SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA News

Service Station Dealers of America and Allied Trades

VOLUME 34, ISSUE 4 — APRIL, 2020

INSIDE THIS ISSUE:

Gas and Auto Care Providers Are Essential Services

By Roy Littlefield

As we continue in these difficult times, we remind the federal and state governments that gas stations and repair shops are essential services.

As many state, local and municipal governments issue directives for assistance in preventing or slowing the spread of COVID-19, properly defining "essential services" is critical. Essential services are those services that are necessary in order to ensure public welfare; as well as the continued provision of critical resources to address emergencies and to protect human health.

The service station and motor vehicle maintenance, repair and service industry is clearly an "essential service". Despite the importance of social distancing, the public continues to need the ability to obtain basic human needs such as food and medical care. Ensuring that their vehicles are able to operate such that citizens reach grocery stores and medical facilities is clearly an essential service. Further, the retail and wholesale facilities that provide the parts and services necessary to repair and maintain those vehicles must also be considered essential or these essential repair services will become obsolete.

Police, fire, EMT, telecommunications, shut-in care-givers, public transportation, delivery services (including food, medicine and fuel service distribution), all provide vital access to essential goods and services. All of these functions depend on the continued safe functioning of automotive vehicles of all classes.

Providers of motor vehicle parts and goods perform essential services including but not limited to:

Fleet maintenance services for first responders (fire, police and ambulatory services)

Battery installation for health care professionals deemed as essential personnel

Ride share services for dialysis patients unable to transport themselves

Transportation for anyone requiring medical care

The vehicle parts and services industry is committed to serving our citizens, enabling the continued provision of other essential services in these trying and uncertain times.

Your Website is an Investment: Trust the Professionals

By: McKensie Curnow of Net Driven

Building your own website has become increasingly simple and inexpensive in recent years. Though easy and accessible, DIY websites do not guarantee a website that works well or leaves a lasting impression for your business and your audience.

Your website is a reflection of you and your business, so you're obviously going to want to build a strong, professional, and positive presence to attract customers. Taking the risk of building a website on your own is taking the risk of losing potential leads and damaging your business's reputation – we never get a second chance to make a first impression!

When you invest in a professional web design team, such as our team here at Net Driven, you're not only investing in the visual appearance and accessibility of your website, you also invest in expert advice, techniques, and best practices to create the best possible user experience. Spending less money and trying to do it on your own may seem like the easy way out, but let's dive into why it's important to give your business the professional auto service website design it deserves.

COMMON MISTAKES MADE BY INEXPERIENCED DESIGNERS

Poor Structure & Navigation

A website should be attractive, accessible, and easy to navigate; all in all, user-friendliness is vital. A site's content should be understandable and full of useful information without being cluttered.

In today's day and age, people like quick and simple. If they can't find what they need without gaining a headache, they're going to leave your site and find a frustration-free one instead. At Net Driven, we know how to organize automotive websites in a way that makes sense for both the business owner and their potential customers.

Lack of SEO

If no one can find your website, what's the point

Continued on page 3

NET DRIVEN

Continued from page 2

in making the effort of creating one? Many rookie designers forget the importance of SEO, or Search Engine Optimization.

As a certified Google Partner, our team highly knowledgeable of automotive SEO and works hard to make sure your site gets found.

Missing CTA

Your website is one of the most powerful marketing tools for your business.

Not only does your website have the power to bring in new customers, it also helps current customers remain loyal if they find what they're looking for with minimal frustrations.

One of the main components of a great website is a clear CTA, or call-to-action.

A CTA is what converts website visitors into customers by driving them to purchase your good or service.

If your website is missing a clear CTA, you'll lose sales and customers.

At Net Driven, our team ensures that every website offers conversion-focused responsive web design.

Using Free or Low-Cost Templates

Rookie designers are likely to use a free or low-cost template for their website.

While this may seem like an easy solution, it will make your website look generic and unconnected to your brand.

Your business is unique, your website should be, too. Our designers take the time to ensure each one of our automotive websites are exclusive to the client and capture the individuality of their business.

As with any service or good, you get what you pay for.

Your money buys value, which in turn, will actually build your business's bank account in the long run.

Your company's website is no exception. If you want to leave a lasting, positive impression of your brand, leave website design to the professionals.

Still not convinced?

Check out our portfolio of the finest responsive web design in the automotive industry.

For further details, visit our solutions and packages pages.

LOBBY DAY POSTPONED

Unfortunately, we have had to postpone the 2020 Spring Lobby Day due to travel concerns and many companies placing a ban on such activities.

The plan is to have the lobby day in the Spring of 2021. We will plan to hold a conference call this spring with the entire group for additional updates.

