

February 8, 2013

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WP-02-08-13

TIME IS RUNNING SHORT FOR 2013 WPMA SCHOLARSHIP APPLICANTS!

Time is running short for your company employees' children to send in their applications for the 2013 WPMA scholarships. Scholarship applications must be postmarked by Friday, March 1, 2013 in order to be considered for the available scholarships. Usually, there are less than 20 applicants for each WPMA state scholarship and for the associate member scholarship, which makes the chances of receiving a scholarship very good. Applicant qualification information and the scholarship applications are available to download at www.wpma.com/scholarship; scroll down to the bottom of the scholarship page to find the printable PDF version of the application. The WPMA scholarships pay \$500 per semester for up to eight semesters, for a total of \$4,000. Employers, please remind your employees to download an application right away, and give their children a chance for some extra financial help in college!

RAFFLES SPONSORED BY NEVADA PETROLEUM MARKETERS & CONVENIENCE STORE ASSOCIATION (NPM&CSA)

You Could Win Tickets for Four to the NCAA Men's Basketball Championship Game!

Package includes: Tickets for Four to the NCAA Men's Basketball Championship game at the Georgia Dome on Monday, April 8, 2013; two hotel rooms for three nights/4 days in Atlanta, Georgia, and additional cash for spending. A \$7,500 value!

Purchase raffle tickets at the WPMA On-Site Registration Desk during the WPMA Convention in Las Vegas. You need not be present to win.

Tickets are \$100 each. Only 300 will be sold!

Proceeds benefit the WPMA Scholarship Foundation

Win a set of *Callaway* Irons, Golf Bag, Golf Balls and Travel Bag!

Raffle Tickets are just \$20 each

Improve your golf game with this terrific set of *Callaway* irons! Each \$20 raffle ticket gives you another chance to win this great golf equipment. Package includes Callaway irons, golf bag, one dozen *Titleist* golf balls, and a golf travel bag.

Purchase your raffle tickets at the WPMA On-Site Registration Desk. Winning ticket will be drawn on the WPMA Trade Show Floor on Thursday, February 21st. You need not be present to win.

PMAA MEMBERS PROFIT THROUGH RISK MANAGEMENT DESIGNATED RISK MANAGER SEMINAR OFFERED MARCH 25-27, 2013

Federated's Designated Risk Manager Training Program was developed to target specific risk management concerns for the petroleum transportation and convenience store industries. Companies that are the most successful controlling losses have designated a key person as their risk manager. This person is supported by top management and is both responsible and accountable for identifying loss exposures and implementing risk management solutions.

Through PMAA's relationship with Federated Insurance, there is no charge to attend this training and you do not have to be a current Federated client. However, attendees are responsible for air and ground transportation and lodging to and from Owatonna, Minnesota.

Several of PMAA's members have attended in the past and can give referrals on the course content. According to Andrew Woodard, Vice President of Elliott Oil Company in Ottumwa, Iowa:

"The seminar was very professional and organized. Our company will continue to send our supervisors to this seminar. On behalf of Elliott Oil Company, I would like to thank Federated for providing this seminar to our industry."

As you consider sending the appropriate company representative to this invaluable seminar, perhaps ask yourself the following questions:

Are you completely satisfied that the Risk Management Culture at your firm is where it needs to be to protect profitability? If you have few losses, are you lucky or are you good? Are you consistently executing all of the risk management best-practices available to insure you avoid costly and preventable losses?

The class is limited to 25 attendees and the registration cutoff date is February 22. To reserve your spot in the upcoming session, or for answers to any questions you may have, contact Royetta Spurgeon at Federated, (507) 455-5604 or 800-533-0472 or rlspurgeon@fedins.com.

For a short video about the seminar and other details, visit the Designated Risk Manager Seminar page on Federated's Internet site.

