SSDA News

Service Station Dealers of America and Allied Trades

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INSIDE THIS ISSUE:

Massachusetts Right to Repair Decision Delayed

By Roy Littlefield

United States District Judge Douglas Woodlock issued a notice on March 8th, informing of a delay to provide a decision on the Massachusetts Right to Repair court case due to “unforeseen and unforeseeable circumstances, principally involving supervening but insistent writing responsibilities in other matters.”

While the decision was scheduled for March 7, 2022, the judge has now stated that he would issue a final judgement no later than April 15, 2022.

Approved by Massachusetts voters on November 3, 2020 by an overwhelming 75-25 percent margin, the new Right to Repair law would require manufacturers to provide vehicle owners both access and control of the diagnostic and repair data generated by their vehicles.

Subsequent to the vote, the car company trade group, Alliance for Automotive Innovation filed a lawsuit in November 2020 asking the court to overturn the data access ballot question based on a host of allegations including cyber security concerns, insufficient time to comply with the new data access requirements and their contention that the ballot initiative is preempted by federal law.

Right to Repair remains a top issue and priority for SSDA-AT.

The Online Edge – What Your Business Needs to Thrive

Does your business have an online presence? If so, are you doing all you can to ensure its virtual success? If not, what are you waiting for? Let's take a sneak peek at some statistical findings from the Pew Research Center. According to their most recent studies on the use of internet and technology it was found that:

Roughly three-quarters of Americans, or 77%, now own a smartphone, which nearly doubles the former findings since the Center began its research in 2011.

As of November 2016, nearly three-quarters, or 73% of Americans indicate that they have broadband service at home.

Nearly seven-in-ten Americans now use social media. When the Center started tracking social media adoption in 2005, just 5% of Americans said they used these platforms. Today, 69% of U.S. adults are social media users.

Half the public now owns a tablet computer. When the Center first began tracking tablet ownership in 2010, just 3% of Americans owned a tablet of some kind.

As you can see, now more than ever before, an online presence for your business is significant. And not just any online presence, but a quality one that provides a sense of credibility and legitimacy, turning its visitors into leads and sales, and contributing to the success of your business.

First impressions matter. If your business has a website, rest assured that internet users are navigating to it to formulate their opinion, to see what other people have to say about you, and to "screen" shop your services and products, which is much like window shopping, but with the ease of never having to actually visit your business's location.

Your business can now be accessible to the masses thanks to technology. Therefore, it's vital to have a way for potential clients to find you with the swipe of their fingertip and also to ensure you have a website that makes a good impression.

So, how do you go about trying to meet your customers' needs online?

Let's Talk Internet Marketing Best Practices

There are several factors that play into the creation of a well-made website that will help your business's online presence generate traffic and rank effectively:

Design & Layout

Visual presentation plays an important role in the functionality of a website. A high-performing website will provide a positive user experience. It helps to have a responsive web design. What makes a website responsive? Responsive design helps to generate leads and sales without any limitations based on user devices. So, customers can find your automotive service site on their tablet, smartphone, smart watch, etc., viewing your website efficiently from any screen size.

Content

Content is the reason why visitors come to a site. They are seeking information about your business and its services. The key is to provide relevant content that is easy for visitors to digest. Too much or too little and your visitors might go elsewhere to find what they're looking for. Check out what Moz has to say about content regarding search engine ranking. By providing unique content that moves beyond self- promotion and is easily digestible to the user, your website offers valuable information.

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NET DRIVEN

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Calls to Action

Calls to action within a site's content and design come in the form of clickable links or custom buttons. It entices a visitor to take action beyond the page they are on, an action like submitting a form, requesting a quote, purchasing a product, or even just clicking a link that leads to another page with relevant information. Through a CTA, a user moves to take a specific action that will benefit your business. And action is what it's all about.

Credibility

A business with an online footprint is a business that can be found, recognized, and confided in. From building a solid and consistent brand across all channels, to maintaining an active social media presence, gaining positive reviews, managing your online reputation with products like Net Driven's Reputation Management.

Mobile Viewability

More and more people are looking at your site from a mobile phone or web enabled device. It seems like anything with a screen and a microchip in it is capable of getting on the internet these days. Make sure your site is viewable on a mobile internet enabled device.

Search Engine Optimization

At Net Driven, we drive the traffic that drives your business! It begins with a website that keeps local search in mind. A strong SEO foundation puts proven strategies to work and improves your ability to get found.

