



# SSDA News

*Service Station Dealers of America and Allied Trades*

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## Government Affairs Federal Update

By Roy Littlefield

SSDA-AT has been involved in a variety of issues thus far in 2019 on the federal level.

SSDA-AT is a member of the USA Workforce coalition. We recently attended the press conference for the introduction of the USA Workforce Tax Credit Act by the lead sponsor Congressman Lloyd Smucker (R-PA). This bill amends the Internal Revenue Code to allow tax credits for charitable contributions to certain nonprofit organizations with the exclusive purpose of providing: (1) workforce development and apprenticeship training, or (2) scholarships for elementary and secondary education expenses of students from households with income that does not exceed 200% of the median gross income. The bill limits the credits to specified amounts for individuals and corporations. It also: (1) imposes a tax on workforce development, apprenticeship training, and scholarship granting organizations that fail to distribute a specified portion of their receipts; and (2) establishes a \$2 billion annual volume cap for the tax credits allowed under this bill. SSDA-AT is supporting the bill and we are working to get more co-sponsors on the legislation.

Last month, SSDA-AT took part in an OSHA (Occupational Health and Safety Administration) roundtable meeting hosted by SBA (Small Business Administration). At the meeting, we received an update about OSHA enforcement. OSHA inspections have been a huge issue for SSDA-AT members. OSHA is constantly conducting thousands of inspections on the industry and issuing severe fines. This remains a big concern for members. To review some of the statistics from the meeting, last year OSHA conducted 31,202 inspections nationwide. This was a similar number to the previous year. Of those inspections conducted, only 28% of sites were in full compliance. The average fine per violation in 2018 was \$5,016. That number being almost double from the year before. We have learned that OSHA is

rarely giving breaks on fines and are issuing large sums for small violations. We are seeing warnings used very rarely. We will continue to raise the concerns of our members to OSHA. SSDA-AT along with ASA and ACA hosted a webinar on safety inspections. During the program, SSDA-AT discussed the safety inspection legislation we are facing in a variety of states. We remain concerned with legislation in Missouri and Texas which would eliminate the inspection programs. Studies have shown that the most prevalent type of defect related to fatal crashes is slick or defective tires. Currently there are only 15 states with some form of inspection. SSDA-AT hopes this webinar and other efforts will regenerate efforts for a national safety inspection program.

Also last month, SSDA-AT participated in the DRIVE Safe Act Coalition meeting. At the meeting we met with Connor Lentz, Office of Rep. Trey Hollingsworth (R-IN). The "Developing Responsible Individuals for a Vibrant Economy Act", or the "DRIVE-Safe Act" would allow employers to provide CDL holders below the age of 21 with an extensive apprenticeship program that will prepare them to be able to drive in interstate commerce. The DRIVE-Safe Act will help refill the ranks of our nation's truck drivers, get Americans jobs, and aid any viable infrastructure initiative. SSDA-AT supports the Act and will be helping to find co-sponsors.

At the end of the month, SSDA-AT participated in a White House Conference on Small Business (WHCSB) conference call. In the 116th Congress, we urge Representatives to pass the "White House Conference on Small Business Act of 2019." This legislation is necessary in the near-term to ensure that small business issues remain at the forefront of policy discussions and to ensure small business has a voice at the highest levels of the American government.



## Reputation Management: Taking control of your customer reviews

*By: Sam Chiarelli of Net Driven*

*If you don't have the time to respond to online customer reviews, contact us about our Reputation Management service!*

### Why Responding to Online Reviews is Important

Customer referrals and testimonials have always been important for driving businesses forward. Traditionally, much of the communication between existing and potential customers was conducted by word of mouth, away from public eyes. But in the past few years, social media has changed that.

Now, reviews of your business--both positive and negative--are visible to everyone. If you don't have the time to interact with your customers on social media, they may feel that their concerns are not being heard. You risk losing the reviewer's loyalty, but also the business of anyone who disapproves of your non-responsive attitude. Your response to reviews is critical for your bottom line. A customer who has had a less-than-desirable experience can often be turned into a more committed customer if their concerns are addressed properly. Other customers can see this interaction play out in real time (and far into the fu-

ture, as reviews remain visible indefinitely). When potential customers view your efforts to make things right, they are more likely to choose your business.

