SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA News

Service Station Dealers of America and Allied Trades

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Legislative Update

By Roy Littlefield

SSDA-AT reports that Congress has passed a five-year, $305 billion highway bill. The bill-which spans the longest time frame for a transportation measure in 17 years-provides money for roads and rail projects, renews the Export-Import Bank, and restores a crop-insurance subsidy. The bill passed on a vote of 359-65 in the House and 83-16 in the Senate. President Obama signed the bill.

The 1,301 page bill does contain the tire registration language but does not include any tax increases on the tire industry.

During the conference, the bill was amended and does contain language requiring the Secretary of Transportation to conduct a study (and to submit it to the Committee on Commerce, Science, and Transportation in the Senate and to the Committee of Energy and Commerce in the House of Representatives) requiring manufacturers to include electronic identification on every tire that reflects all of the information required in the tire identification number and to ensure that the same type and format of electronic information technology is used on all tires.

SSDA-AT would like to thank its members for the tremendous grassroots response on this issue which resulted in having language added to the bill in conference requiring the Secretary of Transportation to conduct a study reviewing available technologies on the best way to proceed.

The conferees deleted language that the study must be complete before a rule on tire registration can be considered. There is also no timetable on the study and SSDA-AT does not understand the logic of deleting the timetable.

The Secretary of Transportation is also directed to promulgate rulemaking activity for Tire Fuel Efficiency Minimum Performance Standards and for Tire Wet Traction Minimum Performance Standards. The Secretary of Transportation will also be required to establish a publicly available and searchable database of tire recall information (searchable by Tire Identification Number (TIN) and other criteria that assists consumers in determining whether a tire is subject to recall).

SSDA-AT took the following positions during the funding discussions:

Issue, Position and Outcome

(1) **Five-year Federal Aid Highway Bill**
Supported - Passed

(2) **Motor fuel tax increase**

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2016 Federal Outlook

By Roy Littlefield, IV

As the 2016 federal legislative cycle begins to take full swing, let's look at some of the big issues SSDA-AT will be involved in this year.

-Tire Recall Recovery Reform (tire registration):

SSDA-AT will work with NHTSA to provided recommendations on developing a proper tire registration and recall system. We will push for the agency to compete a study to look at the implementation of technology in these areas.

-LIFO Repeal:

As tax reform continues to be a topic of discussion, we oppose all efforts to repeal the LIFO (Last In, First Out) system as a means reform. Many in the automotive and gas industries still use the LIFO accounting method that has been an accepted in American business for decades. SSDA-AT will continue in working to save LIFO.

-Estate Tax:

In 2015, SSDA-AT was pleased to report that for the first time in 10 years, a full Estate Tax Repeal bill passed the House of Representatives. We are anticipating a vote in the Senate sometime this spring. Although President Obama has pledged that he will veto the bill, we are pleased that all current Republican candidates support full repeal. We will continue to bring this issue to light as for some it is the biggest issue for keeping a business in the family.

-Marketplace Fairness:

As internet sales become increasingly popular, more people are avoiding sales tax on these items. This harms businesses who are forced to charge a sales tax on the same items in their stores. SSDA-AT supports the Marketplace Fairness Act because it would level the playing field for businesses who have to compete with online competitors.

-Obamacare:

As more Obamacare regulations begin to take effect on businesses and individuals we continue to support legislation that aims to lessen some of the requirements and penalties in the law. SSDA-AT has supported a variety of legislation in the past year that altered Obamacare for the advantage of our industry. Although we continue to support full repeal, the reality is, the law is most likely here to stay so we will do all we can to improve it.

-Proposed Overtime Changes:

The Wage and Hour Division of the United States Labor Department has delivered a Notice of Proposed Rule-

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2016 Federal Outlook

Continued from page 2

making to raise the salary threshold for overtime pay from $23,660 to $50,440; and workers covered by the Fair Labor Standards Act must be paid at least time-and-a-half (or 1.5 times their regular pay) for each hour of work per week beyond 40 hours; and this proposal is specifically targeting managers and assistant managers; and overtime regulations do not provide an exemption for small businesses. SSDA-AT will actively oppose the Department of Labor proposed rulemaking and will reach out to members of Congress to publicly oppose the proposed rulemaking.

-Working Families Social Legislation:

Social legislation is being introduced on all levels of government; and the President is calling on Congress, the cities and the states to pass legislation giving all workers up to 7 days of paid sick time per year; and the Department of Labor is proposing Congress to pay billions of dollars to encourage states to conduct feasibility studies to develop paid family and medical leave programs; and a Presidential Memorandum calls for Congress to pass legislation giving workers up to 12 weeks of sick pay for parents with a new child; and legislation is continually being considered on the city, county, state and Federal levels to raise the minimum wage; and the unintended result of these proposals could be serious job loss because of staff reduction, the stifling of current business growth and limited expansion of new business.

SSDA-AT urges lawmakers to carefully consider the financial impact of social legislation ranging from minimum wage, to equal pay, to workplace flexibility, to child care to paid leave on the economic well-being of small businesses; and that the Association will oppose legislation that will cause economic hardships on its members.

We thank all those who took part in SSDA-AT's 2015 lobby day and other grassroots efforts and events we held over the course of the year. We will need your continued support in 2016 as many more issue could arise. We will need your expertise, voice, and experience to make a difference in Washington. Please stay alert for the issues that could harm or help your businesses this year!