From understanding searcher behavior to using tested best practices, the SEO team at Net Driven works hard to ensure that your site has all of the key ingredients for SEO success. Look to us for:

Keyword research performed for your business and target geographic

Optimized meta tags for click through success

Relevant industry content

Local directory management

SEO-friendly site architecture

and more!

Don't have a website yet? What are you waiting for?! Talk to a representative from Net Driven today and ask about how we can help you create a website that not only generates traffic, but turns your traffic into leads and sales! Net Driven should be your choice for all your automotive internet marketing needs. Contact us today!

Sources:

http://www.pewresearch.org/fact-tank/2017/01/12/evolution-of-technology/

http://www.webs.com/blog/2012/02/28/6-key-elements-to-a-good-website/

EIA Projects that Oil and Gas will Remain Dominant in the US through 2050

In its Annual Energy Outlook 2022 (AEO2022) Reference case, the US Energy Information Administration (EIA) projects that US energy consumption will grow through 2050, primarily driven by population and economic growth.

In this case, the EIA says that renewable energy will be the fastest-growing energy source through 2050, but that petroleum will have the largest share of energy consumption throughout that period, followed by natural gas.

The EIA also projects that petroleum and other liquids (mainly motor gasoline and distillate fuel oil) will be the primary fuels consumed in the US transportation sector. Motor gasoline meets on-road passenger light-duty vehicle travel demand, while diesel consumption meets the projected increases in medium- and heavy-duty freight truck travel. As US travel demand continues to increase, consumption of petroleum and other liquids is expected to increase later in the projection period.

Demand for US Oil Rises with Ukraine War

With crude prices rising due to the Russian invasion of Ukraine, many are calling for increased US production to help meet demand and drive down prices.

Oil producers, however, are facing challenges to rapid expansion, including a shortage of workers.

Taxpayer Experience Office formally established to improve service across the IRS

As part of a longer-term effort to improve taxpayer service, the IRS has officially established the first-ever Taxpayer Experience Office and will soon begin taking additional steps to expand the effort.

"As the IRS continues taking immediate steps this filing season including adding more employees to address the significant challenges facing a resource-constrained IRS, it's critical that we work going forward to equip the IRS to be a 21st century resource for Americans," said IRS Commissioner Chuck Rettig. "The formal establishment of this office will help unify and expand efforts across the IRS to improve service to taxpayers."

The Taxpayer Experience Office will focus on all aspects of taxpayer transactions with the IRS across the service, compliance and other program areas, working in conjunction with all IRS business units and coordinating closely with the Taxpayer Advocate Service. The office is part of the effort envisioned in the Taxpayer First Act Report to Congress last year.

This included input and feedback from taxpayers, tax professionals and the tax community that helped develop the Taxpayer Experience Strategy. The Report to Congress identified over a hundred different programs and tools that would help taxpayers, including a 360-degree view of taxpayer accounts, expanded e-File and payment options, digital signatures, secure two-way messaging and online accounts for businesses and tax professionals.

To help drive the IRS strategic direction for improving the taxpayer experience, the Taxpayer Experience Office has identified key activities the IRS is focusing on over the next five years, including those commitments outlined in the President's Executive Order on Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government.

"The IRS is committed to customer experiences that meet taxpayers where they are, in the moments that matter most in people's lives and in a way that delivers the service that the public expects and deserves," said Chief Taxpayer Experience Officer Ken Corbin, who also serves as the commissioner of the Wage and Investment division, which oversees the current filing season and other activities.

The Taxpayer Experience Office will identify changing taxpayer expectations and industry trends, focus on customer service best practices, and promote a consistent voice and experience across all taxpayer segments by developing agency-wide taxpayer experience guidelines and expectations. The office will be adding staff in the coming months to help support the effort.

"Whether checking the status of a tax return, meeting with a revenue agent for an audit, or receiving a tax credit to their bank account, improving service delivery and customer experience are fundamental priorities for us," Corbin said. "We're committed to designing and delivering services that better connect with our diverse taxpayer base."

Some of the areas of improvement in the near-term include expanding customer callback, expanded payment options, secure two-way messaging and more services for multilingual customers. These activities build on recent improvements such as digital tools to support Economic Impact Payments and the Advance Child Tax Credit, online chat and online tax professional account.

