SD OIL & LP GAS CHRONICLE NEWS

March 2014 Newsletter

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Life After the Winter of 2013-2014

Richard Roland, President of NPGA

When America finally emerges from this winter, it will be abundantly clear that as a nation we are entering into a new energy reality. And the propane industry provides a case study in how we must maintain our focus on providing Americans with the safe, reliable, and affordable energy they deserve.

Beginning last fall, our industry experienced a confluence of events that had nation-wide ramifications. Record-breaking crop drying demand. Surging heating demand brought on by the onset of a colder than normal winter. Waterborne cargoes of propane leaving our ports in record volumes. Reports of long-lines at storage facilities, shortages, and customers running low were common.

Many are asking what we need to do to make sure this never happens again. Last month, Congress began this process by considering the developments that led to this winter's challenges and NPGA is working every day with Members of Congress and policy makers to identify solutions and get those policies into place.

The delivery infrastructure for fossil fuels, including propane, is in the midst of an historic transition, which has exacerbated propane supply and delivery challenges this winter heating season. Much of this has been brought on by the previously unimaginable new production of crude oil and natural gas in the U.S. shale plays.

Historically, propane has been produced in the Gulf Coast and the Mid-continent and then transported to consuming regions to the North and East, primarily by

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South Dakota Petroleum & Propane Marketers Association™

PMAA News
Update from Washington, DC

Some Refiners Oppose Crude Oil Exports

As crude oil producers lobby for lifting a decades old law that bans U.S. crude oil exports, some independent refiners have formed a group called the Consumers and Refiners United for Domestic Energy (CRUDE) to oppose exports. The law dates back to the 1975 Energy Policy and Conservation Act in reaction to the 1973 Arab oil embargo which caused the world's oil prices to skyrocket. The law was intended to keep oil in the country and limit the nation's imports – only allowing oil exports in select circumstances by the Commerce Department.

CRUDE's members include Philadelphia Energy Solutions, Delta Airlines subsidiary Monroe Energy, Alon USA Energy and PBF Energy. Valero opposes lifting the ban, but has not joined. CRUDE's members want to maintain the ban because they currently enjoy cheaper domestically produced crude oil prices (West Texas Intermediate crude oil contract) compared to the world's benchmark known as the Brent crude contract. Oil producers are pushing Congress to repeal the ban arguing that there isn't enough refining capacity to handle the oil production growth from the Bakken and Eagle Ford shale developments.

Experts cannot agree whether repealing the ban on oil exports will result in higher or lower U.S. refined product prices. PMAA's Executive Committee decided to remain neutral on oil exports for the foreseeable future.

Senate Energy Efficiency Bill Could Move Soon

Senator Jeanne Shaheen (D-NH) and Rob Portman's (R-OH) energy efficiency bill (S. 2074) has a great shot at Senate floor consideration in the coming weeks. The bill, commonly known as "Shaheen-Portman", would establish voluntary national building codes, authorize funding to increase federal government conservation and increase efficiency in the manufacturing sector. It contains no mandates, is fully offset and has been modified to likely gain the necessary 60 votes to overcome a filibuster and pass the Senate. To get to a filibuster-proof majority, the new bill incorporates an amendment to last year's bill which would repeal Section 433 of the "Energy Independence and Security Act of 2007" that requires new and renovated federal buildings to phase out petroleum use by 2030. Overall, the bill incorporates 10 bipartisan amendments.

The House has already passed a similar energy efficiency measure, so final passage looks promising.

Methanol has Potential

The recent boom in natural gas production has revived an interest in methanol as a transportation alternative fuel; however, the alternative fuel still faces obstacles before it can be commercially available. Patrick Davis, director of the Energy Department's Vehicles Technologies Office, said recently that "it could take a decade or more to sell enough methanol-fueled vehicles to make investments in the fueling infrastructure economical; however, other alternative fuels face the same timeline." For the foreseeable

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Obama Overtime-Pay Boomerang
New Rule Hurts vs. Helps

In today's WSJ, Andy Puzder, CEO of CKE Restaurants (Carl's Jr. and Hardees) responds to Obama Executive Order.
The new rule hurts the very managers climbing the ranks whom it claims to help.

In today's WSJ, Andy Puzder, CEO of CKE Restaurants (Carl's Jr. and Hardees) responds to Obama Executive Order.

