SSDA — SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

SSDA News

Service Station Dealers of America and Allied Trades

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INSIDE THIS ISSUE:

Federal Government Warns Carmakers Not to Comply with Mass. Right-to-Repair Law

By Roy Littlefield

The US government's auto safety watchdog dealt a potentially fatal blow to Massachusetts' controversial automotive right-to-repair law.

In a letter to 22 carmakers, the National Highway Traffic Safety Administration said that complying with the Massachusetts Data Access Law would violate federal car safety legislation, because the state law could make it easier for cyber criminals to interfere with sensitive data stored in cars or even take control of vehicles remotely.

The state law, enacted after a 2020 voter referendum, has been tied up in federal court challenges by automakers. The Massachusetts Attorney General's office has refrained from enforcing the law as litigation has dragged on. Frustrated by the slow pace of the lawsuit, Attorney General Andrea Joy Campbell announced that enforcement of the law would commence on June 1.

The Massachusetts law requires automakers who sell cars in Massachusetts to provide consumers and independent repair shops with wireless access to the car's "telematics" — digital information needed to diagnose the vehicle's performance. With access to the telematics, independent mechanics can repair these vehicles as readily as authorized dealers.

The law requires that the data must be provided by an independent company — not controlled by the automakers — capable of providing data from all makes and models of cars. In effect, a single organization would have access to automotive data from millions of vehicles.

"A malicious actor here or abroad could utilize such open access to remotely command vehicles to operate dangerously, including attacking multiple vehicles concurrently," the letter said. "Vehicle crashes, injuries, or deaths are foreseeable outcomes of such a situation."

The letter also says that in matters of auto safety, the National Highway Traffic Safety Act overrules the laws of any state. In effect, it calls for car companies to ignore the Massachusetts law.

SSDA-AT strongly disagrees with the decision of NHTSA.

SSDA-AT has been strong supporters of right to repair in Massachusetts.

NHTSA

The Online Edge – What Your Business Needs to Thrive

By: Stephanie Santore, Net Driven

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

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NET DRIVEN

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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.

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!

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EIA Revises up US Oil Production Forecast for 2023

The Energy Information Administration expects US crude oil production to rise by 720,000 barrels per day to 12.61 million bpd this year, surpassing earlier projections, while oil demand growth is seen slowing. Additionally, OPEC+ production cuts are anticipated to moderately decrease global oil inventories over the next five quarters, leading to slightly higher oil prices later this year and in early 2024.

US Oil Output to Rise to Record High in July but Growth Narrowing -EIA

U.S. oil output from top shale-producing regions is due to rise to the highest on record in July, but the size of the increase is expected to be the smallest since December, U.S. Energy Information Administration data showed.

U.S. oil output is expected to rise to 9.38 million barrels per day (bpd) in July, EIA data showed. Output is due to rise by about 0.1% versus the previous month, which would be the smallest monthly gain since production was seen falling in December, the data showed.

Goldman Sachs Cuts Oil Price Forecast by Almost 10%, CNN

Goldman Sachs has slashed its forecast for oil prices by nearly 10%, citing weak demand in China and a glut of supply from sanctioned countries, including Russia.

The Wall Street bank now thinks Brent crude, the global oil benchmark, will cost $86 a barrel in December, compared with its previous estimate of $95, while West Texas Intermediate (WTI) crude will fetch $81 a barrel, down from $89.

That's despite Saudi Arabia's recent decision to slash its own output, and a pledge by other members of the OPEC+ alliance of leading oil producers to extend a policy of supply restraint into next year.

Extra supply of around 800,000 barrels a day, mostly from sanctioned countries Russia, Iran and Venezuela, is behind the "bulk of the softening" in its price forecasts, the bank's commodities analysts said in a research note Sunday.

"Russian supply has nearly fully recovered despite the decision by many companies to stop buying Russian barrels, and [effectively] a ban of Western financial and logistical services," the bank wrote. Western firms can work with Russian producers only if they respect the price caps imposed on the country's oil by Group of Seven countries.

Since late May, prices for Brent and WTI have fallen 6.8% and 7.6% to $73 and $69 a barrel respectively as disappointing economic data from China has dampened the global demand outlook.

n a separate note, also published Sunday, Goldman Sachs said weakness in China's property market would put a "multi-year growth drag" on the world's second-largest economy.
There appears to be "no quick fix" for the country's struggling real estate sector, which has seen declining property values and a number of defaults by private developers since late 2021.

