SSDA
SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

# SSDA News

*Service Station Dealers of America and Allied Trades*

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## Death Tax Repeal Act Reintroduced

By Roy Littlefield

Recently, the Death Tax Repeal Act of 2021 was reintroduced (S. 617 & H.R. 1712) by Congressmen Smith (R-MO) and Bishop (D-GA) in the House and Senate Minority Whip Thune in the Senate.

SSDA-AT strongly supports the legislation.

SSDA-AT signed on to a letter supporting the legislation along with 154 organizations.

SSDA-AT is a member of the Family Business Estate Tax Coalition (FBETC).

While we don't expect repeal to pass under a Biden administration, this year we will be fighting against a death tax increase and our friends on the hill tell us that a strong offense helps them play defense on this issue.

The House bill already has 121 cosponsors and the Senate has 25. SSDA-AT has been working to gather cosponsors on the legislation.

Last Congress, Senate Democrats proposed rolling back the doubled exemption to partly pay for their infrastructure package.

With another reconciliation bill likely this year, SSDA-AT is on high alert for any changes to the estate tax, capital gains due at death, step up in basis changes, and technical changes to the estate tax like disallowing valuation discounts and disallowing the use of certain trusts that family businesses use to plan for succession.

SSDA-AT will continue to find co-sponsors for the Death Tax Repeal Act in the 117th Congress as we work towards advancing the legislation.

# Four Post-Pandemic Digital Trends Here to Stay

We live in a highly digital era where the internet serves as a core piece of the modern customer's journey. The majority of consumers start the buying process by performing an online search through their computer, tablet, or phone, where they browse several websites before making a purchasing decision.

During the recent pandemic shutdown, consumers turned to the internet in droves to browse and shop when they could no longer visit their local stores. While at first the spike in online activity may have seemed like a one-off event that would reverse as soon as physical stores reopened, this has not been the case. Online search has developed into the cornerstone of consumerism's "new normal." In fact, many of the changes that took place over the course of last year have permanently altered the consumer landscape, especially in the case of eCommerce. The 2020 U.S. Ecommerce Market Report, released by Digital Commerce 360, revealed that our economy has undergone two decades worth of e-commerce growth since the end of 2019!

**The Digital Customer Journey Is the "New Normal"**

Spending more time on social media, browsing search engines, and buying online are all products of 2020 that have now become habits for people. These activities will not dwindle as the economy returns to in-person shopping. As a result, we're witnessing an increased urgency for businesses to have a strong digital presence in order to connect with prospects.

Shoppers have developed an on-the-go approach to browsing and buying, which means they are accessing the internet to make a purchasing decision anytime and anywhere. To engage these mobile prospects, businesses need an active online presence that intersects with shoppers' purchasing journey at key decision-making moments.

While 2020 is behind us, many of the changes that occurred will stay with us well into the future. What trends can business owners expect to stick around in a post-COVID world?

**Need for High-Performing Responsive Website**

With many people still working and shopping from home, websites have become a primary tool for research. Due to shutdowns and limited in-store capacities, websites now serve as virtual stores where shoppers can check out products and services prior to making a purchase.

Your website may be the first impression of your brand that online shoppers experience, and it could determine whether they decide to keep interacting with your business. A website that is built to rank highly online and is well-optimized for the user experience is a major asset to your online presence. The stronger your website, the more leads, and sales opportunities you can attract. Primary factors of a high-performing and well-optimized website include fresh and keyword-rich content, responsive website design, simple and intuitive site navigation, fast-loading webpages, and prominent calls to action.

**Value-Driven Messaging**

In the beginning of 2020, we saw a strong shift toward empathetic, unity-based messaging from brands. Savvy businesses that swapped out their more direct sales pitches in favor of educational and community-oriented content saw a 48% higher customer conversion rate. This is because brands that delivered educational content retained a higher number of their customer base, as well as gained a new market of supporters. Consumer preference for value-driven messaging has not disappeared—shoppers want to see their favorite brands continue to demonstrate a strong commitment to community.