We apologize for the change and hope to make this event even better when we do have it.

More information to come.

'Dire consequences': Democratic Fracking Ban Would Cost $7 Trillion, Industry Warns

Fracking is a dirty word as far as Rep. Alexandria Ocasio-Cortez is concerned, but those in the oil-and-gas industry warn that life without hydraulic fracturing would be far grubbier.

The economic analysis found that a ban on hydraulic fracturing would kill 7.5 million jobs by 2022; slash gross domestic product by $7.1 trillion by 2030, reduce household incomes by $5,400 annually and increase consumer energy bills by $600 a year.

“American families should be shocked to hear proposals from candidates for high office that would ban this transformative technology, which would erase a generation of American progress and return us to the days of heavy reliance on foreign energy,” said API president and CEO Mike Sommers.

SSDA-AT Supports the Drive Safe Act

The country is facing a massive truck driver shortage that's increasing the costs of consumer goods and hurting the economy.
More than 70% of U.S. products are moved by trucks.
In 2018, the trucking industry was short roughly 60,800 drivers - up nearly 20% from 2017's figure of 50,700. If current trends hold, the American Trucking Association (ATA) says the shortage could rise to more than 160,000 by 2028.
According to the ATA, to meet the U.S. demand, the trucking industry must hire roughly 1.1 million new drivers, or an average of nearly 110,000 per year, to replace retiring drivers and keep on pace with the growth in the economy.
The driver shortage is causing transportation and manufacturing costs to rise, as consumer-goods giants like Procter & Gamble face shortages of drivers for their plants.
The DRIVE-Safe Act (HR 1379, S 569) provides a pathway to high-paying jobs for young adults seeking a career path while making our roads safer.
A critical obstacle to attracting new drivers is that while virtually all states allow individuals to obtain a commercial driver's license at age 18, they are prohibited from operating in interstate commerce until they are 21.
That means an 18-year old cannot drive a truck from Arlington, Virginia into Washington D.C., yet could drive that same truck across Virginia, from Arlington to Virginia Beach to Bristol.
The trucking industry is a good paying career choice for America's emerging workforce.
Training programs like this are critical game changers for not only developing highly skilled blue-collar workforce but also creating pathways for blue-collar workers to advance to white-collar levels in their profession - without the need to incur college debt.

Safety is a critical component of the DRIVE-Safe Act.
Filling the driver shortage gap is a perfect opportunity to reinforce a culture of safety and provide an emerging workforce with the critical skills they need to safely operate a truck.
At its core, the DRIVE-Safe Act is a safety program. It requires training far and above current requirements to ensure drivers are safe and prepared.
In addition to completing the requirements of the FMCSA Entry Level Driver Training regulation and possessing a commercial driver's license, the program will require these drivers to:

- Complete at least 400 hours of on-duty time and 240 hours of driving time with an experienced driver in the cab with them.
- All trucks used for training in the program must be equipped with safety technology including active braking collision mitigation systems, video event capture, and a speed governor set at 65 miles per hour or below.

The common-sense solution to the driver shortage is to expand the work pool, period.
Currently, the average age of an over-the-road driver is 46, while the average age of a new drivers being trained is 35, according to ATA.
...increasing driver pay has not fixed the driver shortage, we need more.

- Truckers collected record pay increases in 2018 and that had little effect on the industry's shortage of drivers.
- Hundreds of trucking firms surveyed quarterly by the National Transportation Institute found that 85 percent do not link higher pay to attracting driver candidates.

Outdated regulations are preventing access to a stable, middle-class profession.
Adults, who are able to vote and enlist in the military, are arbitrarily restricted and delayed from entering the trucking profession.
The average truck driver earns $53,000 according to ATA, above the Bureau of Labor Statistics average for all U.S. workers at $51,960.
The trend continues when compared to other occupations: Construction Equipment Operators at $52,190, Roofers at $43,870, and Stonemasons at $44,370.
New entrants to the job market cannot take advantage of these earning opportunity upon graduation from high school, and must wait until they turn 21 or choose a different profession.
Back in 1937, limiting a young driver from manning an unfamiliar vehicle across this relatively new concept called highways might have made sense, but the extensive training and rigorous safety requirements in the DRIVE-Safe Act makes the interstate ban obsolete.
The 82-year old restriction is keeping qualified candidates from kick-starting their careers in the trucking industry-and preventing the industry from filling hundreds of thousands of open jobs.
SSDA-AT supports the DRIVE-Safe Act.

