Oil and Natural Gas
Industry Preparedness Handbook

May 2021

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Introduction to the Oil and Natural Gas Strategy

The oil and natural gas industry has created the following strategy document to ensure that roles, responsibilities and needs are clearly identified prior to any events that may affect the integrity of oil and natural gas systems. The oil and natural gas industry has long maintained and been acknowledged for its serious commitment to the safety of infrastructure, workers and processes. Disruptive events, whether manmade or natural, should be approached with the same commitment to safety, resilience and the needs of the community. Therefore, the following strategy approaches preparedness and response from the local level, acknowledging that events impact workers, businesses and communities first and foremost. While resources and information are often held at the regional or national level, it is the facility operators and those on the ground who will have the best ability to assess their systems, identify needs, and execute the work needed to restore services. This strategy lays out how local responses can be aided by State and regional associations, established relationships with governments and communities, and how corporate and federal relationships and capabilities can facilitate efficient response and recovery at the local level.
Recent disruptive events affecting U.S. oil and natural gas infrastructure and operations, including 2012’s Hurricane Sandy, have prompted the U.S. oil and natural gas industry to revisit and clearly define the strategy we use to prepare for and respond to all hazards. The following describes the priority actions of the industry, which have been, are being and will be taken to promote communication and information sharing in preparation for all events, both natural and manmade.

As a preface to this discussion of industry’s strategy, it is the industry’s position that incidents, whether anthropogenic or natural should be managed by local and State governments, under the construct of the National Response Framework (NRF). While the Federal government can have a role in a response, its involvement should take place only when local and state governments request it, and then their efforts should be in support of the State and local response activities. It is also industry’s position that, as indicated in Presidential Policy Directive 8, the Department of Energy (DOE) is the lead coordinator and primary agency for Emergency Support Function (ESF) 12 - Energy during events, and activities and requests for information that involve the oil and natural gas industry should happen in coordination with DOE.

During any incident, there are many requests for information from owners and operators who are simultaneously attempting to restore services and infrastructure. Requests originate from all levels of government which are attempting to serve the needs of their constituencies by prioritizing resources, services and access to critical supplies. Crude oil, the products derived from crude (e.g. gasoline, lubricants, etc.), and natural gas, enable many of the critical services which support response and restoration. As such, having effective communication and informed stakeholders can facilitate more effective restoration of industry services and result in a more efficient recovery. However, there are challenges to effective communication across the complex oil and natural gas sector. These can include understanding the variety and volume of information requests from stakeholders during the course of recovery and the competing interests and priorities of governments, owners and operators and other stakeholders. Industry believes that effective communication and education across all stakeholder groups, beginning with our government partners, is the most efficient use of resources and will provide the greatest return for our nation.

Specifically, the industry believes that with regard to incidents involving the oil and natural gas infrastructure and systems, a two-phased approach implemented prior to, during, and after an event will ensure an efficient response and recovery of the affected systems.

**Phase I – Educating Stakeholder Groups**

Ensuring that stakeholders throughout the response community and across Federal, State and Local governments are knowledgeable of the oil and natural gas system is critical to the effective and efficient flow of information between the private and public sectors. Education must occur on a consistent basis to ensure decision makers have an informed understanding of the policy and operational differences amongst the diversity of fuels and how they are transported, the primary challenges and limitations industry faces during an event, and the processes and means in place to respond and restore critical services. The means to accomplish this include:
• Utilizing and disseminating materials, such as oil and natural gas delivery supply chains, to educate stakeholders.

• Holding regular educational sessions with decision makers and critical stakeholder groups on a consistent basis (regardless of events) to explain the oil and gas systems, markets and critical functions.

• Utilizing existing relationships and mechanisms to ensure channels of communication are open and effective.

• Identifying key staffing changes within stakeholder groups that warrant an education of the complexities of oil and natural gas systems.

**Phase II – Formalizing Processes of Communication and Information Sharing**

The dynamic nature of incidents often leads to communication and information sharing based on relationships rather than processes. This is particularly evident when robust processes and procedures have not been codified and exercised. A dependency on personal relationships can be beneficial as established relationships generally yield better communication but this dependency can also contain significant risk. The assumption that the two individuals in the relationship are always available (i.e. have not taken on a new job or are not themselves impacted by the incident), is one that is often cannot be guaranteed. Therefore, formalizing a process based on position or role—from which relationships can grow—with government partners and partners in the field who will be participating in a response will support effective and appropriate information sharing during an event. Most importantly, formalizing processes will give both industry and government agreed upon mechanisms to avoid multiple requests for information/assistance from multiple parties. Thus, the oil and natural gas industry and its associations will:

• Work with local and State-based industry organizations to identify industry roles and responsibilities before, during, and after an event.