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# NET DRIVEN

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To enhance the value of your messaging, you can leverage multiple outlets, including:

• Creating a blog to share tips and insights

• Sending out a regular newsletter

• Posting consistently on social media

• Keeping your paid posts sympathetic and transparent

**Importance of Digital Marketing**

Maintaining a strong digital presence is one of the most important steps businesses can take to remain relevant to their customers. As the use of online search continues to increase, businesses with a high brand visibility will fare better over businesses that continue to rely on in-store foot traffic.

Digital marketing tactics such as Search Engine Optimization (SEO) and Search Engine Marketing (SEM) work in tandem to elevate your online presence:

• Search Engine Optimization (SEO) organically builds your website's ranking in local online search. This is crucial to your online success, as 90% of online users only look at the first page of search results.

• Search Engine Marketing (SEM) turbocharges your brand awareness by featuring paid ads in prominent locations such as the top of search engines and in social media feeds.

**Central Role of Social Media**

People who work from home are using social media more than ever. Instead of just checking Facebook and Instagram on lunch breaks, employees are now browsing their feeds throughout the workday, even during conference calls. Social media is used as a source of discovery, especially among younger generations, to learn about brands and products.

With social media becoming the new version of search engines, businesses should maintain an active posting schedule and leverage a blend of organic and paid posts. Organic posting allows brands to show a more personal, "inside" look at their business and build consumer connections, while paid posts appear in the newsfeeds of promising leads who are not yet following that business on social media.

Along with the growth in social media comes an increased expectation for business owners to use social media as a form of customer service. Consumers aren't just using social media to browse—they are turning to direct messaging apps to communicate with the brands they're considering making a purchase from. As a result, direct messaging use is also on the rise—Facebook Messenger alone is predicted to reach 2.4 billion users by the end of this year.

We highly encourage businesses to invest in digital strategies in order to connect with the growing number of qualified leads who spend the bulk of their buying journey online. Businesses who don't adapt their marketing approach to match consumers' online shopping habits will miss innumerable sales opportunities. Instead of waiting for shopping habits to return to pre-pandemic procedures, we all must look ahead and embrace the digital change.

This article was written by the team at Net Driven. Learn more about Net Driven's digital marketing solutions by visiting www.netdriven.com.

## All Employers Are Required to Display Federal and State Postings

All employers are required to post certain federal and state postings. On a federal level, if an employer has less than 50 employees, they are required to post 5 notices: Fair Labor Standards Act; Employee Polygraph Protection Act; Equal Employment Opportunity; Uniformed Services Employment and Reemployment Rights Act; and Occupational Safety and Health Administration.

If an employer has 50 or more employees, federal law requires that they also post a notice related to the Family and Medical Leave Act. Each state has varying requirements on what notices must be posted.

# Unemployment Expanded to Include Refusal to Work Due to COVID-19 Health and Safety Issues

In response to a directive from President Biden, the U.S. Department of Labor has issued new guidance to state unemployment insurance agencies that expands the number of instances in which workers may be eligible for Pandemic Unemployment Assistance (PUA) related to COVID-19 workplace health and safety issues. The new guidance expands eligibility to three categories of workers: workers receiving unemployment benefits who had their continued regular unemployment benefits' claims denied after they refused to work or accept an offer of work at a worksite not in compliance with coronavirus health and safety standards; workers laid off, or who have had their work hours reduced, as a direct result of the pandemic; and school employees working without a contract or reasonable assurance of continued employment who face reduced paychecks and no assurance of continued pay when schools are closed due to coronavirus.

# Biden Attempts Bipartisan Push for Infrastructure Package

AP: President Joe Biden tried to maintain bipartisan momentum for a new infrastructure program by meeting with Republican and Democratic lawmakers at the White House.

The meeting was about "what we're gonna do to make sure we once again lead the world across the board on infrastructure," Biden said. "It not only creates jobs, but it makes us a helluva lot more competitive around the world if we have the best infrastructure."

Spending on infrastructure appears to be the next major priority for the Biden administration after its $1.9 trillion coronavirus relief package clears the Senate, likely along hardened partisan lines. The prospect of funding roads, bridges, ports, broadband and other infrastructure is a chance for Biden to rebuild his relationship with Republicans. It also allows him notch a policy achievement that evaded both the Obama and Trump administrations.

