SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

# SSDA News

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## INSIDE THIS ISSUE:



# Bill Introduced to Prevent DOL from Finalizing, Implementing, or Enforcing the Overtime Proposed Rule

By Roy Littlefield

Congressman Eric Burlison (R-MO-07) introduced the Overtime Pay Flexibility Act, which will prevent a newly proposed rule from the Biden Administration entitled Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees from taking effect.

"It's essential that we support American companies and workers and protect them from the unnecessary federal government mandates.

The Biden Administration's policies continually stifle growth with its "one-size-fits all" approach. The Overtime Pay Flexibility Act would ensure that businesses can manage overtime compensation in a way that benefits both the business and employees," said Rep. Burlison.

"When the government wages a war against American businesses, it inevitably hurts workers. Democrats love to sell a dream to workers, but in the end their agenda against the free market only harms the people they claim so vocally to support."

BACKGROUND:

The Biden Administration's Department of Labor (DOL) proposed rule entitled Defining and Delimiting the Exemptions for Executive Administrative, Professional, Outside Sales, and Computer Employees imposes significant regulatory compliance burdens and higher costs on businesses while also limiting workplace flexibility for employees.

The proposed rule, if finalized, would increase the salary threshold from approximately $35K to $55K annually under which employers are compelled to pay time-and-a-half for working more than 40 hours per week, under the Fair Labor Standards Act.

In 2019 the DOL under President Trump appropriately finalized a rule in which the salary threshold was raised, but only after extensive buy-in from stakeholders. A new rule coming less than four years after the prior increase is unnecessary and irresponsible and will lead to harm felt by millions of American workers and businesses.

# 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, custom-

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# NET DRIVEN

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ers 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.

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:

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## Texas Oil Regulators Ask State to Sue EPA Over Methane Rule, BNN

Texas regulators on Tuesday formally asked the state's attorney general to challenge the Biden Administration's rule that seeks to lower emissions from the oil and gas sector.

The Texas Railroad Commission, which oversees the state's massive oil and gas industry and has nothing to do with railroads, voted to ask Texas Attorney General Ken Paxton to sue the federal government over the rule issued in December by the US Environmental Protection Agency after hearing public commentary.

Multiple environmental groups had argued in favor of the rule, which is part of the Biden administration's plan to reduce potent greenhouse gas emissions. The rule specifically addresses methane, which is estimated to be at least 80 times more robust than carbon dioxide at warming the atmosphere the first two decades after its release.

## Colonial Pipeline Adjusts Fuel Loss Charge After FERC Order

Colonial Pipeline is set to introduce a 33.29 cents per barrel product loss allocation charge to its tariff to comply with a November order from the Federal Energy Regulatory Commission, which found that Colonial's previous fee structure lacked transparency. The new charge takes effect April 1 and will be recalculated annually.

# Exxon Mobil's Balancing Act: Fossil Fuels Meet Low-Carbon Solutions, Chemical Processing

Exxon Mobil Corp. isn't bidding farewell to fossil fuels, but the company is executing a strategy that blends traditional oil and gas activities with low-carbon solutions, said a company executive during the ARC Advisory Group Forum on Feb. 6.

Wade Maxwell, vice president of engineering at Exxon Mobil Technology and Engineering Co., commented on the company's efforts during his keynote address at the technology conference held annually in Orlando.

He spent the bulk of his half-hour speech focused on the role of carbon-capture solutions over renewables, such as wind or solar. This includes several initiatives underway at Exxon Mobil, many taking place at its Baytown, Texas, operations.

Clearing the Air

Carbon capture has the potential to reduce industrial emissions by approximately 90%, Maxwell said.

Exxon Mobil announced three agreements in 2023 to capture and store CO2 from third parties, including fertilizer, steel and industrial gas producers, on the U.S. Gulf Coast. The first of those projects will begin in 2025, Maxwell said.

He also alluded to the company's July 2023 acquisition of CO2 pipeline operator Denbury for $4.9 million as another key development in its carbon-capture and storage efforts.

Direct air capture, or DAC, is another technology that Maxwell highlighted as a potential game-changer for industrial emissions. This technology overcomes the constraints of conventional carbon-capture methods by extracting CO2 directly from the atmosphere from any location, not just at the point of emissions.

