SSDA News

Service Station Dealers of America and Allied Trades

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INSIDE THIS ISSUE:

OSHA Issues New Requirements for Electronic Reporting of Workplace Injuries and Illnesses

By Roy Littlefield

On May 11, 2016, the Occupational Safety and Health Administration (OSHA) issued a final rule intended to inform workers, OSHA and the public about workplace hazards that occur at an employer's worksite. Under the new rule, employers are now required to submit workplace safety information electronically and are prohibited from retaliating against workers who report such incidents. The Department of Labor has stated that the information will be used to create "the largest publicly available data set on work injuries and illnesses."

OSHA requires many employers to keep a record of injuries and illnesses to help these employers and their employees identify hazards, fix problems and prevent additional injuries and illnesses. The Bureau of Labor Statistics reports more than three million workers suffer a workplace injury or illness every year. Currently, little or no information about worker injuries and illnesses at individual employers is made public or available to OSHA. Under the new rule, employers in high-hazard industries will send OSHA injury and illness data that the employers are already required to collect, for posting on the agency's website.

Details of Finalized Rule: Who, What, and When:

Under the final rule, OSHA has revised its requirements for recording and submitting records of work-based injuries and illnesses. Once the new rule takes effect, you will be required to electronically submit the recorded information for posting on the OSHA website. Establishments with 250 or more employees that are currently required to keep OSHA injury and illness records must electronically submit information from the OSHA 300 Logs, the 300A Summaries, and the 301 Injury and Illness Incident Reports to the agency.

The new requirements take effect Aug. 10, 2016, with phased in data submissions beginning in 2017. These requirements do not add to or change an employer's obligation to complete and retain injury and illness records under the Recording and Reporting Occupational Injuries and Illnesses regulation.

For these establishments, there will be a phase-in where only the 300A Summaries for 2016 will be required to be electronically submitted by July 1, 2017. Meanwhile, the OSHA Forms 300A, 300, and 301s for 2017 will all be required to be submitted by July 1, 2018.

This new rule will also cover those establishments with 20 to 249 employees that are classified in 67 specific industries which have historically high rates of occupational injury and illness. These businesses must also electronically submit information from their 2016 OSHA 300A Summaries to OSHA by July 1, 2017. Beginning in 2019, the submission deadline will be changed from July 1 to March 2 for the previous year.

The final rule also allows OSHA to collect in-

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What Happened When Gasoline Prices Plunged? We Bought More Gas

What was the American response to cheap gasoline? Buy more gasoline. That's at least part of a fairly nuanced picture the J.P. Morgan Institute found after analyzing (anonymized) transaction records from 1 million of the bank's credit and debit cards.

When crude oil prices plunged in 2014, many economists and analysts expected households would splurge, offering a boost to consumer spending numbers and helping support the economy. Instead, the results were mixed and evidence of a cheap-oil dividend often elusive.

Federal Reserve Chairwoman Janet Yellen last month estimated the sharp fall in gasoline prices worked out to an average $780 in savings per household last year and another $420 through May of this year.

J.P. Morgan's think tank found more modest, but still significant savings among its cardholders in 2015.

"Households had the potential to save $630 at the pump, of which they spent the majority—58%. This spending provided more than a $200 boost to spending on non-gas goods and services, primarily restaurants and retailers. The lower gas prices also caused significant changes in household transportation choices, leading people to spend $150 more at gas stations and spend less on transit."

Middle-income households—in the $43,100 to $56,500 per year range—saw a $477 drop in gas spending from 2014 to 2015. That's equal to about 1% of income or more than half of one month's housing costs for a typical family, according to the report.

Savings were biggest in the Midwest and South and the lowest on the West coast and urban areas in the Northeast.

So why didn't the economy get a bigger boost? The aggregate shifts in spending get lost in part because gasoline is a relatively small share of overall consumer outlays—gasoline and other motor fuel made up about 1.8% of all personal consumption expenditures on goods and services during the first quarter of this year, down from about 3.2% in the first half of 2014, according to Commerce Department data.

But by digging deep into spending patterns, the J.P. Morgan study finds noticeable shifts in spending patterns, including a significant reversal of trends toward driving less and taking public transport more. The institute speculates households also spent on

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What Happened When Gasoline Prices Plunged? We Bought More Gas

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new cars and other big-ticket items that don't show up on credit-card bills. "That is a particularly interesting finding and is consistent with people being willing to buy new cars, less fuel efficient cars and heavier cars that use more gas," said Diana Farrell, president and CEO of the J.P. Morgan Chase Institute.

Of course, a simple supply curve suggests lower prices lead to greater consumption of a good or service. And the U.S. government is forecasting a 12% drop in average gasoline prices from 2015 to 2016. Does that mean households will keep buying more gasoline and pump the rest back into the economy?

"I don't know that we can assume that the behavior would be the same just pro-rated to whatever the changes [in gasoline price] are," Ms. Farrell said. "I think the broader context matters a lot more."

That broader context includes the labor market, wages, the overall economy and other factors that can support or detract from consumer confidence and household spending.

Bridgestone Wants to Add at Least 800 Company-Owned Stores

Last year's attempt by Bridgestone Retail Operations LLC (BSRO) to acquire Pep Boys — Manny, Moe & Jack wasn't a random shot at growth. It was one gigantic step to fulfill Bridgestone's plan to increase its footprint to at least 3,000 tire and service centers in the U.S. One failed deal aside, the company isn't backing down from its plan to grow.

Stu Crum, president of the tire maker's company-owned stores, says the company is looking to expand its retail reach, which currently includes 2,200 company-owned stores in 48 states. Those stores employ more than 23,000 people and operate under four brands. The largest is Firestone Complete Auto Care, with 1,600 stores, followed by Tires Plus, Hibdon Tires Plus, and Wheel Works.

"We are on a growth journey. You see 2,200 stores but quite frankly our goal is to get to 3,000-3,500 stores," Crum says. "We thought we did that with the purchase of Pep Boys. "I tell you what, negotiating with Carl Icahn was the most interesting six months of my life. You don't get to negotiate with people worth $22 billion very often."

Two months after Pep Boys initially agreed to a purchase by Bridgestone, Icahn ultimately outbid the tire company for the Philadelphia-born chain, paying $18.50 per share, or more than $1 billion for the service chain which operates 800 stores.

