SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA News

Service Station Dealers of America and Allied Trades

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Federal Government Affairs Update

By Roy Littlefield

SSDA-AT Meets with Congresswoman Eleanor Holmes Norton

SSDA-AT had lunch with Congresswoman Eleanor Holmes Norton, District of Columbia, Congresswoman Norton, now in her fourteenth term as the Congresswoman, is the Ranking Member of the House Subcommittee on Highways and Transit.

She serves on two committees: the Committee on Oversight and Government Reform and the Committee on Transportation and Infrastructure. The Congresswoman gave SSDA-AT an update on the prospects of a transportation bill and the role she serves on the committee.

There are many transportation funding proposals being floated in Washington. Many have come out publicly and privately in favor of a gas tax increase but speaker Paul Ryan has held firm that he does not want this tax to be increased. The President's proposal would shift the current transportation funding from 80% federal and 20% state to 20% federal and 80% state funded. Which in turn would potentially increase local gas taxes and would toll the interstates.

SSDA-AT expects there to be action on a transportation bill in 2018 and we expect to be extremely involved especially with any taxes that may impact the service station industry.

SSDA-AT Remains Involved in Efforts to Save LIFO

SSDA-AT attended a Save LIFO coalition meeting. While we are enjoying the calm after seeing LIFO not even mentioned in last fall's tax reform bill, we all know that we are not permanently safe, and that LIFO repeal remains on the shelves of many desks in Washington to be used as a possible pay-for.

The save LIFO coalition will remain strong and intact and we will stay on alert for any threats to LIFO that may arise.

SSDA-AT Attends Small Business Safety OSHA Meeting

SSDA-AT attended a Small Business Labor Safety OSHA roundtable meeting. At the meeting we got an update on the U.S. Department of Labor from Dean Heyl who is the Director of the office of Public Liaison.

We also received an overview of OSHA's New Electronic Injury and Illness Recordkeeping and Reporting Requirements from Mandy Edens who is the Director of Technical Support and Emergency Management and David Schmidt from the office of Statistical Analysis, OSHA. Let us know if you have any questions regarding this topic.

There was discussion at the meeting about the House Subcommittee on Workforce Protections and recent MSHA and OSHA hearings. SSDA-AT continues to stay very involved with OSHA and DOL and we continue to voice the concerns of dealers to those agencies.

Other SSDA-AT Federal Activity

March 19, SSDA-AT was represented on a call with the IRS and the U.S. Small Business Administration's Office of Advocacy to discuss concerns about the impact of recent (and very significant) increases to the fees charged small businesses to correct retirement plan issues.

March 16, SSDA-AT was represented at a roundtable on health issues with members of the Senate Finance Committee.

March 6, SSDA-AT submitted comments to the Department of Labor in response to the DOL's proposed rules on association health plans (AHPs).

Trump Cabinet members press Senate Panel on Infrastructure Overhaul

A Senate panel heard five different Trump Cabinet members press hard on the need for an infrastructure overhaul.

Transportation Secretary Elaine Chao was joined by four other Cabinet members at a Senate Commerce Committee hearing, as Chao testified for the third time this month on the administration's infrastructure proposal.

Commerce Secretary Wilbur Ross, Labor Secretary Alex Acosta, Energy Secretary Rick Perry and Agriculture Secretary Sonny Perdue also made the case for President Trump's rebuilding blueprint, which allocates $200 billion in federal seed money that the administration argues will lead to a $1.5 trillion overhaul.

But neither the administration nor lawmakers have identified a clear revenue stream for Trump's plan, which seeks to incentivize both local and private investment.

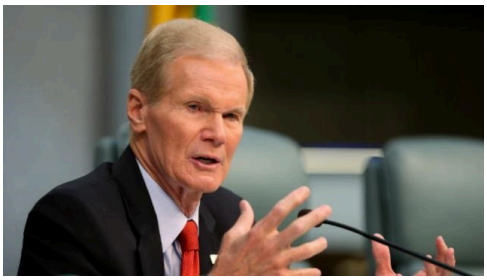
Commerce Committee Chairman John Thune (R-S.D.) said he expects some sort of legislation to move this year, but noted that there has been a struggle to identify how to pay for the plan.