The primary challenge with DAC is cost, Maxwell said. Exxon Mobil completed construction of a DAC pilot plant at its Baytown complex late last year. The company is working with researchers and engineers to commercialize DAC and lower the technology cost, Maxwell said.

Shades of Clean Hydrogen

Exxon Mobil currently produces about 1 million tons of hydrogen a year. The company is working to develop new technologies to develop lower-cost hydrogen.

Another Baytown project involves the development of a blue hydrogen facility, which could be the largest in the world when completed, Maxwell said.

"This facility will create hydrogen from natural gas," he explained. "The capacity we're designing for is about 1 billion cubic feet of hydrogen per day. That's enough energy to power one-and-a-half million homes."

The company plans to capture 98% or more of the CO2 from the hydrogen facility, he added.

Plastics and Batteries

In November, Exxon Mobil announced plans to become a leading lithium producer for electric vehicle batteries, with the launch of its initial production phase at a field in southern Arkansas. The company is using a direct lithium extraction process that is two-thirds less carbon intensive than hard-rock mining, Maxwell said. The technology leverages the company's existing oil and gas development expertise in subsurface exploration and chemicals production. The company expects production to begin at the site in 2027.

The company also is expanding efforts around plastics reuse with an "advanced recycling" initiative.

"It doesn't limit itself to materials you can ground up and melt into recycled plastic," Maxwell said. "The process actually converts waste plastic back to its molecular building blocks that we can then use to manufacture new plastics."

ExxonMobil

# Colorado Democrats push for ban on new oil and gas drilling in the state, Durango Herald

Colorado Democratic senators say they will introduce a bill banning new oil and gas drilling in Colorado by 2030 and demanding companies pay more to seal up old wells, bringing into the Capitol a fight that has previously played out in statewide ballot petitions and fall elections.

Environmental groups have been moving to get a similar ban on the November 2024 ballot, but are strongly backing the legislative effort by Sens. Sonya Jaquez Lewis of Boulder County and Kevin Priola of Henderson. They say the ban on new drilling would be phased in to first protect minority and lower-income residents in disproportionately impacted communities, before becoming complete in 2030.

The ban would allow for continued pumping from existing wells, but would also phase out modifications to those thousands of wells through redrilling or deepening. Unused drilling permits would expire. Previous operators of orphaned wells would have to pay more to hasten state cleanup efforts.

“Many Coloradans agree with us that we can’t keep drilling forever,” Jaquez Lewis said, in an email Sunday. “Oil and gas emissions are negatively impacting public health. This legislation makes sure that Colorado takes strong action to reduce greenhouse gas emissions by putting a definite end date on new well permits so we can work towards a sustainable energy future.”

The legislature should also pass studies of how to redesign Colorado’s training and workforce economy for a fair transition for the thousands of workers in good-paying oil and gas jobs, the backers say. Existing wells will pump on for decades even if the ban passes, they note.

Jaquez Lewis said she is not under pressure from Gov. Jared Polis, who in the past has not backed the toughest oil and gas restrictions, to kill the idea before it’s introduced.

“As far as the governor is concerned, I try to work with him on all my legislation and will do so on this policy,” she said. “I know he is committed to doing what we can to increase renewable energy and reduce the tragic effects of climate change.”

Colorado’s oil and gas industry, concentrated in highly productive hydraulically fractured (or fracked) wells in Weld County, will aggressively fight the bans, as it has fought against residential well setbacks and other restrictions.

“The proposal pays no mind to private property rights, our industry’s dramatic economic contributions to Colorado, the livelihoods of tens of thousands of workers, nor a swath of rule-making over the past half-decade that has cemented our state as a truly global leader in safe and responsible energy production,” said Kait Schwartz, director of American Petroleum Institute Colorado.

Polis declared “an end to the state’s purported oil and gas wars” in 2019, Schwartz said, when the governor

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# Colorado Democrats push for ban on new oil and gas drilling in the state, Durango Herald

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signed a bill giving local governments more power to restrict drilling and directing state agencies to cut industry emissions.

“If this bill were to pass, it would not only crush the economy, but it would hurt the environment by relying on foreign countries with lesser environmental standards to provide the energy we need,” said Dan Haley, president of the Colorado Oil and Gas Association. Colorado produces some of the “cleanest” oil and gas in the nation, “under the most stringent regulations,” he said. “Any attempt to ban this reliable and clean energy could also hurt consumers, as lack of supply inevitably drives up costs even further when our state is already locked in an affordability crisis.”