Crum says he expects BSRO to grow via new store openings, as well as acquisitions. He says there are a "couple" of non-disclosure statements signed already, and that the company will make a couple of acquisition announcements yet this year.

As for organic growth, Crum says Bridgestone is adding 25 new stores in 2016, probably 40 stores in 2017, and as many as 60 or 65 stores each year after that.

Chevron Refinery Fire Prompts California to Propose Tougher Rules

California oil refineries may soon see tighter safety controls under state regulations proposed Thursday, four years after a leaky pipe triggered a fire at Chevron's Richmond plant and sent 15,000 people to the hospital.

The new rules are an effort to make the state's 18 refineries safer for workers and neighboring communities by introducing employee workplace standards and added checks intended to prevent chemical leaks.

The regulations, jointly announced by the California Environmental Protection Agency, the Governor's Office of Emergency Services and the state Department of Industrial Relations, are the work of a group of government, business and community leaders convened after the August 2012 Richmond fire.

The proposed rules will be circulated for at least 45 days before the state agencies move to approve them.

"These regulations will make refineries safer neighbors and employers," CalEPA Secretary Matthew Rodriquez said in a prepared statement.

"Refinery workers, community and environmental organizations, and industry leaders worked with us to develop requirements that are practical and effective."

The U.S Chemical Safety Board offered a stinging critique of California's refinery oversight and industry practices in a review of the Chevron blaze released last year. Citing lax safety attitudes at the plant and a flawed response to the fire, the agency called for both refineries and regulators to do more.

Recently, Chevron referred calls about the state's proposed regulations to the industry trade group, the Western States Petroleum Association. Officials there said they had not yet evaluated the rules.

SSDA-AT Offers Support to SEMA:

Recognizing the Protection of Motorsports Act of 2016, RPM Act, S. 2659
Get Involved - Click Link Below to Send Letter

Converting a vehicle into a dedicated racecar is part of American heritage. Until now, it has been an unquestioned practice by enthusiasts, industry and regulators that has worked harmoniously with previous application of the Clean Air Act.

The Recognizing the Protection of Motorsports Act of 2016 (RPM Act), introduced by, U.S. Representatives Patrick McHenry (R-NC), Henry Cuellar (D-TX), Richard Hudson (R-NC), Bill Posey (R-FL) and Lee Zeldin (R-NY) will address any doubts regarding regulation of racecars and give the public and racecar industry much-needed certainty regarding how the Clean Air Act is applied.

Problem: In July 2015, the Environmental Protection Agency (EPA) issued a proposed rule that would:

- Prohibit the conversion of emissions-certified vehicles into racecars.
- Make it illegal to sell any emissions-related parts for those cars.

The EPA contends this is "tampering" and that a vehicle is forever a "motor vehicle" subject to the Clean Air Act, even if it is unregistered, the license have been plates removed and the vehicle is never driven on the highway.

Solution: The Recognizing the Protection of Motorsports Act of 2016 (RPM Act):

- Confirms that it has always been Congress' intent that racecars are not included in the Clean Air Act's (CAA) definition of "motor vehicle."
- Makes clear that it has always been legal to modify a street vehicle into a racecar used exclusively at the track.
- Confirms that modifying these vehicles for exclusive track use would not be considered tampering.

To send a letter to Congress supporting the RPM Act click here:
https://www.votervoice.net/SEMA/campaigns/45394/respond

The letter reads as follows:

Dear Congressional Member:

As a constituent, I respectfully request that you support H.R. 4715/S. 2659, the Recognizing the Protection of Motorsports Act of 2016, RPM Act, which protects our rights to convert an automobile into a racecar used exclusively at the track.

Modifying a vehicle and converting it into a racecar is an integral part of our American automotive heritage. It has brought joy and jobs to millions. In fact, NASCAR was founded in 1948 on the premise that ordinary street cars could be converted into racing machines. Today, there are a myriad of racing events all over the country, with participants that range from professionals to novices using vehicles that have been modified for racing use.

However, this time honored tradition is now under threat by the U.S. Environmental Protection Agency, EPA. The EPA has stated that it is illegal to convert street vehicles into race-only vehicles. Although the EPA agreed to withdraw problematic language concerning racing vehicles from an ongoing, unrelated rulemaking, the agency's position against street-to-race conversions has not changed.

Under the Clean Air Act, Congress never intended for the EPA to regulate vehicles built or modified for competition use only. However, the EPA is now attempting to circumvent Congressional intent without proper statutory authority.

Please support the RPM Act in order to provide certainty to the racing community and to protect the right to modify a motor vehicle for race purposes.

Thank you for your support.

100,000 oil jobs could be coming back

By: Matt Egan

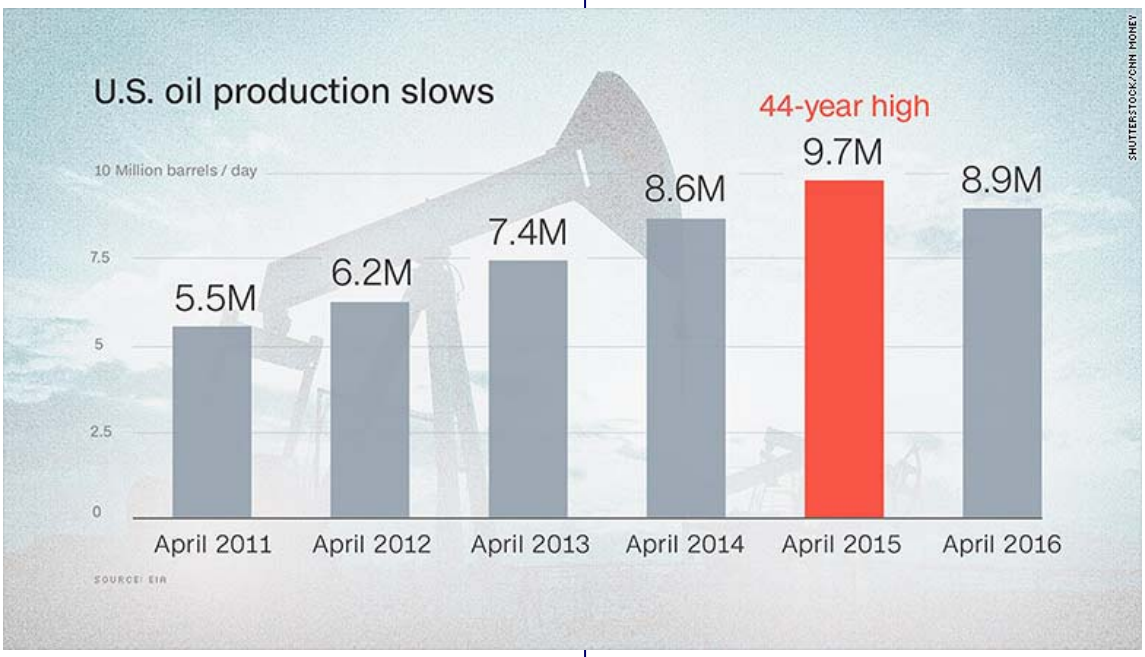
Good news laid-off oil workers: U.S. energy companies could soon face a serious worker shortage.