Biden met with eight members of the House Committee on Transportation and Infrastructure, a follow-up to a February 11 meeting with senators on infrastructure.

The president laid the groundwork for an infrastructure package during last year's campaign by proposing $2 trillion in "accelerated" investments to shift to cleaner energy, build charging stations for electric vehicles, support public transit and repair roads and bridges. The plan emphasizes the importance of addressing climate change and creating unionized jobs.

There is a need for infrastructure spending. The American Society of Civil Engineers on Wednesday graded the nation's infrastructure as a lackluster "C-." The group said $5.9 trillion must be spent over the next decade for safe and sustainable roads, bridges and airports. That recommendation is about $2.6 trillion more than what the government and private sector spend.

Republicans say they want to invest in infrastructure, but they appear to disagree with Biden's focus on the environment and the possibility of financing any program with debt after the federal government has already borrowed heavily to combat the economic fallout from the pandemic. Their concern is that infrastructure would ultimately become a form of the Democratic-proposed "Green New Deal" that would move the country away from fossil fuels.

Missouri Rep. Sam Graves, the ranking Republican on the transportation committee, left the Thursday meeting with a series of markers for Biden to win bipartisan backing.

"First and foremost, a highway bill cannot grow into a multi-trillion dollar catch-all bill, or it will lose Republican support," Graves said in a statement. "Second, a transportation bill needs to be a transportation bill that primarily focuses on fundamental transportation needs, such as roads and bridges. Republicans won't support another Green New Deal disguising itself as a transportation bill."

Still, the committee chairman, Oregon Democrat Pete DeFazio, described the meeting with Biden as productive and refreshing after conversations with former President Donald Trump led to minimal progress on infrastructure. DeFazio said they discussed paying for the plan, but he declined to go into specifics.

"The difference between talking to Joe Biden about infrastructure and what goes into it and how we're going to get it done and Donald Trump is like, it's just a whole different world," DeFazio said. "It's way better."

# Shale's Private Army Ramping Up Means Supply Wild Card for OPEC

(Bloomberg) -- The battered and bruised U.S. shale industry is finding a resurgence in one of the most unlikely places: private operators most investors have never heard of.

Take the case of little known, closely held DoublePoint Energy. It's now running more rigs in the Permian Basin than giant Chevron Corp. Meanwhile, family-owned Mewbourne Oil Co. has about the same number of rigs as Exxon Mobil Corp.

That's emblematic of what's happening across the industry. Once minor players, private drillers held half the share of the horizontal rig count as of December. It's the first time in the modern shale era that they have risen to the level of the supermajors.

That's happening when, after years of unwieldy supply growth, the big guys are finally starting to show restraint. They've dialed back drilling after the pandemic sent oil prices into collapse. Now that the market is on the rise again, the majors and publicly-traded counterparts are mostly sticking to the mantra of discipline, all but ending shale's decade-long assault on OPEC for market share.

But private operators' ambitious growth plans present the cartel with a wild card as prices rebound and it attempts to lift its own production.

"It's amazing on both fronts: private companies are getting so much bigger than we ever thought they would and the publics are drilling so much less than we ever thought they would," said Wil Vanloh, co-founder of the private equity firm Quantum Energy Partners, whose portfolio companies have combined for 18 rigs, trailing only EOG Resources Inc. for most in the nation.

With oil prices up close to 30% in the past two months, traders and analysts are watching shale producers closely for signs that they're opening the spigots. Most big publicly traded explorers are listening to investors' pleas and planning to keep production flat. But the contrast in output strategy from the private companies underscores just how anarchic the oil market is.

America's oil production currently stands at about 9.7 million barrels a day, about 3 million barrels a day less than a year ago before prices collapsed, according to the Department of Energy. That means the U.S. lost production equivalent to Iran and Angola combined, or two Gulf of Mexicos, in just 12 months.

The question is where does it go from here. A Bloomberg survey of major forecasters including Enverus and Rystad Energy showed a variance of 700,000 barrels a day, more than half of Nigeria's production, indicating how much uncertainty surrounds large, private producers whose plans are mostly shielded from public view.

If private drillers keep expanding at their current pace, it could eventually mean that U.S. production ends up on the higher end of analyst forecasts. And that, of course, could weigh on prices.

