



# SSDA News

*Service Station Dealers of America and Allied Trades*

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## INSIDE THIS ISSUE:

Legislative Update	1, 18
2015 Legislative Summary	2, 3, 19
Impact of Natural Gas on Emis-	4
Oil, Gas Lobby Groups to Merge	5
Crude Glut Could Persist	6
Obama Rejects Keystone XL Construction Application	7
Big Oil Pulls Techs from Various Industries	8, 9
Oil, Gas Cyber Attacks	9
Pressure to Ban Fracking in CA	10, 11
Statoil Pulls Out of Alaska	12
America's Gas Supplies	13
Penn Township - More Well Drilling Applications	14
Letter to the Editor	15
TransCanada to Raise Dividends	16
OH has \$33.8B in Shale Projects	17

## Legislative Update

By Roy Littlefield

### Tax Extenders

Congress ended last week with staffs hard at work on a tax extenders bill but no decisions made and certainly no markup in Ways and Means.

Congress adjourned for Thanksgiving recess and won't return till December 1st, so it will once again be December before the House considers a tax extenders bill.

Recall the Senate approved its extenders bill in July, reauthorizing WOTC till the end of 2016 and expanding eligibility to include workers who've exhausted regular State and Federal unemployment benefits.

For the second year in a row WOTC, Vow to Hire Heroes Act credits, and tax extenders will be considered for passage at the end of session. That prospect has given rise to a creeping "extenders fatigue" among lawmakers- members are wishing extenders would go away, make a few permanent and kill the rest, stop the nonsense of a mad rush before Christmas.

Sour attitude doesn't often make for thoughtful action, weighing the merits of each cause; members are as likely to take a hatchet to the list of extenders as long as it puts an end to the annual drill.

To offset this we have a big advantage, the White House wanting to make

WOTC permanent-few extenders are in that category. As congressional Republicans work for a bill he will sign, the President can have a deciding voice in the outcome if he stands by WOTC.

Speaker Ryan and Chairman Brady have only the week of December 1st to make a deal with Treasury on which extenders should be made permanent, or, failing that, pass a straight extension of all extenders or a bill of their own design with some permanent. But even if the House acts fast, Senator McConnell may not opt for Senate action because a single senator can delay the Senate for most of a week in passing a bill.

McConnell and Ryan's highest priority is passing an Omnibus Appropriations bill to fund the government by the deadline of December 11. Congress can stay later to finish the bill, but this is must-do legislation or the government shuts down.

On such occasions, Leaders frequently opt to fold all bills into a single omnibus where deals are reached on conflicts. This allows negotiation for a "grand bargain" because the Speaker of the House, both Leaders in the Senate, and President must agree on a bill.

Speaker Ryan intends to press for a deal with the White House on several issues like corporate inversions, objectionable regulations, Obama care, funding of

*Continued on page 18*

# Looking Back at the 2015 Federal Legislative Year

By Roy Littlefield, IV

With the ongoing tire registration and highway bill battle, 2015 has proved to be one of the busiest legislative years in our association's history. Given the pending outcome of those issues, let's take a look back re-cap some of the other developments and legislative issues in 2015. SSDA-AT was involved in. We thank all those members who got involved by attending our Lobby Day, writing letters to Congress, calling Representatives, engaging other dealers, supporting the PAC, and signing our petition. These grassroots efforts help to keep us an influential association in Washington.

## Estate Tax

Culminating a 10 year effort, on April 16 the U.S. House of Representatives passed SSDA-AT-supported legislation to fully repeal the estate tax. The final vote was 240-179, with 7 Democratic members voting in favor, three Republicans voting against, and 12 members not voting. SSDA-AT has been involved throughout the repeal efforts working with the Small Business Legislative Council and the Family Business Coalition. In the process, SSDA-AT submitted testimony before the Ways and Means Committee calling for the repeal.

We are now pushing Senators to call for a vote to send the message that Congress is behind full repeal. While the Obama administration has threatened to veto the proposal, there is much significance to a vote as members need to be put on record with their position. We are pleased that Estate tax repeal is once again being considered and gaining national momentum and support.

Recently, Rep. Andy Harris (R-MD) introduced the "American Solution for Simplifying the Estate Tax Act of 2015" (H.R. 3508). Although the bill does not repeal the estate tax, it helps to lessen some of the requirements and regulations surrounding the tax. In short, the legislation aims at simplifying the estate tax, address the carry-over basis, simply and extend returns, and addresses

the special rule for revocation of trusts in connection with election. The bill would amend the Internal Revenue Code of 1986 to allow an annual elective surcharge in lieu of estate tax, and for other purposes. The bill has been referred to the Committee on Ways and Means.

The current method of collecting Federal estate tax often cripples American family-owned businesses by forcing the sale of ongoing concerns in order to pay tax liability arising from the death of an owner, creating inefficiencies, dislocation, and often job losses. SSDA-AT supports H.R. 3508.

## Lobby Day

On February 5th, 2015 SSDA-AT held its Federal Lobby Day. The timing could not have been better for our lobby day with highway funding discussions in full swing.

To give a summary, those who attended gathered as a group in the Caucus Room of the Cannon House Office Building where they were briefed for the day and updated on current status of the Highway Trust Fund.

Former Congressman Al Wynn then spoke on the importance of members coming to Capitol Hill. The crowd was then briefed by two members of the National Republican Senatorial Committee on the goals of the party, the results of the most recent election, initiatives of the party, and looking forward to 2016. A member of the Small Business Legislative Council then gave an updated on tax reform and tax extenders which lead to an outburst of questions from the audience.

