

SIGMA WEEKLY REPORT

October 31, 2005

INHOFE REFINERY BILL FAILS

Last Wednesday, the Senate Environment and Public Works Committee voted 9-9 on refinery legislation authored by Sen. Jim Inhofe (R-OK) -- under Senate rules, a tie vote on a bill means it is not approved. The SIGMA-supported "Gas Petroleum Refiner Improvement and Community Empowerment Act" (Gas PRICE Act) sought to streamline refinery permitting and siting processes, reduce the number of boutique fuels, and perfect the fuel waiver process when supply emergencies exist. All Committee Democrats voted against the bill in addition to Sen. Lincoln Chafee (R-RI), who cited the need to legislate both refinery expansion and conservation measures including tighter fuel economy standards. It is unclear if Inhofe will rework the bill for the future.

Also last week, Senate Majority Leader Bill Frist (R-TN) called for additional investigations into price gouging and record oil company profits. He announced that he has asked the Senate Energy and Natural Resources Committee and the Senate Commerce, Science and Transportation Committees to hold joint hearings to "examine reasons for high energy prices" and "call as witnesses executives from the major oil companies and representatives of the state attorneys general." SIGMA will report any important developments.

IRS ISSUES TAX GUIDANCE

On October 21, the Internal Revenue Service (IRS) issued guidance on fuel excise taxes reflecting new provisions in recently passed energy and transportation legislation. In the notice, the IRS addresses new language in the Leaking Underground Storage Tank Trust Fund tax, treatment of kerosene for use in aviation, credit card sales of taxable fuels to exempt entities, and also provides guidance on mechanical dye injection of diesel fuel and kerosene. SIGMA will provide a memo to all members next week explaining the guidance.

EPA ISSUES NEW WAIVERS

Last week, the Environmental Protection Agency issued several new diesel fuel waivers for Florida, Mississippi, Kentucky, Iowa, and Nebraska. To view copies of the waiver letters, visit www.sigma.org.

BARRETT TO REPLACE BLUNT

House Energy and Commerce Committee Chairman Joe Barton (R-Texas) announced that Rep. J. Gresham Barrett (R-SC) will temporarily serve as the newest member of the committee, replacing Rep. Roy Blunt (R-MO) until he can rejoin the panel. In September, Blunt was appointed Temporary House majority leader replacing Rep. Tom DeLay (R-TX).

INDUSTRY ULSD WORKSHOP

SIGMA is one of several organizations, including EPA, sponsoring a third multi-day ultra low sulfur diesel (ULSD) fuel workshop in Phoenix, Arizona on November 9 – 11, 2005. Information on the workshop is available on SIGMA's website, www.sigma.org. This two-and-a-half day meeting will cover all portions of the ULSD rule, including the above-the-rack designate and track requirements for ULSD, terminal handling and truck transport contamination issues, and marketer-related issues of dispenser labeling, liability for misfueling, and the liability regime if off-spec ULSD is discovered at a retail outlet.

CANADA ALIGNS WITH EPA

Environment Canada published finalized amendments to Canadian regulations on Oct. 19 governing that sulfur content in diesel fuel used in off-road, rail and marine vehicles will change to reflect current U.S. standards for diesel fuel engines, set by EPA. The Canadian amendment sets the following requirements: (1) a maximum level of 500 milligrams per kilogram, effective June 1, 2007, for fuels produced or imported for use or sale in Canada, expanded by Oct. 1, 2007, to all fuels sold or offered for sale in Canada; (2) a further reduction in the maximum sulfur level to 15 milligrams per kilogram, effective June 1, 2010, for fuel produced or imported for use or sale in Canada, extended to all fuel sold or offered for sale in Canada by Oct. 1, 2010; (3) a maximum sulfur level of 500 milligrams per kilogram, effective June 1, 2012, for diesel fuel sold or offered for sale or use in locomotives or marine vessels; and (4) special provisions for Canada's northernmost regions that would delay application of the 500-milligram limit for sales of off-road rail and marine diesel fuels to Dec. 1, 2008 and the 15-milligram limit to Nov. 30, 2011.