Environmental groups promoting the legislative effort so far include 350 Colorado, WildEarth Guardians and Colorado Coalition for a Livable Climate. They and others have hammered the legislature and regulators in recent years for multiple restrictions on oil and gas for two primary reasons: Reducing the leaks of methane and other pollutants that contribute to local toxic ozone on the Front Range, and cutting Colorado’s contributions to greenhouse gas emissions.

Some oil and gas opponents also claim the industry is increasingly anachronistic in Colorado as car buyers begin to adopt electric vehicles and utilities reduce burning natural gas in favor of renewable energy sources.

Jaquez Lewis in promoting the possible ban said Colorado exports 40% of its oil for use outside the state, and 75% of its natural gas.

“Colorado communities get the pollution while oil and gas companies profit off shipping most of their product out of state,” said Heidi Leathwood, climate policy analyst for 350 Colorado. The group says there are 48,000 active wells in Colorado that will produce for years, and that 120,000 wells have been drilled across Colorado since the early 1900s.

Advocates of the ban noted that New York has previously banned fracking, but that Colorado would be the first major oil and gas producer in the United States to implement the bar on new wells.

API’s Schwartz suggested the environmental groups back a legislative ban on drilling because they’d like to avoid the time and expense of getting their own ban on the 2024 statewide ballot. A ban in the legislature would “singularly eliminate a foundation of our state economy and identity on account of a handful of lawmakers’ malicious efforts to advance the agenda of environmental extremists,” Schwartz said.

# US Says it Disrupted a China Cyber Threat, but Warns Hackers Could Still Wreak Havoc for Americans, AP

U.S. officials said they disrupted a state-backed Chinese effort to plant malware that could be used to damage civilian infrastructure, as the head of the FBI warned that Beijing is positioning itself to disrupt the daily lives of Americans if the United States and China ever go to war.

The operation, announced just before FBI Director Chris Wray addressed House lawmakers, disrupted a botnet of hundreds of U.S.-based small office and home routers owned by private citizens and companies that had been hijacked by the Chinese hackers to cover their tracks as they sowed the malware. Their ultimate targets included water treatment plants, the electrical grid and transportation systems across the United States.

Speaking before the House Select Committee on the Chinese Communist Party, Wray said there's been far too little public focus on a cyber threat that affects "every American."

"China's hackers are positioning on American infrastructure in preparation to wreak havoc and cause real-world harm to American citizens and communities, if or when China decides the time has come to strike," Wray said.

Jen Easterly, the director of the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency, voiced a similar sentiment at the hearing.

"This is a world where a major crisis halfway across the planet could well endanger the lives of Americans here at home through the disruption of our pipelines, the severing of our telecommunications, the pollution of our water facilities, the crippling of our transportation modes — all to ensure that they can incite societal panic and chaos and to deter our ability" to marshal a sufficient response, she said.

The comments align with assessments from outside cybersecurity firms including Microsoft, which said in May that state-backed Chinese hackers had been targeting U.S. critical infrastructure and could be laying the technical groundwork for the potential disruption of critical communications between the U.S. and Asia during future crises.

At least a portion of that operation, attributed to a group of hackers known as Volt Typhoon, has now been disrupted after FBI and Justice Department officials obtained search-and-seizure orders in Houston federal court in December. U.S. officials did not characterize the disruption's impact, and court documents unsealed Wednesday say the disrupted botnet was just "one form of infrastructure used by Volt Typhoon to obfuscate their activity." The hackers have infiltrated targets through multiple avenues, including cloud and internet providers, disguising themselves as normal traffic.

The U.S. has in the past few years become more aggressive in trying to disrupt and dismantle both criminal and state-backed cyber operations, with Wray warning Wednesday that Beijing-backed hackers aim to pilfer business secrets to advance the Chinese economy and steal personal information for foreign influence campaigns.

"They are doing all those things. They all feed up ultimately into their goal to supplant the U.S. as the world's greatest superpower," he said.

Complicating the threat is that state-backed hackers, especially Chinese and Russian, are good at adapting and finding new intrusion methods and avenues.

