are unwarranted and threaten the loss of thousands of jobs.

DAVE MONTGOMERY IS THE STAR-TELEGRAM'S AUSTIN BUREAU CHIEF. 512-476-4294

AIR QUALITY DEBATE

State offers adjustments to air permit rules (*Houston Chronicle*)

By PEGGY FIKAC
Austin Bureau
June 16, 2010, 10:02PM
AUSTIN — Texas regulators proposed rule changes to the state's embattled flexible-permit air program Wednesday, two weeks before the Environmental Protection Agency is expected to formally reject the rule that regulates air emissions standards.

The changes would help demonstrate that the state's program complies with federal law, said state officials, who are fighting the EPA over Clean Air Act regulation. An EPA official said the agency's decision will focus on the state's current rules.

The Texas Commission on Environmental Quality will consider the rule changes after a 60-day public comment period. State officials said the proposal clarifies existing policy.

"We're changing the processes, but we're not changing the permit that you get at the end. The emissions aren't going to change, because they're protective already ... and they're the same levels that we've contended meet federal requirements," TCEQ Chairman Bryan Shaw said in an interview.

Flexible permits set an air emissions cap for an entire facility but allow leeway for various units within that facility.

Federal regulators and environmental groups say that type of permit, never approved by the EPA, hinders enforcement of clean-air rules. State regulators and industry groups say the permit program has resulted in cleaner air by encouraging companies to counteract emissions from grandfathered, older facilities that don't have to meet current clean-air standards.

The EPA is expected to formally reject the program by the end of the month.
Rejection challenged

The agency has already rejected another state air-quality rule - an action Texas is challenging in federal court - and has taken over the permitting process for three facilities after objecting to proposed air-quality permits drafted by the state agency.

EPA officials knew Texas was crafting proposed rule changes, but the agency's regional administrator, Al Armendariz, said in an interview his focus wasn't on the proposal.

"Our action is going to be based on those rules that the state of Texas has already been implementing for a number of years," Armendariz said on Tuesday. "It's not a high priority for me to engage with the state in a process to create a new version of that program.

"New programs under the Clean Air Act sometimes take years to evaluate and to approve," he added. "My high priority right now is simply to get the permits that are flawed in Texas corrected."

GOP Gov. Rick Perry and other state officials have accused the federal government of overreaching, saying states have been delegated authority in deciding how to meet clean-air standards. They've also said the EPA's action will mean lost jobs. Armendariz has said he's trying to get Texas to comply with the Clean Air Act and has disputed the assertion that it would cost jobs.
Permit reviews remain

Shaw said if the EPA rejects the flexible-permit program, that may mean another state trip to federal court.

"It's worth us considering all available options to try to protect this program that's been successful in the state, both environmentally and economically, so we're going to consider all options, including taking it to court," Shaw said.

Wednesday's flexible-permit proposal would change the rules but doesn't change actions taken by the agency in reviewing permits, according to top TCEQ staff.

The proposed rules address issues including monitoring, record keeping and reporting by more clearly specifying what the agency is looking for in those areas, according to TCEQ. The rules also say the program can't circumvent federal requirements, which officials said is already the standard.

pfikac@express-news.net

BP SPILL
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Gulf spill a reminder of the value of redundant safety systems (*Washington Post)*

By David A. Fahrenthold
Washington Post Staff Writer
Thursday, June 17, 2010; A08

Airliners can lose one engine and keep flying. Nuclear power plants have two cooling systems, in case one fails. In an explosion, coal mines must allow miners two paths to escape.

So why didn't BP have a working Plan B?

From previous accidents, engineers have learned the value of duplicate, even triplicate, safety systems. The oil industry says it was following that maxim: By regulation, it installed giant machines called "blowout preventers" on drill pipes, with powerful bolts to close off a leaking pipe.

But at the Deepwater Horizon drilling rig, something went wrong. The backup plan failed.

Now, engineers say, the Gulf of Mexico spill has become another depressing test case in the value of redundancy. And, as the investigation unspools, it might be adding a corollary to the lesson: Having a Plan B that won't work might be more dangerous than having no plan at all.

"How can you go back and drill in deep water if you cannot tell the public that the probability of this happening again is almost zero?" said Paul Bommer, a lecturer in petroleum engineering at the University of Texas. "Whatever you thought you had [to prevent a disaster], you didn't have."

This week, former Environmental Protection Agency administrator William K. Reilly -- chosen by President Obama as co-chairman of a national commission investigating the spill -- said he wants to change the "safety culture" of the offshore drilling industry. He said that he wanted to start a safety organization similar to one that has focused on improvements at nuclear plants.

"Once that blowout occurred and got away from people, and the well couldn't be managed, it's difficult to imagine any" cleanup that could keep up, Reilly said in a telephone interview Wednesday.

The idea of safety through redundancy -- engineers also call it "resilience" or "defense-in-depth" -- is familiar to anyone who has walked past an airliner's cockpit. There are two seats in there, two pilots.

Other examples abound: The space shuttle has two ways of lowering its landing gear. Nuclear plants have several layers of containment between their cores and the outside world. Some cars with electronic acceleration have two systems for measuring how hard the driver pushes on the pedal: If they conflict, the car is supposed to stop accelerating.

Over the weekend, redundancy saved the historic battleship USS Texas, a tourist attraction outside Houston. A pump burned out, water leaked in and a backup pump system helped stop the 96-year-old ship from sinking.

"If you have a fire, you don't want to -- at that point -- start buying firetrucks and training people," said Yossi Sheffi, the director of MIT's Engineering Systems Division. Much of the time fire trucks and firefighters sit waiting, but he said that's the cost of being prepared.

For more than 25 years, the U.S. government has required offshore oil rigs to install a blowout preventer -- a machine designed to be redundant within itself. The devices are required to include several "rams" that can be activated to close off sections of the pipe if oil or gas were to come up the hole suddenly.

In the worst-case scenario, a powerful "shear ram" would cut through the pipe completely. On the Deepwater Horizon, there were three separate ways to activate the device, including a "deadman" switch that would work if other systems failed. None apparantly worked.

"This is it," said Erik Milito, of the American Petroleum Institute, an industry group. "The [blowout preventer] stack is the emergency response capability in the event of a blowout."

BP's Houston office did not respond to a message left seeking comment Wednesday.

In testimony prepared for a congressional hearing Thursday, BP chief executive Tony Hayward wrote: "Based on what happened on April 20, we now know we need better safety technology. We in the industry have long relied on the blowout preventer as the principal piece of safety equipment. Yet, on this occasion it apparently failed, with disastrous consequences."

Reilly's investigation must determine: Did the blowout preventer's failure result from something particular to this well? Or is this blast a sign that what looked like a redundant system actually wasn't and that a single event made all of its parts fail at once?

Since the spill began, congressional investigators have raised questions about problems with the Deepwater Horizon blowout preventer. The exact problems, of course, won't be known until the well is finally capped and the device raised from the gulf floor.

But 2004 documents show that the device had been modified at BP's request, so that one of the rams was replaced with a "test ram," which would be useless in an emergency. "The Conversion will reduce the built-in redundancy," a Transocean official wrote at the time. Also, an initial investigation after the blast seemed to show hydraulic fluid leaking out of the device -- although a Transocean official later disputed that.

With those kinds of problems, "you end up with a hemophiliac system" in which one failure is catastrophic, said Robert Bea, an engineering professor at the University of California at Berkeley. "And nature has no tolerance for that sort of thing."

A spokesman for Transocean responded: "Until the investigations determine the cause of the catastrophic failure of the well and the subsequent effects that failure had on the BOP, it's difficult to render any judgments on the number of redundant systems that should be required in a subsea stack. As it was, the Deepwater Horizon BOP stack met and exceeded all such requirements."

If the investigation reveals a weakness in blowout preventers more generally, the oil industry might have to find a backup for its backup. In a May 19 hearing of the House transportation committee, Rep. Jason Altmire (D-Pa.) asked BP America President Lamar McKay to consider that possibility. "Is there any technology that exists that you know of that could have prevented this from happening?" Altmire asked.

"I don't know of a piece of technology that could have prevented it," McKay said.

BP details plan for $20 billion claim fund for oil spill in the Gulf of Mexico (*Washington Post*)

By Steven Mufson

Washington Post Staff Writer
Thursday, June 17, 2010; A08
How many companies could take a $20 billion body blow and still be left standing? Not many. The amount of money BP said it would plunk into an escrow fund for oil-spill claims is enough to cover the entire NASA budget for a year. It's enough to buy all the shares of the Kellogg Co. And it's larger than the annual economic output of 90 countries.

But BP is an unusual company. It made profits of $5.6 billion in the first quarter of this year and $14 billion in 2009. It produces about 2.5 million barrels a day of crude oil from Russia to Angola, from Britain's North Sea to Alaska's North Slope. Until Wednesday, BP also had been planning to pay out $10.5 billion in dividends this year, which would still have left it with $5 billion to $10 billion in spare cash.

It could raise the money for the escrow fund this year without borrowing another dime.

That arsenal of cash and crude hasn't been enough to placate the Obama administration, however, as the company wades through the largest environmental disaster in U.S. history. And BP has struggled to convince markets that it can meet its obligations to both investors and victims of the oil spill in the Gulf of Mexico. In eight weeks, BP stock has fallen to about half its earlier value. On Tuesday, Fitch Ratings slashed the firm's credit rating to BBB, two rungs above junk. And early on Wednesday morning, investors in credit default swaps -- an insurance-like financial instrument -- were pricing an almost 40 percent chance the oil giant would default on its debts within five years.

So although the deal struck at the White House on Wednesday was designed in part to reassure Gulf Coast residents that BP would put aside enough money for their claims, it was also designed to give shareholders a sense that the financial damage was manageable and could, over time, be contained along with the oil spill.

That's why one thing BP asked in exchange for the big escrow fund was a signal from President Obama that he was not trying to run the firm out of business. "BP is a strong and viable company," the president said after his meeting with BP's chairman and top executives, "and it is in all of our interests that it remain so."

That is hard to accept for many Americans who want to punish BP. But anything else might be counterproductive. So far, the company, drawing on its worldwide operations, has paid for everything from National Guard troops to air quality testing by the Environmental Protection Agency, from $5,000 checks for shrimpers to the $100 million or so for each relief well.

"This agreement underscores that as long as we need oil, Big Petroleum is better than Bankrupt Petroleum," Lincoln Mayer, a lawyer specializing in energy and antitrust at McDermott Will & Emery, said in an e-mail. "Few companies could afford a $20 billion mistake. BP is one of them, and that's a good thing."

Investment analysts appeared reassured after the White House meeting. "It takes the political heat off the company and it steadies the ship in rough waters," said Fadel Gheit, an oil analyst at Oppenheimer. "BP is stabilizing its financial position so it can handle cleanup costs and damages." BP stock rose 1.4 percent on Wednesday, closing at $31.85 a share. And the cost of BP credit default swaps dipped slightly, indicating a bit less anxiety about corporate default.

So how does a company come up with $20 billion?

BP's chairman, Carl-Henric Svanberg, said the firm will suspend its dividend for three quarters, starting with the payment that had been scheduled for Monday. That will give it $7.8 billion in cash.

The company also said it will sell about $7 billion worth of assets, a fraction of its total and less than what it agreed to pay for Devon Energy assets earlier this year.

The company's chief financial officer, Byron Grote, said that BP will trim its capital spending plans by about 10 percent this year and next, saving an additional $2 billion in 2010 and $2 billion or so in 2011.

The company still expects to generate $5 billion or more a year in extra cash from operations.

Moreover, the deal with the White House lets BP spread out its payments to the fund. The biggest chunks will come up front: $3 billion in the third quarter, $2 billion in the fourth quarter and then $1.25 billion a quarter until the full amount is paid in three years. To provide a guarantee that it will make those payments, the company said it is "setting aside" $20 billion of U.S. assets; as it makes payments, those assets will be freed up. BP will continue to earn money on those assets, but the government will effectively have a lien on them.

The escrow fund leaves many uncertainties. A BP official said "it's not a ceiling and it's not a floor." Fines and penalties won't be covered by the fund. Many plaintiffs will continue to pursue lawsuits separately.