Goldman Sachs believes the American oil industry is about to stage a big comeback from the painful downturn and big job losses caused by oversupply.

As more oil fields come on line and America's oil boom gets back on track, there simply won't be enough people to do the required drilling, well completion and other logistical work. Cheap oil wiped out nearly 170,000 oil and gas jobs since late 2014 as desperate companies scrambled to cut costs and avoid bankruptcy.

That means just to keep up with the expected ramp-up in drilling activity, the oil and gas industry would need to add 80,000 to 100,000 jobs between now and the end of 2018, Goldman predicted in a recent report.

The estimate is based on Goldman's forecast for U.S. oil production to resume growing next year after the recent drop to two-year lows. That growth would require some 700 oil rigs to be added -- and each one supports an average of 120 to 150 employees.



Jeff Bush, president of oil and gas recruiting firm CSI Recruiting, agrees that a "worker shortage" is coming.

"When we get back to a reasonable level of activity, there's going to be a supply crisis of experienced personnel. I just don't see any way around that," said Bush.

That would be incredible news for people like John Ratcliffe. The 55-year-old has struggled to find work since he was laid off

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100,000 oil jobs could be coming back

By: Matt Egan

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by Transocean (RIG) in March after eight years as chief mate aboard vessels operated by the offshore drilling contractor.

"It has been rough," Ratcliffe told CNN-Money. He said he knows of at least one former coworker who has committed suicide since the downturn began.

The struggle has forced Ratcliffe to recently leave his residence in New Hampshire for a temporary job with Rowan (RDC), another offshore drilling company, in Curacao, a Dutch island in the Caribbean.

Ratcliffe is not alone. The list of America's biggest job-killing companies this year is dominated by energy companies, large and small, including National Oilwell Varco (NOV), Schlumberger (SLB),Halliburton (HAL) and Chevron (CVX).

All told, Goldman estimates that 170,000 oil and gas jobs have disappeared during the downturn. That's far worse than the 87,000 jobs wiped out during the last downturn in the middle of the Great Recession.

"It's been brutal. You've seen a lot of good people get handed their walking papers, with really no option as far as other employment opportunities," said Bush.

Some former oil workers have found jobs in the construction industry, though these jobs often come with lower salaries. The average pay in the oil and gas business is 63% higher than construction -- and 84% higher than the national average, Goldman said.

Bush said people who have a "niche skill-set" in jobs such as petroleum engineering and geology have had difficulty finding work because their talents aren't easily transferable to other industries.

The shale oil and gas revolution created an influx of jobs, with 233,000 created between mid-2009 and late 2014, Goldman estimates.

"The industry was poaching people from every industry imaginable to get them to move to North Dakota or Alaska to work on rigs or drive trucks," said Bush.

That task was made easier by the large pool of Americans looking for work following the Great Recession.

Even though the labor markets look pretty healthy these days, Goldman thinks oil companies will be able to hire enough talent, in part because of their willingness to pay better salaries.

"Oil and gas companies, as they have traditionally done, will throw money at the problem," said Bush.

Christie Orders Halt to NJ Transportation Trust Fund Projects for Lack of Revenue

New Jersey Gov. Chris Christie on June 30 ordered officials to submit plans by the end of July 2 for "an immediate and orderly shutdown of all ongoing work" paid for by the state's Transportation Trust Fund, because the Legislature did not complete a new funding package before the July 1 start of the budget year.

Currently, the trust fund – which provides project funding to both the New Jersey Department of Transportation and to NJ Transit – is expected to run out of money sometime in August.

Christie's executive order said it was necessary to take action now before the TTF's funds are depleted so as to "carefully ration the existing funds . . . to obtain the greatest effect out of those remaining dollars."

His order specifies that "any work that is funded by federal funds may continue."And it allows work on TTF projects to continue if the heads of the NJDOT and NJ Transit determine them to be essential.

Christie had negotiated a package that the state Assembly passed on June 28, which would hike motor fuel excise taxes by 23 cents a gallon while cutting sales taxes and some retirement income taxes. It went to the Senate, but that body did not bring it to a vote in its June 30 session.

The package would reportedly provide the TTF $2 billion a year for eight years. Currently, the fund is expected to run out of money sometime in August.

The governor in a statement criticized the Senate's inaction, which he said "ignored New Jersey's necessary transportation infrastructure improvements, as well as the hundreds of private-sector workers who came to Trenton today with their jobs hanging in the balance, because the Senate failed to re-authorize this Transportation Trust."

He said he was ordering the halt to construction projects because "in order to protect the health, safety, and welfare of the citizens of this state, it is necessary that the remaining amounts held by the TTF not be spent on any transportation project that is not absolutely essential."

Regulations Update

DOL Increases Civil Penalties for FLSA and FMLA Violations

The Department of Labor (DOL) has issued an interim final rule to adjust the amounts of civil penalties assessed or enforced under its regulations. The increased penalties are effective August 1, 2016.

The Fair Labor Standards Act (FLSA or Act) and accompanying regulations provide for assessment of civil money penalties for any person who repeatedly or willfully violates the minimum wage and overtime provisions of the Act. The maximum penalty for a repeated or willful violation is increasing from $1,100 to $1,894 per violation.

