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**SHELL MULLS BUILDING GAS-TO-LIQUIDS (GTL) FACILITY IN U.S.**

Royal Dutch Shell is considering building a \$10 billion gas-to-liquids (GTL) facility in Louisiana. Specifically, the GTL technology would turn natural gas into clean diesel fuel. Currently, Shell operates a GTL facility in Qatar. With natural gas prices at historic lows coupled with current diesel prices, the GTL market looks ripe for development in the United States. Shell plans to spend two years examining the merits of a U.S. GTL facility. South Africa's based GTL company, Sasol, also has plans to spearhead a 18-month feasibility study on building a GTL facility in Louisiana.

PMAA's Board of Directors met in January 2012 and discussed GTL technology. While the issue is still in its early stages, GTL technology has a promising future in the fight to limit America's dependence on foreign oil. Given that the downstream oil market has invested over \$140 billion in liquid fuels infrastructure, GTL technology may prove to be a viable economic and environmentally friendly competitor to natural gas.

There will be a presentation and discussion on GTL during PMAA's DC conference in May.

**EPA APPROVES REGISTRATION OF E-15**

**EPA announced this week that they have approved the first applications for registration of E15.**

PMAA recommends that independent petroleum marketing companies wanting to offer E15 should first obtain legal and regulatory expertise to assure compliance with the many applicable state and federal regulations. PMAA is preparing a Regulatory Report on requirements for the sale of E-15 sale.

The announcement from EPA follows:

FOR IMMEDIATE RELEASE:

April 2, 2012

EPA to Allow 15 Percent Renewable Fuel in Gasoline

Agency approves first applications for registration of ethanol to make E15

WASHINGTON - The U.S. Environmental Protection Agency (EPA) approved the first applications for registration of ethanol for use in making gasoline that contains up to 15 percent ethanol – known as E15. Ethanol is a renewable fuel that can be mixed with gasoline. For over 30 years ethanol has been blended into gasoline, but the law limited it to 10 percent by volume for use in gasoline-fueled vehicles. Registration of ethanol to make E15 is a significant step toward its production, sale, and use in model year 2001 and newer gasoline-fueled cars and light trucks.

To enable widespread use of E15, the Obama Administration has set a goal to help fueling station owners install 10,000 blender pumps over the next 5 years. In addition, both through the Recovery Act and the 2008 Farm Bill, the U.S. Department of Energy (DOE) and U.S. Department of Agriculture have provided grants, loans and loan guarantees to spur American ingenuity on the next generation of biofuels.

Today's action follows an extensive technical review required by law. Registration is a prerequisite to introducing E15 into the marketplace. Before it can be sold, manufacturers must first take additional measures to help ensure retail stations and other gasoline distributors understand and implement labeling rules and other E15-related requirements. EPA is not requiring the use or sale of E15.

Ethanol is considered a renewable fuel because it is generally produced from plant products or wastes and not from fossil fuels. Ethanol is blended with gasoline for use in most areas across the country. After extensive vehicle testing by DOE and other organizations, EPA issued two partial waivers raising the allowable ethanol volume to 15 percent for use in model year 2001 and newer cars and light trucks.

E15 is not permitted for use in motor vehicles built prior to 2001 model year and in off-road vehicles and equipment such as boats and lawn and garden equipment. Gas pumps dispensing E15 will be clearly labeled so consumers can make the right choice.

More information: <http://www.epa.gov/otaq/regulations/fuels/additive/e15/>

## **URGE YOUR MEMBERS OF CONGRESS TO COSPONSOR THE “DOMESTIC FUELS ACT OF 2012”**

Recently, Senators John Hoeven (R-ND), Roy Blunt (R-MO) and Amy Klobuchar (D-MN) introduced the “Domestic Fuels Act of 2012” (S. 2264), which would provide a legal and regulatory pathway for retailers to sell EPA-approved fuels including E15. Representatives John Shimkus (R-IL) and Collin Peterson (D-MN) introduced companion legislation (H.R. 4345) in the House. The legislation would give the EPA Administrator the authority to issue guidelines to determine whether new and existing underground storage tanks and dispensing equipment are compatible with EPA-approved fuels. To send a letter in support of H.R. 4345 and S. 2264, please visit [PMAA’s Legislative Action Center](#).