"I think it's realistic that something could happen that would constitute a down payment on a bigger, more robust bill," Thune told reporters after the hearing.

"I think the key right now is whether or not we have sufficient resources to fund an infrastructure package."

The question over how to pay for a sweeping infrastructure package has plagued lawmakers for years and has been one of the main issues over shadowing Trump's push for the legislation as Democrats continue to dismiss the $200 billion pitch.

"So how are we going to pay for it?" committee ranking member Bill Nelson (D-Fla.) asked during the hearing.



"We can't toll our way out of it," he added in an apparent reference to the administration's suggestion to lift a ban on states' ability to collect tolls on interstates.

But the Cabinet secretaries touted various aspects of Trump's plan that would help their respective departments.

Acosta, for example, emphasized the push for workforce advancement in the framework, which calls to extend the eligibility for Pell Grants, widen the practice of apprenticeships and alter trade licensing requirements.

"As we build infrastructure, we must also ensure that we think about the American workforce that will build this infrastructure and that ultimately benefits from these efforts," Acosta told the committee.

Perry praised the plan for pushing to streamline the permit process and for providing

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Trump Cabinet members press Senate Panel on Infrastructure Overhaul

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state and local governments with "flexibility" on infrastructure projects.

"First and foremost, the president's plan, it embraces America's time-honored federalist tradition," Perry said.

Trump's rebuilding proposal says a quarter of appropriations would go toward rural projects in the form of block grants to states so governors may decide where to invest.

"The president's plan gives the nation's governors the power and the flexibility to prioritize infrastructure projects that would benefit their respective states," said Perry.

Perdue plugged the administration's emphasis on rural infrastructure and highlighted the need to expand rural broadband.

"Let's just get it done for the American people because it's needed in order for American producers and agriculture to remain competitive," Perdue said. "This is a very important issue."

But the administration's push has hit a wall in Congress, as House leadership appears reluctant to take up a sweeping infrastructure bill and Republican lawmakers in both chambers openly question the likelihood of passing a public works overhaul this year.

Thune conceded that a rebuilding effort could come in the form of several bills, a suggestion Speaker Ryan (R-Wis.) made about infrastructure legislation in the House.

"I think because of the multiple committees of jurisdiction it inevitably probably will get spread out a little bit," Thune told reporters.

"It could be individual bills that get marked up, reported and then married up on the floor."

Baltimore City Council Votes to Ban New Oil Terminals

The Baltimore City Council voted in favor of a bill that would ban construction on new crude oil terminals or terminal expansions in the city in an effort to limit the number of oil trains traveling through the city.

The bill still needs approval from Mayor Catherine Pugh.

Several Smaller Infrastructure Bills are Active in the House

Trump administration official DJ Gribbin suggested an infrastructure bill could become law before this year's midterm elections, while House Speaker Paul Ryan, R-Wis., recently said several small bills could advance. Infrastructure-related legislation that has already passed in the House includes a bill on the Environmental Protection Agency's brownfields program and a bill that would emphasize the Federal Energy Regulatory Commission as the lead regulator on natural gas pipeline projects.

Oil Demand Growth to Shift to Petrochemicals Away from Motor Fuels – IEA

Strong global demand for oil and gas will shift in the next five years towards petrochemicals and away from motor fuels gasoline and diesel, the International Energy Agency (IEA) said.

Demand for products ranging from fertilisers to plastics and beauty products would drive roughly a quarter of the expected oil demand growth to 2023, the IEA said in its five-year outlook.

This would bolster more anaemic growth in gasoline and diesel, also known as gasoil, as fuel efficiency and declining developed world consumption takes its toll, it said.

World oil demand is expected to rise by 6.9 million barrels per day (bpd) to 2023, or 1.2 million bpd per year, it said, with a quarter of this growth, or 1.7 million bpd, coming from demand for petrochemical feedstocks ethane and naphtha.

"Global economic growth is lifting more people into the middle class in developing countries and higher incomes mean sharply rising demand for consumer goods and services," the IEA said.