• Facilitate effective communication between key government representatives and company/facility representatives. Again, the local organizations will play a pivotal role in this effort.

• Develop processes to facilitate information sharing between impacted facilities and governments at the local level.

• Utilize existing exercises and drills, which occur regularly throughout the sector, to understand and institutionalize the processes and procedures that have been recognized and accepted by response partners.

Industry has provided guidance (see section: *Preparing at the State and Local Levels*) to its local partners to prepare them and their constituents for the impacts of events before they occur. This guidance reaffirms how the partners can form the essential processes and relationships, understand the varied needs and wants of members and governments, and exercise both to understand the complexities of response before an event impacts a State’s or a region’s critical energy infrastructure. A concerted effort by the local organizations and their constituents can help establish a baseline of education for stakeholders regarding the structure of the oil and gas industry, the requirements for basic operations, and the functions of markets. The end result, if a disruptive, future event occurs, will be a stronger and more effective partnership between industry and stakeholders at the local and state levels to improve resilience, and ultimately enable a more efficient restoration.
Energy
Supply Chains
The following graphics provide an overview of the oil and natural gas supply chains. Oil and natural gas is a key resource to the Nation, providing the energy needed to not only heat homes in the winter and cool them in the summer but also the fuel that powers private and commercial activities such as domestic truck fleets and emergency response vehicles. The diversity and complexity of these systems is often difficult to explain and understand, particularly when incidents occur and context is critical to effective decision making. These oil and natural gas system models provide simple but relatable visual descriptions of these critical systems, their major components, and the critical customers and services which are dependent on this energy. Recognizing the critical components and their placement in the system provides the context to understand the consequences to both upstream and downstream of an impacted component of the fuel supply system.
Utilizing the National Response Framework

During the response to an incident of National significance there are many needs and requests that need to be filled by governments, as well as by the private sector. Effective response requires the most efficient delivery of resources and information to ensure populations are secured and critical services are provided in a timely manner. The National Response Framework, the Incident Command System, and the recently released Presidential Policy Directive 8: National Preparedness (PPD 8), provide the frameworks and processes that should be utilized by all stakeholders in an event. The challenge is effectively communicating and operating within these structures when an event occurs and demands are being made across organizations and communities in the heat of the moment. The following graphic represents how industry understands the flow of information is supposed to work under the current framework.

Industry expects this process to work for incidents both small and large, and regardless of location. We have seen this process work effectively in the Gulf States, where significant elements of the oil and gas industry are located and where hurricanes and other large storms often affect operations. Industry stresses the importance of utilizing existing, tested structures and processes that Federal, State and local governments have created, exercised and implemented within their response and emergency management organizations.
ESF 12 Oil and Gas Information Flow:
Industry Perspective

PRIVATE

Corporate / Industry

Sector Coordinating Council / Trades (oil & gas only)

PUBLIC

POTUS (NSS)

Secretary of Energy

NRCC*

DOE OPS Center*

NICC

FEDERAL / NATIONAL

STATE / REGION / TERRITORY

Corporate / Industry

State-based industry associations

Facility

LOCAL / FIELD

JFO* / STATE EOC*

LOCAL EOC*

COMMUNICATION MECHANISMS

- Face to face
- Phone
- Email (exchange, listserv)
- Two-way radio
- Interpersonal relationships
- Public/private databases
- Social media
- Radio & TV

