

PMCA Notes
Motor Fuels Committee
September 17th, 2012

Notes taken by: Bryce Wittenborn, CEO, reNUEL Fuel, LLC bryce@renuefuel.com

Introductions:

Everyone introduced themselves (see attendance sheet).

Elections:

Jerry Davidson – Chair
Alison Bridges – Vice Chair

Ethanol:

Jerry suggested we learn more about what's going on in the ethanol world and directed his question at Scott Anderson of East Kansas Agri-Energy.

Scott said there was a shortage of ethanol nationwide – 26 plants across the nation had reduced production by approximately 20%. Drought has affected plant production significantly. Everyone can now sell E15 in the state of Kansas.

The question of E15 offering was brought up as well.

Alison Leiszler Bridges of Leiszler Oil mentioned the following deterrents to her company offering E15:

- No pre-blended E15 at the rack.
- The “majors” won't support retailers blending their own fuel.
- RINs were also a factor in her support of E15.

RINs (Renewable Identification Number)

After RINs were mentioned by Alison, Bryce Wittenborn of reNUEL Fuel asked the question, “What are RINs?” After Scott Zarembo of Zarco 66 explained what a RIN was Bryce offered the analogy of carbon offsets for refiners. Everyone in the room agreed they were similar.

“In order to monitor this mandated increase in renewable energy production, the EPA required that each gallon of renewable fuel produced have a unique serial number attached to it. These “Renewable Identification Numbers (RINs)” are then turned into the EPA each year by petroleum refiners to prove that they have blended the required amount of renewable fuel into their gasoline. However, refiners can get around blending renewables into gasoline themselves by purchasing excess RINs from refiners who have used more renewable fuel than was required of them.” - <http://www.renewableenergyworld.com/rea/news/article/2009/02/got-rins-54609>

Uniform Labeling Of Petroleum Products (Action Item)

Alison brought up the point that labeling of petroleum products at the dispenser and the terminal are not uniform. No one in attendance had a definitive answer to how gasoline products were to be labeled.

Bill Marshall of Sinclair Oil mentioned that a marketer in the SW Kansas region had been fined by Weights and Measures for improperly naming their gasoline product.

Another point was made by Alison that fleet cards don't represent accurately the octane levels and naming of fuel products for fleet users because of poor uniformity.

Scott Zaremba contacted someone at Weights and Measures and produced the following document:

Table 1. Minimum Antiknock Index Requirements		
Term	Minimum Antiknock Index	
	ASTM D4814 Altitude Reduction Areas IV and V	All Other ASTM D4814 Areas
Premium, Super, Supreme, High Test	90	91
Midgrade, Plus	87	89
Regular Leaded	86	88
Regular, Unleaded (alone)	85	87
Economy	--	86

(Table 1. Amended 1997)

3.3. Diesel Fuel.

3.3.1. Labeling of Grade Required. – Diesel Fuel shall be identified by grades No. 1-D, No. 2-D, or No. 4-D.

3.3.2. EPA Labeling Requirements Also Apply. – Retailers and wholesale purchaser-consumers of diesel fuel shall comply with EPA pump labeling requirements for sulfur under 40 CFR § 80.570.

3.3.3. Delivery Documentation for Premium Diesel. – Before or at the time of delivery of premium diesel fuel, the retailer or the wholesale purchaser-consumer shall be provided on an invoice, bill of lading, shipping paper, or other documentation a declaration of all performance properties that qualifies the fuel as premium diesel fuel as required in Section 2.2.1. Premium Diesel Fuel.

(Added 1998) (Amended 1999)

(Amended 2008)

3.4. Aviation Turbine Fuels.

3.4.1. Labeling of Grade Required. – Aviation turbine fuels shall be identified by Jet A, Jet A 1, or Jet B.

3.4.2. NFPA Labeling Requirements also Apply. – Each dispenser or airport fuel truck dispensing aviation turbine fuels shall be labeled in accordance with the most recent edition of National Fire Protection Association (NFPA 407), Standard for Aircraft Fuel Servicing.

NOTE: For example, NFPA 407, 2007 Edition: Section 4.3.18 Product Identification Signs. Each aircraft fuel servicing vehicle shall have a sign on each side and the rear to indicate the product. The sign shall have letters at least 75 mm (3 in) high of color sharply contrasting with its background for visibility. It shall show the word "FLAMMABLE" and the name of the product carried, such as "JET A," "JET B," "GASOLINE," or "AVGAS." (NOTE: Refer to the most recent edition NFPA 407.)

3.5. Aviation Gasoline.

3.5.1. Labeling of Grade Required. – Aviation gasoline shall be identified by Grade 80, Grade 91, Grade 100, or Grade 100LL, or Grade 82UL

(Amended 2008)

After reading off the definitions to the committee, Scott immediately suggested the definitions were outdated and should be amended. Everyone agreed and the item was made an Action Item.

Another suggestion brought up during this conversation was more transparency of all fuels including Biodiesel at the terminal. End-users, marketers and terminals don't have all the information readily available that they need to make informed decisions.

Lack of Fuel in Western Kansas

Alison mentioned that waivers for longer working hours for drivers might help relieve congestion and get fuel where it needs to be. Most in the room disagreed citing safety concerns.

Jerry Chaput with Mitten Inc. mentioned that two terminals were shut down and he couldn't get fuel to his customers. He asked the group if it was because the terminal didn't want to sit on inventory that might not move. Everyone discussed it takes about 30 days to get a load of fuel ordered and delivered to a terminal through the pipeline.

Brendy Lee with Growmark agreed with Jerry that the terminal doesn't want to hold on to fuel inventory that they may not sell.

The lack of fuel in Western Kansas was blamed on excess demand brought on, in part by drought and early harvest. Brendy Lee said that this issue will happen more often in the future because refineries are lacking resources.

Tank Removal Program

Randy Carlson with KDHE

UST Redevelopment Fund – instituted because banks and investors don't want to loan money to properties with USTs on site.

Federal program to remove USTs up to 90% of costs associated with removing UST not to exceed \$25,000. They want 3 bids for removal. They will take the lowest bid.

3 Criteria:

- 1) Out of Use – 3 months or more
- 2) No Permits
- 3) Closed for 12 months or more
- 4)

KDHE will act as environmental advisor during removal of tank and would like to be on-site during removal. They would like 30 days notice but can make accommodations if it's urgent (i.e. unearthing a UST during excavation).

Out of 7 applications 6 have been approved. Application: www.kdheks.gov/tanks

When asked about farm tanks, the dike system requirements are postponed for 1 more year.

DEF

The question was posed to include DEF in the Motor Fuels committee or the Lubes. Motor Fuels agreed to keep DEF as part of their committee.

Stig Uhlen of Dasco Inc, generally updated everyone on how DEF was being used in the market and how truck stops are storing DEF. Stig mentioned that some are putting in AST systems and UST systems after careful consideration of program requirements and financial projections.

Some of the truck stop owners in the committee were installing expensive UST systems with multiple dispensers at the islands, others were putting a “toe in the water” with an AST systems at each island.

There are no regulations on storage of DEF but if you go through the permitting process of installing a UST for DEF just like you would for fuel, you could convert the system from DEF to fuel.

Veeder Root makes monitoring devices for DEF.

RIN Bonding

Richard Nelson of the National Biodiesel Board mentioned that the NBB has a lot of information on RINs and can help secure them and move them.

Richard mentioned Genscape <http://info.genscape.com/RIN> as a way to legitimize your RINs.

Next Meeting

It was agreed that the PACE show would be the next meeting.

Attendees

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