But, Gheit said, "we think BP has the financial flexibility to survive this crisis." If any money is left over, it will be returned to BP.

BP's Grote said the plan should "give more comfort to those on Gulf Coast of the United States, give more comfort to government, and we hope it will give more comfort to our shareholders." He said that although the company is financially strong, "we think it's important to take a deeply conservative fiscal approach to running our business at this time." And he said he hopes shareholders who will not be receiving their dividends will understand that "it's an extraordinary thing for the company to do, but this is an extraordinary situation we find ourselves in."

BP will create fund to pay claims (*Los Angeles Times*)

June 17, 2010 Thursday
Home Edition
SECTION: MAIN NEWS; National Desk; Part A; Pg. 1
BP will create fund to pay claims;
Obama insists the $20 billion not be controlled by the oil firm, which also halts its dividend payments.
By Peter Nicholas, Walter Hamilton
WASHINGTON AND LOS ANGELES
Reaching one of his top goals in the gulf oil spill crisis, President Obama announced Wednesday that BP had agreed to create a $20-billion fund that will pay damages to fishermen, small businesses and others who suffered financial losses in the worst environmental disaster in U.S. history.

The agreement, which came after a sober, four-hour meeting at the White House between Obama and BP executives, will result in the company feeding $5 billion a year into the new escrow fund through 2013. BP will also suspend dividend payments for the rest of the year, another step toward ensuring that an ample pot of money is on hand to pay out claims.

At Obama's insistence, the British oil company will not control the fund or decide who gets reimbursed for losses. A neutral party, Kenneth Feinberg -- who played a similar role after the Sept. 11 attacks, overseeing the fund set up to compensate victims -- will run the payment system. If Feinberg rejects a claim, claimants will have the right to appeal to a three-person panel.

In addition, BP earmarked $100 million to compensate oil workers who've lost their jobs as a result of the moratorium on deep-water drilling the government has declared since the accident. To date, the company said it has spent $1.75 billion on containing the spill and on cleanup.

By laying out the escrow money, BP is not escaping liability for cleanup of the Gulf of Mexico, White House officials said. Nor will the payment immunize the firm from potential criminal charges.

The Justice Department is examining whether BP or others broke any laws when the Deepwater Horizon oil rig exploded on April 20, killing 11 workers and creating the spill disaster.

"We got everything we wanted," White House spokesman Robert Gibbs said in an interview.

The closed-door meeting opened with an apology from the company's Swedish

chairman, Carl-Henric Svanberg. Obama accepted, a White House spokesman said.

Obama was in and out of the meeting and spoke privately to Svanberg for about 25 minutes in the Oval Office. After leaving the White House, Svanberg addressed reporters, with his company's chief executive, Tony Hayward, standing behind him. Hayward has been ridiculed in the U.S. as the public face of BP, earning no sympathy when he complained recently, "I'd like my life back."

Svanberg said that Obama is "frustrated because he cares about the small people and we care about the small people."

"I hear comments sometimes that large oil companies are greedy companies or don't care. But that is not the case with BP. We care about the small people," he said.

Hayward is expected to strike a contrite tone in his testimony Thursday at a congressional hearing, his first such appearance. According to a text of his planned remarks, Hayward will say, "I fully grasp the terrible reality of the situation. ,I hear the concerns, fears, frustration -- and anger -- being voiced across the country."

The energy giant will finance the $20-billion escrow fund in part by suspending its dividends for the rest of the year, freeing up an estimated $7.5 billion that otherwise would have gone to shareholders, selling $10 billion in assets and other measures.

BP said in a statement that it would cancel its scheduled first-quarter payment Monday and won't declare dividends in the second or third quarters.

Cancellation of the dividend is certain to produce a backlash in Britain, where BP payments provide a substantial share of pension fund income.

BP's U.S.-traded shares rose Wednesday, climbing $1.43, or 0.5%, to $31.85 on heavy trading volume. The stock jumped immediately after the announcement of the escrow fund and again after the dividend suspension.

Creating the escrow fund is one the Obama administration's few concrete achievements since the oil began gushing 58 days ago. Unable to plug the hole beneath the gulf, the White House has sought to take command of a worsening environmental catastrophe that has hijacked the president's agenda.

After reaching the agreement, Obama gave a brief address from the State Dining Room. He said the $20-billion figure is not a cap, meaning BP could potentially add to that sum.

He said he told Svanberg "that for the families that I met with down in the gulf -- for the small-business owners, for the fishermen, for the shrimpers -- this is not just a matter of dollars and cents. A lot of these folks don't have a cushion. They were coming off [Hurricanes] Rita and Katrina -- coming off the worst economy that this country has

seen since the Great Depression -- and this season was going to be the season where they were going to be bouncing back."

Getting BP to pay damages is a politically popular step.

A Gallup poll shows that 59% of Americans believe BP should pay all losses stemming from the spill, even if that destroys the company. What's more, the public doesn't want Obama to coddle the oil giant; 71% said the president has not taken a tough enough stance with BP, according to Gallup's polling.

As Obama met with BP officials, Gulf Coast lawmakers stepped up their efforts on Capitol Hill to lift the administration's six-month deep-water drilling moratorium that they contend is threatening their region's fragile economy.

Sen. Mary L. Landrieu (D-La.) went to the Senate floor to declare that the moratorium could cause "even more economic damage than the spill itself" to her state.

"I know that we have to make sure that these 33 floating rigs that drill in deep water [in the Gulf of Mexico] ... are safe," she said, "but I want to say unequivocally, with support of the vast majority of people in my state, six months is too long. The deep-water industry cannot survive in the gulf with a six-month pause."

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Times staff writers Richard Fausset in Atlanta, Richard Simon and Jim Tankersley in Washington and Ronald D. White in Los Angeles contributed to this report.

BP's next challenge: Disposal of tainted sludge (*USA TODAY*)

June 17, 2010 Thursday
FINAL EDITION
NEWS; Pg. 5A
BP's next challenge: Disposal of tainted sludge;
Finding space or use for skimmed oil new territory
By Alan Levin
Oil giant BP is facing a huge new challenge in disposing of the millions of gallons of potentially toxic oil sludge its crews are collecting from the Gulf of Mexico, according to industry experts and veterans of past spills.

Crews so far have skimmed and sucked up 21.1 million gallons of oil mixed with water, according to the Deepwater Horizon Unified Command. Because the out-of-control well may continue spewing for months, that total almost certainly will surge.

BP's plan for handling the gooey mess, written in conjunction with the Coast Guard, the Environmental Protection Agency and Louisiana officials, calls for reclaiming or recycling as much as possible.

Some experts said that approach is the best option for the environment, but it has not worked in previous spills. It is not profitable to refine sludge that has mixed with water and seagoing debris because it can actually ruin refineries, they said.

"It has no longer got any economic value. It has to be disposed of as garbage," said Marc Jones, a former Navy officer who helped oversee numerous oil spill cleanups, including the 1989 Exxon Valdez in Alaska. "The stuff that got recovered from the Exxon Valdez was just a nightmare."

So far, BP has released little information about what it has done with the skimmed oil.

Mike Condon, BP's environmental division chief, said Wednesday that at least four barges filled with the waste had been shipped to disposal facilities in Texas and Alabama.

"We've had some challenges finding the facilities that can handle it," Condon said. He said he was told that at least some of the recovered oil has been refined but was unsure of details.

Disposing of skimmed oil is not only difficult and expensive, but simply collecting the material has often slowed down cleanup efforts in previous spills, the experts said.

Merv Fingas, a former top scientist at Environment Canada who has studied oil spills for decades, said finding storage for skimmed oil was the "prime bottleneck" in cleanup efforts.

Jones said he recalled observing a skimming boat in the oil-saturated waters immediately after Exxon Valdez fill its holding tank after only 15 minutes.

"It took us 2 1/2 days to get offloaded," Jones said. There weren't enough tanks and barges to handle the waste. "The one thing that you can always count on being a major headache is interim storage."

BP's Condon said he was "not aware" of instances in which finding storage for the captured oil had slowed cleanup efforts in the Gulf of Mexico.

Fingas, who testified before the House Committee on Natural Resources on Tuesday, said more research is needed on how to process the sludge into useful products, such as mulch.

Sending it to landfills or incinerators, which usually happens after spills, is wasteful, he said.

Critical compounds in crude oil that are used to make gasoline and other products evaporate after it sits on water for more than a few hours, he said.

What remains is a gooey residue that resembles tar. It's often filled with driftwood, plastic and other items floating in the water, he said.

White House Can't Distance Itself From Gulf Oil Spill (*Epoch Times*)

By James Ottar Grundvig
Created: Jun 16, 2010 Last Updated: Jun 16, 2010
In a national TV address on Tuesday night President Barack Obama attempted to show he was taking charge of the response to the Gulf oil spill. Whether there will now be a change in the administration's handling of the spill remains to be seen. What we do know is that the Obama administration's policy of "distance" toward the BP Deepwater Horizon blowout of April 20 has been a failed and flawed policy.

Words of toughness and comfort that have come from the White House these past two months will not themselves fulfill the U.S. government's responsibility for protecting U.S. shores, territorial waters, and industries from an epic catastrophe, whether man-made or natural.

The impact of the worst environmental disaster in North American history has been underestimated by every agency in the U.S. government..

The Gulf Coast beaches do not belong to BP. The now shutdown shrimp, oyster, and fishing industries belong to Americans, not a multinational oil giant or foreign entity operating with a license in the United States. So trying to distance the White House from the oil washing up on Gulf shores, from Texas to Florida, from the mushrooming oil spill that is about to travel the Gulf Stream to the wide open Atlantic Ocean, is a policy that cannot work.

Rejecting help
If BP has been in charge of the oil spill response, recovery, and cleanup, then why did the United States reject an offer from Holland to send over oil-skimming ships during the first week of the blowout?

Why did it take the U.S. government six weeks to approve the building of sand berms to protect Louisiana from the "chocolate mousse" that has inundated its coast and marshlands?

Why didn't the EPA (Environmental Protection Agency) seek out a less toxic oil dispersant than the one BP insisted on using? BP itself had on May 3 ordered 150 metric tons of a much milder oil dispersant from Norway that the EPA apparently did not approve for use. Why?

Seventeen nations have offered help, from the Dutch to Vietnam, but the United States has rejected assistance from 15 of those countries and accepted limited help from Canada and booms from Norwegian suppliers.

Was BP in charge in any of those decisions? Even if BP were in charge of these decisions, these are not decisions BP should be making. They are decisions the U.S. government should be making.

The impact of the worst environmental disaster in North American history has been underestimated by every agency in the U.S. government, particularly the White House, from day one. U.S. agencies from the Minerals Management Service (MMS), which was supposed to be in charge of the continental shelf, to the EPA have referred questions to BP's 600-man Deepwater Horizon Response team, which was set up overnight.

To make matters worse, many journalists in mainstream media are charging that the U.S. government is "colluding" with BP to block access to the tarred beaches, to the oil coming to shore, and to the air space over the oil spill—this tramples on the freedom of the press.

One now can only assume by this intolerable behavior and ill-advised shift in policy, that since neither BP nor the feds can contain the spill, they might as well try to control the true extent of the damage it's causing to thousands of miles of coastline, birds, and marine life. But there is no carpet to sweep the oil spill under—not in the Gulf with the Atlantic seaboard just around the bend from Florida.

No plan

What is also coming to light in this disaster is how completely unprepared the United States was for an oil spill. This omission is made worst by the history supposedly taught by the 1989 Exxon Valdez spill in Alaska.

The banana republic of Venezuela developed an "Oil Spill Contingency Plan" in 1990.

The little country of Norway, in a reaction to its Ekofisk Bravo platform blowout in 1977, setup a fully resourced, fully funded, and fully trained (with annual "live" oil spill response and recovery drills) organization for responding to spills the following year in the Norwegian Clean Seas Association for Operating Companies (NOFO).

In 1993, the Association of Southeast Asian Nations (ASEAN) developed a project On Oil Spill Preparedness and Response (OSPAR) to deal with an Exxon Valdez type calamity. It was initiated by Japan, but the program includes Brunei, Indonesia, Malaysia, Singapore, Philippines, and Thailand.