US Can 'Counter Russia's Influence' by Expanding Domestic Oil and Gas Production: American Petroleum Institute, Fox

Mike Sommers, the American Petroleum Institute (API) president and CEO, argued that American energy producers "are patriots" and are supplying the world with natural gas and oil "during this time of crisis."

In a statement released by API , the day after President Biden announced the U.S. will ban imports of Russian crude, natural gas and coal in response to the country's invasion of Ukraine, the national trade association said, "We share the goal of reducing reliance on foreign energy sources and urge policymakers to advance American energy leadership and expand domestic production to counter Russia's influence in global energy markets."

The statement also noted that prior to Biden's announcement, "the industry has already taken significant and meaningful steps to unwind relationships, both with respect to assets in Russia as well as imports of Russian crude oil and refined products."

Speaking with "Mornings with Maria", Sommers stressed that the American oil and gas industry is stepping up amid a "crisis moment for the world."

"We want to make sure that we're supplying the world with both natural gas and oil during this time of crisis and we don't want Russian oil in the American market," he told host Maria Bartiromo, speaking from the CERAWeek by IHS Markit energy conference in Houston, Texas.

Sommers told Bartiromo that many industry leaders at the energy conference have been stressing the "strategic importance of American oil and gas."

"I think there's a new recognition of how important it is that the United States reclaim its role as the world energy leader during times of crisis like this," he said. "I think there's been too much focus over the course of the last many years on downplaying that important role. We need to return to that position."

During Biden's news conference on Tuesday, he also said that it is "simply not true" that his administration or his policies "are holding back domestic energy production."

"Even amid the pandemic, companies in the United States pumped more oil during my first year in office than they did during my predecessor's first year," he said.

"We're approaching record levels of oil and gas production in the United States and we're on track to set a record of oil production next," he said, adding that in the U.S. "90% of onshore oil production takes place on land that isn't owned by the federal government."

"And the remaining 10% that occurs on federal land, the oil and gas industry has millions of acres leased – they have 9,000 permits to drill," he said. "Now, they could be drilling right now. Yesterday, last week, last year, they have 9,000 to drill onshore that are already approved."

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"So let me be clear: they are not using them for production. That's their decision," he said. "These are the facts. We should be honest about the facts."

White House Press Secretary Jen Psaki called out the American Petroleum Institute and claimed that the Biden administration not stopping U.S. oil production.

"There have been some, including the American Petroleum Institute, who have claimed that this is an issue of having access or funds," Psaki said.

"The oil and gas industry has a lot of permits," she continued, adding that "onshore alone, [there are] more than 9,000 unused approved permits to drill."

"And I would note that only 10% of drilling is happening on federal lands. The other 90% is on private lands, but, I'm talking about the 10% in that case," she went on to say. "So the argument that there are just no opportunities to drill for oil is just not true."

Psaki then argued that "the phenomenon that we're actually seeing is much more about firms wanting to return cash to investors than about a lack of opportunity."

Speaking with Bartiromo, Sommers responded to Psaki's comments the day before, saying she "has a fundamental misunderstanding as to how the process works for federal lands on both federal lands and federal waters."

"It takes a long time to develop those leases," he noted. What "she's actually advocating for here is that we lease those lands and then not do any environmental review, not actually explore as to whether or not those lands actually have productive oil and gas and then actually violate the law without getting a permit."

"What we're suggesting here is that there's a long lead time, once you get a lease in place. It's not as if you can just set up a rig on those lands," Sommers continued.

"So our members are of course trying to get those leases, but we also have to remember that there hasn't been a lease sale in this country since the Biden administration went into effect. We need more access to these federal lands and particularly these federal waters, which we're not getting."

He then stressed that "at the same time, the American oil and gas industry is stepping up."

"In fact, just in the last year we've increased production by almost a million barrels to meet the moment, to make sure that American consumers have access to oil and gas made right here in the United States," Sommers continued.

Congress Passes Omnibus Appropriations Bill for Fiscal Year 2022, Infrastructure Funded

On March 10th, Congress passed the 2,741 page, fiscal year 2022 omnibus appropriations bill with approximately $1.5 trillion in funding including over $100 billion in transportation resources.

H.R. 2471 releases funds to run the government for the remainder of Fiscal Year 2022, that is, till September 30th, 2022.

The government has been funded since October under a series of stopgap spending extensions, highway and transit formula programs have had to operate under fiscal 2021 levels and only at a prorated sum for the length of the stopgaps.

