SSDA News

Service Station Dealers of America and Allied Trades

VOLUME 32, ISSUE 3 MARCH, 2018

INSIDE THIS ISSUE:

Federal Legislative and Regulatory Update

By Roy Littlefield

SSDA-AT has been working on a variety of federal issues including infrastructure proposals that have recently surfaced containing a large gas tax increase, the budget, efforts on tax extenders, changes to healthcare, and other small business reform issues. We have also been active on the regulatory front.

Recently, SSDA-AT attended a Small Business Labor Safety (OSHA/MSHA) Roundtable. At the meeting we got an update on OSHA's cooperative and state programs, a look at litigation impacting small business, and an update on advocacy's activities on regulatory reform for small business. We spoke to members of SBA, OSHA, and DOL.

SSDA-AT members continue to be impacted by OSHA inspections and we encourage all members in Maryland to consider having a free inspection performed by MOSH to right any wrong violations before fines are given to a location.

Nearing the end of the month, we attended the Family Business Coalition meeting. We discussed the recently passed Tax Cuts and Jobs Act, the 2018 legislative agenda, technical tax corrections, and coordinating our ongoing hill strategy.

We heard from House Speaker Paul Ryan's office, Senator Thune's office, the Senate Budget Committee, Congressman Peter Roskam's office, Chairman Brady's office, and a member of the Trump administration.

Deregulation Update

Recently, the President announced plans for more deregulation in the coming year with the release of the administration's second regulatory agenda.

At a ceremony in the White House a few weeks ago, Trump said the federal agencies beat the goal he set when he took office to cut two rules for every new rule proposed and add no new regulatory costs to the economy. He said: "Today I'm proud to announce we beat our goal by a lot," he said. "Instead of adding costs as so many others have done … for the first time in decades, we achieved regulatory savings. Hasn't happened in many decades. We blew our target out of the water."

The administration withdrew or delayed 1,579 planned regulatory actions in 2017, according to the semi-annual Unified Regulatory and Deregulatory Agenda published by the White House Office of Management and Budget (OMB). Trump said his administration has eliminated 22 regulations for every one that has been added.

Trump added: "Instead of eliminating two old regulations for every one new regulation, we have eliminated 22; that's a big difference," Trump said. "We aimed for 2 for 1 and in 2017 we hit 22 for 1, and by the way, those regulations that are in place do the job better than all the other regulations and they allow us to build and create jobs and do what we have to do." Trump, who is winding down his first year in office, has had few legislative victories, but has made headway in fulfilling his campaign promise to cut down the nation's regulatory rulebook. Trump said the never-ending growth of red tape has come to a "sudden, screeching and beautiful halt."

Trump said his administration is going to protect the health and safety of workers, water, air and our country's natural beauty.

"But every unnecessary page in these stacks represents hidden tax and harmful burdens to American workers and American businesses and in many cases mean projects never get off the ground," he said.

SSDA-AT remains encouraged by the ongoing efforts of deregulation.

Cut EPA to 1990-level funding, Trump proposes

The 2019 federal budget proposed by President Donald Trump calls for a 34 percent cut to the Environmental Protection Agency, cutting funding for the agency to $5.4 billion — its lowest funding level since 1990.

Trump's proposed budget is very unlikely to become law, but it does set out the administration's agenda. The budget calls for more spending on defense and border security with cuts to entitlements and other domestic spending.

It's not clear how many employees the EPA would have at the proposed funding level. In his 2018 proposal, Trump called for cutting the EPA's budget to $5.6 billion and 11,611 full-time positions. Congress has yet to pass a budget for the current fiscal year, which began last October, instead relying on short-term deals to keep the government funded. It is currently funded through March 23.

Already, a wave of buyouts and retirements have reduced the agency's ranks. It had 14,188 full-time employees in December, its fewest employees since 1987, according to the EPA. The agency received $8.2 billion in funding in the 2017 enacted budget. There are more than 1,000 federal employees at EPA offices in North Carolina. The EPA's office in Research Triangle Park, at 1.2 million square feet the largest the agency has ever built, includes 15 offices, including the agency's center for air pollution research and regulation.

The latest proposed Trump budget, which covers from Oct. 1, 2018 to Sept. 30, 2019, calls for renewed focus on the EPA's "core mission areas" such as air quality, water resources, sustainable communities, chemical safety and human health risk assessment. It "eliminates many voluntary and lower priority activities and programs, and invests in process improvements and other operational enhancements to bring greater efficiency and cost effectiveness to the work of the Agency."

The budget call for the elimination of several programs, including the Climate Change Research and Partnership Programs; the Indoor Air and Radon Programs; the Marine Pollution and National Estuary Programs; the Environmental Education Program; and the Beaches Program.

The budget proposal would allow the EPA to charge manufacturers that want the "ENERGY STAR" label on their products. ENERGY STAR is currently a voluntary program that helps "individuals save money and protect our climate through superior energy efficiency." The budget proposal calls for EPA to administer the program through user fees. The 2018 proposed budget called for the elimination of the ENERGY STAR program, claiming that it could successfully be administered by nongovernmental entities.