Oil prices have been falling despite Saudi Arabia — the world's biggest crude exporter — saying it plans to reduce production by 1 million barrels per day next month to buoy prices as it anticipates a slowdown in global demand.

Carbon Capture, CO2 Removal to Play Key Decarbonization Role: S&P Global, RigZone

Carbon capture and storage (CCS) and carbon dioxide removal (CDR) will "play a key role in decarbonization" as companies execute plans on their net-zero emission targets, according to a recent report by S&P Global Ratings.

In a sample of 25 of the highest-revenue oil and gas companies, all of them plan to use at least one among the options of CCS, CDR, or carbon credits to meet their decarbonization goals, the rating firm said in a report authored by its Sustainability Research team.

Carbon Capture and Storage

CCS is a group of technologies that separate carbon dioxide from other gases, then capture and store it in a permanent facility, as defined in the report. The technology can be deployed in power generation and industry to capture carbon dioxide directly from processes and transport the gas in pipelines to long-term geological storage sites. The captured and stored carbon can also be used in the energy sector, such as for extracting oil and gas in depleted reservoirs. Another use would be the production of blue hydrogen by capturing the carbon dioxide formed by steam methane reforming and a water-gas shift reaction, it said.

The report said that CCS-based solutions are seen as "having stronger permanence characteristics" than nature-based solutions (NbS) as they are considered less vulnerable to the accidental release of carbon dioxide, provided they are "well managed." However, CCS is generally behind in technological readiness compared to solutions such as reforestation, the report said. Storage is a major factor in decarbonization decisions as well, as there is enough storage capacity for CCS to handle "decades of emissions", the report said.

Of the companies in the sample, CCS capacity in 2022 represented seven percent of their scopes 1 and 2 emissions, with most activity coming from oil and gas majors in the USA and Europe, the report said. Plans for the deployment of CCS and carbon capture, utilization, and storage (CCUS) would see capacity rise from 50 million tons currently to 325 million tons by 2030, which include targets for enhanced oil recovery and solutions to capture emissions from other companies. Of the firms in the sample, only 60 percent revealed their expected future capacity and only 56 percent identified the specific investment costs required, while 24 percent said they would use the captured carbon for

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Carbon Capture, CO2 Removal to Play Key Decarbonization Role: S&P Global, RigZone

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enhanced oil recovery, but "often these aims are expressed in vague terms", the report said.

According to the World Economic Forum, scope 1 emissions are direct emissions that a company causes by operating the things that it owns or controls, while scope 2 emissions are indirect emissions created by the production of the energy that an organization buys.

Carbon Dioxide Removal

CDR is a group of both nature-based and technological solutions that remove carbon dioxide from the atmosphere and permanently store it in terrestrial, geological, or ocean reservoirs, as defined in the report. Examples of CDR include planting trees in the process of afforestation and reforestation, as well as improving soil quality. CDR technologies often do not directly reduce emissions, the report noted.

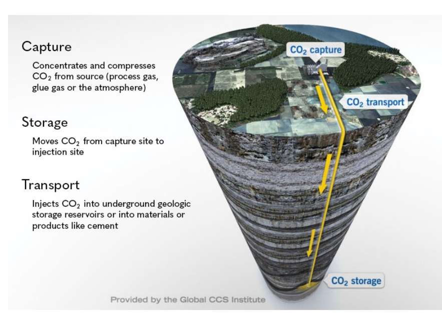
In the report sample, 92 percent of the oil and gas firms plan to use CDR mainly through nature-based solutions, but a "high proportion of companies' disclosure lacks details". The companies in the report focused on afforestation and reforestation solutions.

Technological CDR solutions such as direct air carbon capture and storage, which removes and stores carbon from ambient air, are at much earlier stages of development, with "technical and economic challenges still to be overcome", the report said.

Wide Range of Estimates

The life-cycle costs of all the decarbonization solutions in the report have a wide range of estimates, showing the "state of technological readiness, the specific application, and the uncertainty involved". In addition, CCS and CDR could have other environmental consequences such as increasing water demand in ecosystems, the report said.

"In general, large oil and gas companies are exploring different business models for carbon capture, which may include sequestering emissions from other companies' activities, not necessarily capturing their own emissions", the report said. Further, the rating agency said that CCS investments are "prudent and affordable" for large companies but "not transformational".