Oil Export Ban: America Poised to Export Oil for First Time in 40 Years

Lawmakers are close to authorizing oil exports as part of a broader $1.1 trillion spending and tax bill working its way through Congress. The compromise measure, which is needed to avert a government shutdown, includes a provision that would roll back the export restriction.

The oil export ban was signed into law in 1975, part of the reaction to an OPEC embargo that created a shortage of crude and slammed the American economy with skyrocketing prices.

Today, the world has too much oil -- thanks in part to America's shale oil boom. Crude oil prices crashed below $35 a barrel, and a gallon of gasoline is on the verge of falling below $2 per gallon.

In other words, there is no longer an oil scarcity that justifies keeping it at home.
"Restrictions on free trade of energy are a legacy of a bygone era that doesn't reflect the realities of today," said Jason Bordoff, a former energy adviser to President Obama who testified on Capitol Hill about the issue.

Lifting the oil export ban could encourage more domestic output in the long term as prices rebound from their recent lows. Increased U.S. oil activity should also help save some jobs in the energy industry.

The dramatic drop in oil prices has left the energy and mining industry reeling from over 100,000 job cuts in the past year.

"This is a bit of a lifeline for U.S. producers," said Joe McMonigle, who served as chief of staff of the Energy Department under former President George W. Bush.

Not everyone in the energy industry supports lifting the export ban.

U.S. refiners want to keep it in place because they've benefited from being able to buy oil at the cheaper domestic price and then sell it at the higher global price.

The U.S. Energy Information Administration has analyzed the outcome and expects that refiners would cut jobs and suffer a loss of $22 billion in annual profits by 2025 if the ban is lifted.

Some lawmakers are looking to ease anger from refiners by offering tax credits to the industry, especially in the Northeast.

Environmental groups also want to keep the ban in place.

"Our climate and communities cannot afford the hazardous oil production that would come with lifting the crude oil export ban," a conservation group that includes the Sierra Club wrote in a recent letter to Congress.

Democrats pushed hard to win tax credits for renewable energy sources like wind and solar in exchange for lifting the oil export ban, in what they saw as a worthwhile tradeoff, Democratic aides.

Downside Of Higher Gas Mileage: AAA Slams 'Disappearing' Spare Tires

As with any pursuit meant to enhance a single quality or area of performance, the drive toward greater fuel economy sometimes requires compromises in other areas.

There's often give and take when it comes to increasing efficiency, whether it entails downsized engines, more complex electrified powertrains, or higher sticker prices.

But fuel economy may slowly be leading to the disappearance of a common piece of equipment: the spare tire.

Automakers have eliminated spare tires in 29 million vehicles over the last 10 model years, according to AAA.

Run-flat tires and tire-inflator kits have led some carmakers to get rid of spare tires in new models, but AAA thinks spares are the only adequate solution to a flat tire.

Because of their "limited functionality," the alternatives "cannot provide even a temporary fix for many common tire-related problems," the group said in a statement.

It claims 36 percent of 2015-model-year vehicles were sold without spare tires, compared to five percent of 2006-model-year vehicles.

At an average four pounds, a tire-inflator kit saves about 30 pounds of weight, AAA notes.

But it claims they are not as effective in getting cars back on the road after a puncture as a spare tire.

Inflator kits--which generally include a sealant and a compressor to re-inflate the tire--only work when the tire is punctured on the tread and when the object that caused the puncture is still lodged in the tire, AAA claims.

It says in-house testing has shown that tire-inflator kits don't work when the puncture occurs in the tire sidewall, or when the object that caused the puncture is no longer in the tire.

Some kits also cost up to $300 per use, making roadside repairs significantly costlier to drivers, AAA claims.

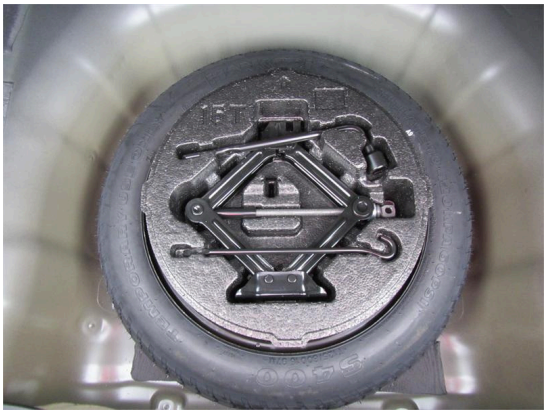
It also notes that these kits generally have a limited shelf life--averaging four to eight years.

Yet if spare tires are in shorter supply, so are the skills needed to make use of them.

More than one in five Millennial drivers (age 18-34) do not know how to change a tire, whereas nearly 90 percent of drivers aged 35 to 54 do, according to AAA.

So it's possible that in the future, many drivers won't bother trying to change their own flats at all.

They may just call roadside-assistance services.



Forget Peak Oil: Shale is a Market Game-Changer

Why have oil prices fallen? Is this a temporary phenomenon or does it reflect a structural shift in global oil markets? If it is structural, it will have significant implications for the world economy, geopolitics and our ability to manage climate change.

With United States consumer prices as deflator, real prices fell by more than half between June 2014 and October 2015. In the latter month, real oil prices were 17 per cent lower than their average since 1970, though they were well above levels in the early 1970s and between 1986 and the early 2000s.

A speech by Spencer Dale, chief economist of BP sheds light on what is driving oil prices. He argues that people tend to believe oil is an exhaustible resource whose price is likely to rise over time, that demand and supply curves for oil are steep (technically, "inelastic"), that oil flows predominantly to western countries and that Opec is willing to stabilise the market. Much of this conventional wisdom about oil is, he argues, false.