*Indicates ESF 12 presence at location
## Explanation of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>ESF</strong></td>
<td>Emergency Support Function</td>
</tr>
<tr>
<td><strong>EOC</strong></td>
<td>Emergency Operations Center</td>
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<tr>
<td><strong>JFO</strong></td>
<td>Joint Field Office</td>
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<tr>
<td><strong>NICC</strong></td>
<td>National Infrastructure Coordinating Center</td>
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<tr>
<td><strong>NOC</strong></td>
<td>National Operations Center</td>
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<tr>
<td><strong>NRCC</strong></td>
<td>National Response Coordination Center</td>
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<td><strong>NRF</strong></td>
<td>National Response Framework</td>
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<td><strong>PSA</strong></td>
<td>Protective Security Advisor</td>
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<tr>
<td><strong>SCC</strong></td>
<td>Sector Coordinating Council</td>
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Preparing at the State and Local Levels
The oil and natural gas preparedness and response strategy focuses the majority of efforts, resources and information on efforts at the local level. The following document outlines guidance for regional and state associations which support the oil and natural gas industry. The guidance includes recommendations that will allow associations to form the necessary relationships with members and governments before an event occurs, to understand what critical operations their members operate and depend on, and to recognize how exercising can support these activities and the actions that may be required if an event were to occur.
Preparing for a Crisis at the State and Local Levels

Resilience and restoration are affected at the local level before, during and after a major disruptive event, such as a hurricane, flood or terrorist attack which significantly impact critical energy infrastructure. The oil and natural gas industry and its associations are taking proactive steps to prepare themselves and their State partners for the potential impact of such events before they occur. The following guidance outlines how national and state-based industry associations can form the essential relationships, understand the varied needs and wants of members and governments, and exercise both to understand the complexities of response before an event impacts a State’s or a region’s critical energy infrastructure. Most importantly, this guidance aims to help all of the key players in an emergency scenario understand their role and how they interact with other players.

Know Who Does What

There are many roles and responsibilities assigned during a disruptive event that may be out of the scope of normal business operations, which means contacts should be established and responsibilities understood in preparation for, rather than in response to an event. In an event, having established relationships facilitates effective information sharing, the communication of needs and priorities, and the acquisition of resources. During an event it is extremely difficult to determine who the appropriate contacts are within companies, at facilities and in government.

Although each event is different, depending on scope, duration, and impact, general responsibilities should be outlined and contacts documented to help shorten response time, develop accurate situational awareness, and advance restoration. Initially, contacts should be identified by position, rather than individual, as turnover takes place and functions change. When considering positions and responsibilities, it is also critical to identify who the decision makers are within organizations, both public and private. Developing relationships with the appropriate individuals during normal operations will make communication easier during the tumult of a disruptive event. Creating an annual process to update and verify suitable emergency contacts is a good practice to reaffirm existing relationships and to create new ones, when needed. Including mobile phone numbers and alternate email addresses is an important detail to consider when gathering and documenting information. During periods of disruption, primary methods of communication are often unreliable or unavailable due to infrastructure damage, loss of power, etc. Cell phones, text messages, and other means of communication should be considered and utilized to ensure communication is effective.

Lastly, it is important to predetermine, to the extent possible, the stakeholders and organizations that might request information during an event, their need and/or authority, and the purpose of the information requested. While requests may differ with each type of event, government entities at the State, local and federal levels will require specific information to manage critical services and public order. These needs should be identified through the process of established channels of communication with the appropriate parties involved in response. Industry and association representatives can use this information and the relationships they have developed to help members work through the process of reporting information and requesting assistance and/or resources during an event.
**Know What Not to Do**

Federal and state antitrust laws limit what kinds of information associations and companies are permitted to share, even during an emergency. It must be recognized that members have faced antitrust actions stemming from response activities in the past, despite representations or promises by government agencies. Just as association staff and member company representatives do in the normal course of business, there should be no sharing or discussing among company representatives, or soliciting by associations, of a company's confidential or proprietary information during an event. Such information relevant in an event may include, but is not limited to, locations of supplies, delivery schedules, pricing, or refining operations. This prohibition applies even where a government official may request it from an association or from a group of members. If you receive such a request, decline it and explain that an official may obtain this information directly from an individual company on an individual basis (without trade associations or other companies involved). If you are unsure about the implications of information received from a member company or requested by a government official, please consult with legal counsel.

**Know What Matters**

During normal business operations, associations can communicate with oil and gas companies in their regions to ensure there is an understanding of assets and resources, and their importance to the reliable operations of the system. This knowledge is critical to maintain at least minimal system operations, assets which have been designated for priority restoration by State and local governments, and assets that are critical to public needs when an event occurs. Owners and operators, as well as public officials, need to be aware of the critical services in their regions, the products needed to maintain those services, and the impacts of not receiving those products and services. For example, interruptions to product deliveries can affect the ability of first responders to fuel vehicles, the ability of citizens to heat their homes, and the ability of hospitals to keep generators running. In a crisis, impacts to the fuels system can have impacts throughout the area and can potentially hinder the restoration process.