### How to Respond to Online Reviews

If you receive a negative review, you may be tempted to fire a defensive response back quickly. Take a moment to collect yourself, and be sure to answer calmly and politely. No matter how you may feel privately, it's important to remember this is a public exchange and you want to portray your business in the best way possible. To help you do so, here's a step-by-step guide on how to write a response to a negative review:

1. Acknowledge the customer's complaint and show them that the concerns raised have been heard.
2. Apologize for the service issue and explain how the situation will be handled by you and your staff. The way you handle the situation is up to you, but the way the customer's experience is managed will affect others' opinions of your business.
3. You can also ask for more information about the incident or schedule a meeting or phone call to discuss the

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## Reputation Management: Taking control of your customer reviews

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matter further. Make sure someone speaks to the dissatisfied customer, hears his or her concerns, and apologizes directly.

4. Make it clear that this is not how you want to do business and that you will do everything possible to make sure this situation doesn't happen again.

5. Make a gesture to rectify the situation--whether that's assuming the cost of a repair, providing a free service in the future, or some other incentive to keep the person's business and make amends for the previous issue.

Remember: the more heartfelt and earnest your reply, the better the exchange will go. Responding to negative reviews can be a challenge, but doing so affects the perception of your business. Take control of the situation and you'll be able to win some honor back, and propel your business to the next level.

Even positive reviews can be a springboard to cementing relationships. The following positive review was addressed by our Reputation Management team:

Great service, friendly staff. Was told by one business I needed a number of items and the gentleman here explained none of those items needed replaced. They have my business from now on.

Like Comment Share



We will be proud to be here for you from now on, Christine, and it was a pleasure to assist you on your most recent visit as well. Thank you for your fantastic feedback and perfect rating!

This 5-star review is visible to the customer's friends and those who follow the business page. This positive interaction is an authentic interaction that operates like free advertising for the business.

### What Your Business Can Do About Reviews On Social Media

So how can you ensure your online brand management is under control? Our Reputation Management service responds to your customer reviews on Facebook, Google My Business, and Yelp, while providing a personal touch on all these platforms. We also notify you when new reviews are posted so you'll know what your customers are saying about you and how we've responded to them.

With Reputation Management working alongside our Social Media Master Tech services, you'll get maximum exposure for your online reviews and your social profiles--each supporting the other for a comprehensive social internet marketing package.

## Court Strikes Down Key Provisions of Association Health Plan Rule

A federal court has invalidated two key provisions of the U.S. Department of Labor's 2018 Association Health Plan (AHP) rule that broadened the meaning of "employer associations" to include small businesses and self-employed individuals.

The Court held that the provisions defining "employer" to include associations of disparate employers and expanding membership in these associations to include working owners without employees were unlawful.

The Court reasoned that, because the associations can be formed solely for the purposes of offering an AHP—with no other viable identity apart from offering an AHP, the rule violated the Affordable Care Act (ACA) and the Employee Retirement Income Security Act (ERISA).



## DOL Announces Proposed Joint Employer Rule

The U.S. Department of Labor (DOL) has announced it will publish a notice of proposed rulemaking to amend its existing regulations regarding whether a business qualifies as a joint employer under the Fair Labor Standards Act (FLSA). The FLSA requires covered employers to pay nonexempt employees at least the federal minimum wage for all hours worked and overtime for all hours worked more than 40 in one workweek. The proposed rule would clarify when additional businesses are jointly and severally liable with the em-

ployer for the employee's wages under the FLSA.

The DOL proposed a four-part balancing test to determine whether a business qualifies as a joint employer, which would balance whether the potential joint employer: hires or fires the employee; supervises and controls the employee's work schedule or conditions of employment; determines the employee's rate and method of payment; and maintains the employee's employment records.

## Thompson, Reed, Pascrell, Rice and Suozzi Introduce Bill to Permanently Extend Work Opportunity Tax Credit

House Ways and Means Select Revenue Measures Subcommittee Chairman Mike Thompson (D-CA), Rep. Tom Reed (R-NY), Rep. Bill Pascrell (D-NJ), Rep. Tom Rice (R-SC), and Rep. Tom Suozzi (D-NY) announced the introduction of H.R. 2213, a bill that permanently extends the Work Opportunity Tax Credit (WOTC) to help certain disadvantaged groups – including public assistance-dependent individuals, qualifying veterans, and persons with a physical or mental disability, among others – find permanent employment.