"A large group of chemicals derived from oil and natural gas are crucial to the manufacture of many products that satisfy this rising demand," it added.

Naphtha is made by oil refineries processing crude, but other petrochemical feedstocks - ethane or liquefied petroleum gas (LPG) - largely bypass the refining industry.

The boom in U.S. shale oil boom has dramatically expanded the availability of ethane, and a string of new projects on the U.S. Gulf Coast are underway to process it.

In total, the world is expected to add 1.4 million bpd in new petrochemical-producing steam crackers to 2023, the IEA said.

Demand for ethane would expand the fastest pace in the next five years, rising by 885,000 bpd, followed by naphtha with growth of 495,000 bpd and LPG with growth of 40,000 bpd, it said.

Jet fuel, supported by growing demand for air travel, would grow by a 1.2 percent to 2023, the IEA said.

But it said demand for gasoline and diesel would rise by 0.7 percent each, with expansion slowed by fuel efficiency standards that now cover two thirds of the world's top car markets.

More than 80 percent of global car sales are now in markets covered by efficiency standards, including China, India the United States and Europe.

The IEA said this "will impact strongly on future oil demand."

North American Energy IPOs Set to Rebound in 2018 as Oil Price Stabilizes

Higher oil prices and a positive earnings outlook for energy companies are expected to fuel a rebound in North American oil and gas initial public offerings in 2018, with bankers betting investors will remain optimistic about the sector even if the broader stock market remains volatile.

IPOs in the United States and Canada could reach their highest in four years, and oilfield services companies are seen leading the recovery, given their pressing capital needs.

More than a dozen energy companies are lining up to list this year, including several private equity-backed U.S. exploration and production (E&P) companies.

Denham Capital-backed Covey Park Energy may be the first of these names, with initial conversations with investors planned in the next few weeks, followed by a formal deal marketing depending on investor response, two sources aware of the matter told Reuters.

Indigo Natural Resources said Jan. 29 it had previously filed a confidential proposal with the Securities and Exchange Commission to go public, with timing dependent on market conditions.

Vine Resources is also eyeing an IPO this year, while potential Canadian candidates include Canbriam Energy and Velvet Energy, two separate sources said.

Warburg Pincus [WP.UL], one of the biggest private equity investors in the Canadian energy patch, backs both Canbriam and Velvet.

Denham and Warburg declined to comment. Vine-backer Blackstone Group did not respond to requests for comment.

Access to equity markets for energy firms comes at an opportune time for private equity firms seeking to cash out of long-held investments.

Investors are encouraged that crude prices have stayed above $60 a barrel even as drilling activity pushed U.S. oil output past 10 million barrels per day for the first time since 1970. Company fundamentals are also more resilient than 12 months ago, supporting the IPO pipeline.

“The stability in oil prices is a net positive. If energy companies can demonstrate to investors that they can generate cash flow in the current oil price environment, they can go public,” said Grant Kernaghan, Citigroup’s managing director of Canadian investment banking.

“The recent volatility hasn’t resulted in markets shutting down,” he added, suggesting equity markets were still open despite a 10-session period up to Feb. 8 when the S&P 500 dropped over 10 percent.

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North American Energy IPOs Set to Rebound in 2018 as Oil Price Stabilizes

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OIL SLUMP

Still, experts said any selloff on the oil market that pushes crude prices below $60 could derail these plans to go public.

After 20 IPOs worth $11.7 billion in 2014, the slump in oil from mid-2014 saw the subsequent three years raising just a combined $9.8 billion from 21 offerings, according to Thomson Reuters data.

So far this year, five energy IPOs have raised $1.26 billion, according to Reuters calculations.

Four of these five oilfield services IPOs had successful debuts, while IPSCO Tubulars pulled its offering due to the market selloff.

Quintana Energy Services Inc priced its IPO below the guidance range and then saw its stock drop further upon opening.

However, Cactus Inc sold more shares than originally planned and traded higher on its first day.

Unlike last year, when an initial flurry of energy IPOs was curtailed by a slump in crude prices, bankers hope stronger fundamentals will sustain interest in new offerings in 2018.

Last year, services IPOs were based on forward earnings and lacked existing cash flows, meaning falling oil prices undermined investor confidence.