Governments, particularly at the State and local levels, should be provided information and education about purchasing fuels and fuel contracts. Stakeholders are often unaware of what is needed to purchase fuel, which may already have contracts in place for available supplies, and what laws and regulations apply to purchases in their States. For example, The National Association of State Energy Officials (NASEO) has identified one of the critical issues that must be considered in advance of an emergency:

> “Experience from several states indicates that supply may be sustained during shortages through careful attention to how fuel is purchased and fuel purchasing contracts. Some large consumers, including some public entities with critical petroleum fuel using agencies such as police, fire, and public transit, may have opted to reduce the cost of fuel through spot market-based contracts or by contracting for fuel from spot-market dependent vendors. However, spot-market fuel availability diminishes rapidly during a shortage. This is because fuels supplies that are available in excess of that needed to meet contractual obligations are treated as a surplus and sold at a discount. In a shortage, contractual needs are served first and there is little or no surplus. Hence, vendors who rely solely on the spot market may be unable to supply critical needs customers during a shortage.”

It is important to highlight that these practices and regulations can vary greatly from State to State and by municipality and it is critical that decision makers have the information in advance of an event. While it is

1 http://www.naseo.org/data/sites/1/documents/publications/Petroleum_Shortage_Supply_Management.pdf
acknowledged the Federal government may have the authority under certain circumstances to acquire and redistribute certain resources, it is critically important that all parties understand contracting processes and that Federal intervention is used only as a last resort in emergency situations. It is also important for governments at all levels to understand that 95% of retail gas stations are independently owned and operated, that is, they are not owned by refiners. Further, nearly 60% of all of stations are owned by a single store owner. This means that during an event, identifying power status, supply availability and operational capability across such a broad and diverse ownership pool will be extremely challenging. Therefore, governments should focus on system-level restoration to ensure power and supplies are available to those who can receive them.

Understanding of the availability or resources and the needs of stakeholders, combined with on-the-ground situational awareness, will facilitate member companies’ abilities to respond to requests for information across governments and receive assistance should they need it. Preparing effective processes which facilitate the delivery of critical information during an event, whether through official working groups or informal networks, could be a valuable service provided by the industry associations. Clear communication by members of damages, restoration activities, and potential needs can facilitate restoration when it is received and understood by affected stakeholders. Industry associations can promote an understanding between partners which supports response operations during an event, enabling the appropriate allocation of resources, movement of personnel, and public messaging. As priorities are addressed, associations should facilitate communication between members and governments to promote appropriate consumer behaviors and to inhibit those behaviors that can impede timely, efficient restoration.

**Practice, Practice, Practice!**

The best way to ensure the correct relationships have been established, the correct information has been collected, and the correct mechanisms are in place is to test the process through drills and exercises. Exercises should be taking place routinely at the organizational, local, State and regional levels and participants should be incorporating lessons learned into their operations and business continuity and response plans. As members of a critical stakeholder community, associations can engage those public sector participants who have roles in preparedness, response, and recovery. Exercises and drills should be part of a consistent feedback loop that informs current operations, response plans and future infrastructure planning.

Stakeholders need to be aware of the various natural and manmade events that could affect them, and should therefore build realistic scenarios to test their response and resilience to those events. Associations can inform that process, bringing industry-specific expertise during the design phase, as well as during the exercise. This can ensure when a crisis happens, government partners in particular have an understanding of how systems function, how response is carried out, and what their expectations of restoration should be. Exercises will also educate industry as to the capabilities of their government partners, the validity of their own plans, and critical interdependencies they need to be aware of. If exercises are not occurring at the State or local level, industry associations and their members should suggest exercises to their public sector partners. Preparedness on both sides is essential to the recovery process, as governments can as easily impede as they can support if they are not prepared or informed.

Exercises, whether table tops, functional, or full-scale, allow participants to understand the various needs and issues that could emerge during a real world event. Typically, many questions will arise that most would not have thought of without the stimulus of an exercise. For example, some important questions include:
• Who, at the State level, is responsible for requesting waivers?
  • From EPA?
  • From Agriculture?
  • From Transportation?
• Who is the relevant contact at the State Emergency Management Agency?
  • Do they have a role in energy restoration?
  • Do they have fuel needs that industry can assist with?
• Who is the State ESF-12 liaison?