REGISTRATION IS NOW OPEN FOR PMAA'S WASHINGTON CONFERENCE AND DAY ON THE HILL SCHEDULED FOR MAY

PMAA's 2013 annual Washington Conference and Day on the Hill will be held in Washington, DC from May 15-17. Our industry continues to have dozens of important legislative and regulatory issues to discuss with members of Congress and the Day on the Hill continues to be the primary focus of this conference.

The meeting will commence with an Opening Session / Issues Briefing followed by Committee Meetings on the afternoon of May 15th. The last event of the first day is our welcome reception including our PAC silent auction fundraiser! On the morning of May 16th, there will be a buffet breakfast and a supplemental issues briefing if you did not arrive in time to attend the original one. Marketers and association executives will then head to Capitol Hill for visits with their members of Congress. Please be sure to make these appointments at your earliest convenience. There will be a hospitality suite and luncheon on the Hill. On the evening of May 16th, we will honor our new PMAA Chair, Benny Hodges. Our conference will conclude after the PMAA Board of Directors meet on May 17th following the buffet breakfast and region meetings.

All information can be found at <http://www.pmaa.org/pmaameetings/upcomingmeetings.asp>. If you plan on attending PMAA's Annual Washington Conference and Day on the Hill, now is the time to make your room reservation. We have over one hundred members who have reserved rooms in our block on our peak night! Please note that we have an overflow hotel option posted on the Hotel Information Sheet.

HEALTH INSURANCE WEBINAR SCHEDULED

With costly federal health insurance mandates looming, petroleum marketers are searching for answers. What changes in company health insurance plans will be needed and when? The experts at Federated Insurance have some answers and will be conducting a national webinar on Wednesday, February 20, 2013 at 2:00pm central time. This first webinar will focus on companies with fewer than 50 full time employees. Connections for the webinar are limited therefore PMAA members should register ASAP. To register, please go to https://federatedinsurance.webex.com/cmp0306ld/webcomponents/widget/detect.do?siteurl=federatedinsurance&LID=1&RID=2&TID=7&rnd=9566922122&DT=-300&DL=en-US&isDetected=true&backUrl=/mw0306ld/mywebex/default.do?service=7&main_url=%2Ftc0505ld%252.

Once the host approves your registration, you will receive a confirmation email with instructions for joining the session. Note: If you have already registered for this session, you do not need to register again. For assistance, you may contact [Nate Oland](mailto:nsoland@fedins.com). (nsoland@fedins.com)

HOUSE ENERGY SUBCOMMITTEE HOLDS FIRST HEARING OF 2013

On Tuesday, the House Energy and Commerce (E&C) Subcommittee on Energy and Power held its first hearing of the year entitled, "American Energy Security and Innovation - An Assessment of North America's Energy Resources." Testifying before the Subcommittee were: Adam Sieminski, Energy Information Administration (EIA); Daniel Yergin, Cambridge Energy Research Associates; Mary Hutzler, Institute for Energy Research; Jennifer Morgan, World Resources Institute; and Harry Vidas, ICF International.

While both Republicans and Democrats touted the recent domestic oil production gains, Chairman Ed Whitfield (R-KY) argued those gains have come from tapping private lands, not public lands. Drilling permits on federal lands may take up to six to 12 months to process compared with private lands where a state agency normally approves permits within a month. EIA's Sieminski reported that U.S. oil production averaged 6.4 million barrels-per-day (bpd) last year and is expected to grow to 7.9 million bpd next year due to tight oil production in the upper Midwest and Texas. "If the U.S. continues to develop its natural resources, it's possible that it could overtake Saudi Arabia as the top oil producing country later this decade and displace all energy imports by 2020," Sieminski said. Dr. Yergin touted that U.S. oil production increased by 30 percent since 2008 which now equals the entire production output of the major oil producing country of Nigeria. Furthermore, Sieminski expects 2013 ethanol production to reach 13.3 billion gallons while biodiesel production will likely meet the RFS requirement of 1.28 billion gallons this year.