Continued on page 3

Cut EPA to 1990-level funding, Trump proposes

Continued from page 2

The last time the EPA had a budget of less than $6 billion was in 1990, when the agency's funding was $5.4 billion.

The proposal drew sharp criticism from environmental groups.

"President Trump's budget is nothing short of devastating for all Americans who value clean air, safe drinking water, and protected public lands. It guts vital health and environmental protections – and abandons our children to the ravages of climate change. This reckless budget puts polluters first – and the rest of us last. Congress must reject it, and instead invest in a cleaner, safer, and more prosperous future for everyone," said Rhea Suh, president of the Natural Resources Defense Council, in a statement.

Environmental policy has been a flashpoint throughout Trump's first year in office.

Trump withdrew the United States from the Paris climate accords, and the EPA has been one of the most controversial agencies during the Trump administration. Administrator Scott Pruitt has been under fire for his close ties to the oil and gas industry as well as his personal spending decisions on travel and security.

North Carolina Sens. Richard Burr and Thom Tillis helped sink one of Trump's picks for a key EPA position last year. Burr and Tillis, both Republicans, announced that they would not support Michael Dourson, Trump's nominee for the Office of Chemical Safety and Pollution Prevention. Dourson withdrew in December.

The state has dealt with issues of contaminated water at Camp Lejeune and now in southeastern North Carolina.

House Passes Bipartisan Budget Act with Tax Credit Extensions for 2017

The House passed the Bipartisan Budget Act, 240-186, and sent the bill to the President, who signed it.

The Senate passes the bill earlier after voting cloture to overcome the delaying tactics of Senator Rand Paul.

The bill becomes law as of February 9.

Employers can begin claiming certifications issued by State Workforce Agencies for 2017 WOTC hires or Empowerment Zone residents, and 2017 Indian Employment tax credits, became effective immediately.

Colorado raising taxes on oil, gas drillers by $4.8M

Colorado oil and gas regulators are raising taxes on energy developers to help pay for the environmental impacts of drilling.

The Colorado Oil and Gas Conservation Commission approved a plan on Monday to raise $4.8 million more in taxes by charging 0.11 cents on every dollar of oil and gas produced.

The industry supported the increase.

Local governments and environmentalists had urged commissioners to raise taxes by at least $7 million a year to address more public health and safety issues.

The commission is almost totally funded by industry taxes. The tax hike will compensate for a projected drop in separate severance taxes charged to drillers partly because of a court ruling allowing companies to deduct the cost of some capital expenditures.

Exxon Mobil Announces $35 Billion in New US Investments Over 5 years, Citing Tax Reform

Exxon Mobil, the world's largest publicly traded oil company, said it plans to invest an additional $35 billion in the United States over the next five years.

Darren Woods, chairman and CEO of Exxon, said in a blog post that the investment is partly due to recently passed corporate tax cuts. The announcement puts Exxon on the board with a number of other companies that have announced employee bonuses and investments following President Donald Trump and GOP lawmakers' tax overhaul.

"These investments are underpinned by the unique strengths of our company and enhanced by the historic tax reform recently signed into law," Woods said in the blog post.
"These positive developments will mean more jobs and economic expansion across the United States in a myriad of industries."

In the post, Woods said Exxon would invest $50 billion over five years, but a spokesperson later clarified that the company had already announced $15 billion of that spending.

As part of the investment, Exxon plans to increase production in the Permian basin, a shale oil region in western Texas and eastern New Mexico where the low cost of production has attracted drillers. Exxon said it will expand its operations, make improvements to infrastructure and construct manufacturing sites, activities that it expects will generate thousands of new jobs.

Exxon doubled its holdings in the Permian last year through the acquisition of companies owned by the Bass family. The $5.6 billion acquisition ranked as the second largest deal in the U.S. oil and gas exploration and production space, according to Houston-based advisory firm PLS.

Woods said the investment announcement comes on top of billions it had earmarked last year to projects on the U.S. Gulf Coast.
Exxon in March said it would spend $20 billion to construct chemical, refining, lubricant and liquefied natural gas facilities along the coast. The company said at the time it aimed to create 12,000 permanent jobs on the back of the investment.

Woods said the company could expand its facilities on the Gulf Coast, pending an evaluation of the impact of lower tax rates on several projects currently in the planning stage.
"These are quality investments for our shareholders that are made even better by tax reform," Woods said.

"These are all possible because of the resource base developed by our industry along with sound tax and regulatory policies that create a pro-growth business climate here in the U.S."

Pittsburgh suburbs decide as fracking comes near: Welcome it, or resist?

Pittsburgh suburbs decide as fracking comes near: Welcome it, or resist?

Michael Thomas didn't think the Marcellus shale industry, with its multi-acre well pads and large drilling operations, would come to the Pittsburgh suburb of Plum.

But then one day last summer, it did.