“For more than two decades, the Work Opportunity Tax Credit has proven to be highly effective in ensuring individuals on public assistance can make the transition to private sector jobs. In fact, since the program’s enactment, thirteen million people have benefitted, in turn reducing federal and state government spending,” said Chairman Thompson. “The tax credit is set to expire at the end of this year and I’m proud to introduce my bill to permanently extend this bipartisan, cost-effective program.”

“We care about rewarding work and ensuring everyone has a fair shot to provide for themselves and their families,” said Rep. Reed. “Providing incentives for employers to hire people stuck on the sidelines who have trouble finding a job is essential for many folks in their pursuit of the American dream.”

“I have long advocated for the WOTC program to continue, as it is a proven tool to move eligible individuals off of unemployment and into the workforce,” said Rep. Pascrell. “Most recent data shows the program is remarkably effective, with more than 140,000 veteran hires under WOTC in 2016. Paired with my previous legislation that passed into law in 2015, this bill will allow long-term un-

employed individuals, veterans, and those on public assistance programs to find gainful employment and grow our economy.”

“With more jobs available than those seeking employment across the country, we need to bring people from the sidelines of the economy into the workforce,” said Rep. Rice. “Making the Work Opportunity Tax Credit permanent will incentivize employers to hire and retain people who have been struggling to find long-term, meaningful employment opportunities.”

“The Work Opportunity Tax Credit has long provided veterans and individuals from disadvantaged groups support in their search for sustainable employment,” said Rep. Suozzi. “I’m proud to co-sponsor the permanent renewal of this bipartisan program to both ensure diversity in the workplace and facilitate access to good jobs for hardworking Americans.”

The Work Opportunity Tax Credit encourages private employers to hire people on public assistance who might otherwise have barriers to employment, including disabled, unemployed, and food stamp-dependent veterans.

Studies show that WOTC saves both state and federal governments at least \$85 billion over ten years because it reduces spending on programs like TANF, SNAP, Medicaid, and housing assistance.





## Chevron Leaps to 'Ultramajor' Oil Status with US \$33B Anadarko Deal



Chevron Corp. agreed to buy Anadarko Petroleum Corp. in a US\$33 billion deal that adds U.S. shale oil and African liquefied natural gas and puts it in the top ranks of the world's largest energy companies.

The takeover puts Chevron neck-and-neck with the oil and gas production of Exxon Mobil Corp. and Royal Dutch Shell Plc, both of which have dominated Big Oil over the past decade. The combined company's cash flow last year, US\$36.5 billion, would have exceeded Exxon's.

"Chevron now joins the ranks of the ultramajors," Roy Martin, an analyst at Wood Mackenzie Ltd., said in a note.

The US\$65 per-share stock-and-cash deal announced Friday sees Chevron doubling down on its expansion into the fast-expanding Permian Basin of West Texas and New Mexico, while also increasing its exposure to liquefied natural gas with Anadarko's project in Mozambique. The new company will sell US\$15 billion to US\$20 billion of assets from 2020 to 2022 to reduce debt and return cash to investors.

Occidental Petroleum Corp. had made a US\$70-per-share bid for Anadarko and it's now weighing whether to move forward with a counter offer, according to a person

familiar with the matter. CNBC reported Occidental's bid earlier.

Anadarko rose 32 per cent to US\$61.78 in New York, but didn't trade above the offer price, implying investors don't expect a bidding war. Chevron fell 4.9 per cent, the biggest drop since February last year.

The transaction is the biggest strategic move yet for Michael Wirth, the 58-year-old chemical engineer who became Chevron's chief executive officer just 14 months ago. He has quickly shaken up the company by announcing an aggressive expansion plan for the Permian.

"We will now see Chevron emerging as the clear leader among all Permian players, both in terms of production growth and as a cost leader," said Per Magnus Nysveen, head of research at consultant Rystad Energy AS in Oslo.