"Now, companies are well supported by current earnings and trade at low multiples," said Robert Santangelo, co-head of equity capital markets for the Americas at Credit Suisse.

So far, exploration and production (E&P) companies have not shown the same willingness as services firms to accept a lower valuation that would restart offerings from that space, creating a "Mexican stand-off" between potential IPO candidates over who goes first, according to one energy banker who spoke on condition of anonymity.

Covey has an incentive to go first: a financing agreement that becomes more expensive if it is not able to list this year, according to one of the sources aware of the IPO plans.

Even as companies prepare for IPOs, M&A remains a viable exit option for buyout firms.

"Private equity firms have been waiting for a better environment. The settling of the oil price does help them move forward," said Kevin Headland, senior investment strategist at Manulife Investments.

U.S. Oil Export Surge Means OPEC's Output Cuts May Be Doomed

Oil risks sliding back under $60 a barrel as a surge in U.S. shipments to Asia threatens to undermine a deal between OPEC and its allies, according to ING Groep NV.

While the producer group complied with a pledge to curb output and ease a glut in 2017, U.S. flows that are gaining a bigger slice of the prized Asian market may prompt some nations to boost supplies, said Warren Patterson, a commodities strategist at the Dutch bank. The resulting fallout could drag down crude prices after a rally of more than 40 percent since June, he said.

"The longer the deal goes on, it's going to start falling apart," Patterson said in an interview in Singapore, referring to an output-cut agreement between the Organization of Petroleum Exporting Countries and other producers including Russia.

"They continue to give market share away to the U.S."

Brent crude, the benchmark for more than half the world's oil, traded at $65.07 a barrel at 10:11 a.m. in London on Monday, compared with about $45 in June. ING forecasts Brent at $57 in the second half of 2018. Prices were at more than $115 in mid-2014, before a global glut sparked the biggest crash in a generation. West Texas Intermediate, the U.S. marker, is currently near $62 a barrel.

Crude's rebound since last year is encouraging American drillers to pump even as they make efforts to be disciplined on spending, Patterson said. "We need to see prices in the short-term trade below $60 to reduce that incentive for U.S. producers," he said.

As American output continues to expand, more exports will sail to Asia, the traditional bastion of Middle East producers. In February, even Saudi Arabia's state oil company considered participating in these flows via a U.S. unit, before determining it wasn't economically viable at the time.

Bullish Calls

ING's outlook is in contrast to bullish views from Royal Bank of Canada and Goldman Sachs Group Inc. to BMI Research and Societe Generale SA, which see prices supported as strong de-

U.S. Oil Export Surge Means OPEC's Output Cuts May Be Doomed

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mand soaks up supply from the U.S. While Patterson does see healthy oil consumption, he said growth may slow and fail to completely absorb gaining American output.

While the U.S. is now pumping more than 10 million barrels a day, surpassing a record set in 1970, that boom is being accompanied by a surge in overseas shipments, helping drain stockpiles at the nation's largest storage hub. Exports have averaged about 1.5 million barrels over the past six months, almost double the level in the previous six months, Energy Information Administration data show. Asia is the biggest buyer of the supplies.

Click here for a story on how exports are making U.S. oil costly versus rival crude

OPEC should beware as U.S. shale producers are set to steal a bigger slice of the market in Asia, which consumes more oil than any other region, according to industry consultant Wood Mackenzie Ltd. Crude shipped overseas from the U.S. will soar to almost 4 million barrels a day by the mid-2020s, rivaling shipments from Iraq and Canada, it said last week.

Asia is "a market that the Middle East does not really want to give up," ING's Patterson said. "We think compliance is likely to slip. The deal will still officially be in place, but once we get into 2019 there's no chance that we will see some sort of deal."

Three Words We Need at Work

I'm curious.

When was the last time you heard these words at work, if ever?

"I need you."

From a manager?

And not as the introductory part of a sentence as in, "I need you to up your game" or "I need you to get that presentation out today".

Just the three words. No strings attached.

How did that make you feel?

Or how would it make you feel?