"I was on vacation and I got an e-mail from a council member that said, 'Are you going to the meeting tonight?'" said Thomas, the borough manager. "And my response was, 'What meeting?'"

It was a public hearing for an underground injection well for fracking waste, held by the EPA. Around 200 residents came out to oppose the project. Pretty soon the borough got word that another company wanted to build shale gas wells in Plum.

This came as a surprise to Thomas, the borough's manager for 13 years. There were small, conventional gas wells in Plum. But Thomas thought the drilling industry would stay in more rural parts of the state.

"We were not anticipating a lot of requests or a lot of permit requests for wellheads in Plum because — all things being equal — you can get a lot more property up in Elk County, a lot cheaper, than you can in Allegheny."

But in the last couple of years, interest in gas drilling in Pittsburgh's suburbs has slowly but surely increased. Wells have been permitted or are being planned for as close to four miles from the city line. And according to research from the oil and gas watchdog Fractracker Alliance, about 18 percent of Allegheny County is leased to gas drillers.

That has rekindled a debate about the risks and rewards of drilling in suburban Pittsburgh, as suburbanites and elected officials now have to decide what to do about fracking in their backyards.

Risk vs. reward

Fracking has brought jobs to Pennsylvania and riches for some landowners, but also controversy. Opponents say the process burdens local communities with truck traffic, emissions from gas wells, and potential harm to groundwater.

But that debate has largely skipped over Pittsburgh and its biggest suburbs — until now. It's not hard to see why. "If you look at a map of oil and gas operations in Pennsylvania, you'll immediately take note that Allegheny County looks like an island in a sea of gas wells on their maps," said Doug Shields, a former Pittsburgh city council member, and now an outreach coordinator for the environmental group Food & Water Watch.

"It's only a matter of time before (fracking companies) come into these high-density populations."

S&P Global Platts energy analyst Taylor Cavey said in an email that the reason for the interest in Allegheny County could be from the buildout of pipelines in the area and the sheer volume of gas beneath the ground there, which rivals that of Washington County. In Washington County, the production from Marcellus gas wells there is around 12 million cubic feet a day. In Allegheny County, the initial production rate is now between 4 and 12.9 million cubic feet a day.

Still, drilling companies have so far stuck to the surrounding, more rural counties. Allegheny County has just over 134 Marcellus gas wells, while Washington County, to the south, has 1,710, according to Pennsylvania Department of Environmental Protection data.

Drilling close to Pittsburgh is complicated by the fact that Allegheny County has 130 municipalities, some as small as 50 acres. Each can regulate fracking through zoning. So deciding

Continued on page 7

Pittsburgh suburbs decide as fracking comes near: Welcome it, or resist?

Continued from page 6

where companies can drill is now becoming a big, open question in Pittsburgh's suburbs. Through his job with Food and Water Watch, Shields offers to help communities update local laws to include gas drilling restrictions. Only about a third have zoning ordinances that have up-to-date oil and gas designations. But he said that's beginning to change.

"These communities kind of woke up quickly and began to understand they need to protect themselves," Shields said. Oakmont, next to Plum, has enacted strict limits on where companies can drill gas wells. Monroeville also adopted a restrictive zoning policy; but the municipality is now considering an ordinance that would allow drilling in more areas.

Striking a balance

A few months ago, Plum decided to allow drilling in about one-third of the municipality. Thomas, the Plum manager, said that was a compromise. Some residents who owned gas rights wanted to expand the map to allow drilling in more densely populated areas. Others wanted to restrict it to just a handful of industrial zones.

"My rule is always to try to strike the balance," said Thomas, who convened a panel of local officials, planning commission members, and sought out expert advice on how to regulate fracking. If you don't let people make money, he said, you won't have a healthy economy. But "if you have everything running rampant," people will move away. He said public opinion in the borough was mixed, but that most he talked to were friendly to the idea of drilling. "I'd say six out of every 10 people that I talked to (said), 'Let's drill,'" he said. "But four of every 10 (said), 'We've got to think about this, we've got to stop this.'"

On top of that, he worried that the company drilling the well, Huntley and Huntley, would sue if the borough made its ordinance too restrictive, especially since Plum had allowed smaller wells to be drilled in most parts of the municipality. Huntley and Huntley did not agree to an interview. But in an email, a company spokesman said that environmental problems predicted by environmentalists at the company's other sites — like Allegheny County's Deer Lakes Park — never materialized, and that the company was concentrating its Marcellus drilling on the more sparsely populated parts of the municipality.

"Oil and gas development in these less developed areas will have the benefit of allowing these landowners, who are oftentimes under economic pressure to maintain their open spaces, the ability to keep them as-is, rather than having to sell their land for more intensive development," said company spokesman Dave Mashek, in an email. The company's first Marcellus gas well in Plum is currently taking shape. Backhoes move dirt around the well-pad, which resembles a typical construction site. But in a few months, a drilling rig will be moved on site, to drill down more than a mile underground into the Marcellus shale. Dave Vento, a former Plum councilman, doesn't want to see fracking of this scale come to Plum. He's worried about truck traffic, potential damage to water wells, and whether the development of shale gas wells will drive down property values. He says he understands some of his neighbors would benefit from lucrative royalty payments, but doesn't think it's worth it.