Anadarko, which is based in The Woodlands, Texas, has long been rumored as a takeover target for the world's largest oil companies, offering a suite of assets including a massive LNG facility in Mozambique that's racing against Exxon's project to be the first operating in the country.

The deal is the biggest takeover in the oil and gas industry since Shell's 47 billion pound (US\$61 billion) purchase of BG Group in 2015, according to data compiled by Bloomberg. Widening the measure to include chemicals and state-owned companies, both would be eclipsed by Saudi Aramco's US\$69 billion acquisition of a majority stake in local petrochemical company Sabic this year.

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## Chevron Leaps to 'Ultramajor' Oil Status with US \$33B Anadarko Deal

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Further coverage of the deal Chevron-Anadarko Deal Shows Why Gas Is Big Oil's Future Chevron Reaps Treasure, Trouble in Rebel-Hit Mozambique Gas Area Chevron's Anadarko Bid Seen Heralding Permian Shale Deals Shell Risks Shale FOMO as Chevron Vaults Higher With Mega-deal Anadarko CEO Could Get US\$64 Million Payout After Chevron Takeover

The premium is high compared with most other acquisitions of oil companies valued at more than US\$1 billion. The average premium in such transactions was 11 per cent last year and 22 per cent in 2017, according to data compiled by Bloomberg.

"Consolidation in deep water and the shales makes complete industrial sense," said Christyan Malek, the head of EMEA oil and gas research at JPMorgan Chase & Co. "It gives the combined entity the ability to high-grade its assets and focus on where the best cash returns are."

Details of the deal: Chevron will acquire all outstanding Anadarko shares for US\$65 each, paying a mixture of cash and stock. That's a premium of 39 per cent to the closing price on Thursday. The transaction has a break-up fee equivalent to about 3 per cent of the deal value, according to a person familiar with the matter. Chevron said the combined entity would have had daily output of 3.596 million barrels equivalent of oil last year, compared with Shell's 3.666 million. Exxon had average production last year of 3.833 million. Investors will receive 0.3869 shares of Chevron and US\$16.25 in cash for each Anadarko share. Chevron will issue 200 million shares and pay US\$8 billion in cash. The company will also assume about US\$15 billion of net debt, giving

Anadarko an enterprise value of US\$50 billion. Chevron is increasing its annual stock buybacks to US\$5 billion from US\$1 billion. That means all the shares issued to buy Anadarko will be retired in less than five years. Chevron expects the deal to add to free cash flow and earnings per share one year after closing, at US\$60-a-barrel Brent. It also expects run-rate cost synergies of US\$1 billion before tax and capital spending cuts of US\$1 billion. The deal is seen closing in the second half of the year, subject to Anadarko shareholder and regulatory approvals. Credit Suisse Group AG was financial adviser to Chevron while Paul, Weiss, Rifkind, Wharton & Garrison LLP was legal adviser. Evercore Inc. and Goldman Sachs Group Inc. advised Anadarko alongside law firms Wachtell, Lipton, Rosen & Katz and Vinson & Elkins LLP.

### What Bloomberg Intelligence Says

"Chevron's deal for Anadarko escalates the race with Exxon Mobil for the Permian and delivery of synergies and efficiencies will be critical in narrowing or overtaking its peer's returns."-- Fernando Valle, industry analyst, and Jonathan Mardini, associate analyst [Click here to view the research](#)

The deal may put pressure on Shell to seek assets in the Permian, where the Anglo-Dutch company has said it wants to grow. Oil executives and bankers had in the past speculated that Shell may buy Anadarko because they have adjacent acreage. Shell has in the past several months held talks with Endeavor Energy Resources LP, the largest privately-owned company in the Permian that bankers say might be valued at US\$10 billion to US\$15 billion.

## Marijuana at Work: What Employers Need to Know

It may seem hard to fathom but, in 2019, marijuana is legalized for medical use in 34 states and the District of Columbia and 10 states plus the District of Columbia have legalized recreational marijuana use. Further, legalization efforts will continue as marijuana use in the United States increases.

As such, what are employers to do when crafting drug-free policies and ensuring productive and safe workplaces? Unlike other drugs, marijuana's precarious position between legal (states) and illegal (federal) makes it different than other impairing substances.