Maybe there's a little involuntary cringe because it's about you and extends some vulnerability. And it also might feel pretty good. Don't we all want to feel like someone needs us? That we matter?

Have you ever spoken those words to someone you were leading or to someone with whom you work?

Same questions as above.

When I think of receiving these words, I feel grateful, encouraged and appreciated. In the role of offering these words, I find them freeing and uplifting.

"Life doesn't make any sense without interdependence. We need each other, and the sooner we learn that, the better for us all."

-Erik Erikson

And that makes me curious why this message seems so rare and out-of-place at work, at least in my observation. What does it imply that makes us so uncomfortable?

Is it that it somehow implies we aren't strong enough to go it alone? Or perhaps it's the thought that the other person might not reciprocate or might let us down.

Does it infer that we like everything about that person? Are we making a promise that we'll have to keep? Is it a threat to our power?

Maybe there's an unspoken belief that needing each other isn't really relevant in the workplace because we have bosses and performance reviews and job descriptions that oblige us to cooperate.

It seems like that's the deal in the world right now. We're all in some sort of denial about the truth that we need each other to survive, to thrive, to make the world better or save it from collapse. But I digress.

I'm just wondering if we were willing to speak those words once in a while and admit our dependency, our need for cooperation and our appreciation for the unique contribution of others, what might happen?

Who would benefit?

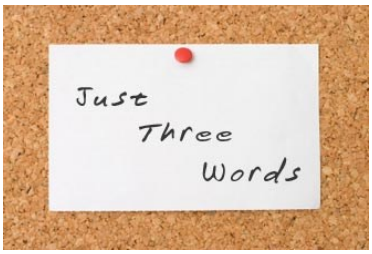
What kind of space might that create?

How would it affect our communication?

Our perception of each other?

I'm curious.

Are you?



Congress Struggles to Find Ways to Plug Infrastructure Shortfall

U.S. lawmakers said Congress must find a way to pay for a massive looming shortfall in funding to pay for crumbling highways, bridges and other infrastructure.

Representative Bill Shuster, who chairs the House Transportation and Infrastructure Committee, said at a hearing he is working to find a "big broad bipartisan infrastructure bill" but acknowledged new revenue must be found.

Congress has transferred nearly $140 billion to the Highway Trust Fund since 2008. In order to maintain current spending levels, lawmakers would need to approve an additional $107 billion from 2021 through 2026.

Some lawmakers suggested hiking the federal gasoline tax, which at 18.4-cent-a-gallon has not been raised since 1993 and rising U.S. vehicle fuel efficiency is reducing revenue to pay for road repairs.

While some 31 states have hiked gasoline taxes since 2012, many key Republicans in Congress strongly oppose a federal gasoline tax hike.

"There's been no political price to pay," Shuster said, for state politicians hiking gasoline taxes. He said Congress will pay a "price" if they do not have a funding fix. "We are already paying it in congestion, bad roads and failing bridges."

President Donald Trump last month endorsed hiking the federal gasoline tax by 25 cents a gallon in a meeting with lawmakers about funding his infrastructure spending proposal, a Democratic lawmaker said. He has not endorsed it publicly and the White House would not confirm or deny the report.

"If you don't increase taxes we're not having an infrastructure bill and we're doing nothing," Representative Peter DeFazio, the top Democrat on the panel, said at the hearing. "We have to have real money."

The American Trucking Associations and U.S. Chamber of Commerce both testified in favor of boosting gasoline taxes.

But Representative Sam Graves, a Missouri Republican, said there is little chance of winning support in the House to hike gasoline taxes, but said a solution must be found. "There simply isn't any money left under the couch cushions," he said.

Trump wants to use $200 billion in federal funds to try to stimulate $1.5 trillion in infrastructure improvements over 10 years but would cut an equivalent amount in projected infrastructure spending from the federal budget as it shifted more costs to states and cities.

Senate Democrats proposed $1 trillion in new federal spending paid for by repealing some tax cuts approved in December.

Trump would make it easier for states to impose new tolls. Last month, the White House praised an experimental program in Oregon that charges a mileage tax to volunteer drivers. But ramping that up nationally could take a decade, experts testified.