President Obama on March 13 signed an order directing the Labor Department to expand the class of employees entitled to overtime pay. Currently, if a salaried employee makes more than $24,000 a year and is part of management—if he manages the business, directs the work of other employees, and has the authority to hire and fire—that employee is exempt from overtime coverage. The president wants to raise this salary threshold, perhaps as high as $50,000, demoting entry-level managers to glorified crew members by replacing their incentive to get results with an incentive to log more hours.

At issue is a growing inequality problem in the United States. Increasingly, Americans don't have the career opportunities most took for granted a decade ago. Many are withdrawing from the labor force, frustrated because they're unable to find a job and lured to depend on government rather than on themselves.

Rewarding time spent rather than time well spent won't help address this problem. Workers who aspire to climb the management ladder strive for the opportunity to move from hourly-wage, crew-level positions to salaried management positions with performance-based incentives. What they lose in overtime pay they gain in the stature and sense of accomplishment that comes from being a salaried manager. This is hardly oppressive. To the contrary, it can be very lucrative for those willing to invest the time and energy, which explains why so many crew employees aspire to be managers.

As the chief executive officer of CKE Restaurants—the parent company of Carl's Jr. and Hardee's, among other chains—for the past 13 years, I've seen this phenomenon in action every day. I've watched young men and women enter the labor force in our restaurants. I've seen the pride and determination that leads to success in their careers and lives. Some move on to other jobs and challenges equipped with the experience you can only get from a paying job. Others stay, aspiring to move up to managerial positions. There's nothing more fulfilling than seeing new and unskilled employees work their way up to managing a restaurant.
On average, our general managers each run a $1.3 million business with 25 employees and significant contact with the public. They're in charge of a million-dollar facility, a profit-and-loss statement and the success or failure of a business. If that business succeeds, they benefit just as the owner of a small business would.

Our company-owned restaurant general managers earn a management-level salary starting around $36,000 and going as high as $65,000—the average is around $45,000—plus benefits. They also have the potential to earn a substantial performance-based bonus, up to 28% of their salary. They can progress through our management ranks as high as their ambition may take them. Our executive vice presidents

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responsible for Carl's Jr. and Hardee's both started as crew employees who worked their way up to general managers. Rather than overtime pay, they got an opportunity to prove themselves.

Many businesses offer incentives for managers. Public companies may have stock options or stock-purchase programs. The idea isn't to squeeze labor by compelling managers to perform physical tasks and work long hours without overtime pay. The idea is to encourage managers to increase their compensation and improve their lives by running profitable businesses as if they owned them—regardless of the hours or tasks required.

Mr. Obama claimed that the individuals covered by the Labor Department change in overtime coverage would include employees who "mostly [do] physical work like stocking shelves." This assertion is, at best, misleading.

To be exempt from overtime, the Fair Labor Standards Act requires the employee to be a "bona fide executive" whose "primary duty" is "managing" the business, according to a Labor Department fact sheet. Managing the business must be the "principal, main, major or most important duty that the employee performs." The employee must also supervise "two or more full-time employees" and have authority to "hire or fire" employees. Stocking shelves won't make you a manager and won't exempt you from the law's overtime requirements. Managers may help their employees stock shelves or perform other "physical work" while performing their "primary duty" as a manager, which is hardly something to disdain. Each manager is entitled to decide whether to perform such tasks, just as small business owners may decide to perform nonmanagerial "physical work" to increase their profits or to show the crew that they too can perform those tasks. That's what effective owners and managers do. Perhaps this misunderstanding is what led Mr. Obama to believe that government should compel employers to pay managers hourly overtime. Unfortunately, the move would hurt the very managers he intends to help by turning them into hourly employees, depriving them of the benefits that come from moving into management. Overtime pay has to come from somewhere, most likely from reduced hours, reduced salaries or reduced bonuses. It's easy to attack businesses when they employ these cost-cutting measures. But, unlike government, businesses must generate profits to grow.

Mr. Obama did say that in pursuing the rule change the administration was "going to do this the right way" and would "consult with both workers and businesses." Maybe he should begin the process by asking managers who make below the new threshold whether they would prefer to keep their current salaries and incentive compensation or, in exchange for this overtime "opportunity," go back to being hourly employees without bonus potential or equity incentives. Their answer might surprise him.

Mr. Puzder is CEO of CKE Restaurants.