Opinion: How the IoE Will Help Facilitate the Energy Transition, Max Goijarts

We are all accustomed to a fairly simple electricity distribution system in which a few producers control power plants according to the fluctuating demand of millions of customers. But with the planning and control systems we have for this, controlling and switching millions of renewable energy providers is simply impossible. We all witness the news on congestion, power outages, imminent black outs, price hikes and increased transportation costs, as also mentioned by the International Energy Agency (IEA)
and BloombergNEF.

Not to fear: The successful progression of the internet from the early ‘90s to now gives us a valuable engineering playbook to overcome similar hurdles and software and hardware challenges we experience within the developing energy transition. Furthermore, the price development of energy generation and storage follows a trend like that of computing power and data storage. It is very conceivable that this alone could completely change the operating and cost structure of energy and literally transition the balance of power to the people.

Inevitably, the systems for energy and digital technology, communications and data are becoming intertwined. Thanks to the world’s large system for data and knowledge—our faithful and indispensable Internet—a distributed and decentralized energy system is possible.

Meet the IoE

Because it will become possible for each electricity user to be at once a provider, consumer, balancer, converter or buffer of energy, the number of users and connected devices is growing exponentially.

To efficiently handle this growing demand, we need a more reliable

Opinion: How the IoE Will Help Facilitate the Energy Transition, Max Goijarts

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and scalable distributed system with open architectures.

The Internet of Energy (IoE) is a neural network of local energy networks. It intelligently makes use of local opportunities for generation, demand, storage, conversion and transportation of energy. These interconnected local networks are self-balancing and resolve congestion before it can occur. This ensures scalability and drastically reduces the need for centralized management.

IoE was a theory for the past decade as protagonized early on by Jeremy Rifkin and Arash Aazami, but is now becoming more and more practical. For example, companies like Siemens, Schneider Electric, Elia and KPN Telecom are all making headway with establishing a viable technology and business model for this.

The way we deal with energy increasingly resembles the way we deal with data on the Internet. The premise is that each user is a “prosumer,” meaning a provider and a user at the same time. This fully renewable energy-based system may resemble the Internet, but there is also a significant difference: In this system, massive amounts of physical energy, rather than virtual data, must be exchanged between sources, storage systems, conversion technologies and users.

Automating these large energy flows and associated risks requires a solid system architecture.

Like the Open Systems Interconnection (OSI) model—a.k.a. the seven layers of the internet—enabled network device manufacturers and software vendors to have interoperability, a similar model would accelerate the energy transition.

This also requires an open-data architecture and a system design that empowers the user while minimizing lock-in. A framework or equivalent of the www protocol for energy will allow us, just as on the Internet, to be free to choose any technology or provider and still be connected to each other. Some interesting maturing initiatives are The IoE Network (IOEN) protocol, Energyweb and 2tokens.

DRIVE Safe Integrity Act (H.R. 3408)
Bill Summary

The trucking industry is currently facing a shortage of more than 78,000 truck drivers, coupled with a need to hire 1.2 million new drivers over the next decade to meet increasing freight demands. As Congress considers further supply chain legislation, it is important to explore efforts to expand the pool of qualified drivers while promoting appropriate safety standards and performance criteria.

The DRIVE Safe Integrity Act, introduced by Representatives Rick Crawford (R-AR) and Henry Cuellar (D-TX), offers a unique workforce and supply chain solution, building off the strong bipartisan support over the last few Congresses for the DRIVE Safe Act (including inclusion in Chairman Graves STARTER Act), and the broad support for the inclusion of the Safe Driver Apprenticeship Pilot Program (SDAP) in the IIJA.

The legislation addresses the regulations preventing 18- to 20-year-old professional drivers from operating in interstate commerce, when 49 states and the District of Columbia currently allow them to operate intrastate. The bill offers support for the SDAP and the need to get the pilot program back on track, while also providing a pathway to a regulatory change that would establish a permanent apprenticeship program with appropriate safety and training criteria (modeled after the DRIVE Safe Act) upon the conclusion of the pilot program.