Witnesses also touted gas-to-liquids (GTL) technology, a process where natural gas is turned into diesel fuel, as a crucial source for future energy development. Witnesses don't expect CNG and LNG vehicles to replace gasoline and diesel-powered cars and light trucks since costly investments would need to be made to retail infrastructure to accommodate the transition. Instead, GTL technology could close some of the gap since the process produces reliable diesel fuel which is compatible with the current liquid fuels infrastructure. PMAA supports GTL fuels which can utilize the existing \$500 billion liquid fuels infrastructure owned and maintained by petroleum marketers.

It's expected that the House E&C Committee will hold additional hearings on energy security and innovation including a review of the Renewable Fuels Standard (RFS).

SENATORS URGE EPA TO WITHDRAW TIER 3 GASOLINE PROPOSED RULE

On Tuesday, Senators David Vitter (R-LA), James Inhofe (R-OK), John Hoeven (R-ND), Mary Landrieu (D-LA) and Heidi Heitkamp (D-ND) urged the Obama Administration to stop the Tier 3 gasoline regulations from moving forward citing a lack of clear evidence that the rule would benefit the environment. While not yet released to the public the proposal is expected to lower sulfur content in gasoline from 30 ppm to 10 ppm. Last week, the proposed rule was sent to the Office of Management and Budget (OMB) for review.

PMAA and other industry associations are concerned that a Tier 3 gasoline mandate might incentivize some refineries to close. It will also cause supply bottlenecks and distribution challenges which would increase the price of gasoline while providing little to no health benefits. EPA has indicated that producing Tier 3 gasoline standards would add only a penny per gallon while the American Petroleum Institute (API) forecasts a nine cents-per-gallon increase and an increase in CO2 emissions.

To view a copy of the letter, please go to <http://1.usa.gov/XjLsXI>.

MORE RFS LEGISLATION INTRODUCED

Legislation has now been introduced in both the Senate and the House designed to require EPA to set renewable fuels blending mandates based on actual fuel production rather than forecasts. The "*Phantom Fuels Reform Act of 2013*," was introduced by Sens. Jeff Flake (R-AZ), David Vitter (R-LA) and Michael Crapo (R-ID). A similar House measure was introduced by Reps. Gregg Harper (R-MS) and Jim Matheson (D-UT). Petroleum refiners are supporting these bills because zero gallons of cellulosic biofuels were produced in 2010 and 2011, and only 1,741 gallons in 2012. Even with these weak production numbers, EPA continues to require refiners to blend cellulosic ethanol.

ANNUAL EPCRA TIER II REPORTS FOR BULK PLANTS DUE BY MARCH 1, 2013

EPA EPCRA Tier II reports must be filed for bulk plants, marinas and fleet fueling facilities that stored more than **10,000 pounds (approx 1,626 gallons)** of hazardous chemicals (petroleum fuels) at any single time during the 2012 calendar year. EPCRA reports must be filed with local or state emergency response authorities no later than **March 1, 2013**. In addition, retail facilities with a storage capacity greater than 75,000 gallons of gasoline and/or 100,000 gallons or more of diesel fuel must also file EPCRA reports. Federal regulations exempt retail fueling facilities at or below these capacity thresholds from the annual Tier II inventory reporting. Some states have set lower reporting thresholds, use unique Tier II reporting forms or require electronic reporting. Petroleum marketers should contact their state EPCRA office to verify any local variances in Tier II reporting requirements. Click here to contact your local EPCRA office and to view [State Tier II Reporting Requirements and Procedures](#).

PAPER FORMS AND ELECTRONIC SUBMISSION SOFTWARE: EPCRA Tier 2 forms can be downloaded [here](#). Many states now require electronic filing of Tier 2 reports. Most states have adopted the EPA Tier 2 Submit portal for electronic filing. Tier 2 Submit electronic filing may be downloaded at:

- [Tier2 Submit 2012 for Windows](#)
- [Tier2 Submit 2012 for Macintosh](#)
- [Facility Submission Guide \(PDF\)](#)

CAS NUMBERS: The following CAS designations (from material safety data sheets) must also be included on EPCRA Tier 2 reports; **Gasoline** (CAS 8006-61-9); **Diesel Fuel** (CAS 68476-34-6); **Kerosene** (CAS 8008-20-6); **Fuel Oil** (CAS 68476-30-2); **Aviation Gasoline** (CAS Mixture); **Jet A** (CAS Mixture); **JP 8** (CAS Mixture).