We then reviewed the funding options for a long-term transportation bill and reviewed some of proposals being aimed at the tire industry which includes: increasing the motor fuel tax by \$.15-\$2.00 per gallon, reinstating the Federal Excise

*Continued on page 3*

## Looking Back at the 2015 Federal Legislative Year

### *Continued from page 2*

Tax on passenger tires, increasing the Federal Excise Tax on truck tires by 10%, reinstating the Federal Excise Tax by \$.05-\$.15 per pound on tread rubber used in the retread process, increasing the Federal Excise Tax on trucks and truck parts by 10%, and dozens of others.

Congressman John Delaney (D-MD) then took the floor and shared his proposal for funding transportation in a way that would not place harmful taxes on our industry. Delaney's plans include a one-time, percentage-based tax levied on overseas profits of multinational companies. In addition to levying a tax to support the Highway Trust Fund for six years, Delaney's plan would establish a \$50 billion infrastructure fund for state and local governments. It would also set up a commission to ensure the financial future of the Highway Trust Fund.

Democratic Whip Steny Hoyer then shared his thoughts with SSDA-AT members about the importance of funding a long-term bill and the need for the United States to improve its transportation system. Hoyer vouched his long time support for the Tire Industry and will continue to be a spokesperson for the association making forward.

Attendees then traveled through the underground tunnel to Rayburn 2167, where they were met by Rep. Carlos Curbelo (R-FL), Rep. Garret Graves (R-LA), and Rep. Jared Huffman (D-CA) (Freshman Members from the House Transportation and Infrastructure Committee) who gave their thoughts and outlook for funding transportation this year.



The members then split into smaller groups to conduct more personal individual meetings with Congressional staff and members of Congress. SSDA-AT members met with the offices of: Congressman John Sarbanes (D- Maryland, 3rd), Senator Ron Wyden (D- Oregon), Senator Roy Blunt (R-Missouri), Congressman Rodney Frelinghuysen (R-New Jersey, 11th), Congressman Glenn Grothman (R- Wisconsin, 6th), Senator Barbara A. Mikulski (D - Maryland), Congressman Dave Brat (R-Virginia, 7th), and Senator Richard Burr (R-North Carolina).

Others took part in one-on-one robin educational and introductory sessions with key Hill staffers from the House Transportation & Infrastructure Committee and the House Ways and Means Committee in the Rayburn Gold Room. By the end of the day, SSDA-AT members collectively made contact with 22 Congressional offices, sharing our views, positions, and concerns. The evening concluded with a reception in the Capitol Foyer of the Rayburn building, where SSDA-AT, in conjunction with other automotive related groups, hosted members from the 114th Congress and their staff.

### **DOL Overtime Proposal: Changes to the Fair Labor Standards Act (FLSA)**

A few months ago, SSDA-AT submitted comments to DOL in reference to the Department's proposed rule published on July 6, 2015 on the proposed rule defining and delimiting the exemptions for executive, administrative, professional, outside sales and

*Continued on page 19*

## Oil Group: Regulators are Ignoring Impact of Natural Gas on Emissions

The oil and gas lobby says the Obama administration is ignoring the role of natural gas in reducing carbon emissions around the country.

In a report issued, the American Petroleum Institute (API) noted that the United States has done more to reduce its carbon emissions than other developed nations and attributed that decrease to an abundance of American natural gas.

The natural gas boom, API President Jack Gerard said, “has helped us achieve substantial and sustained emissions reductions without command-and-control style regulatory intervention.”

The group said natural gas is a good way to produce power with lower emissions than other energy sources, noting that half of the 22 states with below-average emissions use natural gas more than any other fuel.

The industry has long said the U.S. should rely on gas as it transitions to cleaner power, and has pushed back against power plant regulations issued by President Obama.

Emissions reductions didn’t come “through government mandate, it wasn’t through a carbon tax, it wasn’t through any directive, it was done primarily driven by market forces within the context of all of the above,” Gerard said.

Researchers and green groups note that American power sector carbon emissions are shrinking, something environmentalists attribute to the decreased reliance on coal-fired power plants.

The natural gas industry was disappointed when the final Clean Power Plan rule for power plants diminished the potential role of natural gas as a cleaner “bridge” between fossil fuels and renewable energy.

When releasing the rule in August, the Environmental Protection Agency instead noted that the final rule is crafted as a way to allow for a quicker transition from fossil fuel power directly to renewables like wind and solar.

Clean energy advocates and environmentalists say that’s for the best, given that natural gas — while offering lower emissions than coal, for example — still contributes to climate change.

In a statement, the Sierra Club dismissed the group’s report.

“In general, it shouldn’t surprise anyone that the oil industry wants to sell the profitable idea that fossil fuels like dirty oil and gas will solve the climate crisis,” Liz Perera, the group’s climate policy director said.



## Oil, Gas Lobby Groups to Merge

Washington, D.C.'s major oil industry lobbying group is taking over the association representing natural gas drillers, the organizations announced.

Taking over the younger America's Natural Gas Alliance (ANGA) will make the American Petroleum Institute (API), one of the top lobbying associations in Washington, an even greater powerhouse.

The groups have become aligned on most major policy debates in recent years, owing largely to the extensive natural gas production by oil companies and the need to defend fossil fuels writ large. Despite the competition between the two fuels in markets like transportation, the lobby groups have rarely disagreed publicly.