Absent from that list is Vietnam. But even that emerging nation, which has experienced more than 100 minor oil spills since 1987, developed in 2005 a program for "bioremediation of oil spills in Vietnam."

China, Canada, and Australia all have national oil spill contingency plans. In the United States, we don't have one. The U.S. Minerals Management Services, which falls under the supervision of the Department of the Interior, does not have its own oil spill response plan.

In the infinite wisdom of lobbyists and Congress, MMS long ago decided to pass the responsibility of protecting U.S. coastlines and waterways to the oil companies that operate on the U.S. continental shelf.

That despite the devastation wrought by Exxon Valdez oil spill. That despite the fallout from the terrorist attacks of 9/11—vulnerable offshore oil installations are inviting targets for terrorism. That despite the damage caused in Hurricane Katrina.

Instead, what the United States has—it's far less than what Vietnam is currently developing to protect its pristine beaches and fisheries from a spill—is a dysfunctional organization in MMS that rubber stamped BP PLC's 582-page "regional oil spill plan" for the Gulf.

The boilerplate document cited protecting seals and walruses from oil contamination, even though those animals don't live in tropical waters. What does that say about MMS? Or the other oil operators in the Gulf? Are their oil spill response plans just as flimsy?

From MMS's Website, it states: "MMS requires that every OCS (Offshore Continental Shelf) owner or operator prepare and submit for approval an Oil-Spill Response Plan for each of their offshore facilities, which describes in detail what actions their spill management team will take should an oil spill occur. Included in the response plan is a 'worst-case' discharge response scenario. This scenario must include the identification of any onshore areas that could be affected by an accidental spill from an operator's facility. The lessee is also required to identify their contracted spill response equipment and materials, the necessary trained personnel, and the time needed to deploy those resources in the event of a 'worst-case' spill. The plan must also outline responses to less severe spills or emergencies. As part of the MMS review of this document, MMS verifies whether the operator has a contract with an approved Oil-Spill Removal Organization (OSRO) that is capable of providing qualified personnel and sufficient equipment to respond to their worst-case discharge spill volume."

That paragraph best sums up the ineffective, scatter shot, reactionary oil spill response and cleanup to the BP disaster that has been seen to date. Multiple agencies—including the U.S. Coast Guard, MMS, the EPA, and OSHA—a floundering White House and the

desperate state governments of the Gulf have been involved in finger-pointing while referring to BP as being in charge of a national emergency.

This has been disgraceful. A layman could've seen how overlapping responsibilities, a glacially slow regulatory process, and a contingency plan cobbled together overnight would work as poorly as it has.

When everyone is in charge, no one is in charge.

As the greatest nation on Earth, with many of the best minds, universities, technology, and wealth, the United States not only possesses the ability and capabilities to deal with and combat oil spills, but we should be the world leader in both plan and execution.

Of all the modern and third world countries with a shoreline to protect from an oil spill having their own national response and contingency plans in place, it's time for the United States to follow suit and develop one plan, in one program, in one agency that will be 100 percent in charge during the next oil spill crisis.

Anything less will tempt the next catastrophe to wash up on our shores.

As a young man James Ottar Grundvig worked on Norway's oil platforms. Today he is a writer living in New York City.

EPA Defends Approval Of Handling Gulf Oil Spill Waste As Non-Hazardous (*Inside EPA*)

Posted: June 16, 2010
EPA is defending its decision to allow waste from the Gulf Coast oil spill -- including oil-soaked cloths and other material -- to be disposed of in landfills as solid waste rather than hazardous waste subject to strict disposal controls, saying the agency has a stringent plan to ensure against adverse impacts, particularly on equity communities near disposal sites.

On a June 15 National Environmental Justice Advisory Committee (NEJAC) teleconference about the spill, EPA waste chief Mathy Stanislaus defended the agency's waste disposal plan in response to concerns from NEJAC members and others. These critics fear that disposing of oil-soaked waste and oily water in solid waste landfills means the material could eventually leach out and provide another source of water and land contamination in the Gulf region.

The Coast Guard, in consultation with EPA and the states, has approved waste management plans for recovered oil and waste from the BP oil spill, and EPA made the plans available on its website for review.

Stanislaus, head of EPA's Office of Solid Waste & Emergency Response, told NEJAC that EPA carefully approved plans to ensure spill waste will be properly disposed in "appropriate, permitted landfills."

On the call, Stanislaus also said that EPA required extensive sampling ahead of its approval to dispose of the material as solid waste. "No samples indicated the waste is hazardous, so it is being handled as solid waste and being disposed of in appropriate, permitted landfills," he said, adding that the agency worked with the Gulf coast states to develop the plans, and that the states have signed off on them, as has the Coast Guard.

Concerns over the impact of the waste disposal come after the New York Times reported June 15 that about 250 tons of oily trash and more than 175,000 gallons of liquid waste have been sent to landfills, along with more than 11,000 cubic yards of other solid waste from the cleanup in Louisiana alone, prompting residents' concerns about toxic leaching. The Times quoted former Bush EPA acting administrator and waste chief Marianne Horinko as saying the affected communities are "properly concerned" about the waste, adding that the toxicity of oil waste is "concentration-dependent," and if there is a sufficient concentration, "it will exhibit the characteristics of toxicity."

Seeking EPA Response To Concerns

On the NEJAC call, Vernice Miller-Travis asked EPA for its response to the concerns. Stanislaus said EPA asked for a list of every potential landfill that can receive such waste and, with the help of its regional offices, reviewed the facilities' compliance history and potential environmental justice impacts of the disposal plans before allowing a landfill to be placed on the list.

Additionally, he said EPA has required the waste to first be trucked to staging areas, which he described as "interim areas to do characterizations" and that from there the waste will be taken "to the proper facility."

Stanislaus added, "We've asked for air monitoring and oversight planning" for the transport of the waste, noting that the agency makes the air monitoring data public via its oil spill response website. "And in terms of any specific issues communities have in terms of impact," EPA wants to know so it can investigate, Stanislaus told NEJAC members on the call. "We have visited landfills and staging areas to ensure they operate in the safest way possible."

However, William Subra of the Louisiana Environmental Action Network said during a public comment period on the call that there have already been incidents of the waste being sent to unapproved landfills.

A source familiar with the waste management aspect of the cleanup adds that BP has asked its contractors to recycle and recover as much waste as possible, so that smaller amounts have to be placed in landfills.

The plans take into consideration a review of federal, state and local rules, planning for waste characterization, and BP's proposed location for waste management activities, EPA says on its website. The plans also list licensed transporters, approved treatment and disposal facilities and staging areas; outline periodic monitoring requirements and quality assurance provisions; and outline community outreach plans.

"Given the unprecedented aspects of the BP oil spill, these plans may be updated as necessary to minimize any unforeseen environmental and human health impacts. EPA will post any updates to the plan," EPA says on its website.

Meanwhile, NEJAC members on the call agreed to have a July meeting in the region to assess progress on equity issues. The advisory panel is also drafting a letter to the agency to recommend that EPA work closely with community organizations and seek funding for them to conduct more on-the-ground work in response to the spill.

The letter will also ask Stanislaus for additional information about how the waste from the cleanup is being handled after some NEJAC members expressed dissatisfaction with his responses. -- Dawn Reeves

Security advocates see new opening to rework Bush-era rules (*Greenwire*)

(06/16/2010)
Elana Schor, E&E reporter
Since its Deepwater Horizon rig went up in flames nearly two months ago, BP PLC has seen its relationship with the White House steadily deteriorate. But in the months following the Sept. 11, 2001, terrorist attacks, when industry groups were beginning what remains a vocal pushback against Democratic chemical security proposals, the beleaguered oil company found a much more hospitable audience in the George W. Bush administration.

When Michael Graff, then-chairman of BP's American chemicals division, wrote Bush adviser Karl Rove in October 2002 to blast U.S. EPA's plan to take the lead on guarding against a potential terrorist assault on chemical facilities, he called for an industry-driven process routed through the Department of Homeland Security. "We have a similar set of concerns" about the prospects of EPA involvement in chemical security oversight, Rove replied, promising to pass on BP's concerns to others.

Industry won that early clash over EPA's role, as the agency's effort got axed before the plan was released. But the intense scrutiny of BP and other oil companies' preference for self-regulation in the wake of the Gulf of Mexico oil spill is giving advocates for stronger chemical security rules a new opening to warn that the private sector cannot prepare for disastrous events -- whether deliberate or accidental -- without a harder nudge from the government.

"The BP spill in the Gulf shows undeniably that worst-case scenarios can and do happen, and they can and do overwhelm any emergency response capacity," said Center for American Progress consultant Paul Orum, who has researched high-risk chemical facilities for nearly two decades. "Oil in the water is really bad. Chemicals in a big city could be even worse."

U.S. PIRG public health advocate Elizabeth Hitchcock, noting that BP opposed last year's House-passed chemical security bill through its membership in the American Petroleum Institute (API), described the company's stance as "ill-advised, tragic and holding up progress" in light of the fatal 2005 explosion at its refinery in Texas City, Texas.

"One of the most dangerous types of facilities is an oil refinery" using hydrofluoric acid, Hitchcock added. An ingredient in the alkylation that turns crude oil into gasoline, the acid can be highly toxic to humans and is deemed a chemical terrorism risk by the Centers for Disease Control and Prevention.

Hydrofluoric acid stored at BP's Texas City facility could put as many as 550,000 people at risk within a 25-mile vulnerability zone in the event of a chemical release, according to the company's most recent federal disclosures.

Groups such as U.S. PIRG and Greenpeace support the "inherently safer technology" provision in the House-passed chemical security bill, which would require the highest-risk facilities to plan for a transition to safer chemicals and handling procedures. In the case of hydrofluoric acid, that could mean requiring refineries to transition to the less hazardous sulfuric acid.

However, what environmental groups view as narrow and potentially cost-effective language for inherently safer technology in the House bill is one of the central factors behind the opposition of chemical and oil companies.

"We're very concerned about giving the final word and authority to DHS" when it comes to requiring companies to make a switch for security reasons, American Chemistry Council spokesman Scott Jensen said, questioning whether an agency with a security mandate could appropriately weigh cost and feasibility burdens facing private firms.

API was more direct in its criticism, issuing a statement after the House approved its chemical security bill with no GOP votes in November 2009. The measure "would go beyond the current protection requirements and endanger jobs and increase the risk of our operations," the oil trade group said.

BP has no directly registered chemical security lobbyists, but API's K Street team on the issue includes all 13 partners at the high-powered shop Mehlman Vogel Castagnetti.

"They have learned nothing" from the Gulf crisis, Greenpeace legislative director Rick Hind said. "The jury is still out as to whether Congress is going to be ahead of this curve or bogged down with industry propaganda."

Another look at chemical security

Former senior Bush EPA official Marianne Horinko, who helped craft the chemical security proposal that sparked BP's pushback in 2002, said Congress will "definitely revisit" chemical security as part of its search for a response to the Gulf oil spill crisis.

"Sometimes it's not good policy" to let future policy be shaped by an unforeseen event, added Horinko, who now consults on energy and sustainability issues. "I could see [the need] if you were having catastrophic oil spills all over the place. Otherwise ... I'd hesitate to rush into regulating and legislating without a more thorough examination of what went wrong."

Bob Bostock, another senior EPA aide during the agency's aborted attempt to take charge of high-risk chemical facilities, described the still-uncertain federal framework as "kind of mindblowing to me" given the ongoing risk of a terrorist attack.

As Bostock put it, oil and chemical interests digging in their heels to oppose congressional action on the issue cannot say they were not warned by lawmakers' response to the Gulf spill.

"Industry has got to recognize that if there were a successful attack on one of their facilities, God forbid ... no one's going to say company B didn't do the right thing, therefore company B is bad," said Bostock, now a freelance writer in New Jersey.

"They're going to say, 'the industry is bad,' and [businesses] are going to end up with far more restrictive laws and regulations than they can contemplate."

Running out the clock?

The House chemical security bill faces uncertain prospects in the Senate, despite the looming October expiration of DHS's existing regulatory system.

Senate Homeland Security and Governmental Affairs Chairman Joe Lieberman (I-Conn.) has spoken favorably of a requirement for inherently safer technology, but the panel's ranking member, Sen. Susan Collins (R-Maine), has snagged two Democratic co-sponsors for a five-year authorization of the existing DHS program.