Appropriations Committee leaders say they have already begun writing the next omnibus appropriations bill, for Fiscal Year 2023, which must be passed by September 30th of this year.

The omnibus will finally fully fund the Infrastructure Investment and Jobs Act, specifically programs funded by the Highway Trust Fund for 2022.

SSDA-AT is enthusiastic about this news.

The omnibus includes obligation limitations that are consistent with the levels established by the IIJA and will allow for utilization of the fiscal year 2022 contract authority; this includes $58.2 billion for the Federal Highway Administration, provided under the legislation.

SSDA is pleased that the over 20% increase in highway funding for fiscal year 2022 will finally come to pass especially in light of construction season just beginning.

The omnibus also ends the “no new starts” provision under the continuing resolution which prevented implementing new policies and programs under the IIJA.

The omnibus also includes some additional highway funding for FY 2022 from the General Fund, over and above the IIJA levels.

SSDA-AT will continue this year’s fight by working to enact, by September 30th, the Employee Retention Tax Credit for the last calendar quarter of 2022 and first half of 2023; the enhanced Work Opportunity Tax Credit for fiscal years 2023 and 2024; and new WOTC target groups and other improvements we set forth when the 117th Congress began last year.

Should the White House propose a bill to enact, for example, climate change, energy programs, and the now-expired refundable Child Credit, we’ll work to

Congress Passes Omnibus Appropriations Bill for Fiscal Year 2022, Infrastructure Funded

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include our own set of policy goals in such bill if it engenders support.

Similarly, if an American Competitiveness Act or supplemental appropriations bill are introduced, we'll look to include our goals in these measures if opportunity allows.

To Review:

The omnibus bill allows all $58.2 billion in IIJA contract authority for the Federal Highway Administration to be used in 2022 – it provides an obligation limitation of $57.5 billion, and an additional $739 million is available outside of the control of the annual appropriations process. In addition, the bill appropriates $2.8 billion from the general fund, and this is added to the $9.5 billion in advance general fund appropriations from the IIJA. In total, FHWA gets $70.5 billion in 2022, a 44 percent increase over 2021.

The $1.1 billion for a formula-based bridge program is in addition to the $5.5 billion provided by the IIJA in 2022 for a different formula-based bridge program. The IIJA money (which has already been distributed to states) used a formula based on the estimated cost to bring each state's sub-optimal bridges up to snuff – the formula was 75 percent the state's share of cost to replace poor-condition bridges, and 25 percent the state's share of the cost to rehabilitate all fair-condition bridges. The program had a $45 million per year state minimum.

The program funded by the omnibus instead uses deck area of bridges (not cost) as its formula and refers only to poor-condition bridges (not fair-condition). First, the $1.1 billion is distributed to "qualifying states" that have at least 5 percent of their total bridge deck area in poor condition, and has a $6 million state minimum and a $40 million qualifying state maximum, and then any leftover goes to the non-qualifying states.

The omnibus bill also provides $250 million for additional competitive resilience grants under the new PROTECT program (in addition to the $250 million provided by IIJA for those competitive grants). $200 million is for resilience improvement grants and the other $50 million is for at-risk coastal infrastructure grants.

EIA Projects that Renewable Generation will Supply 44% of U.S. Electricity by 2050

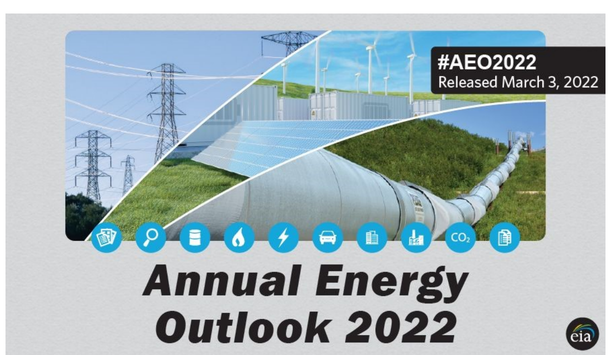
In our Annual Energy Outlook 2022 (AEO2022) Reference case, which reflects current laws and regulations, we project that the share of U.S. power generation from renewables will increase from 21% in 2021 to 44% in 2050. This increase in renewable energy mainly consists of new wind and solar power. The contribution of hydropower remains largely unchanged through 2050, and other renewable sources of power generation, such as geothermal and biomass, collectively remain less than 3% of total generation.