NPGA News

NPGA to OSHA: Extend Crane Rule Deadline

On March 12, 2014, NPGA filed comments on the Occupational Safety and Health Administration (OSHA), Proposed Rule for Cranes and Derrick in Construction: Operator Certification. NPGA's comments were extremely supportive of the three year extension of the deadline for third party certification of crane operators.

NPGA is working with OSHA and this very positive proposed rule was expected. OSHA intends to grant a three year extension for "the enforcement date for crane operator certification." This proposed rule will push the third party certification requirement back three years to November 10, 2017.

Further, in the three and a half years until the rule goes into effect, OSHA intends to complete a new rulemaking on the crane rule. NPGA is working closely with OSHA on the rule with the intention of limiting the certification requirements for the propane industry.

NPGA has received word from OSHA that they intend to begin the rulemaking process in April or May. OSHA is not clear on the next steps which could include public meetings or a Request for Information in the Federal Register.

For further information, please contact Robert F. Helminiak, Director, Regulatory Affairs at rhelminiak@npga.org or 202.355.1321.

NPGA President Testifies Before Congress

NPGA President Rick Roldan testified before Congress last week, representing NPGA at the House Energy and Commerce Subcommittee on Energy and Power hearing titled "Benefits of and Challenges to Energy Access in the 21st Century: Fuel Supply and Infrastructure." The hearing focused on changing energy infrastructure needs in the U.S. Roldan testified alongside representatives from the pipeline, natural gas, environmental, railroad and trucking industries, as well as Administrator of the U.S. Energy Information Administration, Adam Sieminski. NPGA Chairman Gary France and Executive Committee member Tom VanBuren also attended the hearing.

Questions ranged from railroad safety to prices to climate change, but overall, most of the hearing addressed the supply distribution challenges propane faced this winter. Roldan communicated what led to the supply constraints, what and who helped get fuel moving, and what can be done to make sure the same challenges are not faced again: increased storage, like the facility in the Finger Lakes of New York; timely and improved data from EIA; parity of natural gas and petroleum products regulations; better analysis of the effects increased exports have on consumers.

2014 SDP$_2$MA
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At Large	Scott Erstad	Badger Oil, Inc	Badger	605 983-5412	

The men and women who serve as your Officers and Directors are volunteers and give freely of their time to make your association successful.
Many thanks to all of them.

South Dakota
Petroleum & Propane
Marketers Association

NEWS RELEASE

For Immediate Release: March 4, 2014

Contact: Adam Herges, South Dakota Soybean Research and Promotion Council, 605-330-9942

Grants Available for Biodiesel Infrastructure Reimbursement

The South Dakota Soybean Research & Promotion Council (SDSRPC) will consider awarding grants to fuel distributors and diesel retailers for the purpose of investing in equipment used to sell biodiesel blends to bulk users or at retail stations. Equipment may include, but is not limited to, extra tanks for biodiesel, heat for biodiesel tanks or blender pumps. To be considered, B5 must be made available in the winter months and B20 in the summer months for at least 2 years. The SDSRPC and MEG Corp Fuel Consulting will handle all grant inquiries, receive official requests and help evaluate each request for funds to determine which projects will result in higher availability of biodiesel in South Dakota. In addition, MEG Corp Fuel Consulting will provide technical assistance with handling and storage of diesel and biodiesel blends, provide fuel quality monitoring services, and even assist with procuring biodiesel if needed. This support is funded by the SDSRPC.

South Dakota is one of the fastest growing soybean producing states in the U.S., and soybeans are currently the primary feedstock of biodiesel. Because biodiesel is critical to the soybean industry, the South Dakota soybean checkoff wishes to invest in projects that will increase the availability of biodiesel in the state. . To inquire about biodiesel funding, please contact Adam Herges at aherges@sdsoybean.org, or call 605-330-9942.

Mark Your Calenders

Annual Convention and Expo
September 23-24, 2014
The Lodge
Deadwood, SD

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pipeline. Now, those pipelines are being reversed to carry other products from the newly producing regions to the Gulf Coast. These factors, among other infrastructure issues, are having a major effect on the customers who rely on propane.

Industry and government can work together to address these infrastructure growing pains so that fuel can reach Americans. To that end, we are focusing on the propane supply chain, including pipelines and storage. This winter shows us that ensuring pipelines are working properly and fairly and that we have sufficient storage is crucial for never having another winter like this one.

