

June 4, 2010

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TAX EXTENDERS BILL FALLS APART BUT WORK CONTINUES TODAY

Earlier this week, the Chairmen of the Senate and House tax committees, Senator Max Baucus (D-MT) and Representative Sandy Levin (D-MI), finally agreed on budget offsets to extend expired tax credits and expiring spending provisions including the one dollar-per-gallon excise tax credit for biodiesel and biomass diesel through December 31, 2010. H.R. 4213 would also revive a 50-cent-per-gallon excise tax credit for natural gas and propane used as a transportation fuel. House Speaker Nancy Pelosi (D-CA) believed she had the votes to pass the tax extenders bill (H.R. 4213) Thursday morning. However, due to cost concerns, action on the bill was delayed until Friday afternoon.

The House is debating the bill on the floor right now. House leadership is determined to press ahead with a final vote today, but the bill's fate depends on whether the Speaker can appease the fiscally conservative Democratic Blue Dog Coalition. Rep. Stephanie Herseth Sandlin (D-SD), a member of the Blue Dog Coalition, does not believe the House has the necessary 218 votes. If the House passes the tax extenders bill today, Senate Majority Leader Harry Reid (D-NV) said the Senate will take up the House version after the Memorial Day recess which is the week of June 7.

It is unfortunate that the biodiesel tax credit was lumped into a social spending bill. However, the fight is not over. PMAA urges you to call your member of Congress to extend the one dollar-per-gallon excise tax credit for biodiesel and biomass diesel retroactively to the beginning of the year by using the Capitol switchboard at 202-224-3121 and ask that they vote "yes" on H.R. 4213.

Another provision in the bill is the increase in the per-barrel tax for the Oil Spill Liability Trust Fund from eight cents to 34 cents. In terms of a per gallon estimate, this will increase refined products from approximately two-tenths of a cent per gallon to approximately eight-tenths of a cent per gallon. The oil spill tax is often passed on to marketers as a line item on their rack invoices. In advocating for the increase, analysts expect the cost of cleanup in the Gulf of Mexico could surpass \$14 billion and the oil spill liability fund only has \$1.5 billion on hand. Tax increases on income paid to investment fund managers, trial lawyers and pension funding requirements are also included in the bill.

ENVIRONMENTAL LAWSUIT CHALLENGES EPA'S RENEWABLE FUELS STANDARD RULEMAKING

On Tuesday, the Clean Air Task Force filed a lawsuit and an administrative petition on behalf of Friends of the Earth challenging EPA's final Renewable Fuels Standard II rulemaking which determined that corn-based ethanol would reduce CO2 emissions over its lifetime – from crop production to using the fuel in vehicles. Under the Clean Air Act Section 211(o), as amended by the Energy Independence and Security Act of 2007 (EISA), EPA is required to adopt regulations implementing changes to the RFS program. This RFS2 rule implements the requirements of EISA including the adoption of new cellulosic, biomass-based diesel, advanced biofuel, and renewable fuel standards that will apply to all gasoline and diesel produced or imported in 2010. A key provision of the RFS2 is the requirement that the lifecycle greenhouse gas emissions (GHG) of the four qualifying renewable fuels must be less than the lifecycle GHG emissions of the 2005 baseline average gasoline or diesel fuel that it replaces. One of the four qualifying renewable fuels, ethanol, must meet a CO2 reduction threshold of 20 percent for renewable fuel derived from corn. RFS2 measures CO2 emissions over the lifecycle of the renewable fuel from planting to production.

The Clean Air Task Force filed suit alleging that EPA's rule on corn-based ethanol is flawed because it will increase CO2 emissions. The task force asked EPA to consider the "global rebound effect" when analyzing life-cycle CO2 emissions from biofuels. The task force said that the RFS replaces some gasoline in the U.S. with ethanol, reducing consumer demand which lowers the global price of gasoline leading to increased demand and consumption. This causes an increase in emissions – the task force claims.