In the AEO2022 Reference case, we project that the contribution of total solar generation, including both utility-scale solar farms and small-scale rooftop end-use systems, will surpass wind generation by the early 2030s. Early growth in wind and solar is driven by federal tax credits set to expire or significantly decline by 2026, but declining costs for both technologies play a significant role in both near- and long-term growth.

Meanwhile, we project the total share of U.S. fossil fuel-fired power generation decreases from 60% to 44% in the AEO2022 Reference case as a result of the continued retirement of coal generators and slow growth in natural gas-fired generation. Although natural gas-fired generation increases in absolute terms, the share of natural gas in the total generation mix decreases slightly, from 37% in 2021 to 34% in 2050.

In our Reference case projections, the natural gas share remains consistent despite several projected retirements of coal and nuclear generating units, which cause the shares from those sources to drop by half. Generation from renewable sources increases to offset the declining coal and nuclear shares, largely because existing regulatory programs and market factors incentivize renewable sources.

Energy storage systems, such as stand-alone batteries or solar-battery hybrid systems, compete with natural gas-fired generators to provide electric power generation and backup capacity for times when nondispatchable renewable energy sources, such as wind and solar, are unavailable. Because energy storage shifts energy usage from one time to another and is not an original fuel source of energy, we do not included it in the generation graphic in this article. Based on planned projects reported to us, energy storage capacity is expected to increase in upcoming years.



Interior Moves Forward on Planning for Oil and Gas Leases after Court Reinstates Climate Tool, The Hill

The Interior Department said that it can move forward with planning for oil and gas leasing on federal lands after previous delays stemming from a court move blocking a climate accounting tool.

Previously, the department had said there would be delays in "permitting and leasing for the oil and gas programs" after a lower court barred the Biden administration from using a tool allowing it to calculate the climate costs of such actions.

But an appeals court halted that decision.

Interior spokesperson Melissa Schwartz said in an emailed statement that the department now "continues its planning for responsible oil and gas development on America's public lands and waters," in light of the new ruling.

Schwartz declined further comment on leasing, but she clarified that permitting had never been halted, saying the court ruling has impacted fewer than 20 permits.

The American Petroleum Institute, an oil and gas lobbying group, cheered the announcement, but also called for additional action in a statement.

"At a time when the administration and allies around the world are calling for more American energy, we welcome the Department of the Interior's announcement today and urge the administration to hold onshore lease sales under the Mineral Leasing Act with sufficient acreage and fair terms," said American Petroleum Institute senior vice president of policy, economics and regulatory affairs Frank Macchiarola.

"We also call on the administration to accelerate the long delayed five-year program for leasing on the Outer Continental Shelf," he added, referring to an offshore drilling plan.

The latest news comes after an appeals court this week halted a lower court injunction that had prevented the Biden administration from using values known as the "social costs of greenhouse gases."

The administration uses these "social costs" in analyses behind regulations and permitting to help it figure out an action's climate consequences, and the costs or benefits that those consequences will have on society.

Following the initial ruling blocking it from using the cost values it had imposed, the federal government said that this would upend dozens of regulations and environmental reviews.

Leasing is just one step in a process that companies need to take to extract oil and gas from federal lands and waters, so changes in leasing policy are not expected to have significant short-term impacts on fuel availability.

SSDA-AT Signs onto American Energy Leadership Letter to President Biden

Dear Mr. President:

We appreciate your attention to the financial impact that energy issues, including the current geopolitical strife, existing and proposed policies, and the post-pandemic economic recovery are having on American's daily lives. As you know, increased costs for motor fuels and home heating are among the most significant financial obligations our citizens face. Coupled with overall inflation, which is compounded by surging energy prices, Americans are paying more for all goods and services – from a gallon of milk to an Uber ride – as manufacturers and service providers try to recover their energy costs.

It's important to remember that the U.S. led the world in oil and natural gas production with record highs in 2019, and the benefits of that status was shared by producing and non-producing states alike. The oil and natural gas industry comprised more than 11.3 million total jobs or 5.6 percent of total U.S. employment. This accounted for more than $892.7 billion in labor income, or 6.8 percent of our nation's labor income.