US Shale Revolution

A part of what is shaking these assumptions is the US shale revolution. From virtually nothing in 2010, US shale oil production has risen to around 4.5 million barrels a day. Most shale oil is, suggests Mr Dale, profitable at between $50 and $60 a barrel.

Moreover, the productivity of shale oil production (measured as initial production per rig) rose at more than 30 per cent a year between 2007 and 2014. Above all, the rapid growth in shale oil production was the decisive factor in the collapse in the price of crude last year: US oil production on its own increased by almost twice the expansion in demand. It is simply the supply, stupid.

One implication is that the short-term elasticity of supply of oil is higher than it used to be. A relatively high proportion of the costs of shale oil production is variable because the investment is quick and yields a quick return. As a result, supply is more responsive to price than it is for conventional oil, which has high fixed costs and relatively low variable costs.

This relatively high elasticity of supply means the market should stabilise prices more effectively than in the past. But shale oil production is also more dependent on the availability of credit than is conventional oil. This adds a direct financial channel to oil supply.

Another implication is a huge shift in the direction of trade. China and India are likely to become vastly more important net importers of oil, while US net imports shrink. Possibly 60 per cent of the global increase in oil demand will come from the two Asian giants over the next 20 years.

By 2035, China is likely to import three-quarters of its oil and India almost 90 per cent. This assumes the transport system will remain dependent on oil over this long period. If it does, it demands no great mental leap to assume that US interest in stabilising the Middle East will shrink as that of China and India rises. The geopolitical implications might be profound.

A further implication concerns the challenge

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Forget Peak Oil: Shale is a Market Game-Changer

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for Opec in stabilising prices. In its World Energy Outlook 2015 , the International Energy Agency forecasts a price of $80 a barrel in 2020, as rising demand absorbs what it sees as a temporary excess supply. A lower oil price forecast is also considered, with prices staying close to $50 a barrel this decade.

Two assumptions underlie the latter forecast: resilient US supply and a decision by Opec producers, notably Saudi Arabia, to defend production shares (and the oil market itself). But the low-price strategy would create pain for the producers as public spending continues to exceed oil revenues for a long period. How long might this stand-off last?

A final set of implications is for climate policy. The emergence of shale oil underlines that the global supply capacity is not only enormous but expanding. Forget peak oil. As Mr Dale notes: "In very rough terms, over the past 35 years, the world has consumed around a trillion barrels of oil. Over the same period, proved oil reserves have increased by more than a trillion barrels."

Direct Opposition

The problem is not that the world is running out of oil. It is that it has far more than it can burn while having any hope of limiting the increase in global mean temperatures over the pre-industrial levels to 2°. Burning existing reserves of oil and gas would exceed the global carbon budget threefold. Thus, the economics of fossil fuels and of managing climate change are in direct opposition. One must give. Technological change might undermine the economics of fossil fuels. If not, politicians will have to do so.

This underlines the scale of the challenge leaders confront at the climate conference in Paris. But the response to the fall in oil prices shows how hopeless policymakers have been. According to the IEA, subsidies to the supply and use of fossil fuels still amounted to $493 billion in 2014. True, they would have been $610 billion without reforms made since 2009. So progress has been made.

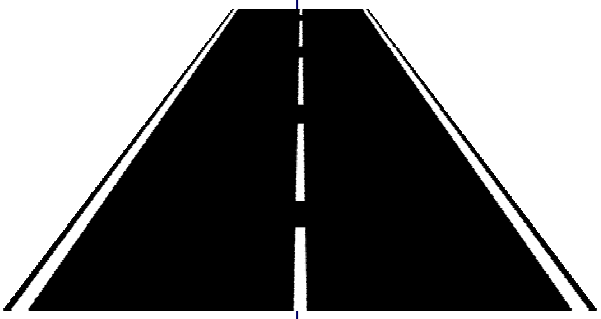
But low oil prices now justify elimination of subsidies. In rich countries low prices could – and should – have been used to impose offsetting taxes on consumption, thereby maintaining the incentive to economise on use of fossil fuels, increasing fiscal revenue and allowing a reduction in other taxes, notably on employment. But this important opportunity has been almost entirely missed.

One has to ask whether there is the slightest chance that effective action, rather than window-dressing, will emerge from Paris.

Congress Approves $305B Highway Bill

Both chambers of Congress agreed to provide $305 billion to repair and expand highways, bridges and transit during the next five years.

The House vote of 359 to 65 and the Senate vote of 83 to 16 provided a rare show of bipartisanship in the often polarized chambers. The bill now heads to President Obama, whose spokesman has said he would sign it.



"Many said a multi-year highway bill would never pass the Senate, but we proved them wrong – and we proved it could actually pass by a wide, bipartisan margin," said Senate Majority Leader Mitch McConnell, R-Ky., after disputes about taxation and the Export-Import Bank.

The legislation represents a significant accomplishment to provide state and local governments greater certainty about transportation funding so they can plan major projects. There have been three dozen short-term extensions since the last four-year bill expired in 2009.

“It will certainly help fix America’s surface transportation infrastructure," said Rep. Bill Shuster, R-Pa. and chairman of the Transportation and Infrastructure Committee. “All states and communities have significant infrastructure needs and they all need a long-term certainty to address them."

Despite broad bipartisan support for fixing and expanding roads and bridges, lawmakers struggled to patch together funding to supplement the gas tax that finances the bulk highway trust fund. The next Congress and president will have to decide how to permanently fund the bill’s priorities.

