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ANNOUNCING THE 2011 WPMA SCHOLARSHIP RECIPIENTS!

WPMA is pleased to announce the WPMA Scholarship recipients for 2011. Following is a list of the students, with their state, hometown, and the WPMA member company through which they applied for the scholarship.

Please read the summer issue of the WPM News magazine for a full report on each of these students!

State	Recipient's Name	Hometown	WPMA Company
Hawaii	Nysa Allen	Haleiwa	Aloha Petroleum Ltd
Idaho	Matthew Hansen	Idaho Falls	Conrad & Bischoff
Montana	Ryan Paul	Malta	Ezzie's Wholesale, Inc.
Nevada	Sajel Gale	Ely	Gale Oil & Tire
New Mexico	Briana Montano	Las Vegas	Ross Oil Company
Utah	John Richardson	Ogden	Hone Oil Company
Washington	Hattie Johnson	Kennewick	Sun Pacific Energy
Associate	Emily Katzberg	Puyallup	US Oil & Refining, Washington

URGE YOUR SENATORS TO SIGN-ON TO LETTER IN SUPPORT OF POSITION LIMITS

With the average retail price of gasoline now \$3.87 nationwide and well over \$4 in many parts of the country, Senators Ron Wyden (D-OR) and Maria Cantwell (D-WA) are urging Senators to sign onto their [letter](http://pmaa.org/weeklyreview/attachments/2011/LettertoCFTC_5_5_11.pdf) (http://pmaa.org/weeklyreview/attachments/2011/LettertoCFTC_5_5_11.pdf) to the Commodity Futures Trading Commission's (CFTC) Commissioners to impose aggregate position limits on speculators. Recently, CFTC data showed that speculative positions climbed to an all-time high—up 64 percent from June 2008 when crude oil prices reached \$147 per barrel.

You are urged to reach out to your Senators and ask them to sign the Wyden/Cantwell letter to the CFTC.

HOUSE ENERGY PANEL ADDRESSES ALTERNATIVE FUELS

On Thursday, the House Energy and Commerce Committee's Subcommittee on Energy and Power, chaired by Congressman Ed Whitfield (R-KY), held a hearing to address alternative fuels in the nation's fuel supply. Testifying before the Subcommittee were: Howard Gruenspecht, Energy Information Administration; Margo Oge, EPA; Patrick Davis, DOE ; Diarmuid O'Connell, Tesla Motors; Richard Kolodziej, NGVAmerica; Lucian Pugliaresi, Energy Policy Research Foundation, Inc. (EPRINC); James Bartis, Rand Corporation; Jeffrey Miller, NACS; Robert Dinneen, Renewable Fuels Association; and Michael McAdams, Advanced Biofuels Association.

Much of the hearing examined the implementation of the Renewable Fuels Standard (RFS) and its effectiveness to wean U.S. dependence off imported oil. While the RFS expanded domestically grown corn-based ethanol, it has fallen short in the commercial development of advanced biofuels. By 2022, 36 billion gallons of renewable fuels are mandated in the nation's fuel supply. 15 billion is corn-based ethanol, 1 billion from biodiesel, and the remaining gallons coming from advanced biofuels. Michael McAdams with the Advanced Biofuels Association urged Congress to extend incentives for his industry arguing that advanced biofuels has made tremendous strides and that allowing the incentives to expire at the end of this year would maintain America's dependence on foreign oil.

More importantly, the hearing examined retailer's concerns with E15. While PMAA supports the expansion of corn-based ethanol fuels, legal and regulatory concerns must be addressed before retailers are able to sell mid-level ethanol blends. Because Underwriters Laboratories has been unwilling to recertify existing equipment for mid-level ethanol blends, retailers will have no choice but to upgrade their equipment to market E15. Major concerns arise from motorists misfueling to underground storage tanks, piping, glues, and seals compatibility with E15. If retailers' existing infrastructure is not compatible with an E15 blend, they could be in violation of tank insurance policies, state tank fund program requirements, bank loan covenants, and OSHA. To get around some of these concerns, NACS Chairman Jeffrey Miller, President of Miller

Oil Company, in Norfolk, VA, urged Congress to reintroduce and pass the Renewable Fuels Marketing Act which will provide a legal pathway for retailers to sell E15. The bill directs EPA to develop guidelines for determining equipment compatibility with E15. If refueling equipment meets EPA guidelines, then the equipment would be deemed compatible with E15 and satisfy legal and regulatory concerns.

Finally, a representative from the Natural Gas Vehicles for America urged Congress to pass the NAT GAS Act (H.R. 1380) which provides federal tax incentives for the development of natural gas vehicles. For natural gas to become a viable alternative to gasoline and diesel, several marketers' concerns will have to be addressed. First, the legislation does not promote all fuel options considering it leaves out auto gas propane which is more cost effective than compressed natural gas (CNG). It costs as much as \$1 million to upgrade an existing gasoline station to sell CNG. While natural gas is currently less expensive than conventional motor fuels, its costly storage cylinders and up keep costs offset any gains made from its current lower fuel price. Compressors also take longer for motorists to refuel. Other refueling hurdles arise such as dealer/supplier contract requirements which will likely prohibit independent small business petroleum marketers from selling CNG under the major oil's canopy. Although the NAT GAS Act would provide tax credits to gasoline station owners, PMAA believes that many retailers will not have adequate federal tax liability to use the credit (50 percent of cost of CNG infrastructure, but not more than \$100,000 per refueling station). PMAA prefers grants over tax credits.