First, transparency on the pipelines that transport all petroleum products must be improved. Pipeline operations are at best opaque, and the lack of transparency substantially increases the difficulty of dealing with propane shortages. FERC should also adopt affiliate rules for oil pipelines that are similar to those for natural gas pipelines and electric transmission providers. These changes would go a long way to establish a regulatory framework that is fair to business and consumers. It just makes sense to have all of the energy market players playing by the same rules.

Second, one of the simplest things that could be done to improve our winter resilience is to approve the Finger Lakes storage facility in upstate New York. Since 2009, NPGA has argued that this facility should be built, to add more than 88 million gallons of propane storage in a region where demand far exceeds local supplies. I urge everyone reading this piece to go to the advocacy website (www.nypropaneadvocacy.com) and take action. Your participation matters.

Approval of the Finger Lakes facility would also improve the resilience of the propane infrastructure in the southeast and Midwest regions of the United States. We know that drivers from New England traveled as far as Apex, NC and Sarnia, Ontario to obtain supply. Were the Finger Lakes facility to be in operation, New England would have been in a much better position to supply itself. Bottom line is that the Finger Lakes facility would have cascading benefits far beyond New York and had it been in operation this winter – could have dramatically changed the story of this winter heating season.

As we analyze the causes of the problems encountered during this winter, NPGA's goal is to ensure that such a situation never happens again. We know ensuring that we do not repeat this winter does not fall entirely on government regulations.

NPGA has launched a Supply and Infrastructure Task Force charged with conducting a comprehensive post-winter analysis to identify causes and contributing factors, and analyze, debate, and provide recommendations for future efforts and strategies as it relates to propane supply, distribution and infrastructure as well as industry best practices and consumer education. We anticipate the Task Force recommendations will be available by the late Spring, and implementation will begin immediately.

The propane industry thrives in our free market system, providing reliable service to millions of customers nationwide. Markets work best when credible information is widespread and available, and we believe that these ideas will help ensure that a winter like this one never happens again.

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future, methanol might make a move into the heavy duty truck market. In 2012, the EPA and UPS worked tougher on a dual fuel diesel and methanol delivery truck which met EPA's emissions standards. "It's not the silver bullet, but there's enough advantages that we should pursue it," said UPS VP Jim Bruce.

Senate Energy Efficiency Bill Could Move Soon

President Obama signed The Home Heating Emergency Assistance Through Transportation (HHEATT) Act of 2014 (H.R. 4076) which would extend the Department of Transportation's temporary suspension of certain federal safety regulations, including Hours of Service (HOS), for propane and heating oil transportation through May 31, 2014. H.R. 4076 would also give the Secretary of Transportation, in consultation with Governors of impacted states, the authority to terminate the extension of the emergency declaration if they deem the relief is no longer needed.

SD Senator Thune Introduces Bill to Help Out Marketers with HOS in Emergencies

Senator John Thune (R-SD) played a key role to ensure H.R. 4076 made it through the Senate, he also introduced similar legislation (S. 2086) which will be considered by the Senate Commerce Committee during the month of April. The legislation would provide state governors with greater autonomy in extending these waivers up to an additional 60 days (for a total of 90 days). It would also provide an early warning system in which the U.S. Energy Information Administration (EIA) would notify governors when propane or heating oil supplies fall below the most recent five year average for more than three consecutive weeks. Because the bill changes current law, it faces a steeper hill to climb in the Senate.

2014 State Inspection Programs

Weights and Measures Central Testing

April and May 2014

Tues 4/22	White River
Wed 4/23	Winner
Thurs 4/24	Chamberlain
Tues 4/29	Mitchell
Wed 4/30	Armour
Thurs 5/1	Yankton
Tues 5/6	Sioux Falls
Wed 5/7	Sioux Falls
Thurs 5/8	Sioux Falls

Additional dates will be published when they are scheduled

Lori Jacobson, Director
Inspections/Weights and Measures Program
118 W Capitol Ave
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Is Uncertainty Holding You Hostage?

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News from NACS

Appeals Court Overturns Debit Rule

The U.S. Court of Appeals for the D.C. Circuit has overturned a lower court's 2013 decision that would have rewritten the Federal Reserve's rule for implementing the Durbin Amendment.