The 1,300-page bill authorizes $281 billion through the Highway Trust Fund and $24 billion through annual appropriations that lawmakers could decide not to supply in a given year, according to Jeff Davis, a senior fellow at the Eno Center for Transportation.

The bill increases highway spending 15% by its final year and transit spending 18% during that period, according to lawmakers. The appropriations, if approved, would provide $12 billion for mass transit, $10 billion for Amtrak and $1 billion for National Highway Traffic Safety Administration (NHTSA) programs.

"This will be the biggest jobs bill approved in this Congress," said Rep. Peter DeFazio, D-Ore.

Business groups praised the legislation for creating construction jobs, improving freight delivery and streamlining govern-

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Congress Approves $305B Highway Bill

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ment regulation.

"This bill is a big step forward and a desperately needed long-term investment in our nation's infrastructure," said Jay Timmons, CEO of the National Association of Manufacturers.

Obama had proposed a $478 billion bill for six years, half funded by taxing corporate profits now held overseas. But Congress didn't embark on a corporate tax overhaul, and the Republican majority blocked proposals to raise the gas tax.

Transportation Secretary Anthony Foxx, who traveled on two bus tours and visited 43 states to promote the legislation, said it had been a "bumpy ride" to get a bill completed.

"It's not perfect, and there is still more left to do, but it reflects a bipartisan compromise I always knew was possible," Foxx said.

Congress set the gas tax of 18.4 cents per gallon in 1993, and it hasn't kept pace with construction demands because of inflation and more fuel-efficient cars. The shortfall has forced lawmakers to scramble to find about $15 billion per year to fund transportation priorities.

To bridge that shortfall, the bill would claim $53 billion in Federal Reserve surplus funds during the next decade, $6.9 billion from reducing a Federal Reserve dividend to banks, $6.2 billion from selling a portion of the Strategic Petroleum Reserve, $5.2 billion from indexing fees paid to Customs and Border Protection for inflation and collecting $2.4 billion more by allowing the Internal Revenue Service to hire private tax collectors.

Each of funding sources that were chosen had its critics.

"Banks shouldn't be used like an E-Z Pass to pay for highways," Rob Nichols, president of the American Bankers Association, said of the Federal Reserve provisions.

The trade group Airlines for America issued a statement denouncing the Customs fee hike, saying the money should be used for aviation security rather than surface transportation.

"We should not be popping champagne," said Rep. Reid Ribble, R-Wis., who criticized the petroleum and IRS provisions. "No back-slapping is deserved."

On another subject, a portion of the bill would revive the Export-Import Bank, which arranges loans for foreign buyers of U.S. products.

The bank's authorization to offer new loans expired June 30, and critics argued that it should be abolished as "crony capitalism" for providing loans that businesses should obtain elsewhere. But the U.S. Chamber of Commerce among others urged lawmakers to revive the bank that provided $27.5 billion in financing for exports last year representing 164,000 jobs at 3,300 companies.

Fracking Fight: Attorneys Argue in Court Over Wetlands Permit

The fight over fracking in St. Tammany Parish moved to federal court in New Orleans on Wednesday (Dec. 2), where a judge heard arguments over whether the Army Corps of Engineers legally awarded a wetlands permit for a proposed oil drilling project northeast of Mandeville. U.S. District Judge Carl Barbier heard from attorneys for the Abita Springs, the corps and Helis Oil & Gas Co. for about 90 minutes before taking the case under study.

Abita Springs sued the corps in February, saying the agency failed to follow federal regulations when it issued the permit in June. The suit alleges that corps refused the town's request for a public hearing and a new public comment period to respond to about 500 pages of information that Helis submitted to the corps on Jan. 2 -- after the initial comment period closed. And Helis' application did not meet a requirement that the company study and consider other sites that don't include wetlands, attorneys for Abita Springs said.
"Without that analysis ... the permit cannot be legally issued," Rachael Ruiz, a student practitioner with the Tulane Environmental Law Clinic, told the judge. Ruiz and law clinic Deputy Director Lisa Jordan are representing Abita Springs, which is less than six miles from the proposed drill site off Louisiana 1088.

U.S. Department of Justice attorneys representing the corps said in a court filing that federal regulations did not require the corps to reopen public comment after it received additional information it had requested from Helis. The public notice about the wetlands permit application provided sufficient information to give the public a clear understanding about the project so citizens could provide meaningful comment, the brief said. "If the corps were required to reopen public comment each time it received responses from the applicant to previous public comments, 'the comment period could continue in a never ending circle,' " it said.

Justice Department attorney John Sullivan, who joined attorney Matthew Marinelli in representing the corps, said Helis certified it could not find local non-wetlands sites that would let it hit its targeted geologic formation. In a brief filed with the court, Sullivan said John Johnston III of the Louisiana Geological Survey concluded the proposed site was the least damaging alternative for the project.

At one point, Barbier said, "If they (Helis) had a non-wetlands site, it seems they would be happy to do that," noting the company could have avoided the regulatory hurdles and costs involved.

Jordan agreed that Helis did a good job of explaining why it chose the site. But it has not proven it considered non-wetlands locations as required by law, she said.

