

# PRESS UPDATE

U.S. Senate Committee on

**ENVIRONMENT &  
PUBLIC WORKS**



Minority Press Update



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## **Economic Impacts from Scientific Misconduct by the Obama Administration**

### **1. IG investigation of National Academy of Engineers Report (Department of Interior)**

The agency used the National Academy of Engineers Report to justify a moratorium on Gulf of Mexico drilling, resulting in a slowdown in permitting and loss of production, jobs, and economic activity.

Cumulative Economic Impact:

- As of the end of September, 21 floating rigs (those with subsea blow out preventers) are operating in the Gulf of Mexico, of which only 18 are currently drilling wells. Pre-moratorium, 33 floating rigs were operating in the Gulf of Mexico with 29 drilling wells at that time.
- This indicates a roughly 37 percent drop in both the number of rigs operating and drilling.
- Since the moratorium began, 11 rigs have left the Gulf of Mexico. Only one of these has returned, 3 rigs are currently sitting idle.
- 7 of these rigs have departed to African countries including Egypt, Nigeria, Liberia, and The Republic of Congo. 3 of these rigs have left for South America, including Brazil and French Guiana. The remaining rig recently mobilized to Vietnam.
- This translates to approximately 60 wells lost based on the original contract terms of these rigs.
- The loss of these rigs amounts to lost spending of \$6.3 billion and annual lost direct employment of 11,500 jobs over two years.
- Prior to the moratorium and regulatory slow-down, operating numbers were expected to have reached 44 rigs by 2012. Now some estimates are showing that there could be less than 10.
- Despite the end of the moratorium, the number of exploration and appraisal wells drilled from floating rigs will still be well below previously expected levels into the foreseeable future.
- The 50 permits issued from September 2010 to September 2011 for deepwater operations are at a pace 63 percent below the levels seen from September 2008 to September 2009.

- Three years ago the federal government brought in \$10 billion in revenues by selling offshore drilling leases. In just three years, lease-sales revenue has plummeted from \$10 billion to a grand total of zero dollars.

## 2. National Research Council Review of IRIS Formaldehyde Assessment (Environmental Protection Agency):

This IRIS review will be the bases for regulations limiting the use and production of formaldehyde in numerous base products that fuel our economy.

Cumulative Economic Impact:

- **Value of Sales:** The value of sales of formaldehyde and derivative products amounted to \$145 billion-plus. This represents 1.2% of the Gross Domestic Product (GDP) of the United States and Canada.
- **Employment:** The total number of workers in the United States and Canada who depend on the formaldehyde industry is over four million. This includes direct employment in the industry and the indirect employment of those whose livelihoods depend on this industry. This represents nearly 3.4% of employment in private, nonfarm establishments in the United States and Canada.
- **Wages:** Total wages for all of these workers amounted to nearly \$130 billion, or 1.9% of the compensation of all U.S. and Canadian employees.
- **Value of Business Fixed Investment:** Formaldehyde and derivatives production was carried out in facilities with an aggregate investment value of nearly \$90 billion in the United States and Canada, representing 4.2% of the net stock of private fixed assets in the manufacturing sector.
- **Number of Plants:** There are approximately 11,900 formaldehyde and derivative plants operating in the United States and Canada.

## 3. U.S. District Judge Oliver Wanger's Decision, Criticizing Agency Scientific Work and Testimony in Federal Court (Department of Interior)

This specific scientific work was used to justify cutting off water to farmers. This had the direct effect of putting many out of work, pushing roughly 150,000 acres of the country's best farm land out of production, and devastating local economies.

Cumulative Economic Impact:

- 21,000 total jobs lost
- Creating localized unemployment rates in affected communities ranging from 14.3% to 40%
- Revenue Losses of \$1.2 to \$1.6 billion
- Fallowed more than 150,000 acres of the most fertile farmland in our nation

4. **GAO Report on Yucca Mountain and IG Investigations into the Actions of DOE Secretary Chu and NRC Chairman Gregory Jaczko (Department of Energy and Nuclear Regulatory Commission)**

- \$9 billion spent studying Yucca that is now being abandoned
- \$1 billion already paid in damages to utilities for not moving spent fuel to Yucca starting in 1998
- \$15.4 billion in estimated liability costs to the federal government by 2020 if fuel hasn't moved. An estimate that increased \$3 billion from a \$12.3 billion estimated in 2009
- 2,700 high-paying jobs lost in Nevada
- Estimated costs of \$500 million per year to the government for continuing to store defense wastes that require disposal in a repository.

**Total Cumulative Impact:**

At least 32,500 jobs and \$31.4 billion in revenue impacts and lost activity. (This excludes any estimated impacts on chemical manufacturing from flawed EPA risk assessments.)

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