"In a few months, a lot of private operators will return in an aggressive manner to add wells and rigs because they are able to realize returns faster as oil prices are improving," said Artem Abramov, head of shale research at Rystad.

The private drillers are on pace to spend $3 billion in just the first three months of this year, doubling from their lowest levels of 2020, according to industry data provider Lium.

The spending spree is leading to a rig resurgence. The number of U.S. drilling rigs that can bore a hole a mile deep and turn sideways for another two miles has steadily improved since history's worst crude-price crash forced a 15-year low in August. Most of that growth has come from the private companies.

The private drillers reached a record 50% share of the horizontal rig count in December, up from 40% a year earlier.

"We are expecting output to start growing from the second half of this year, and that will likely come more from drilling by private companies

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## Shale's Private Army Ramping Up Means Supply Wild Card for OPEC

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than public ones," said Bernadette Johnson, vice president for strategy and analytics at Enverus.

DoublePoint Energy, backed by investors including Quantum, has doubled production to about 80,000 barrels a day in the past year and expects to increase to more than 100,000 barrels a day over the next few months, according to Co-Chief Executive Officer Cody Campbell.

"The publics are under a lot pressure to be disciplined with the capital they spend," Campbell said in an interview. "They don't have the freedom to go after returns like we can."

That freedom means the private operators could also become more of a thorn in the side of OPEC+ if they keep expanding over the next six months to a year, said Daniel Cruise, a partner at Lium. The producer group, which meets on March 4 to discuss strategy, has been withholding barrels to support the market even as some key members disagree on the path forward.

"If these guys stay out in the field and keep pumping and shale goes up, then that presents a whole other thing for OPEC," Cruise said.

Saudis, Russia Differ Again on Oil Strategy Before OPEC+ Meeting

Some of the discipline on the part of the publicly-traded independents comes from experience.

For years, companies pledged sky-high returns even when oil was as low as $50 a barrel. But those promises were never kept. Over the past decade, shale oil and gas producers burned through more than $300 billion in capital spending above the cash generated from oil revenues, according to Deloitte LLP. That resulted in massive flows of oil but little in the way of financial returns to investors.

Indeed, oil's dizzying collapse last year is still fresh in the minds of many, and shareholders are quick to punish the producers they think are getting too aggressive. Matador Resources Co. was widely questioned when it recently announced plans to add one rig to its Permian Basin holdings. The stock fell as much as 10% after the announcement.

Meanwhile, private equity-backed companies are being driven to pump harder than ever before because of a more complicated exit strategy.

Many of these suppliers started up around 2014 to 2017. At the time, it was enough for a private driller to acquire some land, put in a few wells, and they'd quickly get bought up in a lucrative sale as the public producers tried to increase reserves.

But with the decline in prices, it takes a lot more for a private driller to look attractive enough to tempt the now more-disciplined majors. Many private companies have little choice but to expand output and increase cash flow in the hope that they can lure public companies down the line when oil markets and valuations improve.

"You've got Major League Baseball and you've got the minor leagues, and the private equity backed companies were kind of like the minors," Vanloh of Quantum said. "They were serving up opportunity, aggregating land, drilling some wells, proving some things up, but they didn't really want to run a large-scale drilling program."

The private companies insist they won't fall victim to shale's past losses because all the operational difficulties have now been worked out of the major basins, making it easier to run large rig programs.

"The guesswork just isn't there anymore, everything is just extremely repeatable," DoublePoint's Campbell said. "That's a hard story to tell if you're a public company and dealing with investors who have been burned."

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# US Senate Confirms Michael Regan as EPA Administrator, SP Global

The U.S. Senate on March 10 voted to confirm former North Carolina regulator Michael Regan as the U.S. Environmental Protection Agency's 16th administrator.

Regan, who started his career at the EPA before leaving to work at the Environmental Defense Fund, was approved 66-34, with 16 Republicans voting for approval. At age 44, Regan is the first Black man to serve as EPA administrator.

In his most recent position as head of the North Carolina Department of Environmental Quality, Regan won praise from lawmakers on both sides of the aisle as a dealmaker who excels at brokering compromises. No stranger to working with electric utilities, Regan notably helped secure a $1.1 billion coal ash cleanup settlement with Duke Energy Corp., the largest of its kind to date.