### Marijuana is Both Legal and Illegal in Most States

Despite the wide-spread wave of marijuana legalization in the United States, marijuana remains an illegal drug on a federal basis. The federal government has held firm in classifying marijuana or cannabis as a schedule I drug.

While marijuana is illegal at the federal level in the United States, the federal government has generally chosen not to prosecute those who possess and distribute marijuana in compliance with state laws. Thus, marijuana inhabits an in-between zone of legality: legal and illegal at the same time.

While the federal government generally does not prosecute federal marijuana possession laws, it also does not budge on

treating marijuana as an illegal drug for purposes of oversight, distribution, federal disability law protection, etc. Further, federal requirements for drug-free workplaces still require that employees test negative for marijuana along with other illegal drugs. This places employers in a "no win" situation in trying to balance federal and state laws as well as limiting liability associated with workplace liabilities, worker's compensation and productivity/ quality expectations.

### Marijuana – The Facts

The National Safety Council published the following statistics employers should be aware:

- Car crashes involving marijuana went up 300% between 2010 and 2013, and they continue to rise as more states legalize the drug.
- Marijuana is 10 to 20 times stronger today than it was in the 1960's and 70's.
- Marijuana is an addictive drug.
- Employees who tested positive for marijuana had 55% more industrial accidents, 85% more injuries and 75% greater absenteeism compared to those who tested negative.
- Employers spend about \$7,000 per year on an employee who abuses drugs.



## Marijuana at Work: What Employers Need to Know

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- About one (1) out of five (5) employees has a substance abuse problem.
- A statistic from SESCO's employee satisfaction survey reveals that an overwhelming amount of employees (over 90%) want and expect a safe place to work.

These facts surrounding marijuana use cannot be simply "ignored" by employers as the risks and liabilities associated are significant.

Regardless of the "trends" of marijuana use, an employer's priority must be on providing a safe and healthy workplace for its employees, visitors and customers.

### Best Practices for Employers – Staff Recommendations

Because marijuana inhabits the in-between zone of legality: legal and illegal at the same time, it is of utmost importance that all employers draft and communicate a compliant substance abuse policy to include marijuana.

The Occupational Safety and Health Administration and National Safety Council both strongly recommend employers' policies should restrict marijuana use to the extent permitted by law. Employers need to consider compliance to and enforcing workers' compensation, OSHA, DOT, drug-free workplace and other legislation when drafting and communicating employment and substance abuse policies. Policy considerations need to include:

- Test for marijuana and THC, especially in safety-sensitive positions or when federal or state law requires, i.e. DOT, Drug Free Workplace, etc.
- Use a testing method such as Oral Fluid Testing, which indicates recent use as opposed to historical use.
- In states where medical marijuana users receive protection from workplace discipline, policies should require employees to verify their medical marijuana authorization. Additionally, employers in these states should only take adverse action against employees where the testing takes place after reasonable suspicion of impairment.
- Managers and supervisors should be trained carefully on how to identify impairment and what to do when an employee is suspected of impairment on the job.
- Policies should contain a zero tolerance for marijuana use by employees in safety-sensitive positions.
- Employers should carefully consider whether or not to include random testing as part of their policy – be careful what you ask for.
- Policy should contain immediate termination where states allow and not provide for "multiple chances" as the recidivism rate is in excess of 90%.
- Always consider relevant state laws and cases.

## Letter to the Editor

Dear SSDA-AT:

In case you missed it, the Global Energy Institute (GEI) unveiled our “American Energy: Cleaner, Stronger” agenda promoting continued economic growth and environmental progress through a sustained focus on technology development and innovation in the energy industry.

The initiative will highlight the technologies, people, and companies making investments in our nation’s energy sector and will advocate for energy policies that further a bipartisan mission to spur innovation, lower emissions, and foster economic growth.

Our exclusive new poll demonstrates that 2020 voters are concerned about energy and the environment, but they are also concerned about the costs and practicality of an approach to those issues driven primarily by government regulation.

The survey found that voters, like you, are price conscious when it comes to energy policies. 64% of the voters polled are not willing to pay more than \$10 a month for restrictive emissions requirements, which means that cost effective solutions must be developed.