Murkowski, Manchin Introduce Major Energy Legislation

Sens. Lisa Murkowski (R-Alaska) and Joe Manchin (D-W.Va.) on Thursday introduced a long-awaited energy package that's shaping up to be the best chance this year for passing legislation to expand the use of cleaner forms of energy.

The American Energy Innovation Act would touch nearly every aspect of the energy industry, incorporating more than 50 bills advanced by the Senate Energy and Natural Resources Committee.

"This bill is our best chance to modernize our nation's energy policies in more than 12 years," Murkowski said in a statement. "By working together to pass it into law, we can promote a range of emerging technologies that will help keep energy affordable even as it becomes cleaner and cleaner."

The package would promote research in up-and-coming renewables like geothermal and wave technology while shoring up supplies of minerals needed for the batteries to support long-term use of wind and solar.

It also includes efforts to bolster the capture of carbon pollution, including from the coal and natural gas sector, as well as research to expand nuclear energy.

However, some portions of the bill, like those dealing with mining, as well as fossil fuels, may prove too controversial for some Democrats. And it's already being criticized by environmental groups for doing too little to address climate change.

The package does not set any specific carbon reduction targets, though committee staff said it is expected to reduce emissions.

The legislation's research and development portions, as well as its energy efficiency measures, have some overlap with bills still being drafted in the House that would commit the U.S. to carbon neutrality by 2050.

A committee aide told reporters the bill is an energy bill, with provisions that are very important for dealing with climate change.

The aide acknowledged the bill was not sufficient to address climate change, but called it a down-payment on climate legislation that is mainly focused on energy innovation.

The legislation contains elements of bills sponsored or co-sponsored by 60 senators from across the political spectrum, as well as some House legislation that has already been sent to the Senate.

Senate aides expressed optimism that the House would be willing to work together on the legislation. Speaker Nancy Pelosi's (D-Calif.) office declined to comment on the legislation.

The bill includes a number of energy efficiency measures, extending a program to weatherize homes, offering grants to retrofit buildings, and requiring the government to extend its own energy reduction targets while adding new reductions for water use.

But the bulk of the bill centers on boosting new and developing technologies, including ways to make cars and trucks more fuel efficient, as well as methods to make manufacturing processes greener.

Sens. Lisa Murkowski (R-Alaska) and Joe Manchin (D-W.Va.) on Thursday introduced a long-awaited energy package that's shaping up to be the best chance this year for passing legislation to expand the use of cleaner forms of energy.

The American Energy Innovation Act would touch nearly every aspect of the energy industry, incorporating more than 50 bills advanced by the Senate Energy and Natural Resources Committee.

Senate Majority Leader Mitch McConnell (R-

Continued on page 7

Murkowski, Manchin Introduce Major Energy Legislation

Continued from page 6

Ky.) took steps Thursday to bring the more than 550-page bill to the floor as early as next week.

“This bill is our best chance to modernize our nation’s energy policies in more than 12 years,” Murkowski said in a statement. “By working together to pass it into law, we can promote a range of emerging technologies that will help keep energy affordable even as it becomes cleaner and cleaner."

The package would promote research in up-and-coming renewables like geothermal and wave technology while shoring up supplies of minerals needed for the batteries to support long-term use of wind and solar.

It also includes efforts to bolster the capture of carbon pollution, including from the coal and natural gas sector, as well as research to expand nuclear energy.

However, some portions of the bill, like those dealing with mining, as well as fossil fuels, may prove too controversial for some Democrats. And it’s already being criticized by environmental groups for doing too little to address climate change.

The package does not set any specific carbon reduction targets, though committee staff said it is expected to reduce emissions.

The legislation's research and development portions, as well as its energy efficiency measures, have some overlap with bills still being drafted in the House that would commit the U.S. to carbon neutrality by 2050.

A committee aide told reporters the bill is an energy bill, with provisions that are very important for dealing with climate change.

The aide acknowledged the bill was not sufficient to address climate change, but called it a down-payment on climate legislation that is mainly focused on energy innovation.

The legislation contains elements of bills sponsored or co-sponsored by 60 senators from across the political spectrum, as well as some House legislation that has already been sent to the Senate.

Senate aides expressed optimism that the House would be willing to work together on the legislation. Speaker Nancy Pelosi’s (D-Calif.) office declined to comment on the legislation.

The bill includes a number of energy efficiency measures, extending a program to weatherize homes, offering grants to retrofit buildings, and requiring the government to extend its own energy reduction targets while adding new reductions for water use.

But the bulk of the bill centers on boosting new and developing technologies, including ways to make cars and trucks more fuel efficient, as well as methods to make manufacturing processes greener.

It also includes a number of cybersecurity and grid modernization efforts to prevent electric grids from being hacked by adversaries.