There is much that stakeholders would not know or not ask themselves during normal operations that can become critical during an event. Exercises help tease out this information, create the relationships that lead to the answers, and define the responsibilities of all stakeholders. Preparing for an event takes dedicated, persistent work at the State and local levels, with both public and private partners. Industry associations should ensure they are sharing the information they gather and the lessons they learn throughout these processes back with their members. A concerted effort by industry associations and members can help establish a baseline of education for stakeholders regarding the structure of the oil and gas industry, the requirements for basic operations, and the functions of markets. The end result, if an event occurs, should be a stronger partnership between industry and stakeholders, improved resilience, and more efficient recovery.
The oil and natural gas industry operates under a myriad of regulations to ensure safe operations, environmental quality and fair market competition. The industry has a deep commitment to complying with all regulations, all of the time, regardless of external conditions. However, during the response to an event affecting system integrity, some regulations can impede the quick restoration of services when access to specific resources is limited or workers and equipment are needed from other areas. Governments understand this paradox and the value of quickly restoring critical services when events affect their communities. Waivers, where government temporarily suspends regulations so that companies can, continue operations that will help alleviate the emergency and restore normal operating conditions, are the solution to this problem. The following document identifies many of statues, related issues and waivers that can be requested during an event to speed recovery and a return to compliance.
The following is a “checklist” of all federal regulatory waivers needed to ensure the most efficient functionality of the fuel distribution system possible during a state of emergency (i.e. hurricane, blizzard, etc.). The checklist is organized by administrative department/agency, listing all necessary regulatory waivers within the department/agency’s jurisdiction underneath.

**Environmental Protection Agency (EPA)**

✔ **RFG Requirements**
- **Issue:** Reformulated gasoline (RFG) is a cleaner burning gasoline blend required in areas that are not meeting certain air quality standards. During times of emergency, it is imperative that distributors have the flexibility to get any available fuel into the affected area in any way possible, regardless of whether or not it is RFG.
- **Waiver Needed:** 40 CFR 80.78(a)(7), prohibits persons from combining any reformulated gasoline blendstock for oxygenate blending with any other gasoline, blendstock, or oxygenate.

✔ **ULSD Requirements**
- **Issue:** Ultra Low Sulfur Diesel (ULSD) is a cleaner fuel, with a 15 parts per million (ppm) sulfur specification, required by EPA for vehicles and equipment. During times of emergency, it is imperative that distributors have the flexibility to get any available fuel into the affected area in any way possible, regardless of the sulfur content.
- **Waiver Needed:** 40 CFR 80.510 and 80.520, which set ULSD standards. This waiver would allow the use of high sulfur heating oil in model year 2006 and older vehicles, generators and as home heating oil during the emergency.

✔ **Vapor Recovery Regulations**
- **Issue:** Fuel terminal loading and unloading systems and tank trucks that transport fuels are required to use specified vapor recovery equipment, which can differ from state to state. In the case of an emergency, it is imperative that fuel can get from jurisdiction to jurisdiction by any transport means available. The states include these regulations in their state implementations plans (SIPs), which are approved and enforced by EPA.
- **Waiver Needed:** 40 CFR Part 60 Subpart XX and Part 63 Subparts R, Y andBBBBBB, which set the standards for loading applicable to Bulk Gasoline Terminals, Pipeline Breakout Stations and Marine Tank Vessel Loading Operations, respectively.

✔ **Tank Roof Landing Emissions**
- **Issue:** During an emergency, when more fuel may be needed to pass through a facility’s tanks faster than normal operations, the emptying and filling of tanks may result in higher air emissions due to the tank roof landing emissions in floating roof tanks.
- **Waiver Required:** Air emission regulations are enforceable by EPA and air emissions for specific facilities are limited by their air permits. If EPA provides a waiver (or no-action assurance) during an emergency, each state may also waive the permit limits for an appropriate time during and following the emergency.

Potential Waivers to be Requested during an Incident
Department of Transportation (DOT)

✔ General Administrative Requirements

• **Issue:** The DOT’s Federal Motor Carrier Safety Administration (FMCSA) sets general standards and requirements that apply to vehicle labeling, record keeping, etc. They also require transporters to follow all applicable state and federal requirements. Waiving this section could expedite shipments of fuel to recovery areas and to allow for other federal and state waivers to be effective.