The Family and Medical Leave Act (FMLA) and accompanying regulations provide for assessment of a civil money penalty for each willful violation of the posting requirement. The maximum penalty amount is increased from $110 to $163 per violation.

OSHA Rule May Require Employers to Revise Drug Testing Policies

Effective August 10, 2016, the Occupational Safety and Health Administration (OSHA or Agency) will require employers to establish "a reasonable procedure" for employees to report work-related injuries and illnesses promptly and accurately. Under this new reporting standard, employer policies that request or require post-accident drug or alcohol testing will now face scrutiny by OSHA because, the Agency claims, post-incident testing deters injury reporting. Employers with post-incident or accident drug testing policies will be put to the task of justifying each decision to test based on the facts of each workplace incident or accident.

OSHA will not find fault with an employer which conducts drug testing to comply with the requirements of a federal or state law or regulation, because its motive in conducting testing is not retaliatory.

If OSHA finds that an employer drug testing policy deters the reporting of injuries and illnesses by employees, it may issue steep penalties. Penalties up to $12,741 per violation may be imposed or, for willful violations, up to $124,712.

IEA Warns On Oil Demand, But U.S. Output Up, Shale Firm Bullish

Oil markets will balance this summer, but "very high" oil stockpiles threaten price stability, according to a report Wednesday, while U.S. production climbs and shale producer Diamondback Energy (FANG) increases capital expenditures and output.

Lower-than-expected demand growth out of China and concerns that the U.K.'s decision to leave the European Union could put a damper on European demand, placing the oil market balance in jeopardy, the International Energy Agency said in its monthly report.

"There is a risk that unless demand turns out to be stronger than we currently anticipate, products stocks could rise still further and threaten the whole price structure," the energy watchdog warned.

U.S. crude fell 4.4% to settle at $44.75 a barrel, and Brent dropped 4.6% to end at $46.26 a barrel. Shares of Exxon Mobil (XOM) fell less than 0.1% in the stock market today. Chevron (CVX) dipped 0.1%, while BP (BP) and Royal Dutch Shell (RDSA) lost 1% and 0.5%, respectively.

The IEA report also warned of an "ominous investment gap building up," despite Chevron's recent announcement that it was expanding its Tengiz field in Kazakhstan.

The IEA said global supplies rose by 600,000 barrels per day in June to 96 million barrels per day, as supplies from Nigeria and Canada came back on line. Production from the Organization of the Petroleum Exporting Countries rose by 400,000 barrels per day to 31.21 million barrels as Gabon rejoined the cartel. Saudi Arabia's production rose by 280,000 barrels to 10.6 million per day, according to OPEC's monthly report out Tuesday.

The Energy Information Administration said U.S. production rose 0.7% to 8.49 million barrels last week, marking the second increase in the last six weeks.

U.S. oil inventory fell by 2.55 million barrels, the EIA reported. Late Tuesday, the American Petroleum Institute had said U.S. crude supplies rose by 2.2 million barrels, but analysts polled by S&P Global Platts expected stockpiles to fall by 3.25 million barrels.

Meanwhile, Diamondback Energy announced a deal Wednesday to buy assets in the southern Delaware Basin in West Texas for $560 million and raised its full-year production outlook by 11% to 38,000 to 40,000 barrels per day. The company said it will now complete 60 to 75 gross horizontal wells this year with three to four rigs. Diamondback could add a fifth rig in Q4 if prices continue to rise.

Diamondback also increased its 2016 capital spending guidance to $350 million to $425 million from an earlier range of $250 million to $375 million. Shares ended down 1% as it announced an offering for 5.5 million shares.

Proposition 65 Hurts Californians, And Useless Warnings Are Coming
By Dr. Joseph Perrone

They say the definition of insanity is doing the same thing over and over again, but expecting different results. So what are we to make of the Office of Environmental Health Hazard Assessment's (OEHHA) doubling down on Prop 65, the California chemical labeling law that is as ubiquitous as it is meaningless?

Recently, OEHHA Acting Director Lauren Zeise claimed in a Fox and Hounds commentary that "This landmark law has provided Californians with significant health benefits." But where's the proof? California Polytechnic State University professor Michael Marlow found no evidence that Prop 65 has reduced cancer rates among Californians, stating "there isn't a single empirical study that demonstrates any public-health benefits,"

Prop 65 has been around for three decades. And with zero studies showing any benefit, you could forgive Californians for wondering why their public health officials continue to pretend otherwise.

But rather than revisiting the law's utility, OEHHA has proposed changes to Prop 65 that don't make meaningful reform. OEHHA wants to make the label even more startling to consumers by including a warning symbol. This may get attention and raise blood pressure, but it doesn't communicate actual risk. OEHHA would also require warnings to list a specific chemical, but how many consumers know what diethylhexyl phthalate is?

The labels will still lack meaningful information for consumers because they don't put risk into context. Take the chemical acrylamide for example. It's on the Prop 65 list, and it's found potato chips, French fries, and coffee. But you'd have to eat 182 pounds of French fries every day to consume cancer-causing levels of acrylamide. A warning label for acrylamide on a box of fries or a bag of chips doesn't tell consumers anything.

The problem is that the labels don't distinguish low from high risks—and it's desensitizing people to the real ones. If the acrylamide warning is so overblown, why should Californians take labels for the other 860 chemicals seriously, especially when they appear on parking garages and Christmas tree lights? Such sloppy science merely creates a "boy who cried wolf" dynamic.

Not only that, but OEHHA has ignored good science in favor of being on the side of scaremongering. Last year, OEHHA listed Bisphenol A under Prop 65 as a reproductive toxicant. However, no less than the Food and Drug Administration wrote OEHHA taking issue with this classification, writing that research findings "do not support BPA as a reproductive toxicant."

The contents of chemical labels need to be in context for consumers. If people know the risks, they can make informed choices. But neither the proposed labels, nor the new OEHHA Prop 65 website, provide information about risk levels.

Second, a massive predatory industry has developed among lawyers and environmentalists who shakedown businesses that run afoul of Prop 65's regulations. Last year alone, businesses paid $26.2 million in Prop 65 settlements, with 68% going to pay attorneys' fees.