But some portions of the bill may make it tough to get Democratic support, particularly those dealing with mining for minerals needed to make batteries.

The Sierra Club referred to that portion of the bill as an “egregious non starter” that would “vastly expand the permitting of destructive mining operations, as well as an expansion of fracked gas exports.”

That portion of the bill would require the Department of the Interior to create a list of critical minerals, encouraging the government to “complete federal permits efficiently, without compromising environmental review,” according to a bill summary.

"We still give mining companies – many foreign owned -- a sweetheart deal, but leave taxpayers on the hook for cleaning up the toxic messes at thousands of abandoned mines across the West," Sen. Tom Udall (D-N.M.) said in a statement to The Hill.

"I have serious concerns with the energy bill provision that gives the mining industry a new break on their permitting process for massive mining projects, which could have grave consequences for public health and the environment."

Fracking Ban Could Hamstring Economies in Some States

The U.S. is the world's leading producer of natural gas and oil, and a net exporter of total energy, but unrealistic policy proposals could put America's progress is at risk. A nationwide ban on hydraulic fracturing and federal natural gas and oil leasing could erase a generation of industry growth and innovation, according to API's latest economic analysis, and several U.S. states are in the crosshairs.

Modern hydraulic fracturing – or fracking – has delivered widespread economic and environmental progress. But per API's report, a fracking ban could result in the loss of $7.1 trillion in cumulative GDP and millions of jobs by 2030 and could trigger a U.S. recession.

The nation could lose progress toward energy security and return to dependence on foreign suppliers of natural gas and oil. American farmers could see their incomes decline 43%, and household energy costs could increase, on average, $618 per year even while consuming 12% less energy – including higher prices for gasoline, natural gas, electricity and heating oil.

At the state level, negative impacts could be especially acute – in Pennsylvania, Ohio and Colorado, where the transformative nature of fracking has unlocked good-paying jobs and revitalized other industries.

Pennsylvania would be among the states hardest hit, with more than 550,000 job losses in 2022 throughout the economy. The 150,000 jobs supported by natural gas and oil production and development will be especially at risk. API-PA Executive Director Stephanie Catarino Wissman commented:

"America's natural gas and oil renaissance, strengthened by hydraulic fracturing and horizontal drilling in the Marcellus and Utica Shale, has helped revitalize Pennsylvania's manufacturing and agricultural industries. By banning these state-of-the-art technologies, lawmakers could cripple energy development in the commonwealth and subsequently threaten good-paying jobs and access to affordable fuels."

Increasing natural gas consumption, particularly in power generation, has also led reductions in Pennsylvania's carbon dioxide (CO_2) emissions. As the share of natural gas consumed for electricity generation grew 321% in the past decade, electric power sector CO_2 emissions decreased by nearly 40% between 2007-2017.

Additionally, the methane intensity of natural gas production in the Marcellus and Utica shale, the primary producing regions of Pennsylvania and Ohio, has fallen more than 75% since 2011 – signaling the industry's ongoing progress toward both energy development and environmental protection.

In Ohio, the projected negative impacts are similar, as the state could also lose more than 500,000 jobs in 2022. The American energy revolution has generated thousands of jobs and de-

Fracking Ban Could Hamstring Economies in Some States

Continued from page 8

livered affordable energy to local businesses and consumers, and a federal ban on fracking and leasing could hamstring the state's energy sector and create a ripple effect on Ohio's economy.

Likewise, Colorado could lose more than 350,000 jobs as a result of a fracking ban. As of 2017, the energy sector added about $13.5 billion to the state's GDP, strengthening local economies and supporting education – a risk for the industry represents a threat to the public good. Colorado Petroleum Council Executive Director Lynn Granger explained:

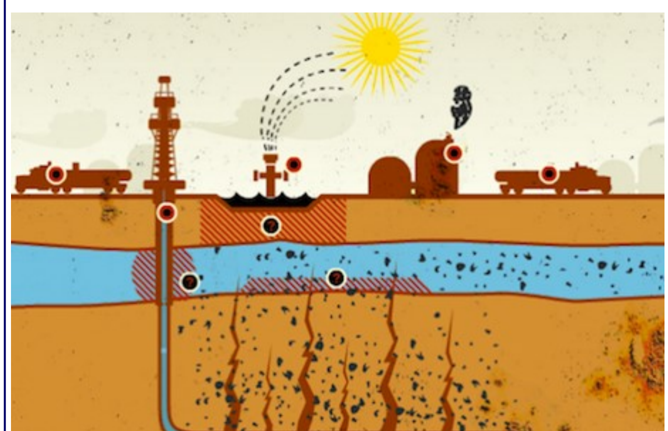
"Colorado's economy and environment has uniquely benefitted from natural gas and oil produced by hydraulic fracturing.