ANNUAL MEETING EVALUATION

The 2005 Annual Meeting in Philadelphia is history! If you attended the meeting in Philadelphia, PA and haven't already filled out an evaluation, do so at <http://www.surveymonkey.com/s.asp?u=763281451978>.

Help make your future SIGMA convention experiences even better. We appreciate your participation! **Please note:** upon online survey completion, an error page pops up. Just ignore it! Your response does indeed come through. Thank you to the **93** Annual Meeting participants who've already filled out the evaluation! SIGMA's goal for the evaluation response rate is 25 percent—or 126 responses. We're just 33 responses away! Help us reach our goal by completing the survey today.

IN MEMORIAM: GARY KNUTSON

SIGMA member Gary Knutson died at age 55 last week after a valiant fight against cancer. The Vice President of Kenan Advantage Group, Gary spent the last 25 years working in the industry. In lieu of flowers, the family requests that donations be made to **UNC Hospice**, 480 Hillsborough St., Suite 800, P.O. Box 1077, Pittsboro, NC 27312 or **North Carolina Clinical Cancer Center**, 2 Gravely, CB #7305, Chapel Hill, NC 27599-7305.

EPA's UST ISSUE

EPA has started the process of implementing the comprehensive reforms to the federal UST program contained in the Energy Policy Act of 2005 (EPAAct) and both EPA and states are recognizing that much work must be done by both on a relatively short timeframe. EPAAct 2005 contains several new state UST program mandates that the majority of states — according to some, as many as 48 states — do not current meet. These provisions require states for the first time to conduct routine inspections of tanks every three years. In years past, officials inspected the tanks on an average of four to 10 years. EPA also is directed under EPAAct to publish guidelines that specify training requirements for those with responsibility over inspecting tanks for proper maintenance and release response. Both state government and industry sources expect states will have to hire and train a number of new inspectors to meet these new regulations. Additional EPAAct mandates include: (1) making a delivery, depository, or acceptance of a regulated substance into a UST facility that has been identified as ineligible for fuel delivery or deposit unlawful by August 2007; (2) making states choose between secondary containment requirements or financial responsibility measures, which can require manufacturers and tank installers to provide evidence that they can help pay corrective action costs that are directly related to a faulty tank part or installation.

CLAIMS FORMS FOR CREDIT CARD LITIGATION

Claim forms are being mailed to millions of retailers who may receive a cash payment as a result of the settlement in the Visa Check/MasterMoney Antitrust Litigation. Merchants are class members if they accepted Visa and MasterCard between October 25, 1992 and June 21, 2003. Class members who do not receive a claim form by October should contact the claims administrator at: In Re Visa Check/MasterMoney Antitrust Litigation, Claims Administrator, P.O. Box 9000, #6014, Merrick, NY 11566-9000, phone: 1-888-641-4437, e-mail admin@inrevisacheckmastermoneyantitrustlitigation.com.

There is additional information on the suit at www.inrevisacheckmastermoneyantitrustlitigation.com.

Please be wary of offers by third parties to assist you in filing claims. These offers can require claimants to give up significant money when you ought to be able to submit a claim on your own with minimal assistance.

CHANGES TO CALIFORNIA GASOLINE PUMP RULES

Oil industry and state air district representatives are objecting to a new California air resources board (CARB) proposal that would place more stringent standards on the boards testing procedure for certifying gasoline pump vapor reduction (Stage II) equipment. The dispute is significant because emission reductions at gas stations are considered an important piece of the state's plan to meet federal air quality standards. California's proposal would also affect numerous other states in which Stage II is required and subject to the "California certification" standards.

BRECKENRIDGE 2006

It's that time of the year! SIGMA is teaming with NPN and OPIS to offer the *2006 Executive Leadership Conference at Winter Management* in Breckenridge, Colorado at the Beaver Run Resort from January 22-25, 2006. Following tradition, this meeting is open to a broad-based group within the petroleum industry and will include SIGMA's signatures: education, networking and lively social events. Educational sessions will include an Executive Roundtable series, as well as sessions on everything from "closely-held" business relations to strategy fundamentals that will carry your business through a new year. Plus, don't forget the wintertime activities: skiing, snowboarding, and other winter sports on great mountains with more than 200 marked trails. Register today at www.sigma.org.