The industry represents a significant part of our nation's economic and fiscal future, and our energy independence hinges on sound policy that incentivizes resource development, modernizes energy infrastructure, and streamlines burdensome regulations.
Yet, despite the crisis in Ukraine, the inflation crippling our return to economic normalcy, and demand for petroleum products far outpacing supply, policymakers continue to hinder the oil and natural gas industry's efforts to increase production and reestablish our nation's energy independence, stability, and security.

To avoid further economic impact, policymakers and your administration could help ensure accessible, affordable, and reliable U.S. energy by doing the following:
Provide certainty on oil and natural gas leasing by compelling the Department of Interior (DOI) to meet deadlines and honor its obligation to lease on federal lands and waters.
Permit energy infrastructure and halt the Federal Energy Regulatory Commission's increased regulatory barriers for approving natural gas pipelines.
Execute the laws that mandate the DOI to complete a long-term offshore program to avoid unnecessary production and development disruption. No offshore lease sales can be held without the five-year program in place and the next program, which should be in place by July 1, is severely behind schedule, and will not be finalized by the time the current program expires.

Without hyperbole, the need for abundant, dependable, and affordable energy has never been more important for our nation and the world – now and in the future. The U.S. Energy Information Administration expects that natural gas could provide 34 percent of U.S. primary energy demand in 2050, and the world's energy use in 2040 will still depend on oil and natural gas. The world needs energy leadership, and the U.S. is positioned to reassume the role.

We appreciate your consideration of the state of our nation's energy security as well as its impact on the world's energy needs. We look forward to collaborating with you and your administration on efforts to support policies that ensure long-term American energy leadership, security, and progress, including those that result in the continued operation of existing oil and natural gas pipelines, the construction of new pipelines, the resumption of consistent, credible federal lease sales, and the immediate preparation of a new five-year program to guide future offshore leasing.

Sincerely,

API (American Petroleum Institute), SSDA-AT, and other trade associations

SSDA®
SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA-AT Representatives Meet with NTSB Chair

SSDA-AT representatives recently had an opportunity to meet with Jennifer Homendy, Chair of the National Transportation Safety Board.

On Aug. 13, Jennifer L. Homendy was sworn in as NTSB's 15th Chair after being nominated on May 20 by President Biden and confirmed by the Senate on August 9.

Before becoming Chair, Homendy first joined NTSB as its 44th Board member on Aug. 20, 2018.

She was unanimously reconfirmed by the Senate on August 1, 2019, for a five-year term expiring December 31, 2024.

Chair Homendy is a tireless advocate for safety. From 2004 to 2018, she served as the Democratic Staff Director of the Subcommittee on Railroads, Pipelines, and Hazardous Materials, which is under the jurisdiction of the Committee on Transportation and Infrastructure (T&I Committee) of the United States House of Representatives.

Throughout her tenure on the T&I Committee, she was an unwavering defender of transportation safety and worked to implement numerous safety recommendations proposed by the NTSB.

In 2017 and 2018, she led a multimodal review of DOT's drug and alcohol testing program that identified significant safety gaps in the program.

SSDA-AT was attending the Washington Briefing Session of The American Association of State Highway and Transportation Officials (AASHTO).

Homendy and SSDA-AT share a passion for safety and we hope to explore opportunities to work together in the future.

Hyundai/Kia Oil Drain Pan Assembly Defect: WE NEED TO HEAR FROM YOU!

Hyundai and Kia have issued an extensive patchwork of recalls and/or TSBs for all the listed models—Theta, Nu & Gamma engines alike—on the subjects of excessive oil consumption and/or rod bearing problems that can ultimately cause engine seizure, including after a rod punctures the engine block.

The discovery of this nearly make-wide defect and the automakers' attempts to manage it came from studying a bizarre recent trend of mid-interval plug-out claims made by Hyundai and Kia dealerships nationwide in situations where specification parts and torque pressure had been used and could be verified.

There may also be another defect associated with the factory oil drain pan assembly being made of cheap stamped steel and painted so that the factory gasket and plug are painted together onto the pan, thereby camouflaging the gasket and creating a risk of double-gasketing.

The factory gasket appears to be a crush washer that must be pried off either the plug or the pan. AMRA has also published a notice on the subject here https://www.motorist.org/special-notice-for-hyundai-kia-drivers/.

We need to collect as many photos of painted together Hyundai/Kia oil drain plug-gasket combinations as possible.

If you have experienced this problem please reach out to us and we will maintain your confidentiality in our research.