Public-health and watchdog groups oppose Collins' approach, which OMB Watch policy analyst Brian Turnbaugh called "a real abdication of Congress' responsibilities." Still, Senate critics of the House approach could win the day by running out the clock on DHS's rule, officially known as the Chemical Facilities Anti-Terrorism Standards.

A DHS source said the permanent implementation of chemical security rules is a priority for the agency, suggesting that another one-year extension of the Chemical Facilities Anti-Terrorism Standards would be less preferable.

In the meantime, advocates plan to continue drawing the lines between BP's warm reception in 2002 and its struggle to manage the ongoing Gulf spill.

"I think legislators really need to see the connection between the spill and the consequences of a terrorist attack on chemical facilities," Turnbaugh said. "Although the [House] legislation focuses on terrorism, it does go beyond that ... this could also have a huge impact in preventing accidents from happening or reducing the consequences of an accident."

Scientist's New Orleans roots give context for spill panel work (*Greenwire*)

(06/16/2010)
Donald Boesch may have a leg up on his fellow members of a panel reviewing the Deepwater Horizon drilling rig disaster, given his history in New Orleans and experience with the cleanup of the Chesapeake Bay.

Boesch, the president of the University of Maryland Center for Environmental Science, was named to the five-member panel Monday, joined by officials including former Florida Gov. Bob Graham and former U.S. EPA Chief William Reilly. Boesch's experience growing up in the Gulf region was crucial in his appointment, and he said it gives him a special understanding of the situation. He was raised in the 9th Ward and earned his bachelor of science degree at Tulane University.

"The kids that went to school with my daughter were children of oil field workers and shrimpers," Boesch said. "So, I have some sense of what it means to people there -- not only the oil spill, but the oil economy, the balance, the seeming conflicts of relying on resources and fossil energy."

Boesch has also served as the science adviser for the Chesapeake Bay restoration effort and led an ocean studies board. He is also serving on the National Academies of Science committee on climate change.

In an interview yesterday, Boesch did not discuss the oil spill. But he has previously called the blowout "an object lesson of the Faustian bargain" and criticized the greed of the oil industry (Timothy B. Wheeler, *Baltimore Sun*, June 15). **-- JP**

CLIMATE CHANGE
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Faith-based group accuses Graham of 'flip-flopping' on energy bill (*Greenwire*)

(06/16/2010)
Robin Bravender, E&E reporter
A left-leaning advocacy group is running an advertising campaign accusing Sen. Lindsey Graham (R-S.C.) of "flip-flopping" on comprehensive energy and climate legislation after backing away from a bill he co-sponsored earlier this year.

The American Values Network will launch advertisements in the Washington, D.C., area today, accusing Graham of backing away from a comprehensive bill in favor of the type of energy and climate approach he has previously characterized as "half-assed."

Graham helped author a cap-and-trade climate bill with Sens. John Kerry (D-Mass.) and Joe Lieberman (I-Conn.), but he backed away from those negotiations in April over an unrelated political battle involving immigration. He has since added new reasons keeping him from the bargaining table, including the lack of interest in expanding offshore oil drilling in the wake of the Gulf of Mexico oil spill.

While he was in talks with Kerry and Lieberman, Graham suggested that an "energy only" approach to climate and energy legislation would not work, but earlier this month, Graham signed on as a co-sponsor of a bill from Sen. Richard Lugar (R-Ind.) aimed at reducing greenhouse gas emissions and domestic oil consumption without using the controversial cap-and-trade program sought by President Obama and many Democrats.

"With Senator Graham now abandoning bipartisanship for precisely the type of energy bill he previously dismissed as 'half-assed,' it's hard to understand how he maintains any credibility on what is doable on energy policy in this Congress," said Eric Sapp, executive director of the American Values Network.

Sapp said Graham has taken "a principled stand on what he knew was right" for most of the debate. The group ran an ad campaign in South Carolina in February supporting his initial efforts to pass comprehensive clean energy and climate legislation.

"I think it's a hard sell right now," Graham told reporters yesterday of the Kerry-Lieberman bill.

"There was strong support for offshore exploration, that has dropped fairly dramatically, and I don't see how you can have a comprehensive energy reform proposal that doesn't include domestic exploration for oil and gas on and offshore," Graham said. But amid the Gulf spill, he said, "now's not the time to do that."

A Graham spokeswoman was not immediately available for comment.

Americans United for Change, another left-leaning group, is launching a separate ad campaign today targeting Senate Republicans for voting for a failed measure to block U.S. EPA climate rules last week.

The ads, which are the latest in a series from the group, accuse Senate Republicans who supported the bid from Sen. Lisa Murkowski (R-Alaska) of voting to "gut the Clean Air Act" and "bail out Big Oil."

Murkowski and her supporters argued that EPA climate regulations under the Clean Air Act will impose widespread economic and regulatory burdens. Murkowski has repeatedly said that Congress, not a federal agency, should oversee federal climate policy.

All 41 Senate Republicans and six Democrats voted Thursday to support the Murkowski measure, which was quashed in a 47-53 procedural vote.

The group spent $400,000 to begin running ads today on Washington, D.C., cable channels.

EPA Says Senate Climate Bill Would Cost Less than $1 a Day (*Sustainable Business.com*)

06/16/2010
SustainableBusiness.com News
The U.S. Environmental Protection Agency yesterday released its cost analysis of the American Power Act, finding that it would cost American families less than a dollar a day to establish the carbon capping measures proposed in the bill.

Senators John Kerry (D-Mass) and Joseph Lieberman (I-Conn) unveiled the bill in May. It roughly aligns with the climate bill passed in the U.S. House last summer. However, most Capitol Hill observers say it has only a thin chance of even reaching the Senate floor.

A more likely scenario is that climate measures from the bill will be offered as amendments to a smaller energy bill. But even this is far from guaranteed. Senate Majority Leader Harry Reid (D-NV) is expected to choose a legislative path in the next few days.

Time is running out to do anything before the campaign season takes over for November elections. But Democrats are feeling the urgency to act on energy legislation, as a response to the ongoing gulf oil spill.

Cost Analysis

The EPA's analysis of the American Power Act shows it would dramatically cut global warming pollution, lower household energy bills through 2020, and only marginally increase annual average household costs between 2010 and 2050.

The Union of Concerned Scientists (UCS) called the bill “a low cost investment that would help create the clean energy jobs of the future and avoid the much higher costs of doing nothing.”

The EPA analysis is available at the link below.

The ClimateWorks Foundation also released an analysis of the bill finding that it would create 440,000 additional jobs in an average year through 2020, and 540,000 additional jobs in an
average year through 2030.

Their analysis also shows a reduction in greenhouse gas emissions of 3.6 billion tons per year in 2030--a 45% reduction compared to business as usual. And it claims the U.S. will maintain an average annual growth rate in GDP of 2.3% through 2030, if the bill becomes law.

The American Council for an Energy-Efficient Economy (ACEEE) released a separate analysis of the bill, which finds that by enhancing the energy efficiency provisions in the legislation, the number of jobs created could nearly triple, energy savings could quadruple, and consumer savings could increase by about $200 per household per year.

The advocacy group said the bill is a "significant stride in the right direction," but could do more to incentivize energy efficiency.

Website: www.epa.gov/climatechange/economics/economicanalyses.html#apa2010

Uphill push for climate bill in Senate, despite Obama call for 'clean energy'(*Associated Press*)

Story also appeared: *Baltimore Sun*

MATTHEW DALY Associated Press Writer

WASHINGTON (AP) — A climate and energy bill being pushed in the Senate faces bleak prospects, despite President Barack Obama's call for a "clean energy" future that lessens dependence on oil and other fossil fuels.

A day after the president's Oval Office speech, Senate Minority Leader Mitch McConnell, R-Ky., reiterated that his party remains unanimous in its opposition to what he called a national energy tax.

Even one of the bill's likely supporters said the measure does not have enough votes to pass.

"You know, it would take 60 votes in the Senate to do that," said Sen. Byron Dorgan, D-N.D. "I doubt very much whether those 60 votes exist right now."

In an appearance Wednesday on Fox News, McConnell said Obama and congressional Democrats were "holding the Gulf hostage to a national energy tax" they have long been seeking.

"They call it a climate bill. What it is is a national energy tax," McConnell said.

The climate bill, sponsored by Sens. John Kerry, D-Mass., and Joe Lieberman, I-Conn., would tax carbon dioxide emissions produced by coal-fired power plants and other large polluters, as a way to reduce pollution blamed for global warming. Dubbed the American Power Act, the measure aims to cut emissions of carbon dioxide and other heat-trapping greenhouse gases by 17 percent by 2020 and by more than 80 percent by 2050.

The bill would cost American households an average of $79 to $146 per year, the Environmental Protection Agency said in an analysis this week.

Some liberal commentators and environmental groups criticized Obama for failing to endorse a cap on carbon emissions in his speech Tuesday night.

White House spokesman Ben LaBolt said Obama's speech reiterated his call for comprehensive energy and climate legislation to break the nation's dependence on fossil fuels. The president will be reach out next week to senators on both sides of the aisle to chart a path forward, LaBolt said.

"We're open to good ideas from all sources and will be working with senators on a comprehensive proposal," LaBolt said Wednesday. "The tragedy in the Gulf underscores the need to move quickly, and the president is committed to finding the votes for comprehensive energy legislation this year."

Senate Majority Leader Harry Reid emphasized that he will need Republican support for the legislation, which Democrats hope to bring to the Senate floor next month.

"This legislation can only be passed if Republicans decide to work with us and demonstrate that they share our serious commitment to building a 21st-century energy strategy for America," Reid said in a statement.

Those votes may not be easy to find. The bill's sole Republican backer, Sen. Lindsey Graham of South Carolina, withdrew his support last month, saying it is impossible to pass the legislation in the current political climate.

An indication of the bill's prospects came Tuesday as the Senate killed an attempt to repeal lucrative tax breaks enjoyed by the oil and gas industry.

The move by Sen. Bernie Sanders, I-Vt., would have raised $35 billion over 10 years by limiting the ability of oil companies to write off drilling expenses and eliminating other tax deductions for domestic production of oil and gas.

Despite the industry's current political problems caused by the massive oil spill in the Gulf of Mexico, the measure was defeated 61-35. Twenty-one Democrats joined 39 Republicans in opposing the measure. Among those voting no was Lieberman, the co-sponsor of the climate bill.

ENERGY
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Climate-energy bill cost for consumers: up to $146 a year (*Christian Science Monitor*)

The EPA has released an economic analysis of the climate-energy bill that could give the legislation a boost.
he EPA has found that the climate-energy bill that is pending in the Senate would not be as expensive for consumers as previously thought, giving a boost to the stalled bill. (Newscom/File)

By Mark Clayton, Staff writer
posted June 16, 2010 at 7:45 pm EDT

A stalled climate-energy bill in the Senate got a boost Tuesday from federal regulators who reported it would not be too costly, then from President Obama.

"The transition to clean energy has the potential to grow our economy and create millions of jobs – but only if we accelerate that transition," Mr. Obama said in his Oval Office speech. He touted a "strong and comprehensive energy and climate bill – a bill that finally makes clean energy the profitable kind of energy for America's businesses."

That's been the billion-dollar question surrounding climate legislation: How much will it cost?

The Environmental Protection Agency answered that question earlier Tuesday in a much-anticipated economic analysis. The climate-energy legislation that’s sponsored by Sens. John Kerry (D) of Massachusetts and Joseph Lieberman (I) of Connecticut would

have a "relatively modest [economic] impact" on the US public, the EPA's models showed.

The bill, which includes a market-based "cap and trade" mechanism to put a price on carbon emissions from US smokestack emitters, would hike energy costs for both businesses and consumers. But with rebates for consumers in the plan, as well as other factors, the overall cost to American households would be $79 to $146 annually, the EPA found.

The American Power Act would have "a relatively modest impact on US consumers," assuming that the "bulk of revenues from the program are returned to households lump-sum," the study's authors wrote.

The EPA also found that the cost to polluting businesses, such as coal-fired utilities, would not be too onerous. The cost to them to purchase allowances from the government for each ton of emissions was projected to be $16 to $17 per metric ton of greenhouse gases by 2013 and $23 to $24 per ton by 2020.