OEHHA's proposed Prop 65 changes are weak and fail to fix the problems. Nonetheless, OEHHA defended them with a survey which "showed 77% found the new warnings more helpful than the existing warnings." However, consulting public opinion on scientific nuance is a dangerous game. After all, another recent studyfound that 80 percent of consumers want to label food products containing DNA. (All food has DNA.)

OEHHA could propose smarter reforms. By deferring to authoritative bodies—like the International Agency for Research on Cancer (IARC) or the U.S. Environmental Protection Agency (EPA)—on which chemicals are safe, and not just carcinogenic, OEHHA would be following the best available science. By raising the burden of proof to significant exposure to chemicals before a business can be liable for failing to warn a customer, OEHHA would diminish the number of bounty hunter lawyers and unclog the court system by following common sense.

Everyone make mistakes, especially government agencies. But when it comes to questions of health and accuracy, there isn't time for pride. OEHHA needs to admit its mistakes, and start keeping Californians safe with common sense and the best available science.

Opponents of Hydraulic Fracturing Want to Kill America's New-Found Energy Abundance

There's no better — or bigger — illustration of the reversal of America's energy fortunes than the Gaslog Salem, the 98,000-ton, 935-foot-long liquefied natural gas tanker that left port in Cameron Parish, La., in late April bound for Portugal.

Since February, more than half a dozen tankers loaded with domestic natural gas that's been frozen to minus 260 degrees Fahrenheit have left American waters headed for ports in India, Brazil and the Middle East.

About a decade ago, the idea of America exporting LNG was as silly as thinking Donald Trump could be president of the United States. For instance, in 2005, Lee Raymond, who was then the CEO of Exxon Mobil, declared that "gas production has peaked in North America."

The conventional wisdom was wrong. Thanks to the shale revolution, the United States has gone from the prospect of natural gas scarcity to real abundance. This new abundance has been a boon for American consumers, it is helping our European allies, it has helped slash domestic carbon-dioxide emissions, and it has better equipped our electric grid to handle the intermittency of renewable energy.

Despite these facts, America's most prominent Democratic politicians and environmental groups want to end the shale revolution by prohibiting hydraulic fracturing. And they are doing so despite renewable-energy subsidies that favor wind and solar at the expense of natural gas.

The numbers tell the tale. From 2006 to 2015, domestic gas production increased by 55 percent and now stands at about 80 billion cubic feet per day. In petroleum terms, domestic gas output has grown by 5.3 million barrels of oil equivalent per day, an amount of energy greater than the combined oil output of Venezuela and Nigeria.

How does that increase compare to solar and wind production? In 2015, U.S. solar production totaled 39 terawatt-hours. That's double the amount of solar output from 2014, and it's equivalent to about 178,000 barrels of oil equivalent per day. Last year, U.S. wind production totaled 191 terawatt-hours. That's up 4 percent over 2014, and amounts to about 864,000 barrels of oil equivalent per day.

Therefore, over the past decade, merely the increase in domestic gas production is equal to more than five times the amount of energy now being supplied by solar and wind combined.

This abundance has led to major price declines. From 2000 to 2009, the average price of natural gas in the United States was $5.82 per million BTU. Today's price: $2.06. Lower-cost natural gas benefits American consumers and American manufacturing. Last year, the Brookings Institution issued a report that estimated the shale-gas boom is saving American consumers about $48 billion per year.

Low-cost shale gas is disrupting the international LNG market. In December 2014, LNG going into the Asian market was selling for $12.49. Today, thanks in large part to America's entry into the global gas market, Asian LNG is selling for about $4.24. Cheaper LNG helps America's allies in Europe by giving them an alternative to gas from Russia, which has long had outsized influence on the European energy market.

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Pipeline Safety Bill Mandates New Rules for Natural Gas Storage

Lawmakers hope to prevent the catastrophic pipeline breakdowns that have devastated parts of California with a bill approved by the House.

Co-authored by Rep. Jeff Denham, R-Turlock, the bill updates federal Department of Transportation programs that could affect the 200,000-plus miles of gas and hazardous materials pipelines that currently snake through the Golden State.

"We've got great bipartisan support," California's Denham said in an interview Wednesday, adding, "We put a lot of good provisions in there for California."

The pipeline safety bill appears to represent a rare example of congressional cooperation in an election year, involving neither Donald Trump nor transgender equality. The House approved it by voice vote, on the suspension calendar that's set aside for non-controversial bills.

The Senate has already approved by voice vote its initial version of what lawmakers in both parties on Capitol Hill call the PIPES Act, a four-year authorization crammed with technical details as well as some state-specific provisions.

The package, for instance, calls for a federal inquiry into the massive leak discovered last year at Southern California Gas Company's Aliso Canyon Natural Gas Storage Facility. The Los Angeles-area leak emitted upwards of 107,000 tons of methane, among other toxins.

"The Senate recognizes the importance of reviewing the Aliso Canyon gas leak so we can protect other communities in the future," Boxer said following the Senate's approval of the bill in March.

Boxer is the ranking Democrat on the Senate Environment and Public Works Committee, and Denham chairs the House Railroads, Pipelines and Hazardous Materials Subcommittee, giving both Californians opportunities to shape the bill.

With differences ironed out, the last step on the way to the White House is final Senate passage.

"For any piece of legislation coming out of Congress, getting support of both parties and both houses is a challenge," Denham said.

Spanning about 55 pages, the bill would authorize $720 million for the Pipeline and Hazardous Materials Safety Administration through Fiscal 2019. The agency provides grants and oversees the nation's 2.6 million miles of gas and hazardous liquid pipelines.
The agency would be required to set new minimum safety standards for underground natural gas storage facilities. California has about a dozen of the underground facilities, with more than half located in the Central Valley between Butte County in the north and Madera County in the south.

The bill authorizes federal officials to issue emergency orders to pipeline owners and operators who violate safety standards, and directs officials to quickly brief the owners and operators of any inspection concerns. California is currently crisscrossed by more than 213,000 miles of gas pipelines, as well as

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TRIP Report: Long-Term Funding Plan Needed to Maintain Mobility on Interstates

The Interstate Highway System at 60 years old "faces increasing congestion, unprecedented levels of travel – particularly by large trucks – and insufficient funding to make needed repairs and improvements," the TRIP research group said in a new report.