The Renewable Fuels Association which represents corn-based ethanol businesses dismisses the task force's argument that the ethanol industry is contributing to increased emissions and increased oil use saying that the lawsuit is "laughable."

EPA WILL ISSUE PROPOSED RULE ON STAGE II

Earlier this week, PMAA participated in a meeting at EPA with Ms. Janet McCabe, EPA Principal Deputy Assistant Administrator for the Office of Air and Radiation. The meeting was focused on issues surrounding Stage II vapor controls and was arranged by Pete Romano, CEO of Independent Oil Marketers of New England (IOMANE). Ms. McCabe informed us that the ORVR "widespread use" definition has been elevated as a priority at EPA and they plan to issue a proposed rule in August or September 2010. The proposed rule will undergo a public comment period and will proceed through the normal rulemaking process.

A relevant circumstance discussed in the meeting is that EPA plans to issue more stringent NAAQS (ground level ozone) standards in fall 2010 as well. PMAA expects that the new NAAQS will result in many new counties being designated as non-attainment and Stage II calculations in state SIP's will be relevant. EPA recognizes that they have a responsibility to address Stage II simultaneously with NAAQS.

U.S. DOT ROADSIDE INSPECTION SWEEP SCHEDULED FOR JUNE 8 - 10, 2010

Petroleum marketers who transport product in commercial motor vehicles should be prepared for stepped-up U.S. DOT roadside enforcement in June when a nationwide roadside truck inspection sweep is scheduled to take place. The Commercial Vehicle Safety Alliance (CVSA), a group of federal, state and local transportation enforcement agencies, is preparing to put 10,000 inspectors at 1,500 sites nationwide to conduct approximately 75,000 roadside inspections June 8-10, 2010. The CVSA "RoadCheck" inspection sweep is an annual event designed to highlight common violations of state and federal motor carrier and HAZMAT transportation regulations. The goals of RoadCheck is to take unsafe drivers and vehicles off the road, increase awareness of inspections and their function, educate drivers about maintenance and gather data.

Drivers who are stopped during the RoadCheck enforcement sweep should be prepared to undergo a full Level 1 roadside inspection. Level 1 inspections include the following: examination of driver's license; medical examiner's certificate; alcohol and drug use; driver's record of duty status; hours of service; seat belt use; vehicle inspection report; brake systems; coupling devices; exhaust systems; frame; fuel systems; lighting devices (turn signals, brake lamps, tail lamps, head lamps and lamps/flags on projecting loads); safe loading; steering mechanism; suspension; tires; wheels and rims; windshield wipers; and compliance with applicable HAZMAT requirements such as placards and markings.

RoadCheck inspection results will be used to determine which transporters will be selected for a more comprehensive safety review under the Federal Motor Carrier Safety Administration's (FMCSA) new Comprehensive Safety Analysis (CSA 2010) initiative which takes effect November 30, 2010.

CONGRESS LEAVES TOWN FOR MEMORIAL DAY RECESS – IMPORTANT TIME TO MEET WITH YOUR LAWMAKERS

PMAA and NEFI members were successful in pushing oil futures market and debit card interchange fee reforms through the Senate last week. The financial reform legislation known as the "Restoring American Financial Stability Act of 2010" (S. 3217), is now moving to conference committee.

Senate conferees include: Christopher Dodd (D-CT), Chair of Banking Committee; Richard Shelby (R-AL), Ranking Member of Banking Committee; Blanche Lincoln (D-AR), Chair of the Agriculture Committee; Saxby Chambliss (R-GA), Ranking Member of the Agriculture Committee; Tim Johnson (D-SD); Chuck Schumer (D-NY); Tom Harkin (D-IA); Patrick Leahy (D-VT); Jack Reed (D-RI); Mike Crapo (R-ID); Judd Gregg (R-NH); and Bob Corker (R-TN). House conferees will not be named until June 8, but the conference will begin June 9. Pelosi said she wants a bill on the President's desk by July 4, which means that the next month will be very important in our grassroots efforts to get our top two priorities through the conference intact. House Financial Services Committee Chairman Barney Frank (D-MA) has been appointed conference chair. Other likely House conferees include: Spencer Bachus (R-AL), Ranking Member of Financial Services Committee; Collin Peterson (D-MN), Chair of Agriculture Committee; and Frank Lucas (R-OK), Ranking Member of Agriculture Committee. Other members of the House Financial Services Committee and the House Agriculture Committee will be appointed to the conference. Even if they are not appointed, they can deliver messages of support to the conferees.