NAICS CODE: Standard Industrial Classification (SIC) codes can no longer be used to describe facilities on EPCRA Tier 2 reports. Instead, North American Industrial Classification System (NAICS) codes must be used. Applicable NAICS codes for the petroleum marketing industry include: **Petroleum Bulk plants** - NAICS 424710; **Heating Oil Dealers** - NAICS 454311; **Retail Gasoline Stations with Convenience Stores** - NAICS 447111; **Retail Gasoline Stations without Convenience Stores** - NAICS 44719.

PENALTY FOR VIOLATION: The EPA fine for violating EPCRA Tier 2 reporting is \$37,500 per day per violation. EPA checks for filing of EPCA Tier 2 reports during routine compliance audits or after a release has occurred.

IRS PUBLISHES SPECIAL PROCEDURES FOR FILING 2012 RETROACTIVE BIODIESEL CLAIMS

The \$1.00 per gallon federal biodiesel blender's credit expired on December 31, 2011. In December, Congress passed the American Taxpayer Relief Act of 2012 (Pub. L. 112-240 that reinstates the biodiesel blender's credit through December 31, 2013 and retroactive back to January 1, 2012. This means that blenders may now file retroactive claims to obtain the \$1.00 per gallon biodiesel credit for blends produced during calendar year 2012 and claim the credit for blends produced during

the current 2013 calendar year. The IRS just released guidance on the special procedures blenders must follow when filing 2012 retroactive claims.

The biodiesel blender's credit was reinstated by Congress in December. The \$1.00 per gallon credit is reinstated to December 31, 2013 and made retroactive back through calendar year 2012 – the year the credit was expired. This means that marketers may now file retroactive credit claims for biodiesel blends created between January 1, 2012 and December 31, 2012. Also, new credit claims may be made for biodiesel blends created during calendar year 2013. These claims are not subject to the special procedures for retroactive claims. Instead, 2013 claim procedures are the same as required before the blenders credit expired.

Unfortunately, Congress did not include language in the legislation reinstating the biodiesel blender's credit that would allow 2012 claims to be taken against current federal motor fuel excise tax (FET) liability. Consequently, blenders must amend 2012 quarterly federal excise tax returns to file for the \$1.00 per gallon biodiesel credit on blends made during calendar year 2012, or in the alternative, take the credit as an income tax refund or income tax credit. The special claim procedures for 2012 retroactive biodiesel credit claims are as follow:

1. Claiming a Credit Against Federal Motor Fuel Tax Liability:

- Calendar Quarters 1, 2, and 3 of 2012

If you reported excise tax liability for gasoline, diesel fuel, or kerosene on IRS Form 720 during any of the first three quarters of 2012, you must amend that Form 720 to claim a credit against those liabilities. The amount of the retroactive biodiesel credit taken may not exceed the total amount of those liabilities. To amend your IRS Form 720, file IRS [Form 720X](#) (Amended Quarterly Federal Excise Tax Return). You may use a single Form 720X to amend multiple quarters, but state each quarter separately.

If your biodiesel mixture credit exceeds the amount that you claim on IRS Form 720X, you may claim the excess amount as an income tax credit on your 2012 federal income tax return. Attach IRS [Form 4136](#) to your 2012 income tax return to claim the excess 2012 biodiesel blender's credit. Use IRS Form 4136 to claim all 2012 biodiesel blender's credits if you did not file quarterly returns on IRS Form 720. Use IRS Form 8849 to file the 2012 biodiesel blender's credit if you did not have tax liability during 2012.