During his confirmation hearing, Regan pledged to "follow the science and the law" in crafting energy and climate rules as part of President Joe Biden's "whole of government" approach to combatting climate change.

As EPA chief, Regan is expected to oversee the development of rules targeting new and existing fossil fuel-fired power plants, oil and gas operations, vehicle emission standards, and federally protected waters. Former EPA administrators serving under presidents of both parties have also stressed the need to recommit the agency to science following various efforts to allegedly undermine its use by Trump administration officials.

Regan's confirmation was cheered by environmental groups and industry trade organizations alike.

"We look forward to working with Administrator Regan on the many environmental issues facing our industry, including the development of strong and cost-effective federal regulations on methane emissions throughout the natural gas supply chain for new and existing sources, and aggressive new rules for light-, medium-, and heavy-duty vehicles to help drive electrification and reduce

## US Senate Confirms Michael Regan as EPA Administrator, SP Global

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emissions from the transportation sector," Edison Electric Institute President and CEO Tom Kuhn said in a statement.

The American Petroleum Institute said it plans to work with the EPA to address problems such as climate change.

"We are committed to partnering with the EPA to advance a commonsense, durable regulatory approach aimed at addressing the risks of climate change, protecting public health and continuing to improve air and water quality," API President and CEO Mike Sommers said.

The Sierra Club, the nation's oldest grassroots environmental advocacy group, also framed Regan's confirmation as a victory for disadvantaged communities that have historically suffered the worst effects of industrial pollution.

"At a time when we must urgently restore and reinforce the many environmental protections dismantled by the Trump administration, and when so many power plants across the country still lack essential pollution controls, we are grateful to have a public health ally at the helm of this essential agency," Sierra Club Legislative Director Melinda Pierce said.

And Earthjustice, a legal organization at the forefront of many Trump-era court battles, signaled it will continue to press the EPA on its core mission of protecting human health and the environment.

"The new EPA must pursue a bold and equitable transition to a pollution-free, 100% clean energy economy that works for everyone, starting with emissions reductions and robust investment in the low-income communities and communities of color that bear the brunt of industrial pollution and the climate crisis," Earthjustice President Abigail Dillen said.

# House Democrats Seek Reform of Federal Lands Drilling Program, Reuters

U.S. Democratic lawmakers in Congress introduced a set of bills to reform federal oil and gas leasing regulations, including by raising royalty rates and toughening cleanup requirements.

The bills would update decades-old laws governing oil and gas drilling to boost the program's value for taxpayers. While the proposals would not deliver on President Joe Biden's campaign promise to stop issuing new leases to fight climate change, they could be applied to existing leaseholders if passed into law.

Biden paused new leasing shortly after taking office to review the program, a move widely seen as a first step toward a permanent ban - drawing opposition from lawmakers in oil -producing states and the drilling industry. Some 25% of U.S. oil and gas production comes from federal lands and waters.

The bills stand a good chance of passing in the Democratic-controlled House of Representatives, but may have a harder time moving through the divided Senate. It is unclear if Biden would sign the measures into law.

One of the bills, introduced by Representative Katie Porter, the new chair of the House natural resources oversight committee, would raise royalty rates for onshore development from 12.5% to 18.75%, for example, and boost the minimum bid price for federal acreage from $2 per acre to $5.

Porter's bill also requires the interior secretary to evaluate royalty increases periodically.

Another bill, from Representative Diana DeGette, would set a target for the United States to reduce methane emissions from the oil and gas sector on federal land by 65% below 2012 levels by 2025, and 90% by 2030.

Another measure proposed by Representative Alan Lowenthal would increase the amount of money drillers set aside for cleanups, to ensure taxpayers aren't left with the bill.

Maria Handley, director of campaigns at The Wilderness Society, said the package of bills would make it harder for the oil industry to "call dibs on millions of acres of land and then do nothing with them."

Some 53% of onshore leased federal acreage, around 13.9 million acres, is nonproducing, according to the Interior Department.