# US Says it Disrupted a China Cyber Threat, but Warns Hackers Could Still Wreak Havoc for Americans, AP

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U.S. officials have long been concerned about such hackers hiding in U.S.-based infrastructure, and the end-of-life Cisco and NetGear routers exploited by Volt Typhoon were easy prey because they were no longer supported by their manufacturers with security updates. Because of the urgency, law enforcement officials said, U.S. cyber operators deleted the malware in those routers without notifying their owners directly — and added code to prevent re-infection.

A Justice Department official who briefed reporters on condition of anonymity under ground rules set by the government said officials were determined to disrupt the Volt Typhoon operation as soon as possible because the hackers were using the botnet as a stepping stone to hide in U.S. internet traffic while burrowing into the networks of critical infrastructure, ready to maliciously exploit that access at a time of their choosing.

“The truth is that Chinese cyber actors have taken advantage of very basic flaws in our technology,” Easterly said. “We’ve made it easy on them.”

Cybersecurity veteran Amit Yoran, the CEO of Tenable, called Wray’s warning “an urgent call to action. Continuing to turn a blind eye to the risk sitting inside our critical infrastructure is the definition of negligence.”

Cybersecurity experts say major software providers too often sacrifice security for convenience, and that’s biting back.

On the eve of a June visit to China by Secretary of State Antony Blinken, state-backed Chinese hackers foiled Microsoft cloud-based security in hacking the email of officials at multiple U.S. agencies that deal with China.

U.S. officials said allies were also affected by Volt Typhoon’s critical infrastructure hacking but, asked by reporters, would not discuss any countermeasures they might be taking.

China has repeatedly denounced the U.S. government’s hacking allegations as baseless. Beijing has accused the U.S. of “almost daily” and “huge amounts of intrusions against Chinese government, with Wang Wenbin, a spokesman for the Chinese foreign ministry, saying last year that “China is the biggest victim of cyber attacks.”

But Gen. Paul Nakasone, the outgoing commander of U.S. Cyber Command and the National Security Agency, said “responsible cyber actors” do not target civilian infrastructure.

“There’s no reason for them to be in our water,” Nakasone said. “There’s no reason for them to be in our power.”

Testifying before the same committee, Leon Panetta, who served as the director of the Central Intelligence Agency and the defense secretary in the Obama administration, said he believed that the Chinese agents had “planted malware within our own computer networks” and warned that the Chinese government would use artificial intelligence to spread disinformation.

The committee, chaired by Republican Rep. Mike Gallagher of Wisconsin, was established last year with a mandate of countering China, kicking off with a prime-time hearing. The Chinese government has lashed out at the committee, demanding that its members “discard their ideological bias and zero-sum Cold War mentality.”

# Permian Oil Output to Hit Fresh Record This Year, Pipeline Owner Plains Says, BNN

Oil output from the prolific Permian Basin of West Texas and New Mexico is poised to rise to fresh record this year as drilling gets more efficient, according to a major US pipeline operator.

Production from the basin is set to reach 6.4 million barrels a day at the end of this year, up from 6.1 million barrels at the end of 2023, Plains All American Pipeline LP said in its fourth-quarter earnings presentation. The growth will happen due to drilling efficiencies even as the number of rigs remains stable, Chief Financial Officer Al Swanson said.

Three hundred rigs are "probably doing the work of close to 330 rigs 12 months ago," he said. In the long term, Swanson also sees the industry increasing the amount of oil pumped from each well compared with the total volume available in the field. The Permian's Delaware Basin will lead the increase while production in the Midland section will remain stable, Swanson said.

Read More: Shale Powers US Oil Exports to Record as War Shifts Global Flows

Last year, total US oil production soared by 1 million barrels a day as explorers drilled deeper and longer wells — some stretching for miles — to extract more crude. The surge helped American crude exports rise to a record, putting pressure on OPEC to restrain output and supplying European buyers who've turned away from Russian crude because of the war in Ukraine.

# OSHA Issues Major Chemical Safety Enforcement Guide Changes, Bloomberg Law

A federal worker safety enforcement directive for refineries, chemical plants, and other facilities with large amounts of chemicals has received an overhaul for the first time in 30 years.

The new, 103-page enforcement document released Monday updates process safety management guidance to include US Occupational Safety and Health Administration advice and direction that's been issued since the last update in 1994.

Process safety management, or PSM, covers how a wide range of facilities—from oil refineries to warehouses and ice cream plants—must handle large quantities of potentially dangerous chemicals.

The new enforcement document is written primarily for OSHA inspectors, but also alerts employers as to what policies and procedures the agency will expect from them.