"Absolutely, it's good for them — but at what cost to the rest of the community?" said Vento, who is a foreman for the Pennsylvania Turnpike. "You live in a community, you don't live by yourself. This isn't the Wild Wild West. We live in a community. We're surrounded by humans — you know? It's just — what you consider your right, (versus) what you don't consider your right."

As drilling moves into the suburbs here, it's a question more and more people will be asking.

Lawmakers call on Trump to preserve NAFTA

House and Senate lawmakers urged President Trump and his top trade officials in meetings to complete negotiations of an updated North American Free Trade Agreement (NAFTA).

Several members of the Senate Finance Committee, who met with Trump at the White House, expressed the importance of the 24-year-old NAFTA pact with Mexico and Canada to the U.S. economy along with the their concerns about the U.S.-China trading relationship.

Senate Finance Committee Chairman Orrin Hatch (R-Utah) called the conversation “robust.”

"In our meeting, we underscored that preserving NAFTA is vital for the millions of Americans whose jobs depend on trade in North America, and that weakening the agreement would jeopardize American economic growth,” Hatch said.

“We committed to working with the president to improve and modernize the agreement," Hatch said.

"We also discussed the mutual desire to confront the challenges China poses to American businesses and workers."

Sen. John Thune (R-S.D.), a member of the Senate Agriculture and Finance committees, said he told Trump how important the pact is for his economy of state and the country.

"I was able to express to him today how important the North American Free Trade Agreement is to agriculture, South Dakota’s top industry, and I urged him to keep the unique needs of this industry at the forefront of the administration’s trade negotiation effort,” Thune said.

Last week, 36 Republicans senators called on Trump to preserve NAFTA and don't follow through with threats to withdraw from the agreement, in a letter ahead of the State of the Union address last week.

Republicans have expressed concern about the direction of Trump’s trade policy.

In a separate meeting, Republicans and Democrats on the House Ways and Means Committee met with U.S. Trade Representative Robert Lighthizer about trade issues.

Ways and Means Chairman Kevin Brady (R-Texas) said congressional law-

Lawmakers call on Trump to preserve NAFTA

Continued from page 8

makers and Lighthizer discussed ways they can work together on the trade agenda.

"People in my district and across the country are counting on us to get this right, which is why we all have to stay at the table," Brady said.

"Congress has the Constitutional responsibility over trade — and we're committed to fulfilling our duty in close coordination with the administration."

Trade Subcommittee Chairman Dave Reichert (R-Wash.), who attended the sixth round of NAFTA talks last week in Montreal, said "our trade agreements have greatly benefited communities across the country, but we can and should update our agreements and make improvements."

"I've made clear that the best way to improve our trade agreements is to require ambitious and fully enforceable commitments from our trading partners," he said.

Rep. Bill Pascrell (D-N.J.), ranking member on the Trade Subcommittee who also traveled to Montreal, said in the meeting "we focused on making progress toward an improved NAFTA agreement this year with Mexico and Canada."

Pascrell said he was pleased with Lighthizer's response over his concerns about the lack of independent unions and raising minimum wages in Mexican manufacturing industries.

"I was pleased Lighthizer tried to build confidence with us that he will consult closely with Congress going forward."

Separately, Sen. Charles Grassley (R-Iowa) joined the Americans for Farmers & Families (AFF) on Wednesday to launch a coalition in Iowa that will work to advocate for the importance of preserving and updating NAFTA.

"The president has made great progress for the economy and it has been enhanced by his signing of the tax reform bill … if we withdraw from NAFTA it will undo a great deal of benefits of the tax bill from the economy," Grassley said at the announcement.

NAFTA

NORTH AMERICAN FREE TRADE AGREEMENT

Shell Quarterly Profit Jumps 140% After 'A Year of Transformation'

Oil giant Royal Dutch Shell reported profits more than doubled in the fourth quarter of 2017, supported by a recent rally in oil and gas prices.

Net profit attributable to shareholders on a current cost of supplies (CCS) basis, used as a proxy for net profit, and excluding identified items, came in at $4.3 billion, versus $1.8 billion in the same quarter a year ago. This compared to a company-provided analyst consensus of $4.24 billion. It was also slightly above Reuters estimates.

Shell Chief Executive Ben van Beurden said that the Anglo-Dutch firm had posted a "strong financial performance" during "a year of transformation."

"Our relentless focus on value, performance and competitiveness meant we were able to deliver $39 billion of cash flow from operations excluding working capital movements from our upgraded portfolio," he said in the earnings statement.

Shell's full-year net profit, attributable to shareholders on a CCS basis and excluding one-off items, came in at $15.8 billion in 2017 — an increase of 119 percent from the year earlier.

The oil major also reported a sharp rise in cash flow last year, after years of costs cuts and the acquisition of BG Group in 2016 came to fruition.