The climate-energy legislation passed last year by the House has roughly the same estimated costs. Both bills would reduce greenhouse-gas emissions by about the same amount starting in 2013.

"This definitive analysis proves that the American Power Act will decrease energy bills for families and protect consumers while offering the most effective cost containment measures of any previous climate legislation," Senators Kerry and Lieberman said in a joint statement.

The study’s authors noted that the analysis did not take into account any positive contributions from avoiding the effects of climate change – only the legislation's costs to the economy.

Some have tried to assess such impacts. In a study of energy-climate legislation last year, the nonpartisan Institute for Policy Integrity found that the House bill would generate between $750 billion and $1 trillion in total benefits between 2012 and 2050.

"It looks like, when we finish crunching the numbers, we expect the benefits of the Senate bill will be similar to the House bill last year," says J. Scott Holladay, an economic fellow at the institute, which is a think tank based at the New York University School of Law. Benefits, he says, are based on the "social cost of carbon." Econometric models have produced estimates of $50 to $100 per ton of avoided carbon emissions – savings from reductions in anticipated sea-level rise, agricultural damage, and other damages.

But whether outrage over the oil spill and news that greening US energy might not cost so much after all will dislodge the stuck bill is hard to know, some say.

"I don't think the president's speech or the EPA numbers have changed the political lineup" of Senate votes, says David Pumphrey, deputy director of the Energy and National Security Program at the Center for Strategic and International Studies in Washington.

Others agree with him.

"We reiterate weak odds for climate legislation and weaker odds for an energy-only bill without 1) explicit support by Senator Lindsey Graham (R) of S.C.; 2) explicit support by coal state Democrats; and 3) a drilling deal that offshore energy proponents and environmentalists can both accept," wrote Kevin Book, an energy analyst with ClearView Energy Partners, in an e-letter analysis. "All three are currently missing."

One possibility is that Congress will "stampede" to pass drilling-safety legislation this year, rather than an climate-energy bill, he notes. Also, another cost estimate is expected in the coming weeks from the Energy Information Administration, which could be less favorable.

Others say, however, that the EPA and presidential boost together are important.

"... President Obama made it clear that he plans to put a clean energy future ahead of the interests of Big Oil," said Peter Lehner, executive director of the Natural Resources Defense Council, in a statement. "The Senate should move clean energy and climate legislation this summer."

The president is expected to meet next week with key legislators in the Senate on steps to move the bill ahead, Reuters reported Wednesday.

But may support a comprehensive energy proposal (*Boston Globe*)

June 17, 2010 Thursday
NEWS; National; Pg. 13
Brown says he won't back carbon fees;
But may support a comprehensive energy proposal
By Susan Milligan, GLOBE STAFF

WASHINGTON - Senator Scott Brown, a freshman Republican from Massachusetts who has sided with Democrats on several key votes, said after meeting briefly with President Obama yesterday that he will not back any climate-change measure that includes a fee on carbon emissions, but he left open the possibility of supporting ``a comprehensive energy plan."

Brown was invited for a personal session with the president in the Oval Office, a gesture generally used when a commander in chief wants to thank someone or solicit legislative

support. While Brown described the meeting as friendly, he voiced strong reservations about some of the key proposals on Capitol Hill to deal with **climate change** and energy independence.

``I basically told him I'm not in favor of, nor could I support, a national energy tax or cap-and-trade proposal,'' Brown told reporters at the Capitol after racing out of the White House to go back to the Senate for votes. ``But I am very excited about working with him in a bipartisan manner to come up with a comprehensive energy plan to address a whole host of issues,'' Brown said.

In his first prime-time Oval Office address to the nation Tuesday night on the BP oil disaster, Obama escalated his quest for a broad energy plan. Obama won a commitment yesterday from BP officials to put $20 billion in an escrow account to compensate victims of the Gulf Coast spill, but he is also pressuring Congress to move ahead on a bill he says will reduce the country's dependence on foreign oil.

Senator John F. Kerry, Democrat of Massachusetts and a chief author of a major **climate change** package, is lobbying his colleagues for support, but said he does not yet have the 60 votes needed to overcome an expected filibuster. Kerry has rejected critics' suggestions that his bill is an energy tax.

Obama talked generally to Brown about the climate issue, but did not specifically ask for his vote on the Kerry bill, Brown's office said.

The president also asked Brown to outline his general concerns. Brown said he responded by telling Obama he wants to focus on jobs.

Brown yesterday introduced legislation, written with Senator Dianne Feinstein, Democrat of California, that would require oil companies to have a peer-reviewed plan to respond to a significant leak. Companies are required now to have a leak prevention plan, but law does not mandate a backup strategy to stop a serious spill, according to Brown's and Feinstein's offices.

The bill - which Brown said caught Obama's interest during their 15-minute meeting - also would use existing Department of Energy funds to assemble a team of specialists from the private sector and National Academy of Sciences to stop the ongoing Gulf disaster.

Brown has been criticized by environmentalists, most recently for supporting a Senate resolution this month that sought to express disapproval of the **Environmental Protection Agency's** finding that greenhouse gas emissions are dangerous to people and the environment.

The resolution failed, but Brown's vote for it is ``not a good sign. That's exhibit A that he's in the pocket of Republican leadership,'' said David DiMartino, whose company, Blue Line Strategic Communications, represents environmental groups. But ``we think

he's gettable," DiMartino said, on some energy and environmental legislation.

Brown came to Washington amid suggestions that he would supply the crucial vote against overhauling the Democratic proposal to overhaul health care. Democrats feared that Brown would prevent them from summoning the 60 votes required to break GOP filibusters. But Democrats passed the health care bill under legislative maneuvers that precluded Brown's involvement.

Brown voted, along with three fellow GOP senators, to break a February filibuster on a Democrat-sponsored, $15 billion jobs bill. In April, Brown delivered a crucial vote to advance a bill extending unemployment benefits. Brown was the deciding vote on the Senate's version of revising financial regulations.

Brown has repeatedly has said he will not vote for an unemployment extension bill that adds to the deficit. Yesterday, he voted against a $140 billion bill to extend jobless benefits and provide aid to states. That measure is expected to come up again in a revised form later this week.

Susan Milligan can be reached at milligan@globe.com

Turn up the heat on saving energy (*Atlanta Journal-Constitution*)

June 17, 2010 Thursday
Main Edition
LIVING; Pg. 1D
Turn up the heat on saving energy;
In summer, easy fixes around house, other tips can lower bills.
By Nedra Rhone; Staff

Summer is on the horizon and temperatures in metro Atlanta are already climbing.

Georgia's summer will likely be warmer and drier than normal through at least early August, said David Emory Stooksbury, state climatologist and a professor of engineering and atmospheric sciences in the University of Georgia College of Agricultural and Environmental Sciences.

With cooling costs accounting for about 20 percent of the utility bill in the average U.S. home, it is a substantial expense for many home-owners. Since sweating it out isn't an option, here are a few money-saving tips culled from experts at Georgia Power, the U.S. Department of Energy and the U.S. Environmental Protection Agency's Energy Star Program.

78 is great. If you don't know by now, keeping your thermostat at the optimal temperature of 78 degrees is one way to shave energy costs. Dropping the temperature

even just a few degrees can increase your bill by 3 percent to 5 percent. If you can't take the heat, turn up the thermostat during the day, then keep it a bit cooler when you are home.

Be a fan of fans. Ceiling fans (or other fans) help circulate cool air and keep a steady temperature in the room. If you raise your thermostat by only two degrees and use your ceiling fan, you can lower cooling costs by up to 14 percent. Remember that ceiling fans cool you, not the room, so turn it off when you leave. On cooler days, turn the air off entirely and rely only on the ceiling fan to cool your home.

Curtain call. Don't bother opening the curtains each morning. Keeping curtains, blinds and shades pulled, particularly on the most sun exposed sides of the house, will aid in keeping your home cool.

Get out of hot water (and hot air). In summer, a short, cool shower is not only refreshing but will save you money. Turn down the temperature of water heaters to about 120 degrees. Allow dishes to air-dry rather than using the drying cycle in the dishwasher. You can do the same for clothing if your home is equipped with a clothesline. Running appliances at night also helps save money.

Seek shade. Trees and shrubs can help shade air-conditioning units, which can then operate more effectively. Leafy trees on the south and west sides of the house can also help keep your home cool in the summer. If you don't have natural protection outdoors, move container trees and plants in front of sun-exposed windows to act as shade.

Stay on top of home and HVAC maintenance. Have your heating, ventilating and air-conditioning system serviced annually to ensure it's running at optimum efficiency. As much as 20 percent of the air moving through your home's duct system is lost due to leaks and poor connections, so be sure to seal duct work using mastic sealant or metal tape and insulate all the ducts that you can access (such as those in attics, crawl-spaces, unfinished basements and garages). Hire a contractor to seal and insulate the interior duct work you can't reach yourself.

Know when to fold 'em. Sometimes the only thing to do is invest in a new air-conditioner. Look for one that has earned the **EPA's Energy Star.** If your central AC unit is more than 12 years old, replacing it with an **Energy Star** model could cut your cooling costs by 30 percent.

Change filters frequently. Changing the filter on air-conditioning units once a month helps them to operate more efficiently during the summer months. At the very least, change the filter every three months. Have a hard-to-fit unit? Invest in filters you can trim yourself to the appropriate size.

EPA Analysis Finds American Power Act Strategy Affordable, EDF Says (*EP Magazine*)

* Jun 17, 2010

An analysis released by the U.S. Environmental Protection Agency confirms that a comprehensive solution to U.S. oil dependence is affordable and within reach, according to the Environmental Defense Fund (EDF).

EPA analyzed the American Power Act, a comprehensive energy and climate bill sponsored by Sens. John Kerry (D-Mass.) and Joe Lieberman (I-Conn.). EPA's findings (pdf) show that the American Power Act's objectives can be achieved for a few dollars a month for the average American.

"This new analysis is the latest in a series of studies confirming that we can readily afford a comprehensive climate and energy bill that would boost our economy, reduce our dependence on imported oil and help solve climate change," said Nat Keohane, EDF's director of Economic Policy and Analysis.

The analysis shows that the clean energy development in the American Power Act can be met for $79 to $146 per year per household, amounting to $3 to $5 a month for the average individual American. The cost will be even lower at first; EPA projects that key provisions, including those for energy efficiency improvements, will lead to lower household energy bills over the next two decades. Those families expected to be most affected by price changes will receive extra compensation under the American Power Act, so they'll have an extra layer of protection. The analysis also confirms that the carbon limits in the legislation will help to prevent dangerous climate change, a key environmental objective.

GRANTS

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Wednesday, June 16, 2010, 1:59pm EDT

EPA grants $400K for brownfields (*Charlotte Business Journal*)

The U.S. Environmental Protection Agency has awarded $400,000 to the city of Charlotte for remediation of contaminated property.
The federal grant can be used to identify sites that can be restored for development. Funds are targeted for the development of a local brownfield inventory, site assessments and community outreach in the city's revitalization corridors.
City Council members must approve the award before the funds are disbursed. The grant is expected to go before the council later this summer.

PESTICIDES
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Stronger bedbug killer request rejected (*Springfield News-Sun*)

By Kelly Mori, Staff Writer
Updated 8:22 PM Wednesday, June 16, 2010
SPRINGFIELD — A powerful bedbug-killing pesticide will remain banned from residential use, despite pleas from state government and health officials to allow an emergency exception amidst the current bedbug infestations in Ohio.

This month, the U.S. Environmental Protection Agency, in a letter to Gov. Ted Strickland, said the active ingredient in propoxur is known to affect the nervous system, making the health risks of the pesticide too great to reintroduce into homes.

The chemical agent was introduced in 1959 and banned in 1990.

“The agency’s health review for (propoxur’s) use on bedbugs suggests that children entering and using rooms that have been treated may be at risk of experiencing nervous system effects,” the EPA letter states. Inhalation risks and the hand-to-mouth habits of children were of the most concern.

The chemical is still an active ingredient in flea collars.

Propoxur is known to kill bedbugs in one treatment. Treatments currently in use are less effective in eliminating the bugs and their eggs.