In the midst of the national climate debate, our new initiative provides the framework for realistic climate solutions that are driven by innovation and private sector investment – and that doesn’t place the financial burden on everyday Americans.

We are excited about our new agenda that will both advocate for federal policies and investments that spur research and development of energy technologies and highlight specific projects and technologies and the innovators, engineers and manufacturers behind their development.

Stay tuned for more on our American Energy: Stronger, Cleaner agenda!

Sincerely,



Christopher Guith  
Acting President  
Global Energy Institute  
U.S. Chamber of Commerce



## SAVE THE DATE!!

### SSDA-AT TO HOST ANNUAL MEETING IN LAS VEGAS

SSDA-AT will host its annual meeting in Las Vegas in conjunction with the SEMA show on Friday, November 8, 2019.

The SEMA show runs from Tuesday, November 5th to Friday, November 8th.

The SSDA-AT meeting will take place in the Las Vegas Convention Center Room S116 beginning at 9 am on November 8th.

More details and an agenda to follow!

To order a trade show pass:

[CLICK HERE](#)

To explore hotel options:

[CLICK HERE](#)

And to RSVP officially to the event, contact:

Roy Littlefield IV at [rlittlefield2@tireindustry.org](mailto:rlittlefield2@tireindustry.org) or call 301-467-1995.

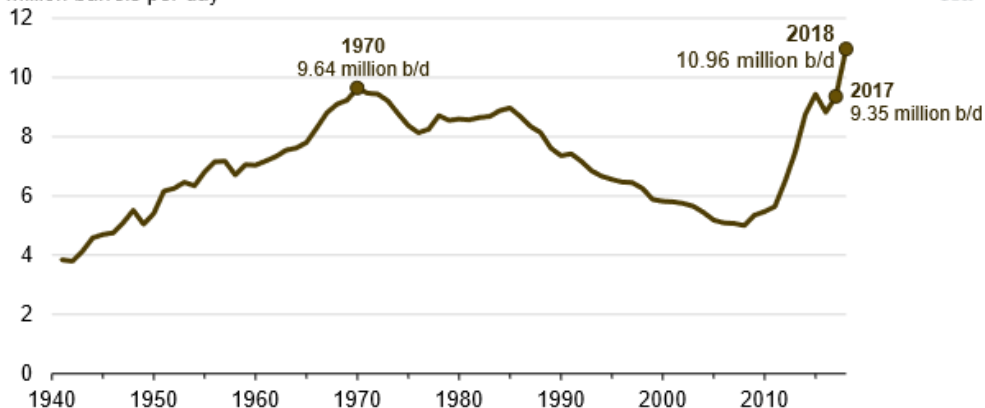
We look forward to having you at the event!



**SERVICE STATION  
DEALERS OF  
AMERICA AND ALLIED  
TRADES (SSDA)**

## U.S. crude oil production grew 17% in 2018, surpassing the previous record in 1970

U.S. crude oil production (1940-2018)  
million barrels per day



Several other U.S. states or regions set production records in 2018. Growth in the Permian region, which spans parts of Texas and New Mexico, also drove a 215,000 b/d, or 45%, production increase in New Mexico. This level was the second-largest state-level growth in 2018 and accounted for 13% of the

Annual U.S. crude oil production reached a record level of 10.96 million barrels per day (b/d) in 2018, 1.6 million b/d (17%) higher than 2017 levels. In December 2018, monthly U.S. crude oil production reached 11.96 million b/d, the highest monthly level of crude oil production in U.S. history. U.S. crude oil production has increased significantly over the past 10 years, driven mainly by production from tight rock formations using horizontal drilling and hydraulic fracturing. EIA projects that U.S. crude oil production will continue to grow in 2019 and 2020, averaging 12.3 million b/d and 13.0 million b/d, respectively.

Texas continues to produce more crude oil than any other state or region of the United States, making up 40% of the national total in 2018. Texas has held the top position in nearly every year since 1970, with the brief exception of 1988, when Alaska produced more crude oil than Texas, and from 1999 through 2011, when production from the Federal Offshore Gulf of Mexico region was higher.