Congressional aides say it is looks increasingly unlikely that a major infrastructure package will be approved this year, citing the pending November elections and a glut of issues on the calendar.

Paul Ryan: 'We're not going to raise gas taxes'

House Speaker Paul Ryan said the Republican-led Congress won't raise the federal gas tax to pay for President Trump's infrastructure plan, seemingly putting the idea to rest.

"Well, we're not going to raise gas taxes, so I don't foresee that as a problem," the Wisconsin Republican said during a telephone town hall with Americans for Prosperity President Tim Phillips. "We're just not going to do that here. There are some people who are talking about that, but the last thing we want to do is pass historic tax relief in December and then undo that, so we are not going to raise gas taxes."

Americans for Prosperity, a conservative political group aligned with oil men Charles and David Koch, has been lobbying Congress to oppose a gas tax increase. The Republican-aligned Chamber of Commerce, meanwhile, has endorsed a hike.

The tax, which has not been increased in 25 years, is 18.4 cents for gasoline and 24.4 cents for diesel.

Without raising the tax, the government faces a long-term funding problem to pay for road and transit projects.

Rep. Bill Shuster, R-Pa., chairman of the House Infrastructure Committee, has been particularly vocal about finding a stable revenue source to shore up the Highway Trust Fund.

He suggested Congress should consider raising the federal gasoline tax to pay for Trump's infrastructure plan. Trump's plan calls for spending $200 billion in federal money on infrastructure projects, to encourage a total of $1.5 trillion in spending, with the difference made up by state, local and private investments.

The combination of a gas tax that hasn't changed in 25 years and the greater fuel efficiency of cars has led to chronic shortfalls of more than $70 billion since 2008 in funding for the Highway Trust Fund, the main vehicle to spread money to states to help pay for transportation projects.

"Fixing the Highway Trust Fund for the future and modernizing how we fund infrastructure in this country must be part of our solution," Shuster said in a hearing where Transportation Secretary Elaine Chao testified about the infrastructure plan. "The American people understand the need we have to invest in our infrastructure."

Shuster refused to back down after Ryan rejected a gas tax increase.

"It's an opinion," Shuster said of Ryan's stance. "At some point, we got to do something."

Oil Industry Meets with President Trump

President Trump and Vice President Pence met with oil company executives, who pressed the president on their trade policy priorities and cheered him for big moves on taxes and regulations.

The meeting was organized by the American Petroleum Institute (API), the oil industry's top lobby, and included its president, Jack Gerard, as well as 13 executives from leading oil companies who sit on the group's board, the White House said.

"The president met with members of the American Petroleum Institute to discuss the important role natural resources play in our energy sector," White House spokeswoman Lindsay Walters said in a statement.

The event at the White House happened during a two-day meeting with the API leaders, who stayed at and met at the Trump International Hotel, owned by Trump and run by his son, Donald Jr.

"API executives highlighted a host of the industry's priority issues, including the importance of trade policies that recognize the integrated nature of North American and global markets," API spokesman Eric
.
Wohlschlegel said in a statement.

"In particular, they discussed the industry's desire to continue working with the Administration on necessary investment protections that advance the industry's contributions to the U.S. economy, national security and reliable energy for American consumers," Wohlschlegel continued.

While the oil sector has cheered Trump's deregulatory and pro-fossil fuel agenda, API has joined the rest of big business in their concerns over Trump's trade policy, including his recent announcement of massive tariffs on most steel and aluminum imports.

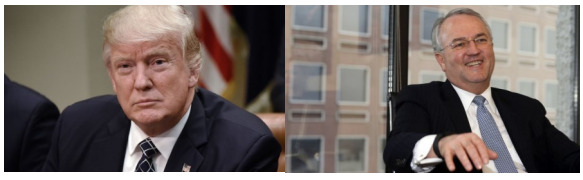
The oil industry expects that the tariffs will hurt pipeline construction, as well as other processes that require a lot of metal, like drilling.

"The actions taken today are inconsistent with the administration's goal of continuing the energy renaissance and building world class infrastructure," Gerard said earlier this month when Trump announced the tariffs.

"The U.S. oil and natural gas industry, in particular, relies on specialty steel for many of its projects that most U.S. steelmakers don't supply."