Improving environment for big oil

Shell's latest figures come amid a rapidly improving environment for big energy firms, with oil prices skyrocketing 50 percent since the middle of last year. International benchmark Brent crude has recovered strongly in recent months and reached a multi-year high of $70 a barrel earlier this month.

There are also signs the oil market is rebalancing, particularly as allied producers continue with an agreement to limit output.

In recent quarters, major oil companies have been eager to show investors that progress has been made when it comes to covering spending and dividends with cash generation. The price of oil collapsed from near $120 a barrel in June 2014 due to weak demand, a strong dollar and booming U.S. shale production and firms were forced to wrestle with their portfolios in order to try and become more competitive.

Late last year, the company reportedly said it expected changes to the U.S. tax system to have a "favorable" impact on its business operations. The change to U.S. tax legislation, enacted by President Donald Trump on December 22, was projected to have a significant effect on Shell's fourth-quarter results.

In the $1.5 trillion tax overhaul, the Trump administration slashed corporate tax rates to 21 percent, down from 35 percent.

API President and CEO Jack Gerard to Leave in August

After 10 years running one of Washington's most influential associations covering all aspects of the oil and natural gas sector, API President and CEO Jack Gerard announced he will not make another long-term commitment to API and will step down when his current contract ends in August 2018. Until then, he will continue to direct the association's work and assist in the search for a new CEO.

"Serving the oil and natural gas industry during this historic time, when an American energy renaissance has made the U.S. the world's leading producer and refiner of oil and natural gas, has been among the most fulfilling professional experiences of my career," said Gerard. "We have accomplished what few would have imagined: important public policy victories at all levels of government, and a revitalized association that has expanded globally and added significant strength to its advocacy capabilities. I have served for 10 years at API, which is the longest tenure of my career. I'm ready for my next challenge and want to ensure that API will have time for an orderly transition to plan for its next decade."

Since Gerard joined API in 2008, association membership grew by almost 50 percent and added members from every sector of the industry. The organization tripled its growth in global markets where it promotes safety through standard setting and best practices, including expansions to Singapore, Dubai and Rio de Janeiro, and the industry's public policy influence improved dramatically at the local, state and federal level. During his tenure, Gerard built an effective grassroots network comprised of 45 million voters with representation in every congressional district who communicate with their elected officials on energy issues.

"Jack has been an extraordinary leader for the oil and natural gas industry during a time of challenge and opportunity," said API Chairman and ExxonMobil CEO Darren Woods. "He has unified our industry, expanded our global reach, heightened our effectiveness, and navigated a number of significant public policy challenges to a successful conclusion, including: the end of the crude oil export ban; the preservation of a pro-development and refining tax and regulatory framework; and the creation of a Center for Offshore Safety, dedicated to safety in offshore operations. Jack has built a solid foundation from which we will continue to grow. We will miss Jack tremendously because of his significant accomplishments over the years. Our focus will now be on the search for a successor who will build on Jack's achievements."

Gerard joined API after serving as president and CEO of two large trade associations – the National Mining Association and the American Chemistry Council. He worked for almost a decade in the U.S. Senate and House. He is active in several civic organizations, including as an Advisory Board member and past chairman of the National Area Council of the Boys Scouts of America, a board member and former co-chair of The George Washington University's Graduate School of Political Management, and chairman of the board of directors for the Congressional Coalition on Adoption Institute.

API is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million U.S. jobs and nearly 8 percent of the U.S. economy. API's more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service and supply firms. They provide most of the nation's energy and are backed by a growing grassroots movement of more than 45 million Americans.

U.S. chemical industry applauds Trump's plan to upgrade infrastructure

Chemical companies are welcoming President Donald J. Trump's long-awaited $1.5 trillion plan to rebuild aging U.S. infrastructure systems.

"Building and repairing the nation's network of roads, rails, and waterways will create jobs and strengthen America's efficiency and, by extension, our economy for generations," Dow Chemical says in a statement. "Dow and the chemical industry, as well as countless U.S. workers and citizens, will benefit from the President's proposal to invest in our infrastructure."

The framework, released on Feb. 12, seeks congressional approval for $200 billion in direct federal funding. The Administration expects the federal allocation will draw matching funds from cities, states, and the private sector, resulting in a $1.5 trillion total investment in repairs and new construction.

In recent years, states have assumed a greater share of public infrastructure spending, and the White House wants to accelerate that trend.

Modernizing and repairing the nation's transportation infrastructure is critical for U.S. chemical companies, which rely on highways, railroads, and ports to deliver their products to customers.

"This issue is a priority since a highly functioning transportation network and robust energy infrastructure are vital to keeping the business of chemistry moving," says the American Chemistry Council, the industry's main trade association. "If left unaddressed, infrastructure challenges could prevent our nation from fully realizing the benefits of increased production."

To speed up the construction of infrastructure projects, the plan would streamline the federal permitting and approval process to no more than two years. The current process, which involves a gauntlet of federal, state, and local regulatory hurdles, can take five to 10 years.