- Deadline For Filing a Claim

Biodiesel blenders have three years from the due date of each IRS Form 720 filed during 2012 to claim the credit against excise tax liability for a particular quarter. Blenders also have three years from the due date of their income tax return to claim the 2012 biodiesel blender's credit by attaching IRS Form 4136 to an amended income tax return.

2. Claiming a Credit or Refund on Federal Income Tax:

- Calendar Quarter 4 of 2012

Since the filing deadline of January 31, 2013 for fourth quarter 2012 biodiesel blender claims already passed by the time the IRS published the 2012 retroactive claim procedures, credits for this period cannot be taken against current federal motor fuel tax liability. Therefore, IRS Form 720 may not be used to claim these credits. Instead, blenders may claim a refund for fourth quarter 2012 retroactive biodiesel credits using IRS Form 8849 [Schedule 3](#). Blenders may also take a credit against federal income tax liability on IRS Form 4136 for 2012 fourth quarter retroactive biodiesel claims.

- Deadline For Filing a Claim

Biodiesel Blenders have until March 31, 2013 to file 8849 refund claims for the fourth quarter of 2012. If blenders opt to take the 2012 retroactive biodiesel credit for the fourth quarter of 2012 as an IRS Form 4136 credit against federal income tax liability, the claim must be made within three years of January 31, 2013.

3. Biodiesel Certificates for 2012 Retroactive Claims:

Original biodiesel certificates must be filed with all 2012 retroactive biodiesel claims (see instructions to IRS Forms 720, 8849 and 4136). Blenders not receiving an original certificate for biodiesel purchased during 2012 must obtain one from their producer before a claim for the 2012 retroactive credit is made. The IRS will not accept copies of certificates - only original biodiesel certificates may be filed with the 2012 retroactive claim. Moreover, the IRS has no legal authority to require producers to provide original certificates retroactively or replace lost or stolen certificates. Blenders are urged to work closely with their producers in order to obtain original biodiesel certificates required to make a retroactive 2012 claim.

4. IRS 637 Registration Requirements:

Blenders filing either a 2012 retroactive biodiesel claim or a new credit claim for 2013 must have an IRS 637 M blender's registration. IRS 637 registrations do not expire. IRS 637 M registrations obtained before the biodiesel blender's credit expired are still valid unless specifically revoked by the IRS through a certified notification letter to the blender. Blenders must have an IRS 637 M registration before a 2012 retroactive biodiesel credit claim can be made. Blenders without an IRS 637 M registration may obtain one by filing IRS [Form 637](#) (Application for Registration (For Certain Excise Tax Activities)).

5. More Information:

To obtain more information on the IRS special procedure for filing 2012 retroactive biodiesel blender's credit claim, please go to <http://www.irs.gov/uac/What's-Hot> or contact [Mark S. Morgan](mailto:mmorgan@pmaa.org), (mmorgan@pmaa.org) PMAA Regulatory Counsel.

WPMA 2013 NATIONAL CONVENTION & CONVENIENCE STORE EXPO SPONSORS February 19-21, 2013 • Mirage • Las Vegas, Nevada



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.

Access the WPMA National Convention page by scanning the QR code on the left with your smart device.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2013

May 9-10, 2013 – NPM&CSA Big Dogs' Shootout – Red Rock Hotel & Casino – Las Vegas, Nevada

June 4-6, 2013 - Montana (MPMCSA) Convention - Holiday Inn Grand - Billings, Montana

June 17-20, 2013 - Washington (WOMA) Convention - Suncadia Lodge - Cle Elum, Washington

July 31-August 2, 2013 - Idaho (IPM&CSA) Convention - Sun Valley Resort - Sun Valley, Idaho

August 27-28, 2013 – New Mexico (NMPMA) Convention – Albuquerque Marriott Pyramid North, Albuquerque, NM

September 12-13, 2013 - Utah (UPMRA) Convention - Zermatt Resort - Midway, UT

Petro Pete: ***"You say you want to bring me back to reality. You're assuming I've been there before."***

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