Helis wants to drill a horizontal test well into a specific geologic formation within the vast Tuscaloosa Marine Shale from an undeveloped location off Log Cabin Road, just north of Interstate 12. The site would require filling about 3 acres of wetlands. If its well data is promising, the company has said it would move forward to obtain state and corps approvals to drill horizontally and use the controversial hydraulic fracturing proc-

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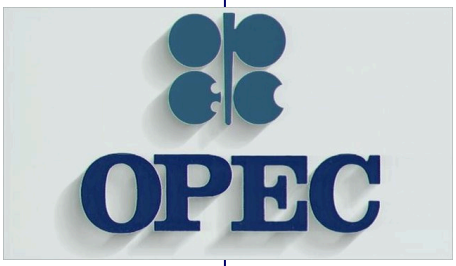
Oil at Lowest in Almost Seven Years on OPEC Inaction, Strong Dollar

Oil prices fell to their lowest in nearly seven years after OPEC's meeting ended in disagreement over production cuts and without a reference to its output ceiling, while a stronger dollar made it more expensive to hold crude positions.

The Organization of the Petroleum Exporting Countries (OPEC) ended its policy meeting without agreeing to lower production.



For the first time in decades, oil ministers dropped any reference to the group's output ceiling, highlighting disagreement among members about how to accommodate Iranian barrels once Western sanctions are lifted.

"A stronger dollar and the aftershock of Friday's OPEC meeting are weighing on the oil market," said Tamas Varga, oil analyst at brokerage PVM Oil Associates in London.

Brent crude prices, the globally traded benchmark, traded down 82 cents at $42.18 a barrel at 1334 GMT and touched a low of $42.11, the lowest since March 12, 2009. U.S. crude was down $1.12 at $38.85 a barrel, a drop of nearly 3 percent.

"Couple this with a strengthening dollar as the market anticipates a U.S. rate hike this month, oil is heading lower with a near term target of $32 for WTI."

U.S. crude's West Texas Intermediate (WTI) futures were down $1.80 at $38.17 a barrel by 10:33 a.m. EST (1532 GMT). Its session low of $37.96 was barely above 6-1/2 year lows of $37.75 struck in August. U.S. diesel futures prices also hit their lowest since May 2009 while U.S. gasoline fell to a one-month low as the selloff extended to a wider swathe of the petroleum complex.

The dollar was up against a basket of currencies after jobs data published bolstered the case for a U.S. rate in December.

OPEC's output of more than 30 million barrels per day (bpd) has compounded an oil glut, pushing production 0.5 million to 2 million bpd beyond demand.

OPEC kingpin Saudi Arabia, the world's biggest oil exporter, thinks unconventional oil producers, including U.S. shale drillers who have fed the glut, will eventually be squeezed out of the market by high production costs and low selling prices.

Saudi Aramco Chief Executive Amin Nasser told a conference in Doha he hoped to see oil prices adjust at the beginning of next year as unconventional supplies start to decline.

Patrick Pouyanne, CEO of French oil company Total, said a 2016 rebound would be premature as production growth would still outstrip demand.

Judge Dismisses Landowners' Suit Against Pipeline Law

Judge dismisses landowners' suit against pipeline law

The law that allowed TransCanada to obtain a governor's approval for its Keystone XL pipeline route through Nebraska has taken its share of courtroom beatings, but it will remain on the books for now.

Holt County District Judge Mark Kozisek on Friday tossed a lawsuit challenging that law, agreeing with TransCanada's argument that the issue was rendered moot by the company's decision to abandon that avenue for moving the project forward.

The landowners who filed the suit had urged the judge to allow them to proceed anyway. They suggested TransCanada or another company could try to use the law to get a governor's approval for a pipeline at some point in the future.

But Kozisek was not swayed. In his ruling, he noted that TransCanada had withdrawn eminent domain claims that it filed on the basis of the 2013 route approval granted by then-Gov. Dave Heineman.

TransCanada also had applied for route approval through the Nebraska Public Service Commission but pulled its application last month after the Obama administration's rejection of the pipeline. The company said it reserved the right to reapply at a later date.
TransCanada spokesman Mark Cooper welcomed the ruling and said the company continues to back the project.

"TransCanada remains committed to evaluating all options to build Keystone XL, which is the right choice for Nebraskans economically and environmentally," Cooper said.

Brian Jorde, an attorney representing the landowners in the lawsuit, shrugged off the ruling as a minor defeat.

"We won the war — there's no pipeline," Jorde said. "Basically, an unconstitutional law will stay on the books, and if someone tries to use it again, TransCanada or otherwise, we'll be ready with our challenge."

He added that the best place to address the issue is in the Legislature, which he said could write a new law for routing pipelines that would offer fair treatment of landowners.

The ruling did not address the Obama administration's rejection of the Keystone XL, which would transport 830,000 barrels of crude a day from Canada's oil sands to refineries in Texas.

A federal permit is required because it crosses an international border. The motion to dismiss was argued before the rejection was announced.

TransCanada could pursue a permit under a new administration in 2017, but it would need to get state approval for its route through Nebraska.

A district court previously found unconstitutional the Nebraska law allowing a governor to approve major pipeline routes.

Four of the seven Nebraska Supreme Court judges agreed with that decision, but it takes a vote of five judges to strike down a law.

Three of the judges said the landowners failed to prove standing, which sent the legal battle back to the district court level.

Hillary Supported Fracking In Africa, Now Opposes It In US

Hillary Clinton was a major force behind bringing fracking to African countries during her tenure as Secretary of State, although she now opposes fracking in the United States.

Clinton made promoting fracking for natural gas in other countries a big priority during her tenure as Secretary of State. "The United States will promote the use of shale gas," she said then.

Clinton's State Department helped advise African and other world leaders on the benefits of fracking, connected them with American energy experts, and organized visits to drilling sites in the United States to make the it a role model for fracking around the world.