WASHINGTON – A federal appeals court on Friday, March 21, reinstated a 2011 Federal Reserve rule on the fees banks can charge merchants when customers use their debit cards, a setback for retailers, writes the Wall Street Journal.

"It is unfortunate that the D.C. Circuit Court of Appeals misread the law and the Federal Reserve's rule on debit swipe fees. Any rule that would allow profit margins of more than 1,000% and raise fees on many transactions clearly violates the letter and intent of the law Congress passed," said NACS President and CEO Henry Armour. "Congress did the right thing by trying to make debit swipe fees more competitive and the law did that in spite of the Fed's mistakes. We intend to review all of our options for upholding what Congress did and ensuring that debit swipe fees become more reasonable for convenience retailers and their customers."

Friday's decision reverses the ruling handed down last summer by U.S. District Court Judge Richard Leon, who said that that the Federal Reserve clearly disregarded Congress's intent by inappropriately inflating all debit card transaction fees by billions of dollars, which have continued to allow financial institutions to charge exorbitant fees that are ultimately born by consumers. In January, attorneys representing NACS urged the U.S. Court of Appeals for the District of Columbia Circuit to uphold Leon's decision.

U.S. Senator Dick Durbin commented on Friday's ruling: "Today's opinion by a panel of appellate judges is a giveaway to the nation's most powerful banks and a blow to consumers and small businesses across America." he said. "The court completely ignored how the Federal Reserve's swipe fee rule allowed Visa and MasterCard to dramatically increase debit swipe fees on many small businesses, contrary to Congress's clear language and intent. The court also astonishingly claimed that the swipe fee amendment was crafted in secret and at the last minute. If the court had taken the time to carefully read the law and its history they would have known the amendment was debated and approved on the Senate floor with a strong bipartisan majority months before enactment. Today's ruling is both confused and tilted heavily towards the big banks and card giants."

Biofuels Industry Asks for Tax Credit Extension

The industry wants four tax credits to receive multiyear extensions.

WASHINGTON, D.C. – The biofuels industry has requested a multiyear extension to four tax credits, as well as make those credits retroactive to January 1, 2014, E&E reports. Those tax credits expired on December 31, 2013.

The industry asked Sens. Ron Wyden (D-OR) and the chair of the Senate Finance Committee, and Orrin Hatch (R-UT), ranking member, for the extension. The credits encompass a $1.01 per gallon second-generation biofuel producer as well as a $1.00 per gallon biodiesel fuel incentive.

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2014 Training Programs

Please email the following address for registration forms for all classes: dawna@sdp2ma-sdacs.com or go online to http://sdp2ma.com and find registration forms in Education and Training.

Certified Employee Training Program (CETP)

2014 Class Schedule

Basic Principles

Jan. 7-8	Pierre
March 4-5	Aberdeen
May 6-7	Rapid City
July 8-9	Sioux Falls
September 22-23	Deadwood
November 4-5	Mitchell

Bobtail Delivery

Feb. 4-6	Pierre
April 8-10	Aberdeen
June 10-12	Rapid City
August 5-7	Sioux Falls
October 7-9	Rapid City
December 2-4	Mitchell

4.1 Distribution Systems

May 20-22 Rapid City
July 22-24 Mitchell

4.2 Distribution Systems

June 17-19 Rapid City
August 26-28 Mitchell
(room 126)

Plant Operations

July 29-31 Mitchell

*** Denotes change of date for class

Basic Refresher

May 8 Rapid City

****

UST Owner/Operator Training

2014 - Locations

March 25	Sioux Falls Ramkota	(1 -5 pm)
March 26	Aberdeen - Dakota Event Center	
March 27	Mobridge Wrangler Inn	
June 10	Rapid City Ramkota	
June 11	Mitchell Highlands Conference Center	
June 12	Brookings TBA	
September 25	Deadwood - The Lodge	
September 26	Pierre Club House Inn	
November 18	Rapid City Ramkota	
November 19	Sioux Falls Ramkota	

All other seminars 8 am to noon.

To register: **http://denr.sd.gov/des/gw/tanks/TankOperatorTraining.aspx**

E-Cigarettes

NACS has issued a statement of position that encourages stores selling e-cigarettes to adopt, as a best practice, a policy of treating these products as age restricted and subjecting them to the same age-verification procedures as those applicable to tobacco products.