The directive largely uses a question-and-answer format based on OSHA's interpretation letters of the standard going back to 1992.

Many of the questions focus on whether the amount of a hazardous chemical stored at a facility requires compliance.

In many cases, 10,000 pounds is the trigger level.

The questions also delve into how chemicals are monitored and must be stored, for example what are acceptable barriers between liquid storage tanks.

There is also guidance on whether disparate operations at refineries and chemical plants are interconnected enough to require compliance.

Surprise Announcement

Greg Dillard, a partner with Baker Botts LLP in Houston who represents employers cited by OSHA for process safety violations, said the agency hadn't previously said a guidance change was imminent.

"It appears that OSHA has attempted to transform its prior non-enforceable letters of interpretations into enforceable policies," Dillard said.

The new guidance removes instructions from the 1994 directive that guided inspectors on how to conduct inspections.

Instead, it tells inspectors to follow a separate directive, the 2017 national emphasis program for process safety released during the final week of the Obama administration.

This change will likely result in "less consistency in future enforcement across the country," Dillard said.

OSHA officials didn't immediately respond to a request to discuss the new directive.

The agency announced in 2013 that it was considering changes to the process safety management rule itself, but despite several reviews since then it hasn't issued a proposed standard (RIN:1218-AC82).

# Former Trump, Bush Officials Urge Congress to Reverse Biden's LNG Pause, Reuters

Dozens of former officials from the past two Republican U.S. administrations urged Congress to reverse the Biden administration's pause on approvals of liquefied natural gas exports, saying the shipments promote global stability.

President Joe Biden, a Democrat, paused approvals, opens new tab of exports of pending and future LNG projects to big markets in Asia and Europe late last month in order to review environmental and economic impacts of the booming business. Biden acted after pressure from environmentalists concerned about greenhouse gas emissions during the LNG lifecycle and pollution from LNG plants near vulnerable communities.

The 35 officials, including Rick Perry and Dan Brouillette, energy secretaries under former President Donald Trump, wrote to lawmakers heading energy and foreign affairs committees in the House of Representatives and Senate.

"It is imperative that we reverse this action and continue to advance our economic, energy, and geopolitical interests while leading on environmental progress," the former officials said in the letter.

U.S. LNG exports to Europe rose after Russia invaded Ukraine in 2022, and they are expected to double by the end of the decade on exports already approved.

The U.S. House is set to vote on a bill that would strip the Department of Energy's power to approve the exports and give it to the independent Federal Energy Regulatory Commission.

Representative August Pfluger, the sponsor of the bill, said he met with German parliament members last week who were surprised by Biden's move because they had cut imports of Russian gas.

Handing the decision to FERC, "a more independent organization that can make less partisan decisions, seems to be the only recourse that we have right now," Pfluger told Reuters.

The legislation would likely struggle in the Senate, controlled by Democrats, and some lawmakers have been wary of it. Senator Joe Manchin, a Democrat who opposes the pause, told reporters last week he is not looking at "taking anyone's authority away."


The letter was also sent to Biden administration officials. Deputy Energy Secretary David Turk told reporters last week that as the administration talks with allies and partners about the pause, "we feel very comfortable", opens new tab about their gas supply going forward.

# California could make — or break — the Western grid, E&E

A long-simmering plan to unite the Western electricity grid under one operator is getting hotter, and key decisions by utilities this year are set to either accelerate or derail that effort.

The X factor: California.

Observers largely agree that an organized electricity market would smooth the flow of renewables, bolster reliability and lower costs across the region. But power providers and some state officials fear a loss of sovereignty over their piece of the grid — especially if the market is run by the Golden State.

Those questions aren't new. But now federal regulators have approved a market plan from California, while a competing proposal from an Arkansas-based grid operator is moving toward federal review. That means that governance concerns have gone from theoretical to imminent as utilities decide which market they will join.

Today, the California Independent System Operator manages the power grid for most of the state and parts of Nevada. Its board consists of five members who are picked by California's governor and confirmed by the state Senate.

"What we hear is that the continued connection from California and the potential for a California board appointed by the governor to have veto power isn't good enough," said Pam Sporborg, director of the transmission and market services department at Portland General Electric in Oregon. "A lot of entities are trying to think about the long-term destination and have visibility for how the market will evolve to meet the needs of the West."

Sporborg is the co-chair of a group designed to offer that new vision.