TRIP called the network of interstates "the nation's most critical transportation link," and said it "continues to save lives with its enhanced safety features and is largely well-preserved."

However, the group warned in a June 27 press release, "an aging interstate system will increasingly require more long-term, costly repairs." June 29 was the 60th anniverary of the law that launched construction of the interstate highways.

"The system is increasingly congested, with truck travel growing at a rate twice that of overall interstate travel," TRIP said. "And, while the nation's interstates tend to be in better condition than other roads and bridges, the aging system lacks the required funding for needed improvements and repairs."

In its opening section the TRIP report said: "If Americans are to continue to enjoy their current level of personal and commercial mobility on Interstate highways and bridges, the nation will need to make a commitment to identifying a long-term funding source to support a well-maintained Interstate Highway System able to meet the nation's need for additional mobility.

The report's conclusions will not be a surprise to industry officials and organizations that support stronger federal, state and local infrastructure investments. But the June 29 60th anniversary of the law that launched the interstate system was an occasion for TRIP to update its analysis of that roadway network. It also comes as some major candidates in the November elections are calling for major new federal investments in transportation systems and other infrastructure.

"The long-term vision that helped establish the current interstate system 60 years ago is needed again today," said Will Wilkins, TRIP's executive director. "In order to maintain personal and commercial mobility, transportation investment and a sustainable, long-term funding source for the federal surface transportation program must remain a priority."

TRIP said 12 percent of interstate lanes are in poor or mediocre condition, while three percent of its bridges are structurally deficient and another 18 percent are functionally obsolete. Although still safe for vehicle travel, TRIP said bridges rated structurally deficient have significant deterioration of the major components of the bridge, while the functionally obsolete structures no longer meet modern design standards, often because of narrow lanes, inadequate clearances or poor alignment.

Bud Wright, executive director of the American Association of State Highway and Transportation Officials, said in the TRIP announcement that "the United States moves in large part thanks to the efforts of many elected officials, organizations and citizens whose shared foresight led to the construction of the national interstate system. Now, as we commemorate the 60th anniversary of the interstate act, it's clear that our investments in preserving the system are not keeping up even as our nation continues to grow."

TRIP also described the growth in system usage. "Since 2000 travel on the interstate system is increasing two times faster than new lane capacity is being added. As a result, 43 percent of urban interstate highways are considered congested during peak hours . . . Travel by combination trucks on the interstate increased by 29 percent from 2000 to 2014, more than double the 14 percent rate of growth for all interstate vehicle travel during the same period."
Ed Mortimer, executive director for transportation infrastructure at the United States Chamber of Commerce, said the 1950s vision of President Eisenhower to develop interstate highways "enabled economic mobility throughout our nation and showed we can accomplish big things." Now, Mortimer said, "as we work to maintain and in many cases rebuild this great system, let's continue to think big as we work to fund and finance an improved, smarter network."\

Grade-Grubbing Oil Producers Are Threatening to Boost U.S. Output Yet Again

Shale producers are tapping their crown jewel assets in response to the latest oil price rally, according to Morgan Stanley.

The recovery in crude to close to $50 per barrel has encouraged shale producers to double down on their most profitable fields — a process known in oil country as high grading.

This new trend threatens to force analysts to revisit calls for declining U.S. production, warned Morgan Stanley Commodity Strategist Adam Longson, and thereby constitutes a downside risk for prompt prices.

"The rig count in the highest initial production counties of the Permian Midland continues to march higher and is not far from its 2015 peak," writes a Morgan Stanley team led by Longson. "Since May 6, the Midland has added 13 horizontal rigs in top tier counties versus only eight for the entire play."

In other words, capital is returning to the oil patch, and it's being invested in new projects that will allow firms to boost production in an expeditious manner once the taps are turned on.
The collapse in headline oil rig count, as such, continues to provide only a partial picture of the outlook for U.S. production.

If this trend towards new fertile plays continues, it could alter the downwards trajectory for U.S. production in about four to six months, said Longson.

"It’s also important to consider that the rigs are going into the most prolific areas, the decline curve for shale wells is flattening, and completing drilled-but-uncompleted wells could slow declines in as short as one to two months," he added.

LETTER TO THE EDITOR

Dear SSDA-AT,

As Republicans and Democrats gather at their conventions, platform committee members should heed the words of the Obama administration's top scientist. At the U.S. Energy Information Administration's (EIA) annual energy conference last week, John Holdren, assistant to the president for science and technology, made what the Washington Post called an "obvious" statement about U.S. oil and natural gas:

"I think the notion that we're going to keep it all in the ground is unrealistic."

It may be "obvious" to most Americans that phasing out oil and natural gas is "unrealistic," but that fact seems lost on the small constituency of activists urging the political parties to pursue an extreme off-fossil-fuel agenda this election season – despite the fact that EIA says oil and natural gas will still supply 60 percent of U.S. energy needs by 2040, even under optimistic scenarios for renewable energy growth.

The idea that we must choose between energy production and environmental goals is demonstrably false. The United States leads the world in both production of oil and natural gas and in reduction of carbon emissions, which have dipped to 20-year lows. The abundance of affordable, clean-burning natural gas has driven the progress, while also helping to cut utility costs for homes and businesses -- contributing to a $1,337 boost to the average American family budget.

Recent polling shows 77 percent of voters support increased production of oil and natural gas including 94 percent of Republicans, 73 percent of Independents and 64 percent of Democrats. Voters understand that domestic energy production positively impacts economic growth, job creation, consumer costs and security – the issues they care about most.

To maintain U.S. global energy leadership, both parties should base their energy platforms around a few simple principles:

- Implement policies that recognize America's energy reality and are based on sound science and economics.
- Embrace America's new era of energy abundance and continue the progress that has been made.
- Avoid unnecessary, duplicative regulations that place undue burdens on energy development and infrastructure for efficient distribution.
- Recognize the best way to achieve our energy and environmental goals is through private innovation and investment, in cooperation with governments at all levels.

Americans may not agree on much during this contentious election year, but there is strong bipartisan support for forward-thinking, realistic energy policy. If Democrats and Republicans follow the lead of voters, they will craft party platforms that prioritize a secure energy future.

Sincerely,

Jack Gerard
President and CEO
API

Shale Oil Industry a 'Ponzi Scheme' or Can it Boom Again?