NACS' position was developed by the association's retail Board of Directors during its most recent meeting. Convenience stores are the largest retail channel for e-cigarette sales, with overall sales of nearly $540 million in 2013, representing 75% of all brick-and mortar sales, excluding kiosks and tobacco only outlets.

"Convenience stores are responsible retailers and conduct more face-to-face age-verification checks than anyone in the world," said NACS President and CEO Henry Armour. "Given the uncertain status of e-cigarettes, it just makes sense that convenience stores check IDs as part of the more than 4.5 million age-verification checks that we already conduct every day."

NACS stated that:

- Retailers should, as a best practice, follow the same applicable federal, state and local laws for verifying the age of purchasers of tobacco and apply these standards for the sale of e-cigarettes.
- NACS will promote effective procedures for retailers to verify sales of age-restricted products and will encourage retailers to utilize these procedures and training tools.
- NACS will work with all appropriate federal organizations to ensure that convenience stores continue to play a leadership role in establishing guidelines that take into account current research related to the age-restricted products.
-

This is not the first time that the association has taken a leadership role in age-verification practices. NACS is a founding member of the We Card program, which was established in the 1990s to provide training and educational programs to properly use age-verification tools and processes. The We Card program has provided retailers with more than 1.1 million in-store educational kits and has trained more than 350,000 retail employees nationwide.

NACS encourages retailers to use procedures and training tools like those offered by We Card. These training resources include state-law-specific eLearning courses for frontline cashiers and managers that follow FDA Guidance for Tobacco Retailer Training Programs, in-store tools to assist with proper age calculation and spot fake IDs and illegal adult purchases for minors and a wide range of in-store signage and information on how to display this signage. We Card has produced new materials specifically for e-cigarette age verification.

The announcement will likely enhance what convenience stores are already doing in carding for e-cigarettes.

"As responsible retailers, we want to help ensure that minors do not have access to e-cigarettes," said Armour. "Convenience stores will continue to act responsibly in retailing e-cigarettes and complying with existing laws."

There are 151,282 convenience stores in the United States — one per every 2,100 people. Cumulatively, U.S. convenience stores serve 160 million customers per day.

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"The advanced biofuels industry is at a critical stage of development. ... Advanced biofuel tax credits have allowed the biofuels industry to make great strides in reducing the cost of production and developing first-of-kind technologies," read part of the letter from the industry. Groups that signed the letter include the Advanced Biofuels Association, Advanced Ethanol Council, Algae Biomass Organization, Biotechnology Industry Organization, Growth Energy, National Biodiesel Board and Renewable Fuels Association.

Wyden indicated that extending expired tax credits would be a priority when he became chairman of the Senate Finance Committee this year. Those tax credits included ones relating to biofuels and the wind industry. Wyden is working on a bill that extends those tax credits.

"We are well aware of the financial constraints facing this country," the group's letter said. "However, the United States' global competitors are offering tax incentives for advanced biofuels and in fact are attracting construction of new facilities -- and associated high skilled jobs."

Methanol an Unlikely Fuel Substitute - For Now

A federal official offers a skeptical view of the U.S. adopting methanol as a substitute for gasoline.

NEW YORK – A federal official offered a less than warm reception this week to the prospect of using methanol from natural gas as a substitute for gasoline, *Bloomberg* reports.

Patrick Davis, director of the Energy Department's Vehicles Technology Office, said the methanol industry faces steep obstacles for the public to adopt methanol as a means to cut greenhouse gas emissions and boost engine performance.

"There's a lot of choices out there and they're all vying for a fairly limited market," Davis said. "It is going to be a fight for any fuel to succeed."

According to John Hofmeister, founder of Citizens for Affordable Energy and president of Shell Oil Co. from 2005 to 2008, using methanol would reduce reliance on imported oil and offer a hedge against oil-price shocks.

Globally, about 40% of methanol is used by energy companies, said John Floren, CEO of Vancouver-based Methanex Corp. (MEOH), the world's largest supplier. The company is dismantling two plants in Chile and plans to reassemble them in Louisiana." We expect a lot of new plants to be built here in the U.S.," Floren said.

According to the Methanol Institute, methanol plants worldwide can produce roughly 100 million metric tons of product, with more than 100,000 tons used each day as a chemical feedstock or transportation fuel.