Ukraine War Ups Pressure for US Oil; Industry Faces Hurdles, PA

In the oil fields of northern Montana, industry veteran Mac McDermott watched crude prices whipsaw from $75 a barrel in January to more than $120 as Russia pressed its war in Ukraine, then down again when coronavirus worries in China raised the specter of a global slowdown.
McDermott said his family-owned company will modestly increase drilling if oil prices stabilize. But for the next few months, he's waiting on the sidelines and struggling to get enough workers to watch over roughly 100 oil wells the company operates. That includes some wells idled during the pandemic that he's been trying to bring online since last year.
President Joe Biden's move to ban Russian oil imports over its invasion of Ukraine was met with Republican demands to boost U.S. production to address high gasoline prices. The White House, too, called for more drilling and cited the war as it shelved Biden's campaign pledge to curb drilling on public lands because of climate change.
Yet political rhetoric about quickly ramping up U.S. crude output is at odds with the industry's reality: There's not enough workers to rapidly expand, scant money to invest in drilling and wariness that today's high prices won't last, according to industry representatives, analysts and state officials.
"It would be great to produce more domestically," McDermott said. "(But) it's so volatile. ... We haven't had any access to capital for years. If we drilled, money would have to come from existing production. It's a risky business."
Republicans from energy states have brushed past the industry's logistical constraints to pin blame for slow U.S. oil growth on Democrats and Biden. Texas Sen. Ted Cruz and Montana Sen. Steve Daines have called for American energy to be "unleashed" and more public lands opened to drilling. Daines accused Democrats of using the Russia oil ban to cover up a supposed scheme to "ban all oil."
The U.S. doesn't import much Russian oil and Biden's administration has effectively halted new oil or natural gas lease sales from federal lands and waters. But it's approved almost 4,000 new drilling permits on federal lands and companies have thousands more stockpiled. White House spokesperson Jen Psaki said companies should use those permits to "go get more supply out of the ground."
Federal energy reserves account for about a quarter of U.S. oil, with the remainder coming from private, tribal and state land. Pumping rates overall slowly increased during Biden's first year as the industry climbed out of the pandemic, when oil future prices briefly dipped below $0 a barrel.
Obstacles to more U.S. oil are surmountable, according to analysts, yet will take months to work through and it could be late this year or early next before a significant production increase materializes.

Ukraine War Ups Pressure for US Oil; Industry Faces Hurdles, PA

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”It’s going to be a slower ramp up for fields like ours,” McDermott said. “Everybody in the industry would say if we have a consistent price, then you know what you would get for an extended period of time and it’s easy to make business decisions.”

In the short term, the world’s looking to other sources. The United Arab Emirates said last week it would urge OPEC to consider boosting oil output, which sent oil prices tumbling. Saudi Arabia alone has roughly 2 million barrels a day of additional capacity standing by, said Rice University energy researcher Jim Krane. By comparison, total U.S. production last year was about 11 million barrels a day.

Even with favorable conditions — strong prices, political pressure and less-cautious shareholders — companies in the U.S. could see production rise by just over 1 million barrels daily by the end of the year, said Robert Johnston with Columbia University’s Center on Global Energy Policy.

Some of the biggest U.S. reserves are offshore in the Gulf of Mexico. However, the massive platforms used in deep Gulf waters take years to finance, build and put into place.

A near-term crude boost would have to come from onshore oil resources already developed, such as the Permian Basin in New Mexico and Texas and the Bakken of North Dakota and Montana, said Andy McConn with Enverus, an energy analytics company whose data is used by industry and government agencies.

Some oil producing regions already were bouncing back as the industry shakes off its pandemic slowdown, particularly the Permian Basin — the nation’s busiest oil patch with 45,000 wells drilled over the past decade, according to the Energy Information Administration. Other oil patches that could see expansions include Oklahoma’s Midcontinent area and Colorado’s D-J Basin, McConn said.

Operators in the Permian Basin described growth as steady since last spring. By January, they topped 5 million barrels a day.

Multiple factors are tempering a production boom, he said, including volatile prices, labor issues and longer wait times for parts to be fabricated and supplies shipped. Even the custom cowboy boots favored by some workers have been hard to come by.

Larry Scott, an engineer who has worked in the oil business for decades and now represents a portion of the Permian Basin as a Republican in the New Mexico Legislature, said oil and gas companies still have to conquer the labor challenge.

“You can’t ramp up if you can’t find qualified people to do it,” he said.

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