• **Waiver Needed:** 49 CFR 390, which provides the general basis for federal motor carrier safety regulations.

• **Issue:** The DOT Pipeline & Hazardous Materials Safety Administration sets requirements on operator qualification training for certain hazardous liquid and gas pipelines transportation functions or “covered tasks” that meet the components of the “four-part test”. This set of regulations is commonly referred to as Operator Qualification, and an example of a covered task is manual closure of valves. Due to the diversity of hazardous liquid and gas pipeline infrastructure across the Nation, operators train to satisfy the requirements as they apply specifically to their company’s equipment and infrastructure. These requirements, which may be appropriate under regular operating circumstances, hinder the effort for mutual aid from other hazardous liquid and gas pipeline companies in time-sensitive circumstances.

• **Waiver Needed:** 49 CFR Part 192 and 195, subpart N lists the requirements of Operator Qualification, including ‘covered tasks’ and ‘four-part test’ in §192.801(b) and §195.505.

✔ Driver Qualification Regulations

• **Issue:** The FMCSA has certain rules requiring a driver’s physical fitness, fluency in the English language, level of fatigue, the thorough inspection of cargo, ensuring lighting and cargo standards are met and inspection repair and maintenance requirements, which may be appropriate under regular operating circumstances, hinder the effort to get as many loads into the disaster area as possible in a short amount of time.

• **Waiver Needed:** 49 CFR Parts 391-3, and 396, which set driver standards, load standards, inspection standards and etc.

✔ Hours of Service Regulations

• **Issue:** The FMCSA sets requirements on how many hours a truck driver can drive or be on duty in a given day and week. There are also certain rest time requirements between on duty periods. These requirements, which may be appropriate under regular operating circumstances, hinder the effort to get as many loads into the disaster area as possible in a short amount of time.

• **Waiver Needed:** 49 CFR Part 395, which sets hours of service regulations.

✔ Vehicles Not Meeting HazMat Specifications

• **Issue:** DOT’s Pipeline and Hazardous Materials Safety Administrations (PHMSA) sets strict specifications on which vehicles can carry gasoline and other hazardous materials, and how they need to do it (i.e. shipping papers, markings, placarding, etc.). To get the needed quantities of fuel into the disaster area as quickly as possible, more vehicles are needed as long as they are fit to carry gasoline and diesel fuel, even if they do not meet the strict specifications.

• **Waivers Needed:** 49 CFR Parts 173.242 and 172 Subparts C, D, F and I, which govern vehicle specifications and other shipping standards for tank trucks. These waivers will also affect 49 CFR Parts 106, 107 and 171-180.
Jones Act

**Issue:** The DOT’s Maritime Administration has authority to waive The Merchant Marine Act, also called the Jones Act, which requires only U.S. built and flagged vessels carry goods from U.S. ports to other U.S. ports. During times of emergency it is imperative that disaster relief items, including fuel, get to the disaster area as quickly as possible regardless of country of origin. More eligible vessels mean that more disaster relief supplies arrive in a more timely fashion.

**Waiver Needed:** 46 USC 551, which codifies the restriction on non-U.S. flagged vessels delivering from U.S. ports to U.S. ports.

Foreign Oil Spill Response Vessels

**Issue:** The Maritime Administration entered into a Memorandum of Agreement with the U.S. Coast Guard, the Environmental Protection Agency and the State Department to expedite requests for exemptions for foreign oil spill response vessels (oil skimmers, etc.).

**Waiver Needed:** 46 U.S.C. § 55113. This MOU essentially memorializes the process that these agencies created will continue to expedite allowances for foreign oil spill response vessels in the future.

Anchor Handling Waiver Program

**Issue:** Similar to the Launch Barge Program, MARAD is authorized to make determinations under 46 U.S.C. § 501 allowing the use of foreign anchor handling vessels (used to position mobile offshore drilling units) if no U.S.-flag vessels are available, and if the companies that want to use foreign vessels have contracts in place to bring in replacement U.S.-flag vessels.

**Waiver Needed:** 46 U.S.C. § 501 allowing the use of foreign anchor handling vessels (used to position mobile offshore drilling units) if no U.S.-flag vessels are available.