"There is a natural synergy between our organizations," API head Jack Gerard said in a Wednesday statement.

"As a single organization, the combined skills and capabilities bring an enhanced advocacy strength to natural gas market development — ANGA's primary mission — and the combined association's expanded membership will provide additional lift to API's ongoing efforts on important public policy issues."

Marty Durbin, ANGA's chief and a former API official, will head a new division at the oil group dedicated to market development. The merger had been rumored for months and first reported by Politico, though the groups declined to speak publicly about the negotiations.

API has firmly placed oil exports as its top policy priority, trying to undo the 40-year-old near ban on shipping crude outside the United States.

ANGA's policy fights usually revolve around drilling regulations, including fighting against hydraulic fracturing limitations and rules like the Environmental Protection Agency's (EPA) proposed standards to limit methane leaks from oil and gas drilling.

API spent \$9.09 million lobbying Congress last year, the most of any trade group in the energy sphere. ANGA spent only \$1.37 million.

The gas group was founded only in 2009 as the shale gas revolution took hold through advanced drilling techniques like fracking and horizontal drilling.

The merger will become effective Jan. 1, the associations said.



## Dallas Fed CEO Says Crude Glut Could Persist Until 2017

The state's economy has remained surprisingly strong despite an energy slump that has forced tens of thousands of Texans out of work in recent months. But the tough times in the oil and gas industry are far from over, the new head of the Federal Reserve Bank of Dallas.

Delivering his first remarks since he was appointed president and CEO, Rob Kaplan said that while the downturn has slowed the rapid clip of Texas' economic expansion in recent years, the state will still see job growth of 1.2 percent this year, despite rampant layoffs across the energy sector.

The state's unemployment rate at 4.3 percent remains well below the 5 percent national average, even as oil and gas companies curtail spending plans and shrink their payrolls, because labor shortages persist in several industries, including construction, nursing, truck driving, retail and restaurants, Kaplan told an audience gathered at the University of Houston.

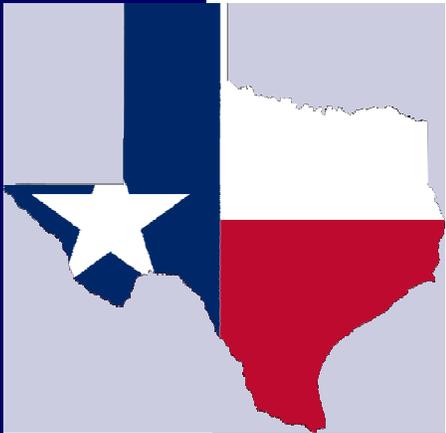
He credited the solid growth in the service sector for preventing Texas from slipping into an economic recession, noting particular strength in health care and leisure and hospitality. The energy sector remains a key driver of the state's economy, but Texas is a more diverse place than it was in years past, Kaplan said.

"The Texas economy is proving to be highly resilient, and I'm very optimistic about the future of this state," he said.

The state has also benefited from a flurry of construction activity along the Gulf Coast, where a surge of cheap natural gas has fueled a massive expansion of the petrochemical industry. In addition, Texas has attracted an array of new companies that have relocated operations to the state, including some outside of the energy sector, which has added new people to the state's population faster than the national average. That trend will likely continue, even as the energy sector continues to reel from anemic oil prices that will likely remain lower for longer, he said.

Domestic benchmark crude has been pulled down by a glut of oil that has kept prices stuck below \$50 per months, a level too low for some shale producers to turn a profit. Oil companies have beat a retreat from the oil patch, laying down rigs and dropping plans for further exploration activity, but production has remained stubbornly high, as crude producers figure out how to wrest more oil and gas from the ground cheaper and faster than before.

Kaplan said he doesn't expect daily oil production and consumption to reach a reasonable degree of balance until late 2016, or early 2017, a lengthy timetable that spells more immediate financial trouble for exploration and production firms and the oil field services companies that need a higher oil price to bolster their balance sheets.



# Obama Rejects Keystone XL Construction Application

US President Barack Obama announced his administration’s decision to reject TransCanada Corp.’s application for a permit to construct the controversial Keystone XL crude oil pipeline.

“The State Department has decided that the Keystone XL pipeline will not serve the national interests of the United States. I agree with that decision,” Obama said.

“The pipeline would not make a meaningful long-term contribution to our economy. So, if Congress is serious about wanting to create jobs, this was not the way to do it,” the president said, adding that the pipeline would not lower gas prices for American consumers.

The White House’s announcement comes on the heels of the State Department’s refusal of a request from TransCanada to suspend its Keystone XL pipeline cross-border permit application review just days after receiving it.

In response to Obama’s announcement, TransCanada released a statement saying it “will review all of its options in light of a permit denial” for the pipeline system. The options, TransCanada said, would include filing a new application to receive a Presidential Permit for a cross-border crude oil pipeline from Canada to the US.



“TransCanada and its shippers remain absolutely committed to building this important energy infrastructure project,” said Russ Girling, TransCanada’s president and chief executive officer.

Girling said his company believes that a pipeline will eventually be built “as this is the safest, most economically efficient means of getting crude oil to market.”

### Industry responses

Industry responses to Obama’s decision were not unexpectedly critical.