Texas crude oil production averaged 4.4 million b/d in 2018 and reached a record-high monthly production level of 4.9 million b/d in December 2018. Texas's 2018 annual production increase of almost 950,000 b/d—driven by significant growth within the Permian region in western Texas—was nearly 60% of the total U.S. increase.

total U.S. increase, setting a new annual record production level in New Mexico.

In the Federal Gulf of Mexico, new projects and expansions that have started since 2016 have contributed to the growth in production in 2018. Oil and natural gas producers brought online 11 new projects in 2018, and 8 more are expected to come online in 2019. The Federal Gulf of Mexico's crude oil production grew by 61,000 b/d, leading to its highest annual average of 1.74 million b/d. The Federal Gulf of Mexico was the second-largest producing region in 2018.

Production levels in Colorado, Oklahoma, and North Dakota each grew by more than 95,000 b/d from 2017 to 2018. In Colorado and North Dakota, this increase was enough to set new record production levels for the year. Production increases in Colorado were driven by the Niobrara shale formation, while continued production in the Bakken region drove increases in North Dakota.

Oklahoma's crude oil production has yet to surpass its record level of 632,000 b/d set in 1967.

Increases in these states and regions were enough to offset production declines elsewhere. Alaskan production decreased by 16,000 b/d and California's production declined by 13,000 b/d, the state's fourth consecutive annual decline.



## As U.S. shale oil exports rise, pricing focus will shift to Gulf Coast

The rise of U.S. shale oil and gas production is widely known to have disrupted the domestic energy market in a number of ways. But more importantly, it has shifted the United States from being one of largest importers of oil toward becoming a net exporter of crude oil and oil products.

These tectonic shifts will change the focus of oil pricing, shifting it to the Gulf Coast and on-the-water crude oil and crude products. In other words, those bound for export.

Many U.S. refineries were designed to run most economically using heavy crude oil, which naturally has lower yields of key light products such as gasoline or diesel. These refiners invested in sophisticated facilities to convert those lower cost feedstocks into desired products. “Light sweet” crude oil, which is largely produced from shale, is generally priced higher than heavier grades as it has higher yields of key light products.

Although sophisticated refiners can accommodate light crude to some extent, it is usually uneconomic unless the light crude is priced attractively. That has been the case over the last few years, as light crude prices were restrained first due to an export ban until 2016 and then afterwards by the higher cost of exporting to distant market.

### Export bound

This price discount for “export parity” allows U.S. refiners to run more U.S. light crude, which is seeing increased incremental investment by refiners to increase those volumes. If U.S. shale production growth continues on its recent arc, however, a very large portion of that incremental U.S. oil production will be export bound, rather than used domestically. As a result, it will become more important to watch the export value of U.S. crude oils and products, rather than giving singular focus to the traditional markers centered on Cushing, Okla., the pipeline and storage hub.

Looking ahead, the global market will be willing to take U.S. shale exports and this means the price of American shale oils will be closely linked to seaborne crude market prices- such as Brent. Also, with the International Maritime Organization (IMO) changing the specifications of fuel oil used by seaborne vessels at the end of this year, lower sulfur crude oil, such as U.S. shale, will be in higher demand by refiners, particularly refiners with less sophisticated capacity, to produce compliant fuel oil.

U.S. crude exports will surge in 2020 as a result, with most of the growth split between Europe and Asia. U.S. oil exports will continue to build beyond 2020 so that over the next ten years, it is likely that U.S. shale crude could account for nearly half of the incremental crude supply to the oil-thirsty Asian market.

While U.S. oil production continues to swell, domestic oil demand will peak and move into decline in the mid-2020s. This will occur largely due to lower gasoline and diesel consumption from more efficient cars — higher miles per gallon — and the adoption of electric vehicles. By 2040, exports will make up nearly 20 percent of the market for U.S. oil production.

### More value

When the U.S. was a major importer of crude oil and oil products, inventories were of utmost important for price formation, and West Texas Intermediate (WTI) prices at Cushing, the delivery point for futures contracts, were an accurate representation of what the value of oil was at the time.

But with U.S. oil production soon to far exceed domestic demand, the value of oil will skew toward global supply, demand and inventories rather than domestic storage relative to demand. The divergence of WTI at Cushing and WTI at the U.S. Gulf Coast is an indication of how much more valuable oil for export is than for domestic inventory needs. As U.S. exports continue to grow, prepare to hear new crude oil markers on the evening news.