Internal Revenue Service (IRS)

**Diesel Fuel Penalty**

**Issue:** The IRS imposes 24.4 cents per gallon tax on diesel fuel sold for on road use, while dyed diesel fuel used for farming purposes, home heating use and etc. are not ordinarily subject to the tax. Typically, if a diesel fuel that was not subject to this excise tax was converted to use for on road purposes, the IRS would require that use to be reported and the tax paid accordingly. In the case of emergency, the goal is to get as much transportation fuel into the market as possible to make up for supply shortages, and as such, this reporting and tax requirement becomes an impediment to bringing that fuel into the transportation mix.

**Waiver Needed:** Requirements under Publication 510, which governs excise taxes, of the Internal Revenue Code.

Other Federal Government Assistance Options

**Vessel Movement Control**

The Coast Guard has authority to control vessel traffic in areas subject to the jurisdiction of the United States which are determined to be hazardous or under other hazardous circumstances through enactment of safety and security zones. Coordination efforts with the U.S. Coast Guard and Department of Homeland Security (DHS) to provided exclusive access to ports in the disaster area to those bringing fuel and other necessary supplies in an effort to expedite barge movement.
• **Waiver Needed**: Captain of the Port Order waiver under Ports and Waterways Safety Act (33USC 1221 et seq).

✔ **Fuel loans and distribution assistance from the Department of Defense’s (DOD) Defense Logistics Agency (DLA) and DHS’s Federal Emergency Management Administration (FEMA).**

✔ **Fuel Loans from the Department of Energy (DOE).**

### State Specific Waivers Needed to Transport Fuel Interstate

#### Reid Vapor Pressure (RVP) Requirements

- **Issue**: Many states allow a variance, up to 1 lb. RVP, from the most recent version of ASTM D4814 for gasoline blended with ethanol. NIST Handbook 130 also provides for this variance.

- **Waiver Needed**: States that do not allow for an RVP variance may waive the applicable state law or regulation to allow fuel from states that do allow the variance to be used interchangeably across state lines during the emergency.

#### Biofuel Blending Requirements

- **Issue**: Some states require a minimum amount of biofuels to be blended into all gasoline and/or diesel sold within the state.

- **Waiver Needed**: States with minimum biofuel blending requirements may waive the applicable law or regulation to allow fuel that does not contain the specified volume of biofuels to be carries across state lines and sold in the state during the emergency.

#### Stage I Vapor Recovery Requirements

- **Issue**: Fuel terminal loading and unloading systems and tank trucks that transport fuels are required to use specified vapor recovery equipment, which can differ from state to state. In the case of emergency, it is imperative that fuel can get from jurisdiction to jurisdiction by any transport means available. The states include these regulations in their state implementations plans (SIPs), which are approved and enforced by EPA.

- **Waiver Required**: SIPs are enforceable by the EPA and during the case of an emergency, if EPA provides a waiver (or no action assurance) during the emergency, each state requiring Stage I Vapor Recovery may waive the applicable law or regulation to allow trucks and terminals without vapor recovery equipment to operate and move fuel from the terminal to intrastate or interstate destinations.

#### Weight Limits

- **Issue**: All states set weight restrictions (maximum weights allowable) for trucks that travel on their roadways. Because federal law allows each state to set their own weight requirements, not all states set the limits at the same weight. Additionally, these state specific weight limits typically require fuel tankers to be filled at levels below their capacity in most, if not all, states.

- **Waiver Needed**: States may waive their typical weight limits and set temporary limits for trucks carrying emergency relief supplies (including fuel) to allow rapid movement of the largest amount of fuel that can be moved safely intrastate and across state lines. A typical waiver may allow truck from 92,000 lbs. to 100,000 lbs.

#### Distributor License

- **Issue**: Many states require a carrier to pay a fee and obtain a Distributor’s License to transport motor fuel within the state.
• **Waiver Needed:** States may waive the applicable fees and license requirements to ensure that all drivers, trucks and resources within the state, or brought across state lines to provide support, are available to contribute to the disaster relief effort.

✔ **Hours of Service**

• **Issue:** Some states have driver Hours of Service requirements that are more restrictive than the DOTs.

• **Waiver Needed:** States with hours of service regulations that are more restrictive than the federal governments may waive those requirements in kind with the DOT effort to get as many loads into the disaster area as possible in a short amount of time.