“Today’s decision on the northern leg of the Keystone XL pipeline will have no material impact on greenhouse gas emissions,” said

Kevin Birn, director, IHS Energy. “IHS research has consistently shown that oil sands production does not hinge on any one infrastructure project and alternative projects and rail exist. IHS continues to expect over 800,000 b/d of new supply to come online by 2020 from existing projects relative to 2014. This will raise total oil sands production to 3 million b/d in 2020,” Birn said.

Jim Burkhard, IHS Energy vice-president,

*Continued on page 18*

## From Space Travel to Video Games, Big Oil Pulls Tech Collaborators From a Range of Industries

These days, Big Oil's arsenal of gadgets includes plenty of tech developed by industry outsiders, like robots designed by robots, MRI scanners and satellites that can see subtle gravitational changes within the earth.

But even so, it still takes oil companies too long to adopt technologies that emerge outside the energy sector, Royal Dutch Shell's top technology executive said on Thursday.



"We could do so much more," Shell's Chief Technology Officer Yuri Sebregts said in an interview. "In oil and gas, it has traditionally been an insular community. More and more, we bring in other technologies, but I think we can do an awful lot more."

The executive's comments come at a time when low crude prices have forced many companies to cut their oil-exploration budgets, and oil discoveries have come in much smaller and have taken longer to find than they were a few years ago.

Sebregts, who was in Houston to speak at a space industry event, said for competitive reasons, big oil companies tend to develop proprietary technologies behind closed doors. But embracing outside technologies to fit the oil industry's need would be faster and cheaper than inventing new tools from scratch.

"Companies in the oil industry have historically wanted to invent everything themselves," he said. "There's other industries than energy that have really cool technology that's already available. So looking outside and seeing what technology exists that might solve your particular challenge in unlocking an energy source is often just a much quicker way."

Some modern examples of outside technologies seeping into the industry have shown that it works, he said.

For instance, Shell uses MRI scanners to examine core samples from its oil wells, creating sharp images of buried oil rock. And within the last three years, the Anglo-Dutch oil major has started deploying drones to inspect the integrity of burner tips at the top of tall gas flares at its refineries. That saves costs by eliminating the need to stop operations while an inspector gets to the top of a flare stack.

In the past decade, advancements in super-powered computing and satellite imagery have allowed geologists to peer beneath big salt domes that scatters seismic signals, leading to major oil discoveries in the last couple of years, he said.

Similarly, some oil companies are using software from the video game industry to create 3D representations of the massive streams of data that come

*Continued on page 9*

## From Space Travel to Video Games, Big Oil Pulls Tech Collaborators From a Range of Industries

*Continued from page 8*

from sensors in the oil field.

Ultra-fast computers have also helped oil companies quickly figure out what materials will speed up the chemical reactions they use to convert gas into liquids and other, ending the long days of trial and error in a laboratory.

The oil industry, he said, has also repurposed some technologies used in space travel for its global hunt for oil. For instance, the same scanners that space shuttles use to precisely line up a path to

dock with the International Space Station or other vehicles is used in drilling. The scanners use a complex calculus that helps drilling rig operators get a drill pipe deep underground.

“The major act of drilling is just continuously connecting and disconnecting pieces of pipe,” he said. “So if you can automate that, it’s not only safer because the roughnecks don’t have to be close to it all the time, but also you can do it much faster and therefore cheaper.”

## Oil, Gas Cyber Attacks Increasing

Cyber attacks in the upstream oil and gas sector are increasing, according to Eric Knapp, the global director of cyber security solutions and technology for Honeywell Process Solutions.

At an annual meeting for Honeywell users in the EMEA region being held in Madrid this week, Knapp told Rigzone that the oil and gas industry is not only seeing more cyber threat activity, but that threats of this nature are becoming more advanced.

“In those sites that we support directly, we have seen that there’s an increase in activity. We can extrapolate from that that globally there’s an increase ... Malware

creation and the cyber threat as an entity is an organization. Malware changes and evolves ... we’re seeing activity increase across the board.”

Over the past 30 years, the oil and gas sector has been the target of well-known cyber attacks. One of the most famous was launched against Saudi Aramco in 2012 by the terrorist organization, Cutting Sword of Justice. The group launched the attack to stop oil and gas production in Saudi Arabia’s largest exporter within the Organization of the Petroleum Exporting Countries (OPEC), according to a white paper by Lockheed Martin Corporation.

## Jerry Brown Pressured To Ban Fracking In California

California Gov. Jerry Brown (D) is facing pressure from environmental activists to take a stand against hydraulic fracturing, also known as fracking, in the Golden State.

Brown, who is one of the nation's leading environmental advocates, has faced criticism for years for not opposing fracking, the controversial practice of pumping pressurized water, sand and chemicals into rock to extract oil and natural gas. While the state has adopted the nation's toughest regulations governing fracking, Brown has said a statewide ban on the practice "doesn't make a lot of sense."

"If we reduce our oil drilling on California by a few percent, which a ban on fracking would do, we'll import more oil by train or by boat, that doesn't make a lot of sense," Brown said on NBC's "Meet the Press" in March. What we need to do is to move to electric cars, more efficient buildings and more renewable energy and in that respect, California is leading the country and some would say even the world and we're going to continue moving down that path."

Anti-fracking activists have continued to press the governor on the issue, voicing concern over the amount of water the practice uses in drought-stricken California. Advocates are also worried about the potential harm fracking could pose to drinking water and wildlife, as well as the risk of fracking-induced earthquakes.