Thousands of local jobs and billions of dollars in state revenue are at stake, and restrictive policy proposals threaten the sustainability and long-term success of industry operations."

More than 95% of new natural gas and oil wells drilled today are developed with fracking, and energy development on federal lands, onshore and offshore, accounts for 14% of the natural gas and nearly 25% of the oil produced domestically.

In 2022, job losses under a fracking ban could total 7.5 million – or 4.8% of total U.S. jobs – with nearly 2.5 million jobs lost in Texas, California and Florida. Other top states for job losses as a share of overall employment include North Dakota, Oklahoma, New Mexico, Wyoming, Louisiana, West Virginia and Kansas.

America's natural gas and oil industry delivers affordable fuels for consumers, good-paying jobs for workers and emissions reductions in communities across the U.S. But with global energy demand on the rise, an outright ban on fracking and federal leasing for energy development risks an uncertain energy future.



Bahamas Plans Deep Water Oil Drilling. First site is 150 Miles Off South Florida

The Bahamas plans to soon start drilling for oil -- just 150 miles off the coast of South Florida.

Bahamas Petroleum Company said in a regulatory filing earlier this year that it will drill its first exploration well, called Perseverance #1, in deep offshore waters as early as April. The company said preliminary seismic testing showed the area has potential oil reserves of more than 2 billion barrels.

The Bahamas is only the latest island nation to hunt for black gold that lies under turquoise waters -- a trend that environmentalists say poses a slew of potential threats to marine systems from the Caribbean to Florida.

“We believe this is an activity that poses significant risk to the environment and tourism in the area,’” Diane Hoskins, a campaign director for the conservation nonprofit Oceana, which hopes to mount opposition to the Bahamas’ plans.

Drilling off Florida shores has long been opposed by environmentalists and many Florida politicians protective of an economy powered in part by tourists drawn to pristine beaches.

Memories of the 2010 Deepwater Horizon oil spill remain fresh along the Gulf Coast and in the Florida Keys and state leaders have pressured President Donald Trump to extend a ban on oil and gas drilling in the Eastern Gulf of Mexico beyond its expiry in 2022, with the backing of coastal tourism communities, real estate associations and environmentalists in Florida.

According to the Bahamas Petroleum Company’s statement, the first well will be located at a depth of approximately 1,700 feet but could be as deep as 18,000 feet. The test well is targeted for a location over 100 miles from Andros Island, and sits in a shipping lane next to the maritime border with Cuba.

“Perseverance #1 has the potential to open a world class, new frontier basin offshore Bahamas, less than 200 miles from the world’s largest hydrocarbon market,” Simon Potter, BPC’s chief executive, said in the filing. He said prospects for oil exploration in the area have the potential to “transform the revenue generation capacity of the Bahamian economy.”

In the aftermath of Hurricane Dorian, the monster storm that struck the Bahamas with punishing 185 mph sustained winds and 25-feet storm surges in September last year, there’s growing pressure in the country to boost economic activity and create jobs. The storm caused an estimated $3.4 billion in damages, according to a report by the Inter-American Development Bank. The economy’s rising debt and persistently high unemployment were exacerbated by Dorian, the IDB said.

BPC is focused on oil exploration in the archipelago. It has five licenses for oil drilling covering approximately 6,180 square miles in the territorial waters of the Bahamas.

Countries across the Caribbean also have increasingly pushed oil and gas exploration after Guyana discovered commercial quantities in 2015. The Bahamas will join Jamaica, Barbados, and Grenada in ramping up efforts to conduct testing and prepare for offshore exploration wells this year. Cuba and Trinidad and Tobago already produce oil from offshore fields.

BAHAMAS PETROLEUM COMPANY PLC.

Exxon Mobil Calls for Tighter Methane Regulations

Exxon Mobil recently called for tighter regulation of the greenhouse gas methane and offered up its own in-house rules as a model for companies and lawmakers worldwide.

The largest U.S. oil company laid out the guidelines it follows - some of which have been rolled back by the Trump administration - at a time when the industry faces growing pressure from investors to reduce its environmental footprint.

The world's top oil and gas companies are under heavy pressure from investors and climate activists to meet the 2015 Paris climate goal of limiting global warming to below 2 degrees Celsius from pre-industrial levels.

Exxon and U.S. rival Chevron Corp have been far less ambitious with their greenhouse gas reduction targets than their European rivals.