# 'Come to Grips with Facts': Manchin Prods Environmentalists to Back Oil, Gas Pipelines, W.T.

Sen. Joe Manchin III knocked President Biden for canceling the Keystone XL pipeline and urged environmental activists and fellow Democrats to make peace with oil and natural gas pipelines.

"We need to come to grips with facts," said Mr. Manchin, the chairman of the Senate Energy and Natural Resources Committee. "I've said this, 'everybody is entitled to their opinion, they're just not entitled to create [their] own facts to support their own opinion."

Mr. Manchin, a West Virginia Democrat who is his party's most conservative member in Senate, said pipelines are the safest alternative to transporting large amounts of crude oil and natural gas, which the U.S. economy heavily relies upon.

"I've seen the devastating effects [of transporting oil and gas] by rail and by road, and a pipeline is the best way to move this product," he said. "And it's going to come in, we need that heavy crude."

Mr. Biden on his first day in the Oval Office revoked permits for the Keystone XL, which would extend the pipeline to carry 800,000 barrels of oil per day from Alberta, Canada, to refiners on the Texas Gulf.

The decision was heralded by climate change groups, who say the pipeline would harm the environment. Republicans blasted the move for killing American jobs and threatening energy independence.

Mr. Manchin also stressed the impact of U.S. energy policy on geopolitical concerns. The senator said it is better to import energy from Canada than from countries such as Venezuela that are "oppressing their people."

# Energy Secretary Says Oil Industry Must Embrace Green Transition

(Bloomberg) -- Jennifer Granholm used her first speech as U.S. Energy Secretary to warn oil and gas companies they risk being left behind unless they embrace a transition to cleaner sources of energy, while also offering them an opportunity to partner with the new administration.

“I’m not going to sugarcoat how hard transitions are,” Granholm said during IHS Markit’s annual CERAWeek conference. “The bottom line is this particular growth of clean energy and reduction of carbon provides a huge opportunity and I’m extending a hand of partnership.”

Granholm’s remarks come as the Biden administration seeks to reassure hundreds of thousands of workers in oil, gas, and coal who feel imperiled by his fight against climate change, which includes a plan to rid the economy of carbon emissions by 2050. Biden has vowed not to leave any worker behind during this transition to a cleaner economy, but has been met with skepticism in the oil patch and elsewhere.

Granholm, who formerly served as the governor of Michigan, was confirmed last month to lead the Energy Department, an agency with a roughly $35 billion annual budget and a diverse mission that ranges from helping to build the nation’s arsenal of nuclear warheads to spending billions researching new energy technology.

Granholm has said she will draw on her experience revitalizing Michigan’s economy after the 2008 recession, and has vowed to focus on creating new jobs during the clean-energy transition. Some lawmakers representing fossil fuel-producing states have been critical.

“The Biden administration is telling these oil rig, coal mine, and well workers that they can simply get new jobs ‘building solar panels’,” Wyoming Republican Senator John Barrasso said last month. “Their livelihoods are being sacrificed in the name of the Biden agenda.”

In her remarks at the conference, which is being held virtually this year, Granholm said the Biden administration has created a new Office of Energy Jobs to help fossil fuel employees identify new opportunities. Among the examples Granholm cited was oil and gas workers using their drilling skills to tap into geothermal energy and sheet metal workers reinforcing pipelines to protect against methane leaks.

Granholm praised oil and gas companies that have already vowed to commit to net-zero carbon emissions by 2050.

“The market is raising its hand and saying we are heading in a direction you better come along or you are going to be left behind,” Granholm said. “Maybe we should listen to some of those signals and it’s an opportunity for those who work in these sectors to work with us to diversify into clean energy solutions.”

# Kerry Presses Oil Companies to Tackle Climate Change, The Hill

U.S. climate envoy John Kerry called on energy producers to ramp up their development of alternative and low-carbon technologies at a virtual conference.

"I think that the fossil fuel industry clearly could do a lot more to transition into being a full-fledged energy [industry] that is embracing some of these new technologies," Kerry said at the CERAWeek energy conference as part of a discussion with former Energy Secretary Ernest Moniz, according to Reuters.

The annual energy conference, which is typically held in Houston, was held virtually in 2021 after being canceled last year. Attendees included both climate leaders and energy industry figures.