With Brown set to lead a delegation to the upcoming climate talks, a new ad campaign airing throughout California is hoping to change the governor's mind on fracking.

The ads, backed by Movement Generation and The Other 98%, feature community activists, artists and comedians calling on the governor to impose a statewide ban on the practice.

Actor and activist Mark Ruffalo is also upping the pressure on the governor, unveiling a new documentary called "Dear Governor Brown." The 20-minute film was directed by Jon Bowermaster, a writer and filmmaker who made a similar documentary geared at New York Gov. Andrew Cuomo (D) in 2012. (Cuomo went on to ban the oil extraction method in 2014, citing concerns about potential health risks.)

"Our industry generates billions of dollars in revenue for the state of California and for too long Governor Brown has put the fossil fuel industry above all others," Ruffalo told The Hollywood Reporter. "We are standing up to tell Governor Brown that fossil fuels are bad for the state of California and if we want to grow a vibrant economy, we need to keep oil in the ground. Building out all the solar in the world means nothing if California keeps extracting and dumping fossil fuels into the atmosphere."

And in Sacramento, protesters representing Faith Against Fracking gathered last week to urge Brown to reconsider his position.

"We have a governor about to step on the world stage and say he's taking action," said group leader David Braun, according to the Los Angeles Times. "We're calling on him to demonstrate his commitment to

*Continued on page 11*

# Jerry Brown Pressured To Ban Fracking In California

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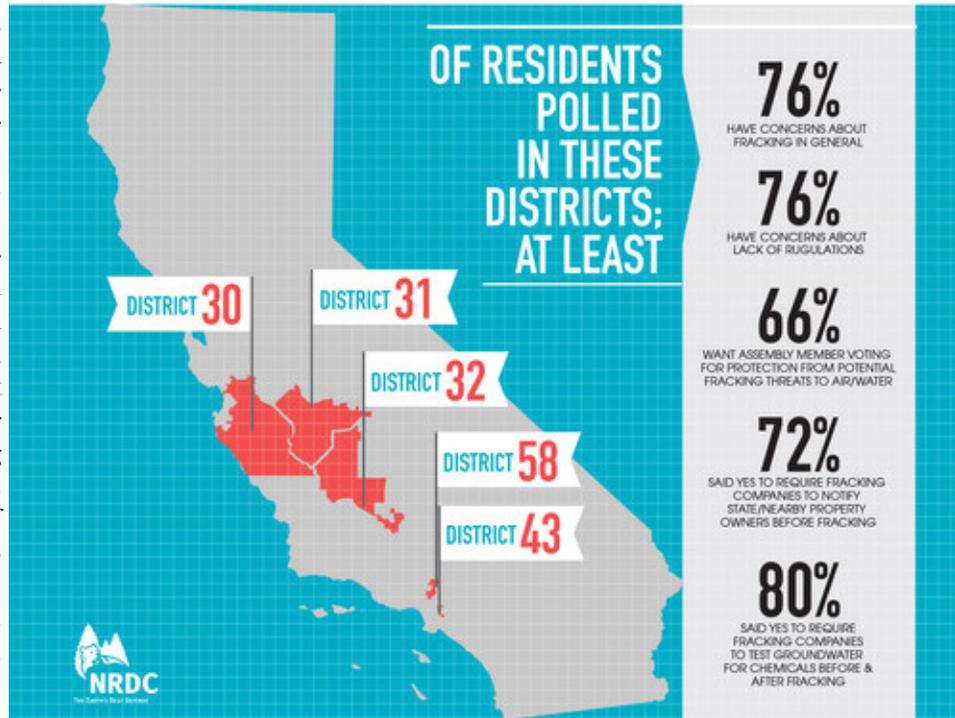
climate."

"California is a global leader in the promotion of alternative energy and the reduction of greenhouse gases," the Brown administration said in a statement sent to HuffPost via the state Department of Conservation. "Someday, we won't be dependent on fossil fuels. Until we get there, shutting down significant oil production in a state with millions of drivers would require us to import more. The Governor signed legislation creating the most comprehensive environmental analysis of hydraulic fracturing to date, and California has the most stringent rules in the nation for the use of hydraulic fracturing, ensuring environmental and public health and safety."

A poll conducted by the Public Policy Institute of California in July found 56 percent of Californians oppose the increased use of fracking.

## CALIFORNIANS ARE CONCERNED ABOUT FRACKING

New polling shows that more than three-quarters of residents polled in California's 30th, 31st, 32nd, 43rd, and 58th assembly districts have concerns about fracking. Nearly half of residents polled in each district say their concerns are very serious. More than 75% of respondents in each district also have concerns about the lack of regulation of fracking in California, and more than half of Republican respondents in each district share these concerns.



	AD-30	AD-31	AD-32	AD-43	AD-58
Very serious or somewhat serious: Concerns about fracking in general	77%	76%	76%	77%	82%
Very serious or somewhat serious: Concerns about lack of regulation	80%	78%	76%	80%	85%
Very important or somewhat important: Assembly member voting to protect from potential fracking threats to air/water	71%	67%	66%	70%	74%
YES: Require fracking companies to notify state/nearby property owners before fracking?	78%	74%	72%	81%	83%
YES: Require fracking companies to test groundwater for chemicals before/after fracking	85%	80%	80%	86%	89%

## Norway's Statoil Follows Shell in Pullout From Alaska

Norwegian oil major Statoil said it will pull out of Alaska's Chukchi Sea, just weeks after Royal Dutch Shell abandoned the treacherous waters there after spending billions on oil exploration work.