✔ **Retail Gasoline Label Requirements**

• **Issue:** States that have specific biofuel blending requirements may require labels that say things like “contains 10% ethanol,” while some fuel transported interstate may not have exactly 10%, but rather “up to 10% ethanol.”

• **Waiver Needed:** States with content specific labeling requirements may waive those requirements to allow fuels that may not be blended with the exact volume depicted on the dispenser to be sold in the state during the emergency.

✔ **Importer/Exporter Licenses**

• **Issue:** State revenue departments require fuel importers and exporters to obtain pay a fee and obtain a license from the state to move fuel across state lines. Without these licenses, the fuel merchant cannot legally buy gasoline from one state and move it to another.

• **Waiver Needed:** Each individual state within the disaster region may allow fuel to be bought and sold within or outside their state by any merchant, whether or not they have paid the proper fee and obtained an importer/exporter license, regardless of where the fuel is purchased and where it will be delivered. States who have allowed this in the past have taken different approaches, with some expediting licenses during the emergency and others waiving the requirements entirely or required the merchant to remit taxes to the state despite not being properly licensed and registered.

✔ **IRP/IFTA**

• **Issue:** The International Registration Plan (IRP) is an agreement among states of the US, the District of Columbia and provinces of Canada providing for payment of commercial motor carrier registration fees. To operate in multiple states or provinces, motor carriers must register in their base jurisdiction (state or province). The International Fuel Tax Agreement (IFTA) is an agreement among states to report fuel taxes by interstate motor carriers.

• **Waiver Needed:** These tax structures, which act as interstate fuel taxes, may be waived in agreement with all states that are affected by the emergency or that are participating in the emergency relief effort to ensure that fuel can move freely from one state to another without being bogged down with tax bureaucracy.
POTENTIAL GOVERNMENT WAIVERS AND THE OIL SUPPLY CHAIN

DOT
- Jones Act
- Foreign Oil Spill Response Vessels
- Anchor Handling Waiver
  State
- Vapor Recovery

DOT/FMCSA
- Declaration of Regional Emergency
- Safety Regulations (Hours of Service, Record Keeping, Driver Qualifications, Inspections)
- Non-Hazmat Spec Trucks
  EPA
  - Fuel Specs (RFG, ULSD)
    State
    - Comm. Truck Weight Limits & Registration
    - Vapor Recovery
    - Importer/Exporter License
    - Interstate Fuel Taxes (IFTA, IRP)

DOT/PHMSA
- Variance to Company Operations and Maintenance Plan

EPA
- Fuel Specs (RFG, ULSD)
- Tank Roof Landing Emissions
  State
  - Fuel Specs
  - Air Quality Startup Emission, Vapor Containment Units

EPA
- Fuel Specs (RFG, ULSD)
- Tank Roof Landing Emissions
  IRS
  - Diesel Fuel Penalty
  State
  - Air Quality - Vapor Recovery
  - Pump Labeling

This is not a comprehensive list of waivers but an example of the many types that can be requested.
POTENTIAL GOVERNMENT WAIVERS AND THE NATURAL GAS SUPPLY CHAIN

DHS/CBP/USCG
- Jones Act
- DOT
- Foreign Oil Spill Response Vessels
- EPA
- Fuel Specs (RFG, ULSD)
- State
- Vapor Recovery

DOT/FMCSA
- Declaration of Regional Emergency
- Safety Regulations (Hours of Service, Record Keeping, Driver Qualifications, Inspections)
- Non-Hazmat Spec Trucks
- EPA
- Fuel Specs (RFG, ULSD)
- State
- Comm. Truck Weight Limits & Registration
- Vapor Recovery
- Importer/Exporter License
- Interstate Fuel Taxes (IFTA, IRP)

DOT/PHMSA
- Variance to Company Operations and Maintenance Plan
- EPA
- Fuel Specs (RFG, ULSD)
- Tank Roof Landing Emissions
- State
- Fuel Specs
- Air Quality Startup Emission, Vapor Containment Units
- Tank Roof Landing Emissions

DOT/FRA
- Shared Use of Track/Rights-of-Way
- Track and Signal Waiver (BSAPs)
- EPA
- Fuel Specs (RFG, ULSD)
- Tank Roof Landing Emissions
- State
- Importer/Exporter License
- Vapor Recovery
- Interstate Fuel taxes (IFTA, IRP)

This is not a comprehensive list of waivers but an example of the many types that can be requested.
For more information, please visit www.api.org