Oil prices are rallying on the back of a drawdown in U.S. crude oil inventories but analysts are questioning whether the country's shale oil industry can ever boom again.

Brent oil futures climbed above $50 a barrel for the first time in nearly seven months, having gained as much as 2 percent in the previous session after U.S. government data showed a larger-than-expected drop in crude inventories. The drawdown in crude oil inventories has led to hopes that a global glut in oil supply that has caused prices to plummet since mid-2014 could be finally working its way out of the system.

The sharp decline in oil prices, which has been exacerbated by major oil producers such as OPEC refusing to cut production, has claimed many victims in the oil industry over the last two years, particularly in the U.S. where the shale oil industry has seen many producers cut and close down production.

With prices rising again and many oil market analysts forecasting a gradual, if not entirely smooth, rise in prices over the next couple of years, attention has turned to whether U.S. shale oil production will bounce back like before – or whether it even had solid enough foundations to begin with.

Dominic Haywood, an oil analyst at Energy Aspects, told CNBC on Thursday that "there will be a lot of guys (U.S. shale oil producers) that don't come back into the market. I think we've already lost around 35 to 40 independent shale oil or shale oil and gas producers and those producers won't come back," Haywood said. "They would need about a $70-$80 barrel of oil to cover drilling, extraction and capex costs," he said.

'Ponzi scheme'?

There were high hopes for shale at one time, with widespread expectations that the decline in oil prices could enable the U.S. to be energy independent by 2020, but that is looking more of a pipe dream for now.

The U.S. produces around 9.2 million barrels a day of oil, according to the latest available government data from February, 320,000 barrels less than the same month a year before. Remarking on the data, the International Energy Agency (IEA) said it was in "stark contrast to just one year earlier, when output was growing by 1.3 million barrels a day. Preliminary indications for March and April suggest output continued to fall, as producers removed another 72 oil rigs from service over the past 10 weeks." In the meantime, U.S. net imports totaled 7.3 million barrels in February showing that the dream of energy independence is far off.

One analyst told CNBC that he doubted the

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Shale Oil Industry a 'Ponzi Scheme' or Can it Boom Again?

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very foundation of the U.S. shale oil industry which he said had been founded and expanded on cheap money and had effectively been a "Ponzi scheme" – an investment operation that generates returns for older investors by acquiring new investors.

"I think in ten years' time someone is going to write a great book and make a great movie about the shale industry in the U.S. because I think it is, quite frankly, one of the biggest Ponzi schemes known to mankind," Gavin Wendt, founding director & senior resource analyst at MineLife, told CNBC.

"You had an industry that evolved there that put forward a huge amount of extra oil production that was pretty much financed by cheap Fed (U.S. Federal Reserve) money, brokers pumping money into the industry, drilling contractors and companies that were, in many instances, not even necessarily producing a lot of oil but were real estate players; for the first time you had companies with enormous valuations that weren't producing oil but were valued on the basis of their acreage," he noted.

"That industry sustained itself for a while until a few people started having a good close look and the key (turning point) was the drop in oil prices which has made 80 percent of the industry un-economic at a price level below $50-$60 a barrel."

Unsustainable business model?

Energy Aspects' Haywood said it was a bit "outlandish" to call the shale oil industry a "Ponzi scheme" but noted that at one point "everyone wanted a piece of the shale oil industry" and that shale production companies' strong acreage positions when oil prices were high had meant that their assets were indeed "very valuable."

"Since then, we've seen oil prices drop and a lot of that acreage become unprofitable so banks have slashed what they're willing to lend," he said. "It's a bit outlandish to say that the shale oil industry is a 'Ponzi scheme' – I mean, lots of businesses out there have operations funded through debt and we wouldn't call them all Ponzi schemes would we?"

He noted, however, that the way many shale oil producers were funding operations with debt rather than cash flow was "clearly an unsustainable model."

With U.S. shale oil producers having higher costs than their foreign rivals, oil price per barrel is a key factor of whether the shale industry can sink or swim. There are fears too that if the oil price rebounds too quickly, too much shale oil production will come back onto the market, damaging a slow rebalancing of supply and demand that is helping to stabilize prices.

Wendt noted that "the big question is of course going to be what is going to happen when we see sustained higher prices," he said.

"My firm conviction is that a lot of that sidelined shale oil supply won't return to the market. I think that's providing confidence to the market and that's reflected in the oil price that's currently trading above $50 a barrel."

LEGISLATIVE UPDATE

Continued from page 1

formation from employers that are not required to submit information to the agency on a routine basis. These employers would only be required to submit the data requested upon written notification from OSHA.

Just as public disclosure of their kitchens' sanitary conditions encourages restaurant owners to improve food safety, OSHA expects that public disclosure of work injury data will encourage employers to increase their efforts to prevent work-related injuries and illnesses.

The availability of these data will enable prospective employees to identify workplaces where their risk of injury is lowest; as a result, employers competing to hire the best workers will make injury prevention a higher priority.

Access to these data will also enable employers to benchmark their safety and health performance against industry leaders, to improve their own safety programs.

To ensure that the injury data on OSHA logs are accurate and complete, the final rule also promotes an employee's right to report injuries and illnesses without fear of retaliation, and clarifies that an employer must have a reasonable procedure for reporting work-related injuries that does not discourage employees from reporting. This aspect of the rule targets employer programs and policies that, while nominally promoting safety, have the effect of discouraging workers from reporting injuries and, in turn leading to incomplete or inaccurate records of workplace hazards.

SSDA-AT's Concerns

SSDA-AT had submitted comments in strong opposition to this new rule.

In the background materials accompanying the rule, OSHA refers to the alleged benefits of "public" access to these reports in terms of customer decision-making. While this approach may be well intentioned, it ignores the realities of the marketplace. Competitors have obvious incentives to use injury and illness data for competitive advantage. Meanwhile, customers viewing the raw data out of context may well draw incorrect conclusions, particularly if aided by the self-interested and distorted representations of these competitors. Absent proper context, raw data on workplace injuries and illnesses is an unreliable measure of an employer's safety record. In addition to commercial competitors, other hostile interests (political, personal, ideological) could use or threaten to use this data to fashion negative ad campaigns, create frivolous litigation, or engage in other mischief based on easy access to sensitive information in its most raw form.