The latest pullback comes as oil companies slash spending on expensive offshore projects during the worst price crash in six years. Businesses, politicians and environmental groups have squared off over drilling in the Arctic, which is widely believed to have large undiscovered oil resources.

Statoil said it will exit 16 leases it operates and its stake in 50 leases operated by ConocoPhillips.

"Since 2008, we have worked to progress our options in Alaska. Solid work has been carried out, but, given the current outlook, we could not support continued efforts to mature these opportu-

nities," Statoil exploration chief Tim Dodson said in a statement.

When it pulled out in late September, Shell had already spent about \$7 billion on exploration in the waters off Alaska so far and it later took a charge of \$2.6 billion for leaving the Chukchi Sea, where icebergs can be as large as New York's Manhattan Island.

ConocoPhillips said its plans for the Chukchi Sea were on hold prior to Statoil's announcement and they remain on hold.

On its third quarter conference call, Conoco said it plans to exit all deepwater exploration by 2017 as other projects win out in the budgeting process.

Currently, it has deepwater operations in the Gulf of Mexico and offshore Senegal, Angola and Canada. Alaskan waters tend to be shallow.



## America's Gas Supplies Suddenly Gained 7 Billion Cubic Feet

A U.S. government report showed America's natural gas stockpiles had swelled by 49 billion cubic feet to reach a record. It was in line with what analysts had forecast. Except for one thing.

The Energy Information Administration revised the figures to reflect an even bigger gain of 54 billion cubic feet to a record of 3.985 trillion. That's 7 billion more than the total reported last week. The agency said it was the result of a change in the way it reports inventory data.

The higher estimate is 5 billion cubic feet above what analysts had expected last week and may deliver yet another bearish signal to an oversupplied market that has lost 18 percent of its value this year. Stockpiles of the fuel have continued to swell amid rising production in U.S. shale formations and weak demand.

"We've got so much gas, the question is, where is it going to burn?" said Jason Schenker, president of Prestige Economics LLC in Austin, Texas. "We are already at the high end of the five-year range. At this point, the supply side is rather robust."

The EIA will for the first time release storage estimates for five U.S. regions instead of three. As part of the change, it "re-released" the report for the week

ended Nov. 6 to include supplies that may have been re-estimated, were previously rounded out or didn't surpass a reporting threshold before, Jennifer Wade, a member of the agency's Office of Oil, Gas, and Coal Supply Statistics, said by e-mail.

According to the new data set, U.S. inventories also reached a record sooner than previously reported. They hit 3.931 trillion cubic feet in the week ended Oct. 30, eclipsing the previous all-time high of 3.928 trillion on Nov. 2, 2012.



## Penn Township Receives More Well Drilling Applications

Penn Township is facing new permit applications to drill shale gas wells, including three it received last week.

Township officials plan to meet with the company that submitted them.

Four of the seven applications are for 30 wells involving hydraulic fracturing, or fracking, a drilling technique that pulls oil and natural gas from deep underground. They are from Apex Energy LLC, a Marcellus Shale gas drilling company currently conducting fracking in the northeastern corner of the township.

Although the applications have not yet been approved by the state Department of Environmental Protection, they are cause for “huge concern,” said Gillian Graber, president of the citizens group Protect PT. She was among the residents who voiced concerns at a packed commissioners meeting.

The proposed well pads would be in areas traditionally zoned for agricultural use and mixed-use residential development. However, they are covered by a special zoning district the township created as part of an overhaul of its zoning ordinance, which has remained pending since receiving preliminary approval last fall. The draft zoning laws are in effect while pending.

The special district, called an overlay, applies to much of the largely rural township and is a point of contention for Protect PT, which believes fracking should remain confined to industrial areas.

In late summer, the group sent a letter to commissioners expressing concern about the pending ordinance, calling the mineral extraction overlay unconstitutional and urging the board to reconsider. The group has not yet received a response, Ms. Graber said.

The new applications were brought to the township

building in bundles, arriving in two deliveries within a week, Ms. Graber said. One of the proposed well pads, on farmland in the Level Green area, is less than 2,000 feet from a Trafford subdivision.

“I don’t know why there are so many at once,” she said.

Township manager Alex Graziani did not immediately respond to questions, including whether the township is reviewing the applications and when it might adopt the zoning ordinance.

The only time the township formally reviewed such an application was earlier this year when its zoning hearing board conducted a months-long review of an Apex application to drill two wells near Route 22. That operation, at a well pad encompassing nearly 90 acres at the intersection of Mellon and Walton roads, began in June.

Ms. Graber questioned the timing of the application submissions. She said that as of early this week, they had yet to receive approval from the DEP, a required step before a municipal zoning board can consider them for approval. She noted at a meeting that the township solicitor said the township has yet to review all of the applications and that some are incomplete. Moreover, the applications must include certain environmental impact studies prior to review, as part of the settlement of a lawsuit brought by Protect PT against the township earlier this year.

It was not immediately known whether Apex has submitted those applications to the DEP for approval, a process that usually takes three to four months, Ms. Graber said.

The chief executive of the Wexford-based company, Mark Rothenberg, did not immediately respond to a request for comment.