It is important that you meet face to face with your member of Congress while they are in their home districts next week especially if he or she is on the conference committee. Members are expected to leave town today for the Memorial Day Recess and return on June 7. We will forward a copy of House conference committee members to you as soon as it is released. In the meantime, please check the following list of Senate conferees and the House Financial Services and Agriculture Committee members (House conferees will come from these two committees) and if you have members on the lists, please urge them to:

Keep the Senate debit card interchange fee relief language.

Keep the Senate derivatives language and add the Cantwell-Lincoln technical fix.

Note: The Cantwell-Lincoln technical fix will tighten clearing requirements for trading derivatives by requiring that all standardized swaps be cleared.

If you cannot meet with your members, please call their offices and deliver the same message. You can reach their offices by calling the Capitol Switchboard at 202-224-3121.

Where we stand on Interchange Fee and Oil Futures Market Reform:

Interchange Reform: Senator Durbin's debit card interchange fee amendment was included in S. 3217, but the House version doesn't include interchange fee reform provisions. The Senate version would direct the Federal Reserve to ensure that debit interchange fees are "reasonable and proportional." The language also allows retailers to offer discounts to customers based on payment type. Again, your message to your member on the Conference Committee is to urge them to "keep the Senate debit card interchange fee relief language." Additionally, you should urge your member of Congress to

sign-on to Reps. Welch-Schuster-Carney interchange fee letter conveying support for Senator Durbin's amendment. So far, Reps. Ellison (D-MN), Hare (D-IL), Hall (D-NY), and Delahunt (D-MA) have signed the letter. Finally, please share Senator Durbin's interchange fee letter to Senate conferees on the debit card interchange fee amendment and remind them of your strong support for interchange fee reform.

Oil Futures Trading Reform: If you had to pick what financial reform issue is the highest on Wall Street's radar screen – the simple answer is derivatives trading. This highly lucrative trading of derivatives has wreaked havoc on petroleum marketers, heating oil dealers, convenience store owners and consumers. PMAA was one of the first national associations to argue that commodities futures trading (or derivatives trading) needed to be reformed. Several hundred Wall Street lobbyists have swarmed Capitol Hill to argue for large end-user exemptions which would allow the big Wall Street banks to continue its business as usual trading schemes. However, your efforts have been extremely effective in fighting off weakening crucial reform. The Senate passed version of oil futures market reform addresses everything that PMAA has been advocating the last few years. Now we must stay strong through conference. Your message to your member on the Conference Committee is to keep the Senate derivatives language and add the Cantwell-Lincoln technical fix. We need conferees to oppose efforts to weaken the language in order to address Wall Street concerns. The House version contains loopholes which would essentially allow Wall Street banks to skirt position limits and clearing/exchange trading requirements. The Senate version will bring transparency to the derivatives marketplace and ensure that over 90 percent of derivatives are cleared, which will reduce oil futures market volatility and lower energy prices in the short and long term.

PMAA will continue to push forward with sweeping reforms to effectively bring oversight and accountability to futures markets and interchange fees.