Kerry, a former secretary of State, also told conference attendees that major upgrades to U.S. energy infrastructure were needed, blaming outdated equipment and systems for the failure of Texas's self-contained energy grid during a recent cold snap.

"We need to have a smart grid. That will save us huge amount of money, reduce emissions and produce a capacity to have baseload challenges met," Kerry said, adding that the U.S. is capable of substantially increasing the amount of renewable electricity it deploys.

However, he added, "we are going to have to get rid of some of our chauvinism and our parochial components that resist common sense and the need to move very hastily to get this done."

Kerry said the U.S. will unveil its new targets for emission cuts on April 22 at a summit of international leaders.

President Biden, who named Kerry as a special climate envoy, has undertaken a series of sweeping climate actions since taking office, including rejoining the Paris climate agreement, halting new leases for oil and gas extraction on federal land and canceling the construction permit for the Keystone XL pipeline.

Kerry's remarks at the CERAWeek conference came the same day The Wall Street Journal reported that the American Petroleum Institute, the nation's biggest oil lobbying organization, intends to endorse carbon pricing to reduce emissions. Over a decade ago, during the Obama administration, the group was one of the most vocal opponents of proposals to implement a cap-and-trade system for emissions.

# CERAWEEK-Oil Executives say Demand will Rise, Despite Emphasis on Renewables

Oil demand is expected to rise over the next decade and the fossil fuel will remain to be a crucial part of the energy mix, even as renewables draw increasing attention, Hess Corp Chief Executive John Hess said at CERAWeek.

At the biggest gathering of top energy leaders, investors and politicians from around the globe, climate change and renewable fuels are taking center stage this year with oil companies trying to reorient their portfolios as the fossil fuel industry reels from the coronavirus pandemic, which destroyed fuel demand and caused the loss of thousands of jobs.

"We don't think peak oil is around the corner - we see oil demand growing for the next 10 years," Hess said. "We're not investing enough to grow oil and gas in the future," he said, explaining that prices would need to rise to support that investment.

While demand is likely to recover sharply after the pandemic, supply is going to be slower to resume, he said, as shale producers, in particular, operate conservatively to meet shareholder's needs.

"I'm proud of being an oil and gas person," said Repsol CEO Josu Jon Imaz. "We are going to need oil and gas in the coming years."

An emphasis on renewable investment could trigger an oil price spike, said Maynard Holt, CEO of investment bank Tudor, Pickering, Holt & Co, speaking on a panel.

"The possibility that the world pulls a California is really high: you take the ball off of affordability and reliability and have a crunch," Holt said, referring to California's electricity crisis and shortage from 2000 to 2001.

# Delaware River Basin Commission Votes to Ban Fracking in the Watershed, State Impact

More than 10 years after the Delaware River Basin Commission imposed a de facto moratorium on gas drilling in the watershed, setting off a battle between natural gas advocates and environmentalists, the commissioners voted to ban fracking at a special meeting.

All four basin states — Pennsylvania, New Jersey, Delaware and New York — voted to ban the practice, citing scientific evidence that fracking has polluted drinking water, surface water, and groundwater. The vote prohibits gas drilling in northeastern Pennsylvania and southern New York state, where Marcellus Shale gas deposits are limited to about one-third of the basin. The decision already faces several federal lawsuits challenging the agency's authority.

"As DRBC chair, I welcome this opportunity to provide the fullest protection to the more than 13 million people who rely upon the Delaware River Basin's waters for their drinking water," Delaware Gov. John Carney said in a statement delivered by his representative, Shawn Garvin, at the virtual meeting. Garvin is secretary of that state's Department of Natural Resources and Environmental Control.

New Jersey Gov. Phil Murphy's representative, Shawn LaTourette, who also serves as the state's acting commissioner for the Department of Environmental Protection, spoke on his behalf, saying:

"Fracking poses significant risks to the water resources of the Delaware River Basin, and prohibiting high-volume hydraulic fracturing in the basin is vital to preserving our region's recreational and natural resources and ecology."

DRBC executive director Steve Tambini said the agency had received comments from more than 8,900 individuals since the ban was originally proposed in 2017, and had held six public hearings. He said more than 400 people attended the virtual meeting Thursday. Former DRBC executive director Carol Collier was one of them.