Specifically, the DRIVE Safe Integrity Act:

1. Recognizes the ongoing driver shortage challenges facing commercial trucking;

2. Recognizes the importance of trucking to the nation's supply chain;

3. Recognizes that the SDAP was a carefully crafted bipartisan compromise modeled after the DRIVE Safe Act;

4. Recognizes that the SDAP, now active for more than 8 months, is failing to gain necessary participation to provide real data (less than a dozen driver participants in what was supposed to be 3,000 drivers at any time over the 3-year pilot program), and that extraneous requirements for program participation, which were not included in the IIJA, have contributed to that failure;

5. Urges DOT to take corrective actions that would improve participation in the SDAP;

6. Requires DOT to provide Congress detailed reports on the status of the SDAP, and corrective actions taken to improve participation; and

7. Upon the sunset of the pilot program, absent credible data showing that drivers participating in the pilot program are less safe than those currently operating a commercial motor vehicle in interstate or intrastate commerce, directs DOT to promulgate regulations for a permanent apprenticeship program for commercial drivers between the ages of 18-20 (modeled after the DRIVE Safe Act).

SSDA-AT Supports Bipartisan Bill to Strengthen Driver Apprenticeship Program

SSDA-AT applauds the introduction of the DRIVE Safe Integrity Act, introduced by Representatives Rick Crawford (R-Arkansas) and Henry Cuellar (D-Texas), to help alleviate the truck driver workforce shortage.

The bill builds upon strong, bipartisan support for the DRIVE Safe Act over the last few Congresses and the inclusion of the Safe Driver Apprenticeship Pilot Program in the bipartisan infrastructure law.

Building a 21st century supply chain requires a strong, vibrant and growing trucking workforce. The DRIVE Safe Integrity Act will bolster new career pathways into interstate trucking while promoting safety and training standards that far exceed the bar set by states today. This legislation offers a timely and essential trucking workforce and supply chain solution, built off years of broad bipartisan Congressional support.

The last three years have proven just how important truck drivers are to the American economy and way of life, and how urgently we need to develop a pipeline of qualified, well-trained professional drivers to meet our nation's growing freight needs. Strengthening the ability of younger drivers to receive rigorous training and safely enter the trucking workforce will help fill this pipeline, and we thank Representatives Crawford and Cuellar for their bipartisan leadership in addressing this issue.

The trucking industry is currently facing a shortage of more than 78,000 truck drivers coupled with a need to hire 1.2 million new drivers over the next decade to meet increasing freight demands. However, current U.S. Department of Transportation regulations bar a vital population of job seekers from interstate trucking, exacerbating the driver shortage as qualified candidates are lost to other industries. In 49 states plus the District of Columbia, 18-, 19- and 20-year-olds are permitted to obtain a CDL and drive heavy-duty commercial vehicles in intrastate commerce, but federal rules have long prohibited those same drivers from driving in interstate commerce.

To address this issue, the bipartisan infrastructure law enacted in 2021 included a nationwide pilot program modeled after the DRIVE Safe Act to create a pathway for young drivers to operate interstate with rigorous safety and training guardrails in place. The Save Driver Apprenticeship Pilot Program was capped at 3,000 participating drivers at any one time; however, fewer than a dozen driver participants have enrolled.

This failure is partly due to extraneous USDOT requirements for program participation that were not included in the bipartisan infrastructure law. The DRIVE Safe Integrity Act would help get the pilot program back on track by:

- Urging DOT to take corrective actions that would improve participation in the SDAP; and
- Requiring DOT to provide Congress detailed reports on SDAP's status and corrective actions taken to improve participation.

By directing DOT to steer the Safe Driver Apprenticeship Pilot Program back to the course Congress originally intended and providing a path forward for participants to safely enter the workforce, this bill will ensure our industry has the talent it needs to meet the economy's freight demands in the years to come. SSDA thanks Representatives Crawford and Cuellar for their outstanding leadership.

Upon the sunset of the pilot program, the bill would direct DOT to review the safety data and issue regulations for a permanent apprenticeship program for commercial drivers between the ages of 18-20.

SSDA® SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

Issues with the EPA Proposed Tailpipe Emissions Rule

The EPA's recently proposed tailpipe emissions rule could have far-reaching impacts on our economy, the automobile market, national security, and transportation infrastructure.

Here's how:

AUTO MARKET TRANSITION: Under this rule, two-thirds of all light-duty vehicles sold in the country must be all-electric by 2032. For reference, electric vehicles only made up 6 percent of total sales in 2022. The EPA is asking for over ten times that amount in less than a decade.