The State Department hosted several conferences on fracking in other countries during Clinton's tenure, and sent U.S. experts to help foreign officials develop fracking programs. State's fracking program continued under Secretary of State John Kerry, and is known as the Unconventional Gas Technical Engagement Program.

Much of the fracking proposed by the State Department would have been done on public lands, but Clinton now supports phasing out fracking on public lands in the United States.

The Hillary Clinton campaign immediately hung up on the Daily Caller News Foundation when contacted for comment by phone.

"Now, I know that in some places it's controversial," Clinton said in 2010, "But natural gas is the cleanest fossil fuel available for power generation today, and a number of countries in the Americas may have shale gas resources. If developed, shale gas could make an important contribution to our region's energy supply, just as it does now for the United States."

Excerpts from Hillary Clinton's released emails reveal she influenced energy policy in Mexico as Secretary of State, and pushed for fracking before she resigned in 2013. A fully redacted email reveals Clinton hired David Goldwyn as "State Department International Energy Coordinator/Diplomat-At-Large." Goldwyn eventually became the head of the State Department's Bureau of Energy Resources, where he helped Clinton "sell fracking to the world."

In 2012, Clinton instructed all U.S. embassies to "pursue more outreach to private sector energy partners." Many of these partners provided financial support to her political campaigns. Clinton's campaign even hired a former TransCanada lobbyist, the company behind the Keystone XL pipeline, as a consultant.

The energy and natural resource industry contributed $1,784,943 to Clinton or PACs that supported her according to Federal Election Commission data aggregated by The Center For Responsive Politics.

African and other countries interested in fracking for oil and natural gas received considerable support from the U.S. government, including the State Department during Clinton's tenure. U.S. support caused policy changes across the African continent. South Africa, for example, lifted its moratorium on fracking in 2012 after the State Department, the U.S. Export-Import Bank and the U.S. Geological Survey assisted in solving technical and financial problems with drilling in the country.

Clinton heavily supported the Export-Import Bank of the United States. During her tenure, the Bank spent $3 billion in 2009 alone for hundreds of miles of natural gas pipeline in other countries while financing other huge fracking projects over the last several years in South Africa and in other countries like Poland.

The Bank also spent billions financing Liquid Natural Gas facilities and other conventional energy sources in Africa over the objections of environmental groups. When asked if she would revive the Bank in October, Hillary Clinton said it was a "no-brainer."

Marathon Petroleum Lays Out Texas City Integration

Marathon Petroleum will begin shutting underperforming units next year as it integrates two Texas City, Texas, refineries into the second-largest refinery in North America.

A five-year, $2bn series of projects will combine the 475,000 b/d Galveston Bay and 80,000 b/d Texas City refineries to a single 585,000 b/d facility, the company said.

The company plans to next year begin shutting catalytic cracking unit 1, one of three gasoline blendstock-producing units of its kind at Galveston Bay. Marathon will later shut heaters at its older Texas City refinery as it integrates steam production, and then shut down reformer and aromatics units at the same refinery in 2019.

Marathon will revamp a heavy crude unit, adding 40,000 b/d of capacity and improving gas oil and distillates yields. It will upgrade a resid hydrotreater, adding 20,000 b/d of capacity to bring it to 90,000 b/d. It will also add a new ultra-low sulfur diesel (ULSD) hydrotreater to shift the facility to 100pc ULSD production and increase finished distillates output to 65,000 b/d.

Marathon purchased the refinery and other Gulf coast assets from BP in 2012 for $598mn. BP at the time said it would cost too much to add light, sweet domestic crude processing to the facility. The refinery also struggled to keep all of its gasoline-producing fluid catalytic cracking (FCC) units operating consistently.

Marathon sees the refinery as half of its two-pronged waterborne gasoline strategy in the US Gulf coast. The US independent refiner uses its Texas City assets in conjunction with its 562,000 b/d refinery in Garyville, Louisiana, to supply Gulf coast markets including Florida and growing export demand. Marathon plans to through logistics projects reach 395,000 b/d of gasoline export capacity by the end of 2017 and to push to 500,000 b/d of capacity by the end of 2018.

Shell Chemical Has More Plans for Gulf Coast Growth

Shell Chemical has more plans for Gulf Coast growth, Geismar GM says

The general manager for a Royal Dutch Shell petrochemical plant in Louisiana said the company is committed to expanding its business along the Gulf Coast, with demand in Asia and the United States projected to continue growing.

Houston-based Shell Chemical said Monday that the company will expand the petrochemical complex in Geismar, Louisiana to produce more chemicals used in plastics, industrial oils and drilling fluids as part of a $717 million investment.

"It's a pretty big deal in our chemicals business. Our view is this project will be very profitable for Shell," Gesimar General Manager Rhoman Hardy said in an interview. "Shell is very committed to the Gulf Coast."

Shell said the addition of a fourth production unit will make the Shell Geismar Chemical Plant the largest producer of alpha olefins in the world. The expansion will add about 468,000 U.S. tons of annual capacity, creating a total capacity of 1.4 million tons.

The Geismar location between Baton Rouge and New Orleans was chosen — as opposed to Shell's Deer Park complex near Houston — because the the plant already has three alpha olefins units, Hardy said, after an expansion in 2002. Louisiana and Texas both offer access to cheap natural gas from U.S. shale that serves as a feedstock to the chemical plants, Hardy said, as well as access to ports to ship the chemicals worldwide. The only other location where Shell produces alpha

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LETTER TO THE EDITOR

Dear SSDA-AT:

The passage of the Fixing America's Surface Transportation Act is tremendous news for New York State. From helping to rebuild outdated bridges in Upstate New York to preventing massive funding cuts that would have hurt millions of public transit riders, this bill provides important support to our State's infrastructure.