Under the administration's plan, environmental review would take no more than 21 months. After a favorable decision, a permit would have to be issued within the next three months.

Democrats agree that U.S. infrastructure needs upgrading, but they say the White House proposal is short on federal funding. And activists oppose Trump's plan to accelerate the permitting process.

Faster environmental reviews "would leave local residents all but voiceless when it comes to the massive projects that will reshape their communities," says the Natural Resources Defense Council.

U.S. Congress weighs changes to Clean Air Act

Chemical companies, other manufacturers, and their Republican allies in the U.S. Congress are seeking an overhaul of a federal program requiring air pollution permits before industrial facilities are built or expanded.

These permits are mandatory for new construction or significant modifications at existing facilities to ensure companies reduce air emissions.

This Clean Air Act requirement, which dates to 1977, is complex and drags out the permitting process, particularly for existing facilities, companies say. However, it has made older facilities, such as aging coal-fired power plants, upgrade to modern air pollution equipment when companies significantly modify them.

While it has had support from community and environmental groups because it has cut air pollution, the requirement has been a bane of industry for decades. It is the subject of several long-running industry challenges to EPA enforcement actions.

Congressional efforts to limit the regulation through new legislation or EPA guidance have heated up in recent months. At a Feb. 14 hearing on this issue before the House of Representatives Energy & Commerce Subcommittee on Environment, Republicans said they want to relax permit requirements, while Democrats endorsed retaining them as is.

The Republican push for change comes at a key time for the chemical industry.
The American Chemistry Council, a chemical industry trade association, estimates that some 317 projects worth $185 billion in new U.S. investment are in planning because of the recent flood of natural gas and natural gas liquids. Some are expansions and others are new projects, and both face a host of local, state, and national permit requirements, ACC says.

If a project suffers too many roadblocks or is substantially delayed, the company may look to relocate the facility—along with the related jobs and growth—elsewhere, ACC warns.

US will be a Net Energy Exporter by 2022, Four Years sooner than expected, Energy Department says

US will be a net energy exporter by 2022, four years sooner than expected, Energy Department says The United States is on pace to export more energy products than it imports by 2022 as oil and natural gas production from the nation's shale fields keep booming and domestic energy demand remains fairly tepid, according the Department of Energy's statistics arm.

The country will achieve the feat as it expands natural gas exports beyond its traditional North American markets, shipments of crude oil increase and outward flows of refined products such as gasoline remain robust, the Energy Information Administration said in its Annual Energy Outlook.

The nation's anemic appetite for energy will also play a role in the United States becoming a net exporter. U.S. energy consumption is forecast to grow by only 0.4 percent through 2050, compared with expectations for economic growth of 2 percent.

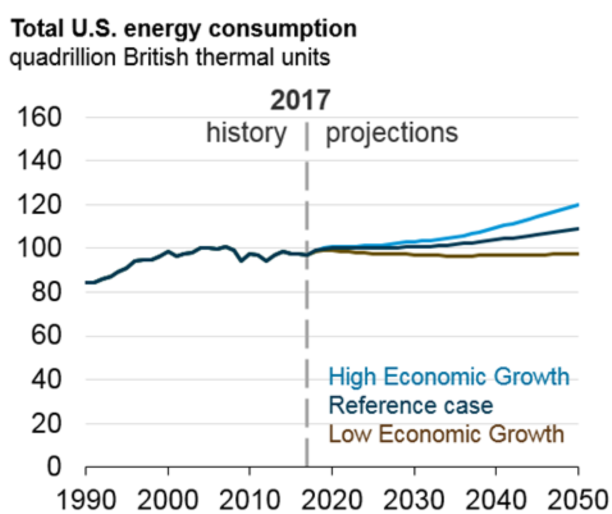
If the forecast bears out, 2022 will mark the first year the U.S. energy exports surpassed imports since 1953.

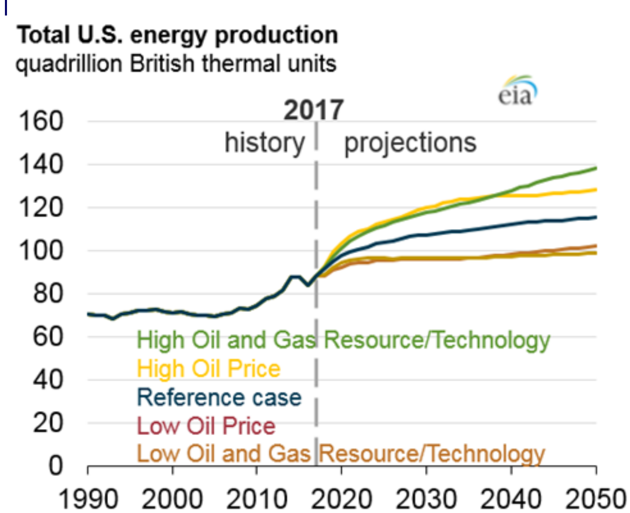
"The United States energy system continues to undergo an incredible transformation," EIA Administrator Linda Capuano said in a statement. "This is most obvious when one considers that the [Annual Energy Outlook] shows the United States becoming a net exporter of energy during the projection period in the Reference case and in most of the sensitivity cases as well — a very different set of expectations than we imagined even five or ten years ago."