ELECTRIC VEHICLE INFRASTRUCTURE: These rules would put millions of new electric vehicles on the road without the charging infrastructure necessary to deal with such an influx. If you don't live in a big city with well built-out EV charging infrastructure, this could mean running out of charge when you need it most.

CRITICAL MINERALS AND NATIONAL SECURITY: The U.S. relies heavily on imported minerals like lithium, cobalt, manganese nickel, and graphite to make batteries for electric vehicles. This proposal does not address improving the permitting process for mining these critical resources in America, which could mean relying on hostile nations like China for our energy needs for decades to come.

DECREASED HIGHWAY FUNDING: With the decline of internal combustion engines, revenue from gas taxes, a primary source of funding for the Highway Trust Fund, will dwindle. This could create a significant funding gap that could hamper our ability to carry out vital road repairs and infrastructure projects.

We can't allow this far-reaching policy to go unchecked.

SSDA-AT Opposes the EPA's Proposed Light-Duty Tailpipe Emissions Rule

IN OPPOSITION RE: OAR-2022-0829

To: Environmental Protection Agency

I am writing to express my opposition to the proposed tailpipe emissions rule outlined in EPA-HQ-OAR-2022-0829. As proposed, I believe these regulations for light-duty vehicles go too far, reduce consumer choice, and fail to include safeguards to address serious infrastructure, resource, and funding shortfalls.

Firstly, the country's current charging infrastructure is inadequate to support a forced shift towards electric vehicles. Charging infrastructure is not yet fully developed or accessible in many regions of the country. Forcing consumers to transition to EVs without ensuring sufficient charging infrastructure could place undue burdens on drivers across the country.

Secondly, by not taking any significant steps to improve permitting for the mining of critical minerals in America, we are endangering our ability to access the minerals required for EV production. This over-reliance on foreign sources of minerals could undermine our domestic energy security and jeopardize our nation's economic independence. After seeing how international supply chains can break down during the pandemic, American consumers cannot and should not be subject to increased reliance on unstable foreign supply chains, especially concerning something as vital as personal transportation.

Additionally, I am concerned about how these new standards could negatively impact the Highway Trust Fund. If implemented without addressing the funding structure, these proposed regulations could strain the already precarious state of transportation funding. It is crucial to consider additional solutions, such as a Low Carbon Fuel Standard, to address the revenue lost by having fewer internal-combustion engines on the road.

In conclusion, I strongly urge the EPA to reconsider the proposed tailpipe emissions rules. It is crucial that the EPA engage in meaningful collaboration with Congress, automotive manufacturers, and other stakeholders to develop a comprehensive approach that accounts for the current limitations in charging infrastructure, safeguards consumer choice, promotes domestic energy security, and ensures the continued funding of our vital transportation infrastructure.

Thank you for your attention to this critical matter.

SSDA-AT Signs Letter Opposing Anticipated Overtime Rulemaking

Re: Request for Abandonment or at Least Postponement of DOL's Anticipated Overtime Regulations under the Fair Labor Standards Act

Dear Acting Secretary Su:

The Partnership to Protect Workplace Opportunity (PPWO or Partnership) and SSDA-AT urge the Department of Labor's (DOL or Department) Wage and Hour Division to abandon or at least postpone issuance of its announced proposed rulemaking altering the overtime regulations under the Fair Labor Standards Act (FLSA).

The Department's Fall 2022 Regulatory Agenda targeted this May for release of a proposed rule. Even though the COVID-19 public health emergency has been lifted, concerns with supply chain disruptions, workforce shortages, inflationary pressures, and the shifting dynamics of the American workforce persist, and any rule change now would threaten a particularly vulnerable and recovering economy.

PPWO is a coalition of a diverse group of associations, businesses, and other stakeholders representing employers with millions of employees across the country in almost every industry. Formed in 2014, the Partnership is dedicated to advocating for the interests of its members in the regulatory debate on changes to the FLSA overtime regulations. PPWO's members believe that employees and employers alike are best served with a system that promotes maximum flexibility in structuring employee hours, employees' career advancement opportunities, and clarity for employers when classifying employees.