SMALL BUSINESS HEALTHCARE TAX CREDIT MAY BE A LET DOWN FOR MANY PETROLEUM MARKETERS

For weeks leading up to the historic vote on the Patient Protection and Affordable Care Act (Public Law No: 111-148), also known as the "healthcare reform bill," House and Senate leadership, President Obama and other members of the Majority party touted the legislation as a boon for small businesses because it included tax credits to help cover the cost of insurance premiums. However, many petroleum marketers will find that the small business tax credit does not apply to them because the credit was essentially set up for only a few small firms to qualify. The IRS has now provided information to help small business petroleum marketers understand the tax credit and determine whether they are eligible for it, and the website includes a set of frequently asked questions and answers. Another useful tool is the National Federation of Independent Business website calculator that you can use to determine whether your business qualifies.

EXXONMOBIL, BP PUSH JUNE 1 LABELING DEADLINE FOR DIESEL PUMPS

Though federal regulations don't compel it, some majors are getting out of the gate early and requiring that their marketers change out their diesel pump labels as early as June 1.

The EPA won't enforce new diesel pump labeling changes downstream until Oct. 1 to Dec. 1, but both ExxonMobil and BP have told marketers that they want the new labels for 15 ppm diesel to be in place by the first day of June.

"The new label must be displayed on all ULSD dispensers from June 1, 2010, onward, and the old label removed," ExxonMobil said in letter to branded marketers. ExxonMobil has already replaced on-road ULSD labels at its company and dealer operated c-stores.

BP will produce only 15 ppm on-road and off-road diesel, beginning on June 1, and tells marketers that they must add the associated labels at all sites that they operate or supply.

Valero recommends, but does not require, that its marketers change over their labels on June 1 even though it notes that the old labels are acceptable through late fall. Failure to label dispensers properly may result in fines starting at \$500 per dispenser per day, it warns in a letter to customers.

Citgo has told its customers that although they can place the new labels on the pumps as early as June 1, they must affix them to dispensers by Dec. 1, or, upon first receipt of the identified product.

The four decals that must be attached to diesel pumps are for labeling pumps dispensing ULSD Highway fuel (15 ppm), ULSD non-highway fuel (15 ppm), LS non-highway fuel (500 ppm) and LS Locomotive and Marine Diesel Fuel (500 ppm).

To view the EPA pump labeling regulations and to read the required wording, go to:

<http://email.ucgmessaging.com/ct/4244849:6325204675:m:1:179278473:A195A8ED73232AD44BA3ACDD3333676D>

The latest set of diesel regulations require that refiners and importers produce and import only 15 ppm non-road diesel in the Northeast Mid-Atlantic area (NEMA) beginning on June 1. Outside of the NEMA, 500 ppm off-road diesel is allowed.

Terminals have until Aug. 1 to change over to the new fuels required in their area; wholesale purchaser consumers, by Oct. 1; and end users, by Dec. 1.

Note: federal pump labeling requirements do not apply in California, where only ULSD is sold.
--Mary Welge, mwelge@opisnet.com

Make sure your dispensers are clearly marked with the most up-to-date pump labels - including the 4 revised labels that contain EPA-approved language. All petroleum retailers, fleets and other wholesale purchaser-consumers of on-road and off-road diesel need to have the revised decals affixed to their dispensers by October 1, 2010.

You can purchase these new pump decals from OPIS for as little as \$1.29/decals (depending on quantity ordered). Remember, violators can be fined up to \$37,500 per day per violation. To order your pump decals please call 1-877-210-4287 or order online now go to:
<http://email.ucgmessaging.com/ct/4244849:6325204675:m:1:179278473:A195A8ED73232AD44BA3ACDD3333676D>

2011 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA

Start planning now to attend the 2011 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 22-24, 2011.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2010

June 8-10, 2010 – MPMCSA Convention – Billings Hotel and Convention Center – Billings, Montana

June 17, 2010 – UPMRA Summer Golf Classic – The Homestead Golf Course – Midway, Utah

June 22-24, 2010 – WOMA Convention – Suncadia Lodge – Cle Elum, Washington

August 1-3, 2010 – IPM&CSA Convention – Coeur d'Alene Resort – Coeur d'Alene, Idaho

August 31-September 1, 2010 – NMPMA Convention – Embassy Suites, Albuquerque, New Mexico

September 8-10, 2010 – UPMRA Convention – Park City Marriott – Park City, Utah

Petro Pete: "Timing has an awful lot to do with the outcome of a rain dance."