In the mean time, mid-level ethanol blends will dominate the discussion in Congress. The NAT GAS Act has garnered 180 cosponsors, but the legislation doesn't have a pay-for which greatly diminishes its chances of passing this Congress given budget concerns. PMAA's Motor Fuels Committee will continue to review all legislative fuel proposals.

HOUSE PASSES BILL TO INCREASE ENERGY PRODUCTION AND CUT GASOLINE PRICES

On a vote of 266-149, the House passed H.R. 1230, the Restarting America Offshore Leasing Now Act yesterday afternoon. The legislation would increase domestic crude oil production and stimulate job creation. H.R. 1230 directs the Interior Department to restart offshore lease sales in the Gulf of Mexico and off the coast of Virginia.

The Southeast Energy Alliance estimates that offshore energy development in Virginia could create nearly 2,000 jobs and produce 750 million barrels oil. PMAA was one of over 40 groups supporting passage of H.R. 1230.

H.R. 1230 is one bill in the House Republicans [American Energy Initiative](#); an effort to reduce gasoline prices, increase energy production and create jobs. Next week, the House will vote on H.R. 1229, the Putting the Gulf Back to Work Act, and H.R. 1231 the Reversing President Obama's Offshore Moratorium Act.

BILL TO DELAY DERIVATIVES REFORM APPROVED BY HOUSE COMMITTEE

On Wednesday, the House Agriculture Committee approved H.R. 1573 which would delay critical reforms to our nation's commodity futures markets for 18 months. The legislation was introduced by House Agriculture Committee Chairman Frank Lucas (R-OK), and cosponsors included House Financial Services Committee Chairman Spencer Bachus (R-AL), Reps. Mike Conaway (R-TX) and Scott Garrett (R-NJ). H.R. 1573 [passed](#) along partisan lines (25-20) with Republicans voting in favor of the legislation and Democrats opposing. If this legislation is signed into law, it would undermine our hard sought futures market reform efforts. Today's vote on H.R. 1573 was largely symbolic since it faces an uphill battle in the Senate and would be vetoed by President Obama.

The House Financial Services Committee is scheduled to consider H.R. 1573 at a May 12 mark-up, which is the same day as PMAA's Day on the Hill. The markup is scheduled for 10:00am in Room 2128 Rayburn House office building and is open to the public.

With gasoline prices at highs not seen since July 2008, the last thing Congress needs to do is delay critical reforms to our nation's futures commodity markets. Important in the derivatives title of the Wall Street Reform law that passed in July 2010 is the mandate of aggregate position limits which is aimed at reducing highly leveraged investor and hedge fund's holdings in oil futures contracts. If the CFTC can implement the position limits rule as soon as possible, it will reduce prices in the short term and provide much needed relief to small businesses and consumers. Goldman Sachs reported last month that speculative activity is responsible for at least 20 percent of the cost of a barrel of oil. Position limits on speculators would fix this problem. Even some traders are opposed to H.R. 1573 because it would stymie new market participants, keep trading costs artificially high and would preserve the current big bank monopoly structure for months, if not years.

Not only would this bill undermine efforts to reduce gasoline prices in the short-term, it will also continue to allow the credit card companies and their member banks to reap huge sums in interchange fees since the price of gasoline is now hovering at four dollars a gallon.

Meanwhile, the Senate Appropriations Subcommittee on Financial Services and General Government held a hearing on CFTC funding for FY 2012. The President requested \$308 million for the Commodity Futures Trading Commission for FY 2012, a boost of more than \$100 million over 2011 funding levels. Chairman Gary Gensler, who is scheduled to speak at PMAA's Washington, DC conference next Friday, said the FY 2011 budget increase would increase his staff from around 680 to 720 employees which will allow the CFTC to implement the Wall Street Reform law regulations on commodity futures markets.

IT'S TIME TO REGISTER FOR PMAA'S WASHINGTON CONFERENCE AND DAY ON THE HILL

PMAA's annual Washington Conference and Day on the Hill will be held in our Nation's Capitol of Washington, DC from May 11-13. This forum unites marketers, state association executives and suppliers from across the country to openly discuss all the issues facing the petroleum marketing industry with members of Congress and find solutions together.

The meeting will begin with a welcome reception including PAC silent auction on the evening of May 11. On the morning of May 12, marketers will head to Capitol Hill for visits with their Congressional delegations. The PMAA Board of Directors will meet on May 13.

For those planning to attend this informative event, please be sure to complete a [Registration Form](http://www.pmaa.org/userfiles/file/Washington%20Conference/2011/PMAA_RegistrationForm_WC.pdf) at http://www.pmaa.org/userfiles/file/Washington%20Conference/2011/PMAA_RegistrationForm_WC.pdf at your very earliest convenience

Please contact [Susan Isard](#) at 703.351.8000 with any additional questions.

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2012 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA

Start planning now to attend the 2012 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 21-23, 2012.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2011

June 7-9, 2011 – MPMCSA Convention – Hilton Garden Inn – Missoula, Montana

June 20-23, 2011 – WOMA Convention – Suncadia Lodge – Cle Elum, Washington

August 3-5, 2011 – IPM&CSA Convention – Sun Valley Resort – Sun Valley, Idaho

August 30-31, 2011 – NMPMA Convention – Embassy Suites, Albuquerque, New Mexico

September 14-16, 2011 – UPMRA Convention – Rainbow Hotel and Casino – Wendover, NV

September 21, 2011 – NPM&CSA – Tanker Yanker – Reno, NV

Petro Pete: *"Failure comes in two ways: Those who do it without giving a thought and those who thought about it and do nothing."*

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