In fact, just last year, the EIA forecast the United States would not achieve net exporter status until 2026.

As a net exporter, the United States would still import oil, natural gas and other energy products. Many U.S. refineries are configured to process heavier grades of crude oil, and international flows fluctuate based on the relative cost of energy products from different parts of the world.

Last year, U.S. crude started trading at a big discount to international benchmark Brent crude after Hurricane Harvey shut down a quarter of American refining capacity, shrinking demand





US will be a Net Energy Exporter by 2022, Four Years sooner than expected, Energy Department says

Continued from page 14

for crude oil. That discount makes U.S. crude more attractive to overseas refiners and helped push American exports to an all-time high above 2 million barrels a day last fall.

U.S. exports have been fueled by a boom in natural gas and oil production from advanced technology like hydraulic fracturing — the process of pumping water, sand and chemicals underground to fracture shale rocks and allow hydrocarbons to flow.

EIA projects U.S. crude and liquids output will keep growing through 2042, while natural gas production will remain on an upward trajectory through 2050.

Shipments of natural gas cooled to liquid form, known as LNG, are expected to dominate the U.S. export flows. Historically, gas piped to Canada and Mexico has accounted for the bulk of exports.

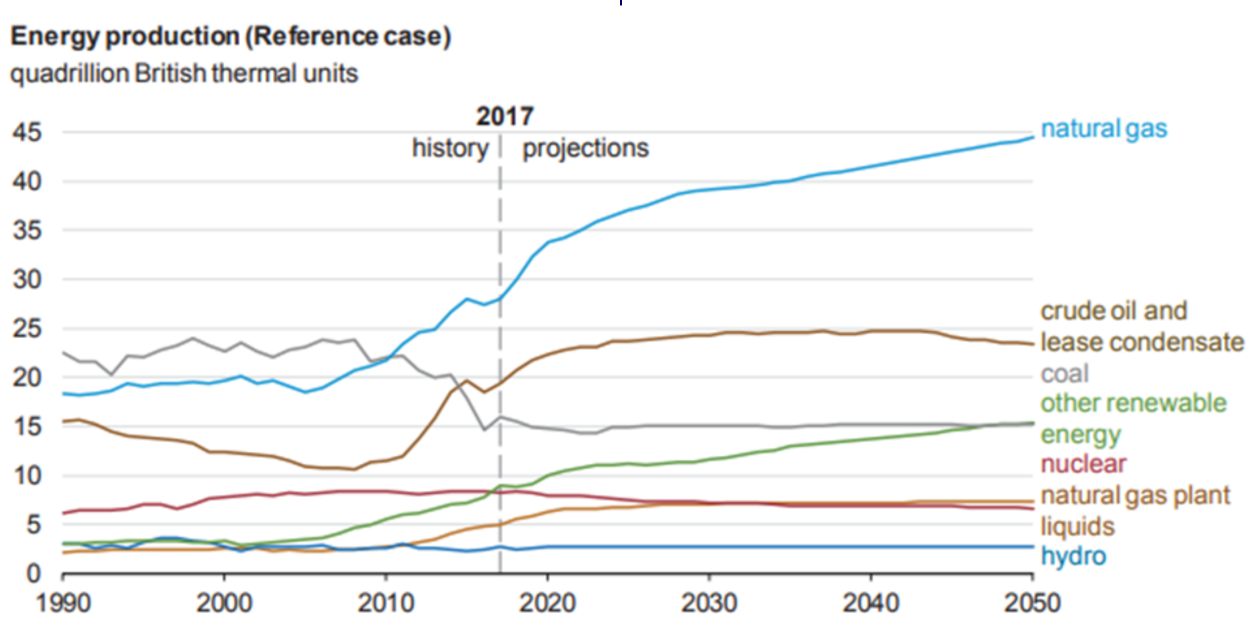
The EIA expects the United States to remain a net exporter of coal through 2050.

However, it warns that shipments won't increase much because competing exporters are closer to the major markets for coal.

Within the United States, coal-fired power generation and coal production is projected to keep falling through 2022 as plants continue to retire, under pressure from natural gas-fired generation.

EIA says virtually all new U.S. power generation will come from natural gas-fired plants and renewable sources such as wind and solar farms after 2022.

President Donald Trump has vowed to revive the U.S. coal industry, but he has not made much progress.



Greens sue Trump over fracking waste in Gulf

Three environmental groups teamed up to sue the Trump administration on Tuesday for allowing oil companies to dump leftover waste from drilling and fracking into the Gulf of Mexico.

The lawsuit, filed by the Center for Biological Diversity (CBD), Gulf Restoration Network and Louisiana Bucket Brigade, argues officials neglected to determine the potential dangers to water quality, marine life and the environment before allowing the dumping.