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Classified Ads

FOR SALE

1985 KENWORTH CONVENTIONAL CAB



- 13 SPEED FULLER TRANSMISSION
- 400 CUMMINS ENGINE
- TRUCK COMPARTMENTS: 2400 GAL, 2600 GAL (BEALL)
- PUMP OFF ABILITY
- ONE OWNER, LESS THAN 410,000 ACTUAL MILES
- EXCELLENT CONDITION
- 1972 BEAL TRAILER – 2 AXLE
- TRAILER COMPARTMENTS: 2500 GAL, 2500 GAL (BEALL)
- EXCELLENT CONDITION
- TRUCK AND TRAILER SOLD TOGETHER
- \$45,000

BAIRD OIL COMPANY (208) 375-7767

Help Wanted:

Looking for your dream job in Arches and Canyonlands Country? Petroleum Marketer in need of a Bookkeeper/Office Manager. Send your questions or resume to resume@frontier.com!!

FOR SALE

1990 L 8000 (DIESEL)



- 5 SPEED WITH 2 SPEED
- 1971 BROWN TANK 2000 GAL. COMPARTMENTS: 500 GAL, 500 GAL, 400 GAL, 300 GAL AND 300 GAL
- 1 PUMP, 2 METERS, 2 HOSE REELS, REAR DELIVERY
- 239,000 MILES
- EXCELLENT CONDITION
- \$12,000

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FLATBED FOR SALE

2002 GMC flatbed C6500
Engine Model # 3126 CAT, 161,821 miles
Chelsea Parker Pump w/PTO
Single 1" 100 ft. Electric Hose Reel GVWR-25,950
5 Speed Trans, AC/AM, FM radio

FLATBED FOR SALE

1996 F-350 Ford Flatbed
5 Speed Manual Trans
7.3 LTR Powerstroke DSL, 198,784 miles
AC/Power Steering, Cassette
15,000 G.V.W.R. - Lift Gate

Call for Prices - 928-669-2617 ask for Rick

FOR SALE

1996 FL 70 FREIGHTLINER BOBTAIL (DIESEL)



- 5 SPEED FULLER EATON TRANSMISSION WITH 2 SPEED
- 1996 BEAL TANK (COMPARTMENTS: 1000 GAL, 500 GAL, 500 GAL, 800 GAL)
- 2 – PUMPS, HOSE REELS, AND METERS, REAR DELIVERY
- 285,000 MILES
- EXCELLENT CONDITION
- \$23,000

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For Sale:

1997 Ford F-700

- 146,000 miles
- 429 Gasoline engine with 6 speed transmission
- 2800 Gallon propane tank with neptune meter and veeder-root register
- Remote shutdown.



Contact: Byron Wood - 435-257-5107/435-730-4555

TANKWAGON FOR SALE



- 2003 Freightliner M2106 with 160,000 miles
- 3126 Cat Motor with Eaton Fuller 7 speed transmission
- 2003 Almac Tank 2700 gallons
- 5 compartments 700-600-500-500-400
- Dual Pumping system with 3 reels
- All Test and Certs are current
- Truck is located in Ogden, Utah
- Pictures available upon request

Asking \$60,000.00 or Best Offer

Ryan Murdock
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TANKER TRAILER FOR SALE



- 2008 Heil 11,000 gallon
- 3 axle trailer with lift able rear axle
- 4 compartments 4500-2100-1400-3000
- Street side/curbside unloads
- 6 hose tubes and large box for fittings
- All Tests and Certs are current
- Trailer located in Ogden, Utah
- Trailer Available July 2010
- Pictures Available upon request

Asking \$85,000.00 of Best Offer

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