And with more stable and long term funding than New York has seen in previous years, it is an important investment in the Empire State's future.

I commend Senator Schumer for his dedicated efforts to make this bill possible, other members of the conference committee -- Congressmen Nadler and Katko -- as well as all the members of our Congressional delegation who supported these efforts, and I look forward to seeing a stronger New York in the years to come.

Sincerely,

Andrew Cuomo
New York Governor
Albany, NY

National Fuel, Texas Firm Sign Drilling Deal

National Fuel Gas Co.'s deal with a Texas investment firm will help it keep drilling the natural gas wells that it is counting on to fill the new pipeline network it is building in the Marcellus Shale region in Pennsylvania.

With low natural gas prices making capital tight, National Fuel signed a deal to partner with IOG Capital to fund the development of as many as 80 natural gas wells in Pennsylvania, the Amherst-based energy company said Thursday.

The deal, which will give the Dallas-based firm an 80 percent stake in each of the wells, will reduce National Fuel's cash needs during a time of low natural gas prices, while allowing it to continue to fund the development of new wells that are needed to fill up the expanding network of pipelines that National Fuel is building to move gas from Pennsylvania to markets in Canada, Western New York and elsewhere.

But because National Fuel will get only about 26 percent of the revenues produced by the wells drilled under the first portion of the agreement, the deal also will weaken the company's earnings during the current fiscal year, reducing its expected profits by about 5 percent, or 15 cents per share.

The joint development agreement will cut National Fuel's capital spending within its oil and gas drilling business almost in half from what the company initially had planned for the current fiscal year. With IOG now providing most of the funding for as many as 80 Marcellus wells, National Fuel now expects to spend about $225 million on new wells this year, down from its earlier forecast of about $425 million.

Ronald J. Tanski, National Fuel's president and CEO, said the deal will allow National Fuel to continue to develop new wells on the land it controls in the Marcellus region at a time when it also is working on several projects to expand its pipeline capacity within the region. The production from the wells with IOG will provide much of the gas that will be moved through National Fuel's expanded pipeline network.

The agreement "significantly reduces our upstream capital requirements, yet still allows us to increase production from our acreage that will support the continued growth in our pipeline and storage and gathering segments," Tanski said in a statement.
National Fuel said it now expects to earn between $2.70 and $3 per share during the current fiscal year, down from its earlier forecast of $2.85 to $3.15 per share. The company's oil and natural gas production during the fiscal year that ends in September 2016 is expected to be between the equivalent of 139 to 202 billion cubic feet of natural gas, down by about 13 percent from its previous forecast of between 161 billion and 232 billion cubic feet.

Under the deal, IOG will develop 42 Marcellus wells and has the option to participate in the drilling of an additional 38 wells. If IOG exercises its option to drill in those 38 wells, it would reduce National Fuel's expected capital spending in the 2017 fiscal year by an additional $180 million. National Fuel would get 28 percent of the revenue generated by those wells.

Shell Chemical Has More Plans for Gulf Coast

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olefins is in the United Kingdom near Liverpool.

The American Chemistry Council counts 256 announced U.S. petrochemical projects with a cumulative investment of $158 billion from 2010 to 2023.

Most are in Texas and Louisiana, and nearly 65 percent of the funding comes from foreign investment. About 60 percent of the projects are still in the planning stages.

Global projected population and economic growth, especially in Asia, is fueling the need for more chemicals to produce plastics for bottling and packaging, Hardy said, while the demand for drilling fluids made from the chemicals is largely in the U.S.

Construction on the Shell expansion will begin in the first quarter of 2016 with an expected startup in 2018, Hardy said. Other companies like BASF and Occidental Chemical Corp. have neighboring petrochemical plants.

Shell employs about 650 people at the Geismar complex, not counting contractors. The expansion will only add about 20 permanent jobs, but there will be a peak of 1,000 temporary construction jobs, Hardy said.

The new growth is a change for Shell in the Geismar area when the Dutch energy giant two years ago abandoned plans for a massive, $20 billion gas-to-liquids plant, citing poor economics for the project. That was obviously much more than the current $717 million commitment. Hardy said each project is essentially its own animal.

“Every project goes through a very structured review,” Hardy said.

Hardy said Shell is eyeing more potential growth in the region, but declined to give more details on the company’s plans.

“Even with this project we have a significant amount of retail available to us,” he said.

Fracking Fight: Attorneys Argue in Court

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ess to release oil from the shale formation.

While St. Tammany fracking battle rages, the practice is embraced in neighboring Tangipahoa Parish.

Many people in St. Tammany oppose the project due to environmental concerns. The parish government and a citizens group filed a lawsuit last year to block the project. The suit says St. Tammany's zoning regulations prohibit drilling at the site, which is zoned for residential use.

A state judge in Baton Rouge ruled against the parish in April. The parish appealed to the 1st Circuit Court of Appeal, and the project is on hold pending the outcome of the appeal.

Barbier quizzed attorneys on the fracking controversy, which erupted in St. Tammany almost two years ago. He asked questions on numerous aspects of the case, including the Southern Hills acquifer, water monitoring wells, potential truck traffic, commercial viability of the proposed well and potential fracking of the well.

"I know there's a lot of interest and concern about this issue," he said. He did not say when he would issue a ruling.