Specifically, the groups are challenging the Environmental Protection Agency's (EPA) Clean Water Act permit that allows companies to dump the waste into the Gulf. The permit was granted in September.

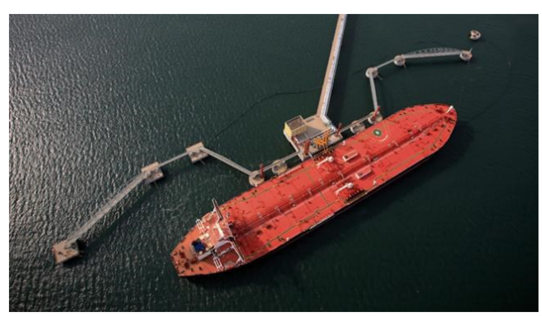
The groups claim officials failed to conduct a comprehensive environmental review under the National Environmental Policy Act in compliance with the Clean Water Act.

The suit, filed in the U.S. Court of Appeals for the 5th Circuit petitioned the court to review the final National Pollutant Discharge Elimination System permit issued by the EPA.

“The Trump administration is letting oil companies dump toxic fracking chemicals into the Gulf with no regard for the risks or the law,” Kristen Monsell, a senior attorney at the CBD, said in a statement. “That’s just unacceptable. The EPA is supposed to protect water quality, not give oil companies free rein to use our oceans as their garbage disposal.”

In a press release the group noted that the waters in the western Gulf of Mexico have the highest concentration of offshore oil and gas drilling in the country and said the EPA failed to conduct a "meaningful review" of the impacts of waste on the ecosystem.

In December, the CBD filed a 60-day notice of intent to sue the administration over the permit. That notice specifically criticized the administration for not evaluating the dangers to sea turtles, whales and marine life overall before granting the permit.



Republicans and the White House are Reportedly Discussing a Gas Tax Hike

White House economic advisor Gary Cohn and Republican lawmakers discussed hiking the federal tax on gasoline in order to pay for an infrastructure plan, according to political news website Axios. The Trump administration will soon release its plan to generate $1.5 trillion in infrastructure spending and streamline the permitting process. Rep. Bill Shuster of Pennsylvania pressed fellow conservatives to consider upping the federal gas tax in a meeting with Cohn during a Republican congressional retreat, a source who attended the gathering tells Axios.

While Cohn, director of the National Economic Council, said the administration is open to all options for drumming up revenue, Sen. John Barrasso of Wyoming voiced opposition to a gas tax hike, Axios reports. The issue first came up in May, when President Donald Trump said he might support a gas tax increase to underwrite investments in U.S. infrastructure, a statement the White House later walked back. Cohn reportedly told lawmakers in October they would have an opportunity to raise the federal fuel levy during infrastructure negotiations. The federal government currently taxes gasoline at the pump at 18.4 cents per gallon, a level that has not changed since 1993. Funds raised through the charge go to the Highway Trust Fund and pay for road construction and investments in mass transportation. The odds of raising the gas tax look remote right now because the GOP just passed massive tax cuts and the party doesn't want to give the impression of burdening the middle class, top Republican sources tell Axios.

Oil Industry Plans to Spend $100 Billion in U.S. Fields Next Year

Oil companies expect to spend billions more next year on drilling wells and pumping oil across the United States, a financial boost for firms that sell tools and equipment, farm out crews for rigs and fracking fleets and employ thousands across Texas. A survey released of more than 300 oil companies indicates the industry plans to boost U.S. oil field spending — the lifeblood of local oil field services companies — by 15 percent in 2018 to more than $100 billion. If oil prices stay high enough to support those investments next year, it would mark the second year in a row in which U.S. drillers led a global spending hike as crude prices recover from the market's collapse in 2014. Companies lifted U.S. spending 49 percent in 2017, according to the survey by New York investment bank Evercore ISI.

"The pace of overall North American spending through the recovery will moderate in 2018 as companies look to live within cash flow," James West, an analyst at Evercore, said during a conference call with investors. "But 2018 could be the first in several years that commodity prices surprise to the upside."

All told, companies that produce oil and gas will spend $385.5 billion around the world, up $24.8 billion, or 7 percent, over 2017. More than half of that increase — $13.3 billion — will be spent in the U.S. Still, global spending will come in about 50 percent below the industry's 2014 peak.

SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

1532 Pointer Ridge Place, Suite G
Bowie, Maryland 20716

Phone: 301-390-0900
Fax: 301-390-3161
E-mail: rlittlefield2@wmda.net

2018 SSDA-AT Officers

President: Peter Kischak, New York	914-698-5188
Vice President: Fred Bordoff, New York	718-392-9605
Treasurer: Billy Hillmuth, Maryland	301-390-0900
Past President: Dave Freitag, Ohio	419-217-0870

For more information on SSDA-AT, please contact::

Roy Littlefield, IV, Managing Director/ Editor

rlittlefield2@wmda.net ✦ 301-390-0900 ext. 137