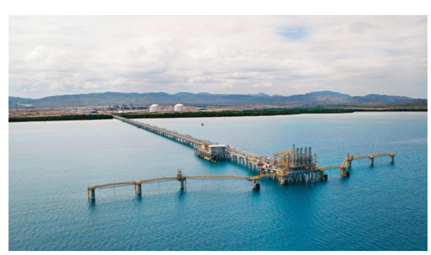
BP Plc in February set one of the oil sector's most ambitious targets for curbing carbon emissions, including getting emissions from its operations and barrels produced to net zero.

Exxon started its methane reduction program in 2017 in its shale fields and has been able to reduce emissions by 20%. It has since started rolling out the methane guidelines to the rest of the company, which "demonstrate what's practicable and achievable," said Chief Executive Darren Woods.

The program includes leak detection and repair, having companies report their total methane emissions and minimizing venting, the release of unburned methane, which is far more environmentally harmful than flaring it.

Exxon's announcement came early Tuesday during the annual investor day presentation for its chief U.S. rival, Chevron Corp, which has tied compensation to the reduction of methane emissions.

Last year, the rivals rolled out ambitious production plans for the Permian Basin on the same day, setting up a showdown in the top U.S. shale field.



Fracking Helps the Economy and Environment

Sommers makes the affirmative argument for fracking because some presidential candidates are talking about banning it – as well as federal natural gas and oil leasing. Sommers said millions of good-paying American jobs, U.S. security and significant environmental progress could be at risk if those advocating a ban on fracking get their way.

The CNBC appearance was among interviews Sommers gave while in New York City last week. In each of them Sommers underscored the vast benefits to the U.S. from modern fracking technology. Sommers:

“We’re focused on making sure this technology stays online, because it is helping consumers. … It’s also helped our environment. Because of the fracking/energy revolution in the United States in the last 10 years, prices have gone down, but also our environment has improved. In fact, we’re at 25-year lows in terms of the emissions being produced in the United States. We lead the world in emissions reduction – and that is mainly from the switch from coal as the lead energy production unit to natural gas, which is significantly cleaner. … If I told you about a technology that would help the environment, that would help American consumers, would reduce our trade deficit and increase American jobs, I think most politicians would jump on that, not try to ban it.”

Sommers lodged a similar, affirmative argument for hydraulic fracturing on Bloomberg TV:

"The fight is between those who don’t think the United States should use its resources and those who think we should maximize those resources. … If we were where we were 10 years ago, think about what would have happened if Iran [oil] went offline because of sanctions or Venezuela went offline because of sanctions … What do you think that would have done to American GDP or American jobs?”

Sommers added that abundant, affordable natural gas has produced significant environmental benefits to the U.S.:

“Our air is cleaner today than it has been in a generation, and that is mainly because natural gas has replaced coal in power generation.”

Unfortunately, as we’ve noted in previous posts (see here and here), some would throw away hard-earned progress as part of an energy agenda that opposes America’s leading energies.

As Americans live their busy lives – largely built on abundant natural gas and oil – they should take the fracking ban rhetoric seriously and think about the impacts of a return to increasing energy reliance on foreign suppliers, of higher domestic energy costs, lost jobs and a throwing away of key environmental progress.

Some already are. Here’s what Pittsburgh Mayor Bill Peduto thinks about a ban on fracking:

“I don’t think that it’s fair to the families that have given over a hundred years of building this country to tell them that in five years you’re no longer going to have a job.”

Rick Bloomingdale, president of the AFL-CIO’s Pennsylvania chapter, also is skeptical about banning fracking:

“Nobody can tell me what these new jobs are that are going to replace these good union jobs in the energy industry if we ban fracking.”

Hydraulic fracturing is safe, industry is continually innovating to make it safer and more efficient, with a smaller and smaller environmental footprint. Industry, through coalitions including The Environmental Partnership, is focusing on technologies and best practices to keep reducing production-related emissions so that the economic and security benefits of U.S. natural gas and oil are accompanied by environmental advances.

We can do it. Our industry’s history is full of innovations to meet one challenge after another while supplying the country with the natural gas and oil for manufacturing, transportation, commerce and more. Thanks to fracking, we’re meeting U.S. and global energy demand while protecting the environment.

U.S. Crude Oil Production Grew 11% in 2019, Surpassing 12 Million Barrels Per Day

Annual U.S. crude oil production reached another record level at 12.23 million barrels per day (b/d) in 2019, 1.24 million b/d, or 11%, more than 2018 levels. The 2019 growth rate was down from a 17% growth rate in 2018. In November 2019, monthly U.S. crude oil production averaged 12.86 million b/d, the most monthly crude oil production in U.S. history, according to the U.S. Energy Information Administration's (EIA) Petroleum Supply Monthly. U.S. crude oil production has increased significantly during the past 10 years, driven mainly by production from tight rock formations developed using horizontal drilling and hydraulic fracturing to extract hydrocarbons.