There is no legal mandate for a retailer to sell E15; however, if a retailer decides to market E15, he/she must be given certainty that they won’t be held liable for selling a fuel that the EPA approves for use. The proposed legislation would provide misfueling protection for retailers who abide by EPA’s E15 labeling requirements. For instance, if a motorist ignores the labels and fuels a 2000 model year or older vehicle with E15, the retailer should not be held liable if he/she correctly has the E15 label in place. The legislation satisfies this concern so that retailers can offer E15 with confidence. Secondly, if a retailer stores and dispenses E15 in equipment that satisfies EPA’s compatibility requirements then that retailer won’t be held liable. Until the “Domestic Fuels Act” is signed into law, PMAA believes E15 sales will be minimal due to the potential legal and regulatory consequences.

## **PMAA STATE EXECUTIVE GENE GUILFORD TESTIFIES BEFORE CONGRESS**

Yesterday, Independent Connecticut Petroleum Association (ICPA) President, Gene Guilford, testified along with University of Maryland professor Michael Greenberger before the Democratic Steering and Policy Committee. Minority Leader Nancy Pelosi (D-CA) and Rep. Rosa DeLauro (D-CT) co-chaired the Committee hearing to examine how excessive oil speculation impacts oil and motor fuels prices. Mr. Guilford explained to the committee that the financial industry is now the dominate player in the oil futures markets which controls nearly 80 percent of the outstanding futures contracts compared to physical end-users who control approximately 20 percent. Guilford said, “the clear, unmistakable message from Wall Street itself is that investing in commodities has no purpose other than betting on the daily price movements of commodities. This act works to artificially inflate the value of these commodities by those with, as Wall Street itself states, without the intention of ever delivering anything to the commodities market or taking delivery of anything from the commodities market.” The Committee was shocked when both witnesses agreed that Morgan Stanley is now the largest supplier of heating oil in the U.S., not the major oil companies.

Both Guilford and Greenberger said that commodity index funds, endowment funds and exchange traded funds (ETFs) should be banned from trading in the commodities markets which would have a dampening effect on oil prices in the short-term, and even going farther to say that the FBI should coordinate an investigation with the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) to look into speculative oil trades. The joint investigation would send a message to speculators that a “cop is on the beat” and many would exit the futures and swaps markets to avoid an investigation. Furthermore, they urged Committee members to fully fund the CFTC at \$308 million to hire new employees so the agency can effectively oversee the \$300 trillion U.S. over-the-counter (OTC) swaps market which has grown exponentially since 2001.

## **2013 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA**

Start planning now to attend the 2013 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 19-21, 2013.

## **MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2012**

**May 10-11, 2012**– Nevada - NPM&CSA Convention/Big Dogs Event – Las Vegas, Nevada

**June 5-7, 2012** – Montana - MPMCSA Convention – Billings Hotel and Convention Center – Billings, Montana

**June 18-21, 2012** – Washington - WOMA Convention – Suncadia Lodge – Cle Elum, Washington

**June 19, 2012** – Idaho-IPM&CSA 1:30 pm Annual DEQ/UST Compliance and Informational Meeting with DEQ staff at DEQ

**June 21, 2012** – Utah - UPMRA Summer Golf Classic – Old Mill Golf Course – Draper, UT

**August 1-3, 2012** – Idaho - IPM&CSA Convention – Coeur d’Alene Resort, Coeur d’Alene, Idaho

**August 15-16, 2012** – Utah - UPMRA Convention – Zermatt Resort (tentative), Midway, UT

**August 27-29, 2012** – New Mexico - NMPMA Convention and Trade Show – Embassy Suites – Albuquerque, New Mexico

Petro Pete: “***The only reason people get lost in thought is because it's unfamiliar territory.***”

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