

The van der Valk Special Gas Price Advisory for June 8, 2009

Will Californians Be Able to Smell the Cleaner Air?

Below is today's Los Angeles Times article written by Michael Hiltzik along with my response.

From: Tridem Oil
To: michael.hiltzik@latimes.com
Sent: 6/8/2009 5:52:40 A.M. Mountain Daylight Time
Subj: Bob van der Valk Re: - Los Angeles Times EVR Article 6-8-09

Michael:

I read your article in today's Los Angeles Times with great interest but could not find one single quote from any of the parties concerned about this issue on the side of the service station owners. They have already spent over \$1 billion dollars to install the mandated Enhanced Vapor Recovery (EVR) Phase II and In-Station Diagnostics (IDS) equipment.

The second part of the regulation requires them to install expensive IDS monitoring equipment, which will mean the death knell of additional small business service stations. That equipment has a deadline looming of April 1, 2010, which is plenty of time to get it installed. But most of the low volume service station owners cannot justify that expense versus ever diminishing returns on profit.

The main affect on California motorists will be fewer independent Mom & Pop stations to choose from to purchase their gasoline in the future. This will put even more control on gas prices into the hands of the major oil companies in California.

I have worked in the retail and wholesale end of the petroleum business for almost 50 years with most of that time spent in Southern California. For my first twenty years in the business I worked for Unocal with some of that time at their headquarters in downtown Los Angeles. I very vividly remember the times that we could not even step outside of our building with "Smog Alerts" warning us to stay indoors.

Most of the service station owners are on the same side of the South Coast Air Quality Management Board and support cleaner air for everyone including their own families. These regulations, even though well intended, were not given enough time to have the technical bugs worked out of the equipment.

The first approved system had not been tested over enough time prior to its installation. Frequent nozzle and EVR equipment failure resulted in down time while still being covered by manufacturer's warranty. However, those warranties are expiring with the service station owners having to bear responsibility for the expense of up keeping of their nozzles.

I currently live in Terry, Montana and am still active in the petroleum business including doing business in California. This town of 600 people has one retail gas station, which would be closed if Montana requires the EVR/IDS type of equipment to be installed as in California.

Similar small towns dot the landscape in California and their gas stations will be affected adversely. They have either already shut down or their doors will be closed by their owners when the full effects of the EVR and IDS regulations take hold.

The full article can be found at:

<http://www.latimes.com/business/la-fi-hiltzik8-2009jun08,0,6907691.column>