In the Fall 2021 Regulatory Agenda, DOL announced that it planned to issue a Notice of Proposed Rulemaking (NPRM) on the "exemption of bona fide executive, administrative, and professional employees from the Fair Labor Standards Act's minimum wage and overtime requirements" (also known as the white-collar exemptions). In anticipation of the NPRM, PPWO called on DOL "to follow past precedents and hold meetings with the regulated community to obtain input on the potential impact of any changes to the overtime exemption requirements." PPWO thanks the Department for holding listening sessions last Spring in response to the coalition's request.

Additionally, as we noted in our letter last year, the COVID-19 pandemic forced the American economy and workforce to adapt to changing circumstances. One of the most significant changes was the move towards remote, hybrid, or part-time work for a significant number of workers, and many of these workers want to continue to work in these new arrangements. This new normal makes compliance with potential changes to the white-collar exemptions measurably more difficult. To comply with overtime regulations, employers will be obligated to monitor nonexempt employees' worktime, but that may not be compatible with these new workforce dynamics. Consequently, changes to the white-collar exemptions may leave many workers unable to enjoy the part-time or remote work they've come to appreciate. Moreover, DOL's last update to the overtime regulations went into effect in 2020 – just three years ago, which strongly suggests there is no need for urgency in issuing more changes.

For these reasons, we urge the Department to abandon or at least postpone issuance of its announced NPRM until the current economic situation stabilizes and improves to allow the American workforce, employer community, and DOL itself to more fully understand how the pandemic has shifted the paradigm of work in America.

Thank you for considering these comments.

Analysts: Frac Spread Count Declining Along with Rig Count, MRT

Analysts watching the frac spread count – the number of pressure pumping crews at work completing wells – have noticed a shift fueled by commodity prices.

"With gas pricing and the price deck so unique, equipment in gas basins is peeling off and moving to oily basins," said Matt Johnson, chief executive officer of Primary Vision Network. The Permian Basin is a prime destination, he added.

Speaking with the Reporter-Telegram by telephone, Johnson said the frac spread count as a whole is down 23 year-over-year and over 30 so far this year.

"That's a swift 10% from renewed capital expenditures and, with inflation and rate fears still lingering, we should see further volatility," he said.

That's in the face of a tight equipment market – Johnson estimates there could be 324 frac spreads totaling 16.5 million horsepower, but potentially made up of equipment nearing their end of life. In reality, he said, the actual count may be closer to 300 to 310.

"If oil reaches $130, $150, those pressure pumpers will find that equipment," he said.

Companies are ordering new equipment, but Johnson stressed they are not expanding their fleets but rather replacing existing equipment that operates on diesel with new dual-fuel or electric equipment. In part that's because there is little capital available for fleet expansion, he explained.

That leaves the sector ripe for consolidation, he said, with smaller companies with just a handful of crews likely to be acquired by larger companies or exit the market altogether. Banks that do finance new equipment will expect it to be maintained, he said.

An airplane requires 100 people to maintain it, from those who service the fluids and electronics to those who rotate the tires. It's a similar sit-

Analysts: Frac Spread Count Declining Along with Rig Count, MRT

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uation in the frac equipment market, he said – those frac trucks sitting in the yard subjected to heat or cold must be maintained.

"It'll be interesting over the next six months to see who survives, who has the disciplined balance sheet," Johnson remarked. Consolidation could leave the sector with about 200 spreads.

The operators that hire pressure pumpers to frac and complete their wells are also being cautious, wary of a possible recession and continued high service rates.

Johnson forecasts that the nation has an eight-week inventory of drilled, uncompleted wells (DUCs) "even if we don't drill another well, (but) that's not going to happen."

Oil production appears poised to stumble in the fourth quarter, he predicted – nothing substantial but a drop of 300,000 to 400,000 barrels. Still, "a lot can come back. Prices are strong and we're not in panic mode at this point."

The biggest impact is on the companies that provide ancillary services, he said.

There is some correlation between the rig count and the frac spread, he said, but there is a strong correlation between frac spreads and oil and natural gas production. If the spread declines, a decline in production will follow. Similarly, if the spread rises, a rise in production will follow.

He sees a necessary shrinking of the nation's drilling rig fleet because "we've had too many rigs for years." But it remains to be seen how that may impact the completions sector.

"We could potentially see a shift with drilling, particularly the public companies," Johnson said. "We'll watch second quarter earnings and see if they report the same day rates, if there's been a change in contracts."

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