## LETTER TO THE EDITOR

Dear SSDA-AT:

By rejecting the Keystone XL pipeline, President Obama has once again put extreme politics above the interest of job creation and smart energy policy. Five of his own administration's reviews have determined the project to be safe and environmentally sound, yet the administration has turned its back on our closest ally and trading partner in favor of professional activists who are advocating a "leave it in the ground" approach to energy. It's ironic that the administration would strike a deal to allow Iranian crude onto the global market while refusing to give our closest trading partner, Canada, access to U.S. refineries. This decision will cost thousands of jobs and is an assault on American workers. It's politics at its worst.

This is a missed opportunity for the thousands of hard-working men and women in the labor industry whose lives depend on shovel ready projects like KXL. The 42,000 jobs they were waiting for are now gone along with the \$2 billion in wages they would have made building Keystone, according to President Obama's own State Department analysis.

At a time when our nation needs leadership to secure America's position as a global superpower, through commitment to U.S. resources and infrastructure, the administration has chosen to delay, defer and now defeat a critical energy project that serves the interest of our nation, workers and families.

We know Canada will move forward with oil development with or without Keystone XL. Remember KXL is just one of six major pipeline proposals to bring Canada's oil sands to market. Experts agree: Oil sands are being developed. Rejecting the pipeline means blocking efficient access to an important supply source for American refineries, which are the finest in the world. Blocking that source of stable, reliable oil will also hurt consumers.

Gas prices have been near four-year lows due in large part to surging American production. KXL would have given us access to an additional 830,000 barrels per day of steady supply from Canada and the U.S. Bakken region which would have further reinforced our crucial buffer against global supply disruptions and price shocks at the pump, but that opportunity has been squandered.

Now it's up to the American people to decide if decisions like this will go unchallenged. Voters sizing up the candidates for 2016 are looking for true leadership on energy issues because energy affects our daily lives from how much we pay at the pump to the plastics in our smart phones and the performance of our retirement accounts.

It doesn't make sense the administration would strive to assist Iranian oil producers in getting their product to market, while turning its back on our friendly neighbor and American jobs. We are going to continue to raise our voices on this extreme decision that was solely based on politics and not sound science.

Sincerely,  
Jack Gerard  
President and CEO  
API



## TransCanada to Raise Dividend, Add C\$13 Billion of New Projects

TransCanada Corp TRP.TO said it expects to raise its dividend and bring C\$13 billion (\$9.76 billion) of new small and medium-sized projects into service by the end of 2018, following the rejection of its Keystone XL crude pipeline.

Canada's second largest pipeline company said at an investor day in Toronto that it anticipates increasing its common share dividend at an average annual rate of 8 to 10 percent through 2020.

The company outlined plans to bring new projects into service, pending regulatory approval, including C\$6 billion of U.S. and Canadian gas pipeline expansions, C\$2 billion of Mexican gas pipelines, C\$3 billion of regional liquids pipelines and C\$2 billion of power generation facilities.

It also plans to extend the reach of its existing 545,000 barrel per day Keystone pipeline to the U.S. Gulf Coast to access refineries in the Houston, Texas City and Lake Charles areas.

TransCanada said capital spending is expected to be C\$7.3 billion in 2016, and C\$14 billion over the next three years.

The company is keen to highlight projects other than Keystone XL after U.S. President Barack Obama finally rejected the controversial cross-border pipeline earlier this month, more than seven years after it was first proposed.

"Keystone has attracted a lot of headlines over the last five years: the last couple of weeks, a couple of thousand news stories. Despite that there (are) a lot of other things going on with the company," Chief Executive Russ Girling said.

Obama said Keystone XL, intended to ship 830,000 barrels per day of mainly oil sands crude to Nebraska en route to the Gulf Coast, would not make a meaningful contribution to the U.S. economy. Environmentalists claimed a historic victory.

Even so, TransCanada vowed to keep pressing to build the pipeline and said it was reviewing its options.

The company is also developing its 1.1 million bpd Energy East project to Canada's Atlantic Coast although it scrapped plans this month to build a second marine export terminal for the pipeline.

(\$1 = 1.3317 Canadian dollars)



## Ohio Has \$33.8B In Shale Projects

Counting the proposed \$5.7 billion PTT Global Chemical ethane cracker plant along with tens of billions of dollars in processing infrastructure from MarkWest Energy, M3 Midstream and Blue Racer Midstream, Marcellus and Utica shale activity accounts for \$33.8 billion worth of economic development in Ohio, a Columbus-based law firm determined.

The projects tabulated by the Bricker & Eckler law firm also include the \$1.1 billion Southfield Energy power plant scheduled for Columbiana County, numerous pipeline projects crossing the state, and even new housing, hotel and retail developments officials believe are happening in Ohio specifically because of the burgeoning shale boom.

"Not only do we continue to see new projects, but the level of investment continues to be significant - in the billions. Ohio continues to reap the benefits of active, ongoing and new development in the energy sector," Matt Warnock, Bricker & Eckler partner and co-chair of the law firm's Oil & Gas Industry Group, said.

"Since we began tracking shale development two years ago, growth has been consistently on the rise," he added.

The \$33.8 billion invested in Ohio does not include the additional tens of billions of dollars invested and planned in West Virginia's Northern Panhandle.

Despite a slowdown in drilling and fracking across the region due to natural gas and oil prices dropping over the last year, this does not seem to hinder overall development in Ohio.

Industry leaders believe more pipeline infrastructure is needed to get their products to market.

Bricker & Eckler counts the \$4.4 billion Rover Pipeline that will stretch across the state among the projects, as well as the \$1.75 billion Leach XPress pipeline. Also on the list is the ATEX Express ethane pipeline at a cost of more than \$1 billion.