Cole Manor Apartments in Springfield has fought an infestation off and on since last August. Springfield Metropolitan Housing Authority, which manages the high-rise, spent $80,000 to tackle the insects last year, twice what it spent in 2008.

This spring, an infestation was reported at some units in another SMHA-managed complex. SMHA officials couldn’t be reached for comment Wednesday, June 16.

While the decision leaves pest-control specialists “with one less whip in their arsenal,” individuals can control the pests if they are diligent with current treatments — both chemical and nonchemical, said Dan Chatfield, director of environmental health for the Clark County Combined Health District.

“Even with this chemical, you would still need cooperation from residents,” he said. “I would like to emphasize that the folks with bedbugs can control the infestation if they’re diligent about doing cleaning and laundry and get a pest control (treatment),” Chatfield said.

The local health department supported the request to lift the ban, Chatfield said.

For more information on resources available, visit www.ccchd.com.

Contact this reporter at (937) 328-0347 or kmori@coxohio.com.

EPA takes action to terminate use of endosulfan (*Nursery Management & Production*)

6/16/2010
The agency concludes endosulfan poses risks to ag workers, wildlife
U.S. EPA is taking action to end all uses of endosulfan in the U.S. Endosulfan is an organochlorine insecticide that can be used on a wide variety of ornamental plants, vegetables, fruits and cotton. It has no residential uses. Endosulfan is registered as Thiodan Insecticidal Smoke for the control of aphids and whiteflies on ornamental plants.
EPA has concluded that endosulfan poses unacceptable risks to agricultural workers and wildlife, and can persist in the environment. In completing revised assessments, EPA has concluded that endosulfan's significant risks to agricultural workers and wildlife outweigh its limited benefits to growers.
New data generated in response to the agency's 2002 decision have shown that risks faced by workers are greater than previously known. EPA also revealed there are risks above the agency's level of concern to aquatic and terrestrial wildlife, as well as to birds and mammals that consume aquatic prey which have ingested endosulfan.
The endosulfan manufacturer is in discussions with EPA to voluntarily cancel endosulfan uses. EPA is working out the details to terminate all uses while considering growers' needs to timely move to lower-risk pest control practices.

TOXICS
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EPA Checks Science on 4 Chemical Assessments (*EP Magazine*)

Jun 17, 2010
The U.S. Environmental Protection Agency is holding four ongoing IRIS (Integrated Risk Information System) assessments pending a review of some of the underlying studies used in the assessments.

EPA conducts IRIS assessments to determine the impact of specific chemicals on human health.

The agency is holding these assessments due to a report from the National Toxicology Program (NTP) that outlines a recent review of a research study completed by the Ramazzini Institute, a lab in Italy that conducts animal testing to evaluate the potential cancer-causing effects of chemicals. The report discusses findings from a recent assessment by pathologists of an animal study on methanol. The report recommends that further pathology reviews be carried out to resolve differences of opinion between NTP scientists and the Ramazzini Institute in the diagnoses of certain cancers reported in the study.

Out of an abundance of caution and to ensure the agency's chemical assessments are grounded in the soundest possible science, EPA undertook a thorough review of all ongoing and previous chemical assessments to determine which, if any, relied substantially on cancer testing from the Ramazzini Institute.

EPA found six assessments that significantly rely on data from Ramazzini cancer studies.

Ongoing chemical assessments on methanol, MTBE, ETBE and acrylonitrile have been placed on hold and the agency will determine whether the questions raised by NTP will require EPA to revise the assessments or take additional action to verify the data used in these assessments. EPA also postponed an Aug. 23 meeting of the agency's Science Advisory Board, which had been previously scheduled to review the draft methanol assessment.

Out of more than 540 completed assessments posted on IRIS, EPA identified two – vinyl chloride and 1,1- dichloroethylene – that relied substantially on findings from Ramazzini Institute cancer studies. EPA is reviewing these assessments as well to determine what action is needed to assure their scientific integrity.

EPA will continue its review to determine if any other assessments are significantly impacted.

Downstream Users Eye Greater Chemical Data Disclosure In TSCA Reform (*Inside EPA*)

Posted: June 16, 2010

Downstream chemical users and activists are seeking greater disclosure of chemicals as a key part of Toxic Substances Control Act (TSCA) reform, saying that more data on how substances move along the supply chain and better disclosure of chemical ingredients could help downstream users transition to "safer" substances.

The Business-NGO Working Group For Safer Chemicals and Sustainable Materials held a June 3 meeting in Washington, DC, to discuss the role of downstream users in the TSCA reform debate. Downstream users are those further down the supply chain from chemical makers and refiners, and the coalition includes pro-TSCA reform groups and users that have developed internal programs to better address chemical safety.

A coalition source says the group supports many provisions in draft House legislation to overhaul TSCA that would, among other things, require a minimum data set for all chemicals within five years and not allowing chemical identities to be claimed as confidential business information in health and safety studies.

But the source says the draft House bill released in April by Reps. Henry Waxman (D-CA) and Bobby Rush (D-IL) does not include language about how information about chemicals moves up and down the supply chain and says better disclosure about the chemical ingredients in products would be useful for companies and organizations trying to move towards safer chemicals, perhaps by requiring a "chemical ingredient form" to better inform downstream users of the makeup of the chemicals they use.

In the absence of a revised TSCA that mandates greater disclosure on chemicals, many companies are using material safety data sheets to make decisions about chemicals, something the sheets are not designed to do, the source says. "How do you create a mechanism for doing that in TSCA?" the source says.

In a presentation at the June 3 meeting, Bob Sussman, senior policy counsel to EPA Administrator Lisa Jackson, said that downstream users, as companies operating where the public comes into contact with many chemicals issues, were "in a critical position to influence the discussion" about TSCA reform.

The downstream users' group also wants to ensure that the bill harmonizes any provisions on expedited action to address chemicals' risks with other chemical regimes -- such as the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) program -- to avoid differing compliance requirements.

The group also supports the provision supporting the move towards safer alternatives, but says the definition of "alternative" could be broaden to incorporate moves to "design out" the use of a chemical or towards safer processes, rather than simply switching to a safer substance.

Questioning Use Of TSCA

Still, there is some question over whether TSCA is the appropriate law for addressing downstream users' concerns. "TSCA is not a product bill, so how do you fit [ingredient disclosure] into the toxics framework?" the source asks. The source says the group intends to propose further recommendations to Congress after getting feedback from other stakeholders involved in the effort.

The Business-NGO group is supported by a wide range of stakeholders including downstream companies, such as Hewlett Packard, Staples and Whole Foods, and activists groups, like Clean Production Action, Natural Resources Defense Council and the Washington Toxics Coalition, as well as healthcare and investor groups.

Downstream users of chemicals have previously claimed there is a "business imperative" of pushing ahead with TSCA reform to mandate greater disclosure of data on chemicals used in products, citing a growing consumer desire for more information on their possible exposure to controversial chemicals.

In a June 3 statement, Andy Igrejas, campaign director for the activist Safer Chemicals, Healthy Families coalition, which advocates for TSCA reform, said reform could benefit the companies by providing more information about chemicals and "leveling the playing field for innovative downstream users" by taking expedited action on chemicals of concern, as well as helping bring "safer" chemicals to the market. -- Aaron Lovell

WATER

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June 16, 2010

Unclogging Sewer Lines: Weird Debris, but No Alligators (*New York Times*)

By MANNY FERNANDEZ

Strange things can be found on New York City's streets. Even stranger things turn up below, in the sewer system.

Over the decades, sewer workers have found jewelry, murder weapons, glass eyes and bulkier items of mysterious origin, including tires, mattresses and, once, a paddle boat from Van Cortlandt Lake in the Bronx.

"I've seen parts of cars," said Chris Laudando, a superintendent for the city's Department of Environmental Protection, which oversees the system. "I've seen sections of boats. Anything that will fit down a catch basin or will fit down a manhole, I've seen. I've seen rodents, raccoons. All sorts of furry creatures. No alligators."

The sewers are New York's other great mass transit system; 7,400 miles of sewer lines rush more than 1.3 billion gallons of wastewater a day to 14 treatment plants. Wastewater is a polite description for the stuff: human waste from flushed toilets, food scraps from dishwashing machines, all that water from the shower you and roughly eight million of your neighbors took this morning. (Some homes in the city — primarily in parts of Staten Island and Queens — still evoke life in the country by relying not on the sewer system but on private septic tanks.)

The debris in the sewers is all the material that either accidentally slipped into the lines or was illegally dumped there by people unfamiliar or unconcerned with Title 15, Chapter 19 of the Rules of the City of New York, which contain sewer use regulations.

Sewer-line trash poses a serious problem for environmental protection officials, leading to clogs that hamper the system from operating at maximum capacity when it is needed

the most: during rainy weather, when storm water and wastewater share much of the pipes and can overflow into the city's waterways.

On Wednesday morning, the agency's commissioner, Cas Holloway, unveiled the latest weapons in its war on clogged lines: two diesel trucks, each equipped with a 30-foot hose, that can vacuum a total of up to three tons of debris and sediment daily. The new trucks — each one cost $450,000 — will operate five days a week in a two-year effort to clean all 136 miles of the city's largest sewer lines, which are known as sewer interceptors and range from 4 feet to 10 feet in diameter. Two additional trucks are scheduled to be deployed next year.

Mr. Holloway stood near an open sewer manhole off Kent Avenue in Brooklyn beneath the Williamsburg Bridge. The hose from one of the trucks was lowered inside the manhole and soon began sucking. The smell from the open manhole was vaguely, almost sweetly, foul; no one odor was detectable, but the odor was there nonetheless.

The agency has placed machines equipped with sonar technology and video cameras into the darkened sewer system to help identify the clogged areas. About 40 percent of the interceptor lines have been tracked so far.

"There's various ways that things get in the system," said Vincent Sapienza, the agency's deputy commissioner for wastewater treatment. "Something could be out in the open waters, and during a tide event, there could be an open tide gate. When you do get a bunch of bricks, that will actually almost cause a damming effect, and then you'll have other debris backing up. So this is really the first time that now programmatically we're going in to clear this 136 miles."

On two tables near the trucks was a sampling of sewer detritus, all of it pulled recently from a sewer interceptor in South Ozone Park in Queens. There were bricks, pieces of wood, chunks of concrete, metal spikes, a rusty spoon, a 20-ounce plastic bottle of Pepsi, a deflated football and a can of Zazz Seltzer.

No evidence of alligators could be found among the items on the tables.

It was at another open manhole, about nine miles away on East 123rd Street in Manhattan, that teenagers shoveling snow one February day in 1935 did, in fact, see one in a city sewer, or said they saw one. They pulled up a sickly, 125-pound, 8-foot alligator with some clothesline they borrowed from a nearby stove shop, only to kill it with their shovels after it snapped at one of the boys.

"Alligator Found In Uptown Sewer," read the headline in The New York Times.

Montgomery County beef processor to pay $2 million for polluting (*Philadelphia Inquirer*)

June 17, 2010 Thursday
CITY-C Edition
PHILADELPHIA; P-com News Local; Pg. B01:
By Julia Terruso; Inquirer Staff Writer
A Montgomery County beef-processing plant that officials said released fish-killing pollutants into the Skippack Creek will pay $2 million in penalties, federal officials announced Wednesday.

The fines were levied after the firm, Moyer Packing Co. in Franconia Township, dumped pollutants into the creek. Skippack Creek is a tributary of the Perkiomen Creek, which flows into the Schuylkill.

The federal complaint was filed in 2008 against JBS Souderton Inc., which owns Moyer Packing Co., under the Clean Water Act and Clean Streams Law. JBS Souderton Inc. bought Moyer Packing Co. in 2008 from the Smithfield Beef Group.

The Environmental Protection Agency and Pennsylvania Department of Environmental Protection said violations occurred over a five-year period beginning in 2003. Three of those incidents led to the deaths of nearly 25,000 fish in a mile-long portion of the creek. The first reported fish kill occurred Aug. 10, 2007, followed by incidents on Dec. 5, 2007, and June 10, 2008.

The plant, at 741 Souder Rd. in Souderton, spilled pollutants into the creek in excess of state limitations and at times without a permit, officials said. The company's facilities were also outdated but are being renovated, said Kelly Heffner, deputy DEP secretary.