Oil companies are also worried that as Trump works to renegotiate the North American Free Trade Agreement with Canada and Mexico, he might seek to weaken or eliminate provisions for investor-state dispute settlement (ISDS), a process by which companies can directly challenge a nation's policy as a violation of the pact.

Robert Lighthizer, Trump's trade representative, has reportedly sought to allow the United States to opt out of the ISDS process.



Oil industry: Trump's Offshore Drilling Plan Could Add $590B to Economy

President Trump's offshore oil and natural gas drilling plan could contribute up to $590 billion to the U.S. economy within two decades, according to new research commissioned by the oil industry.

The American Petroleum Institute (API) released four studies Friday, written by Calash and Northern Economics, focusing on each of the areas where the administration is considering allowing or expanding offshore drilling: the Atlantic, Pacific and Gulf of Mexico coasts, as well as around Alaska.

The Atlantic alone could see $260 billion in new economic activity, while the Pacific has the potential for $160 billion, the study said.

The plan has been controversial and seen bipartisan opposition from states along the Pacific and Atlantic coasts. Opponents say drilling would threaten the environment, tourism and fishing, as well as exacerbate climate change.

But with the studies released, the API is trying to push back, arguing that it would be beneficial not just for the country as a whole but also specifically for the coastal communities where opposition has been strongest.

"Ultimately, the studies confirmed what the U.S. oil and natural gas industry has supported over the years: opening the currently restricted [outer continental shelf] areas would increase economic benefits, not only specifically for the coastal regions near the offshore development, but also nationally as well," Erik Milito, the group's director for upstream operations, told reporters.

"It should be welcome news for U.S. consumers and families that are looking for increased jobs, investment in their communities and energy and national security."

Milito said the studies, based largely on what offshore drilling has already done in the Gulf of Mexico, show that drilling can coexist with the various interests who are opposing the plan.

"We have not seen, in the experience of this industry, a negative impact when it comes to tourism, commercial fishing and these amenity-type economies," he said. "In fact, all the data we've

Oil industry: Trump's Offshore Drilling Plan Could Add $590B to Economy

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seen has suggest the opposite, that when you bring in a lot of good-paying jobs to help drive economic stimulus to these economies, they bring investment in, they build up communities, they provide money for infrastructure and transportation, and it's a win-win-win for all those different economies all together."

The study came on the day that public comments are due on Trump's drilling plan.

It also came days after Oceana, a conservation group opposed to drilling, released its own economic analysis, saying that drilling threatens 2.6 million jobs and almost $180 billion in economic activity in coastal economies.

"From ocean views scattered with drilling platforms, to the industrialization of our coastal communities, to the unacceptable risk of more BP Deepwater Horizon-like disasters, expanding offshore drilling to new areas threatens thriving coastal economies and booming industries like tourism, recreation and fishing that rely on oil-free beaches and healthy oceans," Diane Hoskins, campaign director at Oceana, said in a statement.

But the API pushed back.

"I would characterize our studies as being a bit more based in reality," he said. "We've seen in the Gulf of Mexico the success of the industry in terms of coexisting and working closely with tourism, commercial fishing as well as the military."

The administration must analyze the input, put out a new proposal, take comments on it, analyze those and then finalize it.

Any new drilling would be years away and come after further environmental review and drilling rights sales, among other steps.

Letter to the Editor

Dear SSDA-AT,

"The U.S. is becoming the undisputed leader of oil and gas production worldwide." That's according to International Energy Agency (IEA) official Fatih Birol, who credited the "remarkable ability of producers to unlock new resources cost-effectively" for "fueling major investments in petrochemicals and other energy-intensive industries."

It's more confirmation that the economic benefits of U.S. natural gas and oil production are wide-ranging – from millions of jobs supported across numerous industries to household savings supplied by affordable energy. The opportunity to export a portion of our abundant natural gas supplies promises additional benefits – not just economic, but environmental and geopolitical.