SSDA-AT is also concerned that the posting of this raw data will negatively affect the accuracy of reporting based on a company's knowledge that competitors and consumers will be able to view the data. There will be a strong incentive to "fudge" the data or participate in "creative" reporting, based in part on the assumption that "everyone's doing it." The more companies that believe consumers are viewing this data, the greater the incentive for distorting their own data or designing schemes to have their competitor's data viewed negatively.

SSDA-AT's primary objection is to the "publication" and public access to raw injury and illness data without the benefit of a contextual explanation. There is a great risk of misuse of such highly sensitive data by both competitors and other adversaries. Since it would be in such a raw form and subject to distortion, this data will be of questionable value in consumer decision-making. Our members understand OSHA's desire for this data to direct its policy making, but we urge that the data remains confidential between the Agency and the employer. We also urge that the scope of this rule be pared down to a much smaller volume of data, impacting far fewer establishments and targeted to obtain only the most serious injury and illness information. Then there must be an evaluation of the data collection and reporting program to determine whether it actually leads to concrete improvements in workplace health and safety. Finally, any form of electronic reporting must be phased in to allow for a smooth transition for those establishments that have not moved to entirely electronic systems.

Without any empirical data to support the perceived benefits or justify the additional costs, OSHA is speculating that the implementation of this proposed rule will have a positive impact on workplace health and safety. In many instances, businesses will be forced to reallocate resources from proven risk management practices in order to comply with the increased reporting requirements.

As an industry we must come together to combat regulations like this coming down on us.

Please attend the 2016 SSDA-AT Industry Issues Forum, which will be held on Friday, September 9th, 2016 from 9:30am to12pm at the Roland Powell Convention Center, in Ocean City, Maryland.

We will discuss this issues and others.

This year we have extended the Forum by 30 minutes to accommodate all of our speakers. We should have a broad section of our industry in attendance, and SSDA-AT looks forward to your participation and attendance!!

Opponents of Hydraulic Fracturing Want to Kill America's New-Found Energy Abundance

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Shale gas is cutting U.S. emissions. On May 9, the Energy Information Administration reported that since 2005, the United States has cut its carbon-dioxide emissions by about 700 million tons, that's far more than any other country. The EIA reports that 68 percent of that reduction was caused by changes in fuel use in electricity generation and it specifically cited "the decreased use of coal and the increased use of natural gas." The report did not mention solar or wind.

Low-cost gas has transformed our electric grid, which is now irretrievably dependent on natural gas for both baseload generation and to offset the incurable intermittency of solar and wind energy. A February report by the Joint Institute for Strategic Energy Analysis, which comprises the National Renewable Energy Laboratory and five universities, found that if the United States aims to continue cutting electricity-sector emissions, natural gas will have to play a bigger role. The report also said that "natural gas shows signs of acting as a bridge to a low-carbon future."

Now let's look at subsidies. At the end of 2015, the wind industry got a five-year extension of the production tax credit, which pays them $23 for each megawatt-hour of electricity they produce. A megawatt-hour contains 3.4 million Btu. That means that wind energy producers are getting an effective subsidy of $6.76 per million Btu. Thus, on an energy-equivalent basis, wind-energy producers are getting a subsidy that's more than three times the current market price of natural gas.

What about solar? Alex Trembath, an energy analyst at the Breakthrough Institute, recently estimated that in 2013, electricity produced from solar was getting more than 100 times the amount of federal subsidies as electricity produced from natural gas and nuclear.

These subsidies are propping up renewables at the same time that an entire cadre of politicos and activists are trying to kill the natural gas sector. Both of the Democratic contenders for the White House — Hillary Clinton and Bernie Sanders — have made it clear that they want to end the shale revolution by prohibiting hydraulic fracturing. New York Gov. Andrew Cuomo has banned the process in his state.

These politicians are being assisted by some of the country's biggest environmental groups, including the Sierra Club, 350.org, and Natural Resources Defense Council, all of which oppose hydraulic fracturing. Dozens of environmental groups, including Food and Water Watch, are planning to stage a march at the Democratic convention in Philadelphia to press their demand for a federal ban on fracking.

These politicos and activists repeatedly claim that hydraulic fracturing is dangerous and that it will cause widespread ground water contamination. They stubbornly ignore numerous studies — including ones by the EPA, MIT and, more recently, the University of Cincinnati — that contradict that claim.

The hard truth is that a federal ban on hydraulic fracturing would be catastrophic for the American economy and a windfall for OPEC. It would, within a matter of months, result in major price increases for natural gas and oil. That, in turn, would cause dramatic price hikes on everything from electricity and home heating to gasoline and fertilizer.

It's time to for some energy realism. The shale revolution has profoundly improved America's energy fortunes. If opponents of hydraulic fracturing succeed in banning the process, they will have succeeded in killing a uniquely American success story that is helping consumers and the environment.

Pipeline Safety Bill Mandates New Rules for Natural Gas Storage

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7,100 miles of other hazardous liquid pipelines.

The bill, at the urging of lawmakers, including Rep. Lois Capps, D-Santa Barbara, also clarifies that coastal beaches are unusually sensitive areas where pipeline safety standards might be stricter, and orders a study into pipeline corrosion like that associated with last year's spill near Refugio State Beach in Santa Barbara County.

"While these pipelines are an essential part of our nation's energy infrastructure, we all know, many from firsthand experience, that our reliance on these pipelines is inherently risky," Capps said.

Among its other activities, the Pipeline and Hazardous Materials Safety Administration provides grants that in recent years have ranged from working on "pipeline damage prevention radar" to helping survivors of the Sept. 9, 2010, explosion from a ruptured PG&E gas pipeline in San Bruno, Calif., that killed eight people and destroyed dozens of homes.

PG&E reported spending $3.1 million on federal lobbying last year, with pipeline safety legislation only one of its areas of interest. The company's political action committee also contributes to the campaigns of myriad lawmakers, including Denham and others in key positions.

Please attend the 2016 SSDA-AT Industry Issues Forum, which will be held on Friday, September 9th, 2016 from 9:30am to 12pm at the Roland Powell Convention Center, in Ocean City, Maryland.

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