"Implementation of this decree will improve the water quality on Skippack Creek, the quality of recreational opportunities, and improve the overall aesthetics and quality of life here in the Schuylkill River Basin," Heffner said.

Company officials did not respond to requests for comment Wednesday.

Three agencies investigated the case: EPA, DEP, and the Pennsylvania Fish and Boat Commission.

The settlement also requires JBS Souderton Inc. to make operational changes in the Souderton plant. These include improved record-keeping, installation of a computer-run system to monitor equipment, and the construction of a new wastewater treatment plant, which cost $6 million and should be completed in July.

The plant employs 1,600 people. It slaughters about 2,000 head of cattle a day, producing 180 million pounds of boxed beef and 17 million pounds of ground beef a year. The plant then renders leftover slaughter materials, including animal fat, bone, and

blood, and kitchen grease from area restaurants.

Crystal Gilchrist, executive director of the Perkiomen Watershed Conservancy, said the out-of-date facilities weren't equipped to handle that potentially hazardous material.

But Gilchrist, who says she has met with representatives from JBS Souderton, said the company has improved its practices and facilities since the last fish kill.

"They've been very involved in terms of trying to bring things up to current standards. Problems with their wastewater treatment go way back, but we're pleased with the upgrades they were making even before the settlement came out," Gilchrist said.

The EPA said that over the last seven years, the company failed to report levels of pollutants. Court documents show high levels of E. coli, ammonia, phosphorus, and oil and grease in the polluted portion of the creek.

This is the largest settlement JBS Souderton has had with regard to Moyer Packing Co. It comes after a series of smaller agreements. In June 2007, the DEP fined Moyer $61,000 for air-quality violations. Under an October 2007 agreement, the company paid DEP and the state Fish and Boat Commission $77,888 for two 2006 incidents, one involving a power outage and the other the result of an obstructed drain used to carry wastewater from the plant.

While Gilchrist said she was pleased with the settlement, she added that Skippack Creek was struggling.

"It's a creek that has been used hard," she said. "This is one step forward, one big step forward, but it's not like we don't have more to do to get that creek back to a place we can be proud of."

Contact staff writer Julia Terruso at 610-313-8110 or jterruso@phillynews.com.

Montco beef plant to pay $2 million fine (*Morning Call*)

5:36 PM EDT, June 16, 2010
A Montgomery County beef processing plant has agreed to pay $2 million for failing to comply with the federal Clean Water Act, federal officials announced Wednesday. JBS Souderton, Inc., formerly known as Smithfield Beef Group, had spilled pollutants into neighboring waterways since 2003, according to a federal complaint filed in December 2008.

The plant, located in Franconia Township, Montgomery County, discharged pollutants into the Skippack Creek, which is a tributary of the Perkiomen Creek and the Schuylkill River. The violations resulted in fish kills in the Skippack Creek in August 2007 (16,461

fish), December 2007 (1,754 fish) and June 2008 (6,500 fish), according to the U.S. Environmental Protection Agency.

The company also exceeded limitations of discharged pollutants and failed to operate and maintain its facilities in compliance with federal regulations.

"[Wednesday]'s settlement represents a major step forward in protecting the waters of the Schuylkill River basins with supplies drinking water to more than 1.7 million people, and provides a vital source of aquatic life and recreation for the region," said Shawn M. Garvin, mid-Atlantic regional administrator for the U.S. Environmental Protection Agency in a prepared statement.

As part of the consent decree, the company has agreed to install a computer system to monitor equipment, leaks and water flow; improve record keeping and training, and upgrade pipes that lead to the wastewater treatment plant and construct a $6 million, state of-the-art wastewater treatment plant. .

—Matt Birkbeck

EPA concerned about Monsanto pollution control dam (*Associated Press*)

By JOHN MILLER (AP

BOISE, Idaho — Federal regulators are concerned that a dam built by Monsanto Co. earlier this year to trap phosphate mine runoff may be stopping more than just pollution.

They say the dam has also halted millions of gallons of water in Sheep Creek that would otherwise help fill the Blackfoot River.

The Environmental Protection Agency now wants the maker of Roundup herbicide to begin a costly treatment to remove selenium and heavy metals, then discharge clean water downstream, instead of capturing it in a 50-million-gallon lake behind the dam and using it for dust control on its mining roads.

The situation shows the predicament that companies like St. Louis-based Monsanto and the government face in Idaho's rich-but-polluted phosphate mining country not far from Yellowtone National Park: They must work to contain naturally occurring poisons unearthed during a century of digging, while protecting water supplies in an agricultural state hit hard by drought over the last decade.

The aim is to avoid killing streams just to save them.

"We support efforts to reduce selenium discharges to the creek, but we have serious concerns about the methods Monsanto is using, which is drying up the creek," said

Mark Ryan, a federal Clean Water Act attorney for the EPA in Boise, on Wednesday. "We want to see it (the water) treated and put back into the creek where it belongs."

In 2007, the EPA warned Monsanto that selenium- and heavy metal-tainted water being flushed from the waste rock dump below the South Rasmussen Ridge Mine into Sheep Creek violated the federal Clean Water Act.

Sheep Creek runs into the Blackfoot River, and both are on the Idaho Department of Environmental Quality's list of 15 waterways that exceed selenium contamination standards.

Traces of selenium are needed by most animals including humans, but the element is toxic in large amounts.

Mines owned by Monsanto, Boise-based J.R. Simplot Co., and Agrium Inc. of Canada in the so-called phosphate patch near the Idaho-Wyoming border have captured public attention since selenium pollution began killing hundreds of livestock starting in the 1990s, including 18 cattle last August.

Monsanto got a U.S. Army Corps of Engineers permit in early April to erect a roughly 20-foot dam below the dump. It also has rights to the water it has trapped behind the dam.

Trent Clark, a Monsanto spokesman in Soda Springs, said Wednesday the company is seeking ways to eventually resume the flow of snowmelt and rain from its waste rock dump into Sheep Creek. He added that springs below the dam continue to flow into Sheep Creek and those meet federal clean water standards.

For now, the new dam is working to keep pollution in one place.

"None of that water is actually leaving the containment area," Clark said. "The next challenge is to find a solution that allows the free flow of the water without contaminants."

State officials said Wednesday they planned to visit the site in coming weeks to make sure Monsanto's dam doesn't significantly reduce water flows into the Blackfoot River.

"We hope this is an interim measure, and that a long-term remediation plan is yet coming," said Bruce Olenick, regional administrator in the Department of Environmental Quality's Pocatello office.

EPA meets next week on $5M-$7M Buick City cleanup (*Associated Press)*

Story also appeared: *Forbes*

06.16.10, 11:19 AM EDT
FLINT, Mich. -- The U.S. Environmental Protection Agency is holding a public meeting in Flint on plans to clean up General Motors Co.'s former Buick City complex.

The hearing is Wednesday evening at Mott Community College. It covers plans for a $5 million to $7 million cleanup of part of the 452-acre property now owned by Motors Liquidation Corp. GM spun off the company as part of its bankruptcy proceedings.

The EPA says work will start in 2011 and the current owners will pay. The agency says it has found lead-contaminated soil and groundwater polluted by gasoline and hydraulic fluid. It says the contaminants haven't affected drinking water.

Auto production at the site began in the 1890s. Operations in the affected area stopped in 1999.

June 16, 2010, 10:49AM ET

EPA imposes $140,000 fine Northern Mariana utility (*The Associated Press*)

SAIPAN, Northern Mariana Islands
The U.S. Environmental Protection Agency has imposed a $140,000 fine on the Commonwealth Utilities Corp. of the Northern Mariana Islands.

The EPA says the utility failed to submit a required plan for reorganizing itself to bring its wastewater plants, collection systems and public drinking water systems into compliance with the Safe Drinking Water Act and Clean Water Act.

The utility was required to submit a plan and schedule by September 2009 to improve the efficiency of its operations and to make required organizational changes.

The utility's assistant executive director, Abe Malae, says it's working on the reorganization plan, but the effort is hampered by lack of available staff.

Key Players Split Over Chesapeake Cleanup Bill Ahead Of Planned Markup (*Inside EPA*)

Posted: June 16, 2010

Key lawmakers and stakeholders are split over a pending Senate bill to clean up the Chesapeake Bay slated for environment committee markup later this month, with activists strongly supporting the plan while industry is reiterating concerns that it gives EPA too much power and opens farmers and other non-point water pollution sources to citizen suits.

The ongoing split over Sen. Benjamin Cardin's (D-MD) bill suggests that even if it clears the Environment & Public Works Committee (EPW) markup, it faces an uncertain future on the Senate floor. According to a new draft of the bill obtained by *Inside EPA*, Cardin has added new incentive programs -- such as a grant program for animal waste energy projects -- but industry says nothing has been done to address their major fears over the bill's potential scope.

Further complicating prospects for Cardin's bill, one House Democrat has introduced a competing Chesapeake Bay bill, supported by industry, that proponents say would allow more flexibility than the Cardin bill in meeting Bay water quality goals -- suggesting Democrats are also divided over what legislative approach to take.

Cardin's bill, S. 1816, would codify the Obama administration's executive order to clean up the Bay, including a requirement for EPA to establish by 2011 a Bay-wide total maximum daily load (TMDL), or pollution limit. Rep. Elijah Cummings (D-MD) has introduced a companion bill, H.R. 3852, which is yet to receive a markup. The legislation, if enacted, could possibly set a national precedent for cleaning up other watersheds.

The latest draft of Cardin's bill reflects some changes from an earlier draft floated in March, updating the legislation to include new incentive programs that one environmentalist says reflect a very deliberate effort by Cardin to reach out to all interested Chesapeake Bay stakeholders ahead of the EPW markup, which sources say will take place this month. An EPW spokesperson referred calls to Cardin's office, which did not respond to a request for comment.

But industry argues the changes in the latest draft do not resolve their broader concerns with the legislation, including their claim that it gives EPA too much authority by allowing it to implement the TMDL, contrary to Clean Water Act (CWA) precedent that delegates implementation to the states.

Industry in the past has also argued the bill would open up farmers and other previously unregulated non-point sources of water pollution to citizen suits.

The bill retains a key provision sought by environmentalists that says EPA has authority to set the TMDL in the Bay if states fail to do so. The bill says that if a Chesapeake Basin state fails to submit an adequate plan to meet the TMDL, submit a biennial report, or correct a previously missed two-year commitment and has not corrected these problems within a year, EPA may withhold certain Bay funds from the state and develop and implement its own plan to meet the TMDL.

The provision would give EPA a statutory defense against expected litigation from industry, which questions EPA's ability to set a TMDL before states in the Bay region take action. EPA is currently developing a Bay TMDL under its existing CWA authority in response to several consent decrees with environmentalists, including a May 11 agreement in which EPA has pledged to complete the TMDL by the end of the year.

Environmentalists -- who supported the substantially similar March draft -- are praising the newest version of the bill, and are pushing for legislative action to move the bill this summer.

The Choose Clean Water Coalition in a June 10 statement said the Cardin legislation is necessary to prevent the Bay from becoming an environmental disaster like the Gulf of Mexico oil spill. "Unlike a disaster situation, preventing more of this pollution from happening in the first place is a far better and more cost-effective solution," Peter Johnson, manager of the group's Restoring Our Waters campaign, said in the statement.

Industry Reiterates Criticisms

Industry, however, continues to criticize the Cardin bill, saying the latest draft does not resolve their concerns with the legislation. One industry source says the bill is contrary to the CWA by giving EPA authority to implement TMDLs that are typically the responsibility of states to implement. TMDL implementation is intrinsically linked to land- and water-use decisions, which should be left in states' hands, the source says.

The new version of the bill does nothing to appease their fear that EPA can and will step in if it believes states are taking insufficient steps, the source says. "The way I see this is that this is a huge power grab and it pretty much turns the Clean Water Act on its head." The public is opposed to EPA taking on this role, according to the source, who says, "I don't think people in this country are ready to hand over land use and water use to EPA."

The industry source also discounts the grants program and other financial incentives in the bill, because it is unclear whether the funding would materialize. "Clearly they try to promise a lot of money. With $14 trillion of debt . . . I don't know where the appropriators are going to get the money to appropriate this," the source says.