"The whole natural gas development issue landed on DRBC's plate in 2008," said Collier, who ran the agency at the time. "It was a mad rush to (get) the regulations together in 2010. I am very pleased that now there is an official vote and the resolution passed."

Collier said lessons learned from observing the impact of fracking on other parts of Pennsylvania where gas drilling is permitted, as well as current scientific studies, show this is a "very good decision."

In explaining the decision, the DRBC's Tambini cited a 2015 health study and an environmental impact statement done by New York state, as well as a 2016 EPA report, along with current research.

"DRBC received tens of thousands of comments, letters, and petitions from a diverse cross-section of the public from within the basin and beyond," he said. Those comments, along with studies, reports and "conclusions of other government agencies on the impacts of HVHF [high-volume hydraulic fracturing] on water resources were reviewed and evaluated by the DRBC staff and the commissioners."

Fracking for natural gas — technically referred to as high-volume hydraulic fracturing for its use of high-pressure water and chemicals to release gas from a tight shale formation — has led to water pollution across Pennsylvania. The most famous incident occurred early on in the gas boom in Dimock, where state regulators found that faulty well construction led to contamination of drinking water wells.

The Pennsylvania Department of Environmental Protection has concluded that shale gas drilling has contaminated hundreds of drinking water wells. Wastewater spills, which can contain heavy metals, radioactive material and toxic hydrocarbons like benzene and toluene, have contaminated surface water. Wastewater impoundments have also leaked, leading to groundwater

# Delaware River Basin Commission Votes to Ban Fracking in the Watershed, State Impact

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pollution. Hundreds of lawsuits against the industry, citing illness among children and animals, have been settled out of court.

DRBC's Tambini said the evidence shows those same incidents could occur in the Delaware River watershed, which include the river's headwaters and where shale gas formations lie beneath rural areas dependent on private drinking water wells.

"The geology of the region … is characterized by extensive geologic faults and fractures, providing preferential pathways for migration of fluids, including gases," he said. "If commercially recoverable gas is present in the Delaware River basin and if high-volume hydraulic fracturing were to proceed in the basin, then spills and releases of hydraulic fracturing chemicals, fluids and wastewater would adversely impact surface water and groundwater. The fluids released or migrating would contain pollutants including salts, metals, radioactive materials, organic compounds, endocrine-disrupting and toxic chemicals, and chemicals for which toxicity has not been determined."

The commissioners also voted unanimously to create rules surrounding the import and export of fracking wastewater from the basin, and the use of fresh water by drilling companies to frack wells outside the basin.

The special meeting came at a time when environmentalists were pushing for a vote to take advantage of the new Democratic administration in Washington.

The multistate commission regulates water quality and permits industrial activity that has impacts on the river and its many tributaries. The agency is made up of the governors of New York, New Jersey, Pennsylvania and Delaware, and the commander of the U.S. Army Corps of Engineers' North Atlantic Division, who represents the federal government.

Murphy, Carney and Pennsylvania Gov. Tom Wolf were already on the record supporting the ban. Brigadier Gen. Tom Tickner of the Army Corps of Engineers said the new administration did not have time to review the proposal, but he added it respects the decisions of the states.

"The politics of the moment weren't going to get better," said Delaware Riverkeeper Network director Maya Van Rossum, a vocal opponent of fracking.

Staff at the commission expressed concern at the beginning of Pennsylvania's shale gas boom, pointing to the large volume of water withdrawals needed to frack the tight shale gas formation and the potential impact on water quality. In December 2010, the DRBC released its original proposals, establishing the agency's regulatory authority on the issue. What followed were often -tense public hearings and an unprecedented response from both sides.

After reviewing more than 60,000 public comments, the DRBC posted its revised draft regulations online in early November 2011. But just days before a meeting to vote on those rules, then-Delaware Gov. Jack Markell announced his intent to reject them, and a divided commission canceled the meeting.

New York banned fracking completely within its borders at the end of 2014, citing health concerns.

While the stalemate among commissioners dragged on, a group of landowners eager for drilling in Wayne County, Pennsylvania, sued the DRBC in federal court in May 2016, arguing that the agency did not have the authority to regulate gas drilling.

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