Texas continues to produce more crude oil than any other state or region of the United States, accounting for 41% of the national total in 2019. Texas crude oil production averaged 5.07 million b/d in 2019 and reached a monthly record of 5.35 million b/d in December 2019. Texas's production increase of almost 660,000 b/d in 2019—driven by significant growth within the Permian region in western Texas—was 53% of the total U.S. increase for the year. Texas crude oil production has grown by 3.9 million b/d, or 333%, since 2010.

Several other U.S. states or regions set production records in 2019. In addition to contributing to Texas's record production year, the Permian region drove a 248,000 b/d, or 36%, crude oil production increase in New Mexico. This increase was the second-largest state-level growth in 2019 and accounted for 20% of the total U.S. increase. In 2019, New Mexico set a new oil production record for the third consecutive year, growing by 749,000 b/d since 2010.

In the Offshore Federal Gulf of Mexico (the U.S. controlled waters in the Gulf of Mexico), new projects contributed to the region's growth in production in 2019. Oil and natural gas producers brought online seven new projects in 2019, and EIA expects nine more will come online in 2020. The Offshore Federal Gulf of Mexico's crude oil production grew by 126,000 b/d in 2019, leading to the area's highest annual average production of 1.88 million b/d. The Offshore Federal Gulf of Mexico was the second-largest crude oil producing region in the United States in 2019.

Colorado and North Dakota also set record production levels in 2019 of about 514,000 b/d and 1.4 million b/d, respectively. The Niobrara shale formation drove production increases in Colorado, and continued production in the Bakken region drove increases in North Dakota. Production in Oklahoma increased by 32,000 b/d in 2019 but did not surpass Oklahoma's record production of 613,000 b/d set in 1967.

Increases in these states and regions more than offset production declines elsewhere. Alaska's crude oil production decreased for the second year in a row, and California's production declined for the fifth year in a row.

In its latest Short-Term Energy Outlook, EIA forecasts U.S. crude oil production will continue to increase in 2020 to an average of 13.2 million b/d and to 13.6 million b/d in 2021. Most of the expected production growth will occur in the Permian region of Texas and New Mexico.

The Future of ACA

Recently, the Supreme Court announced that it will hear the latest challenge to the Affordable Care Act (ACA). While the fact that this case would end up before the highest court is not a surprise, the announcement does bring some clarity to the potential timeline and manner in which this case may play out.

The case, which will go before the Supreme Court under the name Texas et al v. United States of America et al, is actually a consolidation of a few different cases. The underlying challenge to the ACA was brought by more than a dozen Republican Attorneys General and two individual plaintiffs. In response a number of Democrat Attorneys General and Governors, and more recently the Democrat-controlled U.S. House of Representatives, have stepped in to defend the law.

So what is this case all about and where does it stand going into the Supreme Court's review?

The foundation of this case originated when the Tax Cuts and Jobs Act (TCJA) of 2017 reduced the penalty for non-compliance with ACA's individual mandate to zero. The parties challenging the ACA have argued that not only did this act render the individual mandate unconstitutional (because it no longer stems from Congress' power to tax) it also rendered the entirety of the ACA unconstitutional.

In December of 2018, a federal district court judge in Texas ruled in favor of the challengers holding that both the individual mandate and the ACA are unconstitutional in light of the TCJA change. The effect of the ruling was stayed and the case was promptly appealed to the 5th Circuit Court of Appeals.

Approximately a year later, in December 2019, the 5th Circuit upheld part of the District Court's decision and remanded the remainder back to that court for reconsideration. Specifically, the 5th Circuit agreed that the reduction of the individual mandate penalty to zero renders the individual mandate unconstitutional. The appellate court did not reach a conclusion on the ACA as a whole and instead remanded that issue to the District Court instructing the District Court to conduct a more thorough analysis of which parts of the ACA could stand on their own, as severable from the unconstitutional individual mandate, and which were inextricably linked to the mandate and therefore unconstitutional in and of themselves. In taking this action, the 5th Circuit stated that the District

The Future of ACA

Continued from page 14

Court needed to "employ a finer-toothed comb" before reaching a conclusion on whether the ACA as a whole was unconstitutional. The 5th Circuit also instructed the District Court to consider whether the outcome should apply just to the states challenging the law or to the entire country.

Throughout all of this, the Trump Administration has apparently struggled to determine what role it wants to play in the matter. First, declining to defend the law in its entirety, then largely siding with those challenging the law and then suggesting that perhaps only parts of the law are unconstitutional.