The West-Wide Governance Pathways Initiative was formed out of two other regional groups as an opportunity to think from the ground up about how a Western electricity market could be organized and overseen to meet the political and economic goals of various states.

Currently, electricity distribution in the West is not organized under a single market like a regional transmission organization (RTO) or independent system operator (ISO) that could oversee the sharing of generation, shifts in demand and transmission construction. Advocates have said the stresses of extreme weather and the growing rush of intermittent renewable resources make such coordination more necessary.

The Pathways Initiative, which has support from several major Western utilities, was created out of a request from energy officials in five states, including California. The group itself won't lead an eventual market, and it functions more as a constitutional convention.

Ideally, said co-Chair Kathleen Staks, the group will be able to draft a framework for an "independent entity that could provide a full suite of market services to the West."

Such a framework hasn't come together despite decades of on-and-off discussions across the West. But Staks said this time could be different, especially given the natural pressure that a deadline for decisions offers. Two states, Nevada and Colorado, have laws requiring utilities to join markets by 2030. The Bonneville Power Administration, the largest electricity supplier in the Pacific Northwest, has said it will issue a staff recommendation on a market decision in April.

The Pathways Initiative is pushing ahead with that in mind.

# Oil Industry Group Files Legal Challenge Against Biden Administration's Gulf Leasing Plan, The Hill

The biggest fossil fuel industry trade group announced a legal challenge against the Biden administration's five-year plan for oil and gas leasing.

In its petition filed in the U.S. Court of Appeals for the District of Columbia, the American Petroleum Institute (API) argues the 2024-2029 Gulf of Mexico leasing plan issued by the Biden administration "limit[s] access" to energy, despite federal law requiring the development of a five-year plan that "best meets" American energy needs.

The trade group specifically points to the five-year program calling for a maximum of three lease sales between 2025 and 2029, with 2024 set to be the first year in nearly 50 years without an offshore lease sale.

"Demand for affordable, reliable energy is only growing, yet this administration has used every tool at its disposal to restrict access to vast energy resources in federal waters," Ryan Meyers, API senior vice president and general counsel, said in a statement.

"In issuing a five-year program with the fewest lease sales in history, the administration is limiting access in a region responsible for generating among the lowest carbon-intensive barrels in the world, putting American consumers at greater risk of relying on foreign sources for our future energy needs," Meyers added.

The Inflation Reduction Act requires the administration to lease at least 60 million acres for offshore gas and oil development on top of its offshore wind leases.

The API has been a frequent critic of the Biden administration's energy policies, even as U.S. oil development has hit historic highs. The language of the complaint echoes the group's initial reaction to the release of the five-year plan in December, when vice president of upstream policy Holly Hopkins said it "could threaten to increase reliance on foreign energy sources."

However, the administration's oil and gas development policies have also sparked criticism from environmental advocates for allowing continued leasing in the Gulf.

"The footprint of offshore drilling was not expanded, but the dangerous cycle of drilling and spilling must end," Beth Lowell, Oceana's vice president for the United States, said when the plan was released.

The Hill has reached out to the Interior Department for comment.

The conservationist group Earthjustice, meanwhile, has filed a complaint alleging the plan fails to address environmental concerns.

"Fossil fuel development is untenable if we want a livable future," Earthjustice attorney Brettny Hardy said in a statement.

"The oil and gas industry is already sitting on nine million acres of undeveloped leases. They certainly are not entitled to more. Although we acknowledge the government's focus on climate impacts with the release of this five-year offshore leasing plan, we are taking legal action today because we are concerned about how it will jeopardize the health of overburdened communities."

# INTERVIEW: API Head Warns of Partisan Energy Policy Ahead of US election, SP

The White House's pause on approving new LNG exports is part of a wider approach aimed at cutting US hydrocarbon production "in any way that they can," despite global energy security concerns, the US' top oil lobbyist told S&P Global Commodity Insights.
The remarks made by American Petroleum Institute head Mike Sommers -- who was previously an adviser to former Republican President George W. Bush -- offer a preview of the oil industry criticism President Joe Biden and Democrats are expected to face as the November election nears. Biden angered US oil producers by releasing crude from the Strategic Petroleum Reserve to lower prices in the lead-up to the 2022 midterm elections, and has also been more reluctant to offer lease sales for drilling on federal lands than the industry would prefer.