## Trump Issues New Permit for Stalled Keystone XL Pipeline

Moving defiantly to kick-start the long-stalled Keystone XL oil pipeline, President Donald Trump issued a new presidential permit for the project — two years after he first approved it and more than a decade after it was first proposed.

Trump said the permit issued replaces one granted in March 2017. The order is intended to speed up development of the controversial pipeline, which would ship crude oil from tar sands in western Canada to the U.S. Gulf Coast.

A federal judge blocked the project in November, saying the Trump administration had not fully considered potential oil spills and other impacts. U.S. District Judge Brian Morris ordered a new environmental review.

A White House spokesman said the new permit issued by Trump “dispels any uncertainty” about the project. “Specifically, this permit reinforces, as should have been clear all along, that the presidential permit is indeed an exercise of presidential authority that is not subject to judicial review under the Administrative Procedure Act,” the spokesman said.

But a lawyer for environmentalists who sued to stop the project called Trump’s action illegal. The lawyer, Stephan Volker, vowed to seek a court order blocking project developer TransCanada from moving forward with construction. “By his action today in purporting to authorize construction” of the pipeline despite court rulings blocking it, “President Trump has launched a direct assault on our system of governance,” Volker said in an email.

Trump’s attempt to “overturn our system of checks and balances is nothing less than an at-

tack on our Constitution. It must be defeated,” Volker said.

Calgary-based TransCanada said in a statement that Trump’s order “clarifies the national importance of Keystone XL and aims to bring more than 10 years of environmental review to closure.”

Trump “has been clear that he wants to create jobs and advance U.S. energy security, and the Keystone XL pipeline does both of those things,” said Russ Girling, TransCanada’s president and CEO.

Keystone XL will create thousands of jobs and deliver crude oil to U.S. refineries “in the safest, most efficient and environmentally sound way,” the company said. An appeal filed by the company is pending.

The U.S. Chamber of Commerce hailed Trump’s action, saying in a statement that “it shouldn’t take longer to approve a project than to build it.” Keystone XL will boost U.S. economic and energy security interests, said Christopher Guith, acting president of the chamber’s Global Energy Institute. “Review after review has found it can be built and operated in an environmentally responsible way. It’s time to move forward,” Guith said.

Anthony Swift, director of the Canada project for the Natural Resources Defense Council, an environmental group, said the pipeline “was a bad idea from Day One and it remains a terrible idea. If built, it would threaten our land, our drinking water, and our communities from Montana and Nebraska to the Gulf Coast. And it would drive dangerous climate change.”

## Trump Issues New Permit for Stalled Keystone XL Pipeline

*Continued from page 14*

Trump “is once again showing his disdain for the rule of law,” Swift said, adding that the last time Trump “tried to ram this permit through he lost in court” and is likely to do so again.

Keystone XL, first proposed in 2008 under President George W. Bush, would begin in Alberta and go to Nebraska, where it would join with an existing pipeline to shuttle more than 800,000 barrels a day of crude to terminals on the Gulf Coast.

After years of study and delay, former President Barack Obama rejected the project in 2015. Trump reversed that decision soon after taking office in 2017, saying the \$8 billion project would boost American energy and create jobs.

A presidential permit is needed because the project crosses a U.S. border.

After environmental groups sued, Morris said the administration had not fully considered potential oil spills and other impacts and that further reviews were needed.

TransCanada disputes that, saying Keystone XL has been studied more than any other pipeline in history. “The environmental reviews are clear: the project can be built and operated in an environmentally sustainable and responsible way,” Girling said.



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

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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.

## EEO-1 Report Update

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Employers that have 100 or more employees, and federal contractors & sub-contractors that have 50 or more employees & at least \$50,000 of federal business, are required to file an EEO-1 report each year with the Equal Employment Opportunity Commission (EEOC). The Obama administration issued rules requiring these employers to report, not only the traditional race/ethnicity & sex data (Component 1), but also report how much employees were paid by race/ethnicity & sex (Component 2). The Trump administration suspended this pay reporting rule from taking effect in 2017, but in March 2019 a federal judge reinstated the pay-data reporting requirements.





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