Exports of liquefied natural gas (LNG) could contribute up to 452,000 jobs nationwide by 2040 and add up to $73.6 billion annually to the GDP, according to analysis by ICF International. In congressional testimony last week, experts explained how LNG exports generate jobs throughout the economy, and how they serve as a diplomatic tool to help U.S. allies.

Meg Gentle - President and Chief Executive Officer, Tellurian Inc.: "Exporting natural gas as LNG continues to benefit the American people by creating thousands of jobs and stimulating economic expansion. We expect our Driftwood LNG project alone to create at least another 13,000 jobs while supporting manufacturing jobs in 18 U.S. states. U.S. LNG exports advance American geopolitical interests and leadership by strengthening the energy security of our allies and improving air quality through clean-burning natural gas."

Christopher Smith - Senior Vice President, Cheniere Energy, Inc.: "Cheniere expects to make an approximately $30 billion investment in American energy infrastructure…and sources materials for our facilities from nearly 1,600 different manufacturers across 46 states… An important part of our business model is the fact that we're selling an affordable, reliable, cleaner fuel that customers around the world want. … Many countries – developed and developing, traditional LNG importers and emerging markets – are choosing natural gas as a lower-carbon, affordable and reliable option for their energy portfolio."

Peter B. Doran - President and CEO, Center for European Policy Analysis: "This capacity offers profound strategic benefits to America. … It is exceptionally beneficial to our allies and partner countries in Asia, Europe and elsewhere. In some cases, our energy shipments are helping to diversify allies away from sole-source dependence on Russia. This has been a long-standing aim of U.S. foreign policy. And we are only now beginning to achieve it. Together with supplies from the Middle East and other regions, Americans can take pride in the fact that we are helping to protect vulnerable consumers beyond our shores; and to increase their leverage in energy negotiations with Moscow."

The economic and strategic advantages up for grabs in the global LNG market are not lost on our global competitors. Nations like Qatar, Russia and Australia are building the export facilities and transportation infrastructure necessary to compete. As the world's leading natural gas producer, and a low-cost producer, the U.S. has a major competitive advantage. By implementing proposals to streamline the permitting process and invest in energy infrastructure, we can ensure that competitive advantage delivers maximum economic and geopolitical benefits.

Sincerely,

Jack Gerard

President and CEO

API

Wyoming's Oil and Gas Tax Cut Fails

A bill granting tax exemptions to oil and gas companies failed in the Wyoming House after sailing through the Senate.

The bill's sponsor, Sen. Eli Bebout, R-Riverton, argued that cutting severance taxes in the third and fourth year of production for new wells would incentivize more drilling in Wyoming. Oil and gas wells produce the most volume in the first few years under current drilling practices, the Senate president and oilman said. The decline curve in new wells has impacted Wyoming revenue streams as wells drilled a few years ago are producing less oil while new drilling hasn't increased enough to pick up the slack, some argue. The imbalance has been exacerbated by the lull in drilling during the two-year bust in crude prices nationally.

"We need more rigs out there and more people drilling," Bruce Hinchey, president of the Petroleum Association of Wyoming, said in an earlier interview. "I'll take anything I can get to try and get that up. More rigs and more wells means more revenue to the state and the counties." Others argued that incentives via tax breaks lack a proven track record. A tax cut like the one proposed would likely hurt Wyoming in the long run, according to studies from the University of Wyoming, opponents argued.

The bill failed in the House Revenue Committee 3-6.

Rex Tillerson out as Secretary of State, to be replaced by CIA Director Mike Pompeo

President Donald Trump announced that former ExxonMobile CEO Rex Tillerson was out as secretary of state and said he plans to nominate CIA Director Mike Pompeo to fill the position amid reports of ongoing tension between Tillerson and Trump.

A State Department official said in a statement that Tillerson did not speak with the president before Trump's tweet was posted around 8:45 a.m. Tillerson was "unaware of the reason" for his dismissal, according to the statement.

Trump said Pompeo will be replaced by Gina Haspel, who will become the first woman to lead the CIA.

The move came after months of tension between Tillerson and Trump and one day after Tillerson told reporters that Russia was behind a nerve agent attack in Britain on a former Russian spy -- despite the White House's refusal to point the finger at Moscow, according to Cox Media Group's Jamie Dupree.

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