The White House could not immediately be reached for comment. Additional requests for comment from the departments of Energy, Interior, State and Treasury also were not answered by press time.

US oil output reached record highs in 2023, cementing its status as the world's largest producer of fossil fuels. Crude output has exceeded 13 million b/d in recent months, albeit with winter weather denting output over the past few weeks. Analysts at S&P Global Commodity Insights expect output to average more than 13.5 million b/d this year and exceed 14 million b/d on average in 2025.
The Platts Dated Brent crude benchmark has risen well above the $80 mark in recent days, propelled by attacks on Red Sea shipping, and was assessed at $84.105/b on Jan. 30.

Permitting

Speaking to S&P Global after a Jan. 26 moratorium on approving new LNG exports -- which the administration says is needed to assess compatibility with environmental commitments as well as US economic and national security issues -- Sommers characterized the pause as part of a broad undermining of industry activity he said could erode record-high oil output levels. Addressing these arguments at the time, administration officials stressed that the US is already the world's largest LNG exporter, with capacity set to nearly double by 2030.

Turning to federal oil and gas leasing, Sommers on the sidelines of the Baker Hughes Annual Meeting in Florence, Italy, noted that there will be no offshore lease sales in 2024 and criticized a decline in onshore auctions.
"They've cut off access to about half a million acres in the National Petroleum Reserve in Alaska. This is just another step along the way of what I think is their focus of trying to cut production in the US in any way that they can," he charged.

He went on to assert that increases in oil output since Biden took office "were entirely [from] lease sales that occurred under a previous administration."

"Twenty-five percent of American production is on federal lands and in federal waters and because we've seen such a significant decrease in the amount of lease sales both onshore and offshore I do worry about longer term production."

Sommers predicted Permian shale would continue to spearhead US production, but cautioned that part of the Permian is also under federal control. "My members are concerned about what the administration could

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do to that New Mexican side of the Permian because it's all federal acreage," he said.

Red Sea

Sommers warned of the risks surrounding current levels of the SPR and the current strategy for refilling storage caverns ahead of the November elections.

Replenishment of the reserve has been done "at a pretty slow clip. We're still at historic lows … lower than it's been since 1983 still, but in 1983 we were using 20% less oil," he said. "Given all the volatility in the world, we would prefer to be in a position where there was more oil in the SPR. We may need it given the geopolitical risks that are out there today." The administration has maintained that the SPR is still the largest reserve in the world and at current levels is capable of meeting US supply needs during an emergency.

Sommers added that he hoped the Biden administration would not draw further on the SPR to manage prices and did not see the current turmoil impacting shipping in the Red Sea as a reason to do so.

Sommers added that he doubted recent attacks on Red Sea shipping and the diversion of tankers around Africa justified an emergency release of strategic reserves. "Energy prices have remained relatively stable. If there were to be a significant spike, I would say it would be a justifiable use," he said. "The SPR was meant to be a shock absorber to big geopolitical events, not domestic political events. We'll see where prices end up."

At 356.5 million barrels for the week ended Jan. 19, the US SPR is now at half its design capacity, with the Department of Energy issuing monthly solicitations for buybacks expected to last at least until May.

Venezuela ties

Sommers also discussed the remaining US sanctions on Venezuela and their effect on US refiners in the Gulf of Mexico that have long relied on Venezuelan heavy crude. Though stopping short of calling for further sanctions to be lifted, he said US refiners would remain dependent on heavier crude from locations such as Venezuela, with only limited scope to adapt their facilities. Sanctions on other sources such as Russia put extra pressure on the sector, he added.

"The last time we built a refinery in the US was 1976," he said. "It's very difficult to permit a refinery in the US; it's also difficult to permit retooling that refinery. All of those refineries were built to process that heavier crude that's from outside the US. That heavier crude is more expensive to refine, but American refineries are very, very efficient in doing so. If they weren't going to be getting it from Venezuela, they were going to get it from Mexico or they were going to get it from Saudi or somewhere else."

"The combination of Venezuela not being on the market [and] us voluntarily taking off Russian crude when they invaded Ukraine -- we need to get the crude from somewhere, so Venezuelan production -- American refiners started to look there again," he said. "It's very expensive to retool these refineries, so I think you're going to see American refiners looking all over the globe for oil that makes sense for the refinery construct that they have," he added. "It's a challenging refinery environment ... for sure."

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