Industry in the past has also expressed concern that the bill would open up non-point sources of water pollution to citizen suits. The bill gives states authority to require strict water act section 402 permits for both point and non-point sources, which would open farms up to section 402 permits and the lawsuits that go along with them, industry argues.

However, industry stakeholders are offering strong support for a competing Bay cleanup bill introduced in the House June 10 by Reps. Tim Holden (D-PA) and Bob Goodlatte (R-VA). There is no Senate companion.

Goodlatte in a June 10 floor speech said the bill gives states and communities “more flexibility” in meeting water quality goals than allowed by the Obama order and the Cardin bill. “Unfortunately, proposals like the Presidential Executive Order, and legislation that would codify this order, would force more mandates and overzealous regulations on all of those who live, work, and farm in the Chesapeake Bay Watershed,” Goodlatte said.

Among other provisions, the bill creates a voluntary assurance program that will “deem farmers to be fully in compliance with their water quality requirements as long as they have undertaken appropriate conservation activities to comply with state and federal water quality standards,” Goodlatte said.

The bill also requires reports from federal and state governments on how funds are being spent and would require an independent evaluator to assess and recommend changes to EPA’s Bay model, which does not recognize nutrient cuts that are being made voluntarily or through Agriculture Department (USDA) programs, Goodlatte said.

Industry Supports Holden Bill

The industry source says the Holden bill is a “big step forward” and says the bill’s sponsors “are clearly trying to bring science along as they try to build a broader consensus on what needs to be done for the Bay.”

The source praises the bill’s requirement for states and the federal government to account for how they spend cleanup money and says the bill leaves the TMDL process in states’ hands. The bill also appropriately puts USDA in charge of pollution trading programs for agriculture while giving EPA authority for trading for other sources, the source says.

However, environmentalists are harshly criticizing the Holden-Goodlatte bill. The Choose Clean Water Coalition in a June 14 statement says, “the bill will simply continue the broken promises and wasted tax-dollars,” and criticizes the assurance program as “more of the same failure to stop pollution and protect our water.” -- *Kate Winston*

How the BP compensation fund will work (*Los Angeles Times)*

June 17, 2010 Thursday
Home Edition
BUSINESS; Business Desk; Part B; Pg. 7
Q&A;
How the BP compensation fund will work
By Jim Tankersley
WASHINGTON
The $20-billion account that President Obama and top BP executives agreed to Wednesday should save Gulf Coast residents a lot of time in court, offering a one-stop

shop for people and businesses that have suffered financial harm from the ongoing oil spill.

Independently administered and arbitrated, the fund is designed, as Obama said Wednesday, to "provide substantial assurance that the claims people and businesses have will be honored." Here's a rundown.

Where does this fund come from?

A binding -- and voluntary -- agreement reached Wednesday between the White House and BP. Under the terms of the deal, BP agreed to deposit $5 billion a year into an escrow account over the next four years, and to set aside $20 billion of the company's U.S. assets in the meantime as collateral.

How will the money be distributed?

The escrow account will be run by a third-party administrator, Kenneth Feinberg, who ran a similar fund for victims of the Sept. 11, 2001, terrorist attacks.

The basic structure will partially mimic the 9/11 compensation fund, by setting up and publishing criteria for paying out claims. Anyone suffering an economic loss from the spill can file a claim. If claimants are not satisfied with the administrator's decision, they can appeal to a three-judge panel. Obama said the process would make "every effort" to expedite claims.

Is any group not covered by the claims process?

Governments of all levels will continue dealing with BP in court, though any damage payouts to them would also come from the escrow account.

It's unclear whether people suffering indirect damage from the spill will succeed in making claims, particularly oil-rig workers thrown out of work by a deepwater drilling moratorium imposed by the federal government after the Deepwater Horizon accident.

BP executives do not believe they're liable for compensating those workers, though at the administration's request they created a separate $100-million fund to help rig workers left unemployed by the accident.

Is $20 billion the most BP might have to pay for spill damages?

No. Obama stressed that the figure "is not a cap" on BP's liability. And establishing the fund explicitly does not shield BP from potential criminal or civil penalties sought by the government for the spill, including massive fines for **Clean Water Act** violations.

jim.tankersley@latimes.com

Farm lobby must step aside (*Washington Post*)

June 17, 2010 Thursday
Met 2 Edition
METRO; Pg. B01
Maryland
By: Robert McCartney
Here are the interest groups that would benefit from legislation before Congress to really, finally clean up the Chesapeake Bay: Boaters. Fishermen. Swimmers. People who live on the shoreline. People who like to visit the bay. People who eat fish, crabs and oysters that come from the bay.

Here's the main interest group fighting the bill: farmers.

Guess which side looks likely to win?

The potent national farm lobby is poised to block a pair of bills that would set a firm deadline of 2025 for cutting the flow of pollutants by enough to restore the bay's health, according to both supporters and opponents of the measures.

Two Maryland Democrats, Sen. Ben Cardin and Rep. Elijah Cummings, are the leading sponsors of the similar bills. They would give federal and state governments genuine authority for the first time over all kinds of polluters -- including farmers -- in the six-state Chesapeake watershed.

That would be a major advance, not just for our region but also the rest of the country. For nearly four decades, the farming industry has succeeded in preventing the federal government from extending mandatory measures to stop it from polluting the nation's water. Many other major polluters, such as sewage treatment plants and factories, succumbed to such regulation long ago.

To their credit, the nation's farmers have cut back on pollution to a significant degree through voluntary steps encouraged by government subsidies. It hasn't been enough, though. Farm runoff is the largest single source of pollution in the Chesapeake.

Some farmers "are doing the right thing, helping to preserve the bay for future generations, but there are a lot of farmers who haven't done that," Cardin said. "What's fair about this is all farmers [would] have to meet certain standards."

The American Farm Bureau doesn't see it that way. It says the legislation is technically unfeasible, would discourage development and raise farmers' costs. The bureau spent $5 million on lobbying last year, according to the Center for Responsive Politics.

"It's going to do nothing except cut into profits of agriculture. The way that Mr. Cardin's bill goes about doing things could pretty much squeeze farmers to the point where they would have to go out of business," said Don Parrish, the bureau's senior director of regulatory relations.

Cardin and others in his camp acknowledge that farmers need some special treatment. It's a lot harder to measure and control runoff of nitrogen, phosphorus and sediment from hundreds of fields than from an individual waste-water facility or industrial plant. The bill includes grants for technical assistance to agriculture and strengthens a pollution trading system to help farmers manage the new requirements.

With help like that to keep them in business, I think farmers should be expected to do their full share of what's necessary to clean up the bay. Past efforts to restore the Chesapeake have failed repeatedly, even thought it's well known what steps are needed. In particular, farmers must plant cover crops in the winter to absorb excess nutrients, convert farmland to buffer strips along stream banks and shorelines, and put manure piles on slabs or in sheds.

Under the Obama administration, the **Environmental Protection Agency** is already pushing such actions. But legislation is needed to be sure the **EPA** has authority to require them. A law also would ensure continued progress if a future administration is less sympathetic to the cause.

Farmers' objections today are reminiscent of the ones made by industrial polluters who (unsuccessfully) fought the 1972 **Clean Water Act**.

"These are the same arguments that were made by industry going up to the 1970s: 'We wouldn't be able to do it. It's too expensive.' And of course we were able to achieve those goals" in reducing pollution, said George Hawkins, general manager of D.C. Water (hitherto known as WASA).

Hawkins, a former **EPA** lawyer who teaches environmental law at Princeton, supports the Cardin-Cummings approach. He said it was fair to ask more of agriculture in part because pressure to save the bay has fallen disproportionately on urban and inner suburban residents who've had to pay to upgrade sewage facilities.

"I don't believe farmers have faced any more difficult economic circumstances than lower income residents of the District of Columbia, Baltimore or Philadelphia, who are paying for it through higher water rates," Hawkins said.

Cardin's bill is scheduled to go before the Senate Environment and Public Works Committee next week, and the panel is expected to approve it. However, the bill faces an uphill battle in the full Senate.

The farm lobby thinks Cardin and company are in too much of a hurry.

"We've had an effect on the Chesapeake Bay for 400 years. The **Clean Water Act** has been in place for 30 years. We're not gong to change things back, or make any dramatic effect, in 10 to 15 years," said Wilmer Stoneman, associate director of governmental relations for the Virginia Farm Bureau.

That's shortsighted. We've known for a generation what needs to be done. Let's do it right, and now.

I discuss local issues at 8:51 a.m. Friday on WAMU (88.5 FM).

mccartneyr@washpost.com

Beef producer JBS Souderton to split 2M payment between feds, state for creek pollution (*Philadelphia Daily News*)

June 17, 2010 Thursday
4STAR Edition
LOCAL; P-com Biggie News Update; Pg. 16
By MICHELLE SKOWRONEK; skowrom@phillynews.com 215-854-5926
A beef-processing plant reached a settlement yesterday with the U.S. Attorney's Office over its six-year history of pollution violations.

JBS Souderton violated the Clean Water Act and the Pennsylvania Clean Streams Law by releasing animal waste, E. coli, ammonia, oil and grease into Skippack Creek in Montgomery County, according to authorities.

The company has agreed to pay $1.9 million in civil penalties, divided between the federal government and the Pennsylvania Department of Environmental Protection. The company also agreed to pay $100,000 in civil damages to the state's Fish and Boat Commission.

JBS Souderton processes 180 million pounds of boxed beef and 117 million pounds of ground beef each year. Wastewater from the plant is conveyed to an on-site water-treatment plant, where it is supposed to be treated and then discharged into the creek, according to its permit.

However, mishaps along the way allowed for excessive contaminants to be discharged.

"Our waterways should not become a casualty of business decisions," U.S. Attorney Zane David Memeger said at a news conference yesterday.

The creek, a tributary of the Perkiomen Creek and the Schuylkill, is part of a watershed that 1.7 million people use for drinking water, William Early, regional counsel for the Environmental Protection Agency, said.

The company's pollution led to several fish-kills in the creek from August 2007 to June 2008, when about 25,000 fish were killed.

Federal officials filed a complaint against the plant in December 2008, alleging that it had been out of compliance since 2003. The state DEP and Fish and Boat Commission joined that complaint this month.

Once the complaint was filed, JBS Souderton began to cooperate and help find a solution to the environmental problem, said Patricia Hartman, spokeswoman for the U.S. Attorney's Office.

Terms of the settlement require JBS Souderton to implement new systems to prevent environmental accidents; install a computer-based system to monitor equipment, leaks and water flow; improve record keeping and training; and incorporate an asset-management and preventative-maintenance program to evaluate and maintain equipment.

JBS Souderton also agreed to build a $6 million wastewater treatment plant to help monitor the quality of water released by the company. The treatment plant is expected to be completed early next month.

EPA explains Buick City cleanup (*ABC12*)

Updated at 06:01 AM today
Angela Brown
More: Bio, E-mail, News Team
FLINT (WJRT) -- (06/17/10) -- Before the first piece of equipment rolls onto the former Buick City site, the agency wants public input.

The former manufacturing site has been empty for years, but a multimillion-dollar cleanup could soon transform the property.

The EPA is in charge of overseeing the cleanup, and Wednesday night, the floor was opened for questions from those with a stake in the process.

During the two-hour question and answer session, residents wanted to know everything from how long will the cleanup take to what procedures are in place to make sure developers follow proper guidelines.

"The part of Buick City, the south part, is really not that contaminated," EPA Project Manager Matt Didier said.

Testing revealed lead-contaminated soil and ground water. "There will be some treatment and ... long-term monitoring to make sure the ground water stays on site," Didier said.

Picking up the tab for the cleanup will be the Motor Liquidations Corporation, the company formed to take over GM's bad assets.

Some residents want to know if local contractors will get some of the work.

From jobs to development, few questions were off limits.

`Possibly turning it into a intermodal, turn it into to process all types of goods from Chicago to Toronto and north to south," Mayor Dayne Walling said.

The meeting left Nayyirah Shariff with even more questions. "I hope in this process they come back to the community several times."

The cleanup begins in 2011, but EPA officials say that should not stop developers from building on the property.

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