With the 5th Circuit issuing its decision in December, the big question was whether the case would go to the Supreme Court before the November 2020 elections. Particularly given the large role health care issues played in the outcome of the 2018 elections (and the contributing role they played in Democrats assuming control of the House), Republicans were understandably concerned about the prospect of having the case considered before that time, particularly as there have been no formal proposals for a system to replace the ACA if it is deemed to be unconstitutional.

In January, the parties defending the ACA requested the Supreme Court to place the case on an expedited review schedule so that the matter could be addressed in the Court's current term. While granting certiorari in a case only requires the votes of four justices, granting expedited review requires five votes. The Court ultimately declined to fast track the case, setting up Monday's announcement that it will consider the case in its ordinary course and schedule. This means in all likelihood that the case will be argued during the Court's 2020-2021 term which will commence in October 2020.

With the District Court's decision stayed pending Supreme Court review, this means that the ACA status quo will continue through the election. While this may draw a sigh of relief from many Republicans, even if the case won't be decided before the election, there is still a chance it might be argued before the election. As we have seen as this case has developed, and as will only be exacerbated at the Supreme Court level, each significant decision in action in the case casts a light on the overarching issues and debates surrounding the future of the ACA – meaning this case could still pose a political wildcard before the election or for the winners who could find themselves grappling with some very serious decisions depending on the Supreme Court's ruling.

Falling Oil is a Shot in the Arm for U.S. Gas Drillers

As the collapse of OPEC+ talks on production cuts sent energy stocks into a tailspin, one corner of the industry defied the rout: U.S. natural gas drillers.

Shares of gas producers including Cabot Oil & Gas Corp., Southwestern Energy Co., Range Resources Corp. and EQT Corp. climbed on speculation that the nosedive in crude prices will force oil explorers in the Permian Basin of West Texas and New Mexico to pull back. Soaring gas output from the basin, where the fuel is extracted as a byproduct of oil drilling, has contributed to a massive glut.

“The collapse in the crude market is going to create a more constructive gas setting,” said Matthew Portillo, managing director of exploration and production research at Tudor, Pickering, Holt & Co. “Slowing U.S. growth is going to significantly affect associated gas production.”

U.S. gas producers still face obstacles to recovery, however. Prices for the heating and power-plant fuel are trading near four-year lows as output from shale basins continues to climb, albeit at a more measured pace. The coronavirus outbreak has sapped global gas demand, prompting buyers to refuse U.S. cargoes of the fuel and stoking concern that American exports will slow.

Cabot rose as much as 11% to $16.59 a share. EQT jumped 9.1%, while Southwestern was up 7.9% and Range gained 4.6%.

Companies Try to Make Fracking More Environmentally Friendly

America’s nascent status as a net petroleum exporter is already at risk as plunging oil prices threaten domestic production and give a leg-up to world’s biggest producers.

The U.S. only in recent months began exporting more petroleum than it imports, a shift fueled by record shale production in fields such as the Permian Basin. Now, amid the worst price rout in nearly three decades, American drillers are facing a million-barrel drop in production that could curb U.S. exports and set back the country’s march toward energy independence.

For four of the last six weeks, the U.S. has shipped out more crude and refined products than it’s brought in -- but that margin is relatively thin. If shale output were to fall by 1 million barrels a day this year, as BloombergNEF estimates, that could be enough to take the U.S. from net exporter back to net importer.

“This is a big blow to those that were banking on the U.S. shale revolution,” said Ryan Fitzmaurice, commodities strategist at Rabobank. While oil demand may recover later in the year, shale will not be as quick to bounce back, he said.

The U.S. benchmark crude tumbled 25% to close at $31.13 a barrel, well below the average break-even price for producers in the three biggest U.S. shale fields. Major banks were quick to revise price forecasts downward as Saudi Arabia and Russia, the world’s two largest crude exporters, are poised to flood the market with discounted oil in an all-out price war.

1532 Pointer Ridge Place, Suite G
Bowie, Maryland 20716

Phone: 301-390-0900
Fax: 301-390-3161
E-mail: rlittlefield2@wmda.net

2020 SSDA-AT Officers

President: Peter Kischak, New York	914-589-9161
Vice President: Sal Risalvato, New Jersey	732-256-9646
Past President: Dave Freitag, Ohio	419-217-0870

For more information on SSDA-AT, please contact::

Roy Littlefield, IV, Managing Director/ Editor

rlittlefield2@wmda.net ✦ 301-390-0900 ext. 137

Published monthly by the Service Station Dealers of America and Allied Trades, ©