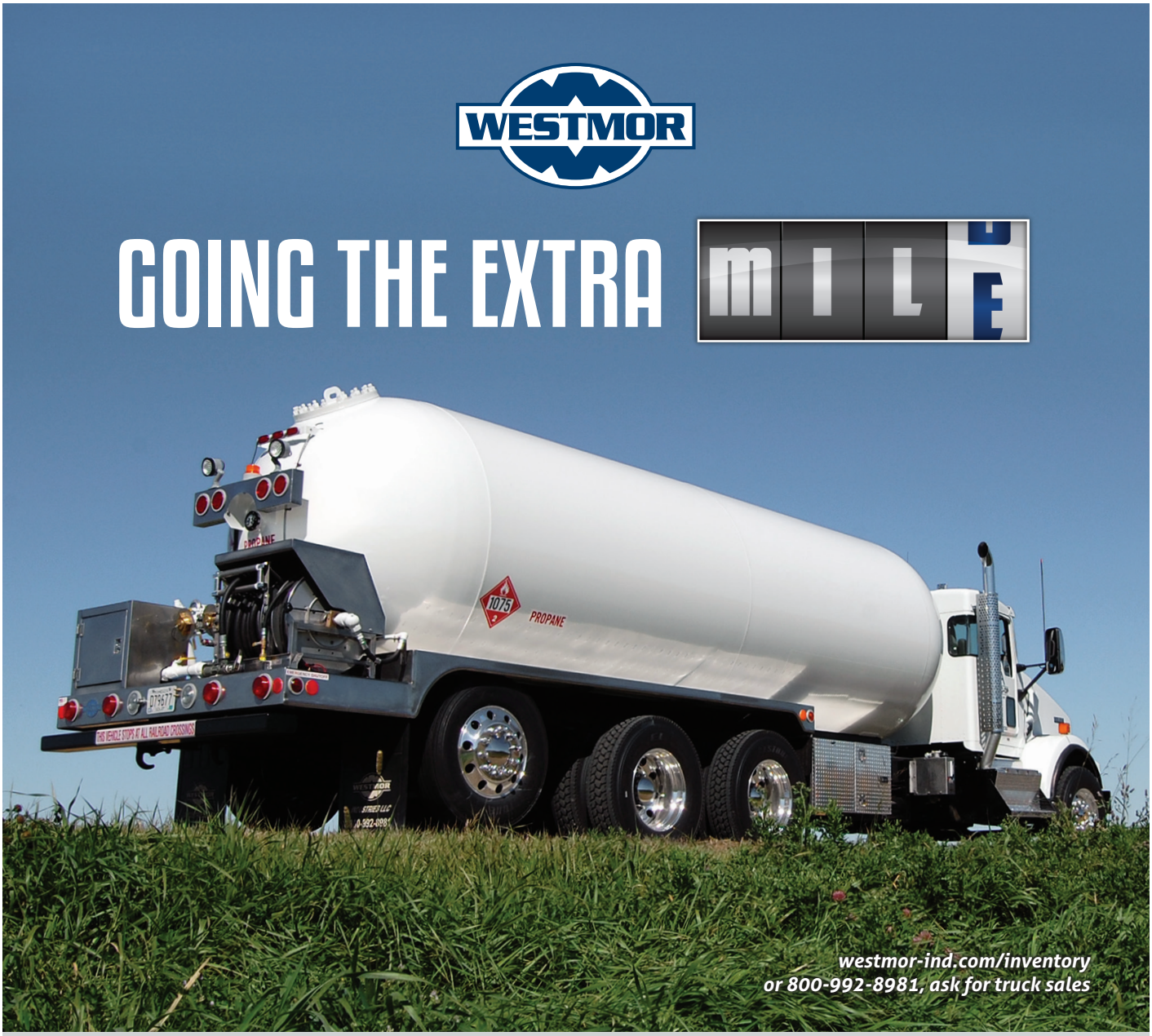
Industry expansion depends on automakers producing cars that run on methanol as well as approval by the U.S. Environmental Protection Agency, which will require a substantial lobbying effort, Hofmeister said.

"Methanol matters for the same reason that ethanol matters, which is it's an alternative to oil," Hofmeister said. "It would help if people on the Hill understood the value to the consumer and the importance in the fuel mix."

Another significant hurdle is a lack of infrastructure to deliver methanol to fueling stations. "There are lots of competitors out there," Davis said. "It's not at all completely clear that methanol has the suit of attributes that would favor it as a winner."

WESTMOR

GOING THE EXTRA MILE



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