Other projects included on the list include:

- a \$400 million gathering system for XTO Energy in Monroe and Belmont counties;
- the \$900 million Carroll County Energy natural gas power plant;
- \$6.4 million for a compressed natural gas filling station in Columbus;
- \$100,000 in scholarships for those studying the oil and natural gas industry at Eastern Gateway Community College;
- \$415 million for the EQT Corp. Ohio Valley Connector pipeline system in Monroe County;
- \$2 billion for the NEXUS Gas Transmission system that would send gas across Ohio; and
- several millions dollars for the numerous hotel and housing projects built to accommodate the influx of oil and natural gas workers.

The increased shale investment is paying off for local communities. The Wheeling Metropolitan Statistical Area - which consists of Ohio, Marshall and Belmont counties - saw its gross domestic product grow by 9.5 percent from 2013 to 2014, according to data provided by the U.S. Department of Commerce.

Natural gas and mining account for the vast majority of the economic growth for the MSA.



## Tax Extenders

*Continued from page 1*

Planned Parenthood, etc, by attaching them to the Omnibus. To allow timely action in the Senate, the House must not only pass its Omnibus the week of December 1st, it must pass its extenders bill that week as well.

The House can send a tax extenders bill to the Senate separately or attached to the Omnibus-Ryan and McConnell will talk and then decide.

We remain convinced that, while continuing to lobby our targeted GOP congressmen and senators, we should be pounding on the President to keep his promise to veterans, the poor, and people with disabilities by putting the highest priority on permanent WOTC in his talks with GOP leaders for a deal.

Here's the kind of message to the President we advise:

"So far we see no evidence that your White

House team is encouraging Republican leaders in Congress to make the work opportunity tax credit permanent, although it's key to reducing poverty and homelessness as well as helping veterans and people with disabilities find jobs. This is especially poignant for veterans because you signed into law the VOW To Hire Heroes Act which is part of WOTC, and at present Congress has allowed the jobs tax credits authorized by that Act to expire. WOTC has been putting 1.6 million of the poor and homeless, veterans, and people with disabilities, into jobs each year and these job opportunities are not only crucial for self-sufficiency and dignity, they also promote labor mobility-giving workers a greater chance to find better jobs, escape poverty and rise to the middle class. Mr. President, please emphasize to your team that WOTC is an essential component of our country's social safety net and it's critically important that it be made a permanent part of the tax code in pending legislation before Congress."

## Obama Rejects Keystone XL Construction Application

*Continued from page 7*

added, "The Keystone XL decision does not mean less oil sands overall but it may complicate oil sands access to the US Gulf Coast where there is substantial refining capacity for heavy types of crude. The number one beneficiary of all this will be Venezuela and other suppliers of heavy oil that ship to the Gulf Coast by tanker. Venezuela heavy crude is similar to oil sands in both quality and greenhouse gas intensity and will continue to be consumed by US refineries in the absence of ac-

cess to Canadian crude oil."

Meanwhile, in a statement released shortly after Obama's comments, American Petroleum Institute Pres. and Chief Executive Officer Jack Gerard said that the president's rejection of the Keystone XL pipeline is "a clear example of politics coming before the interests of US workers and consumers."

## Looking Back at the 2015 Federal Legislative Year

*Continued from page 3*

computer employees.

SSDA-AT believes that raising the salary threshold from \$23,660 to \$50,440 annually is a significant increase. It will drastically increase labor costs and ultimately the cost of doing business; which will be felt by many small businesses in our industry. Small businesses do not have the ability to adjust to dramatic increases in labor costs without detriment to their business of the people they employ. This rule will have a significant negative impact on their ability to maintain competitiveness in the market.

We have heard the following from our membership on what business decisions this proposed rule may cause them to make:

- Raising the prices of goods and services to pass on the cost to consumers
- Layoffs
- Changing employees from salary to hourly, which could impact benefits or mean reduced pay for weeks where less hours are worked,
- Reducing base pay to account for over-time pay,
- Turning full time employees into part time employees,
- Reclassifying job duties,
- Inability to expand the size of the business (slowing or stopping job creation), and
- Providing less flexibility in hours worked.

SSDA-AT members believe that employees and employers alike are best served with a

system that promotes maximum flexibility in structuring employee hours, career advancement opportunities for employees, and clarity for employers when classifying employees. The DOL's proposed regulation amending the exemptions for executive, administrative, professional, outside sales, and computer employees (the "EAP exemptions") may impact the ability of SSDA-AT's members to maintain that flexibility and clarity.

### **PAC, Reporting, and Other Involvement**

SSDA-AT remains involved with OSHA, as we regularly attend Small Business Labor Safety Roundtables. In the past several months we have submitted comments to OSHA on a number of regulations and proposals.

We also maintain relations with NHTSA and have met with them on a variety of issues including consumer education and tire registration. We remain committed to building relationships on Capitol Hill with members of Congress and we continue to meet with various members to share our positions and concerns. In the past year, we have also attended many events with Vice President Joe Biden and other high ranking officials.

With OSHA conducting over 40,000 inspections last year, and with plans to surpass those numbers this year, we have been responding to numerous dealers who have been getting hit hard with fines from either state or federal inspectors. These fines have often been for tedious violations. SSDA-AT recommends enrolling in voluntary inspection programs that allow for violations to be corrected before a fine is issued.



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