Legislative Update

Continued from page 1

Opposed - Rejected

(3) **Privatization of highways**
Opposed - Rejected

(4) Weight-distance tax
Opposed - Rejected

(5) **Vehicle miles driven tax**
Opposed - Rejected

(6) Reinstate the FET on tread rubber
Opposed - Rejected

(7) Reinstate the FET on passenger tires
Opposed - Rejected

(8) Increase FET on truck tires by 10%
Opposed - Rejected

SSDA-AT took 2 strong positions:

1.**Eliminate diversion**. We are approaching 30% of the funds collected for the Highway Trust Fund diverted for non-highway purposes.

Result: It is the first highway bill in more than 17 years to fund highways for five or more years. This stability will be good for State DOTs who want to plan major highway and bridge projects. Like the previous highway bill (MAP-21), this bill focuses the biggest pot of money on a program called the National Highway Performance Program, which is focused on major highways, including the 47,000 miles of Interstates and another 113,000 miles of major non-Interstate routes. In terms of dollars annual highway funding jumps from the current $41 billion (2015) to $47 billion in (2020). The cumulative highway increase is over five years is about $20.2 billion. Highway program funding under the FAST Act jumps by more than 5% in the first fiscal year (2016) and then 2.1-2.4% each succeeding year until FY20. The growth rate for transit was slightly higher as a percentage of the total, in order to accommodate competing interests from rural "bus" programs and major city heavy rail programs.

2. Engage creatively in future highway funding. We were an early supporter of legislation introduced by Congressman John Delany (D-MD) "The Partnership to Build America Act" which creates an infrastructure bank that would be funded by repatriation funds that would take place through international tax reform. We supported this and other creative funding ideas that would not impact taxes in the tire industry.

Result: While some headlines read that the bill contains $305 billion in authorized funding, in actuality only about $281 billion can be spent due to rescissions and unusual budgetary rules that limit spending. This cover 5-years in authorized funding for highway, transit, non-infrastructure safety, and motor carrier safety programs. About $225 billion is dedicated to highway projects. About $48.9 billion is for transit. This is about an 82% / 18% split between highways and transit. About $7 billion is tacked on for NHTSA and FMCSA. The bill includes over $75 billion in revenue increases to supplement user fees that fund the program.

The revenue comes from offsetting cuts, rather than traditional tax or user fee increases that have traditionally funded the highway program. The most significant offset ($53 billion) is a drawdown of surplus funds from the Federal Reserve Bank. The Federal Reserve is not happy with this use of their money. The tolling ban on Interstates remained largely intact, despite intense lobbying efforts by pro-tolling groups. There were some minor concessions to tolling groups but toll opponents are generally pleased. The 1,301-page bill, paid for with existing gas tax revenue and a package of $70 billion in offsets from other areas of the federal budget, calls for spending over the next five years that does not include any tax increases.

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Legislative Update

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SSDA-AT thanks all the grassroots efforts from our members who helped defeat potential tax increases. Earlier this year, SSDA-AT held a lobby day that focused on the highway bill. SSDA-AT is pleased that Congress listened to the concerns of the industry on funding transportation using creative spending techniques and avoiding tax increases.

TIRE PRESSURE MONITORING SYSTEM

Another amendment to the Transportation Bill (Section 24115) directs the Secretary of Transportation to update the standard on tire pressure monitoring systems (TPMS), FMVSS 571.138, to ensure that they cannot be overridden, reset or recalibrated in a way that will prevent the system from identifying a tire that is significantly underinflated. The under inflation threshold for most indirect TPMS systems is set by pressing a button in driver's compartment of the vehicle. It is designed to allow the driver or a technician to establish the baseline after the inflation pressure in the tires has been set to the placard.

When the driver sees a low-pressure telltale illuminate on a vehicle with one of these indirect systems, they can press the same button to eliminate the telltale on the instrument panel without adjusting the inflation pressure in any of the tires. This has the effect of overriding the system in the sense that the tires are underinflated, but pressing the button establishes a new, and lower, threshold for the TPMS to notify the driver. The Proposed Rule will require manufacturers to reconfigure the TPMS to ensure the threshold cannot be overridden, reset or recalibrated in this or any other way.

Industry representatives felt this would prevent dealers from recalibrating the TPMS on different types of vehicles so they added language in a Final Rule. The Final Rule ensures that systems can be reset or recalibrated when sensors are repositioned with different pressure recommendations, during tire rotations, or when the tires/wheels are a different size than the original equipment specification. This would ensure that the TPMS would be able to notify the driver when one or more of the tires were significantly underinflated.

The final paragraph that was added to define the term "significantly underinflated pressure level. Based on the language, the TPMS threshold cannot be set to a pressure that is lower than the one mandated by 571.138, which means the placard pressure is the lowest pressure that can be used to establish the under inflation threshold where the telltale would illuminate. It also includes language that ensures the TPMS threshold is not below the recommended cold inflation pressure of the wheel or tire manufacturer in the case of replacement tires and wheels. On the surface, it appears that this would continue to allow retailers to raise the TPMS threshold when replacement tires require a higher pressure than the original equipment fitment.

To summarize, Section 24115 closes the loophole on indirect systems so drivers cannot use the reset button to recalibrate the TPMS threshold instead of adjusting the inflation pressure to eliminate the telltale. It also includes safeguards to ensure the TPMS can continue to be reset following sensor reposition, tire rotation or tires/wheels that are different size than the OE fitment. Finally, Section 24115 ensures the TPMS threshold cannot be lower than the one established by the OE inflation pressure on the placard and allows dealers to continue the practice of raising the threshold when replacement tire require higher inflation pressures.

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