



PROPANE

Newsletter

Fourth Quarter Edition

www.lapropane.org

December 2009

2009 LPGA Members

This roster is updated regularly throughout the year as membership renewals are received.

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BP Products North America, Inc.
Clean Fuel USA
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Dealers LP Equipment Co.
Dufour Petroleum L.P.
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Gas Equipment Company
Hercules Transport, Inc.
J & P Services
L.P.G. Ventures, Inc.
Martin Gas Sales
Meeder Equipment Co.
Mississippi Tank Co.
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Neill Gas
PSI Inc. (Peterskop Industries)
Quality Steel Corp.
Smith's LP Supply
Targa Resources
Trinity Containers, LLC
Wholesale LP Gas

A message from your LPGA President...

We seem to say this every year, but "I really cannot believe it is Christmas already!" As I write this, we are actually having a beautiful snow fall on the same night as our annual Christmas parade. It really is "beginning to look a lot like Christmas." Enough with the clichés and song lyrics, I know we are all extremely busy at this time of year with both holiday and work activities. Therefore, I will not keep you with very much association business. I would like to remind you all to make plans to join together in New Orleans Jan. 31st - Feb. 2nd. We will have our winter board meeting and join with the NPGA board in a time to honor our home-grown chairman, Joe Cordill. We will have several weighty matters to consider at our board meeting, so we hope you can join us.

In closing I want to wish all of you and your families a Merry Christmas and Happy New Year. I hope, despite the hectic schedules, each of you will be able to share in the peace and love that came to dwell with us that first Christmas morning.

Merry Christmas,

Joey Cordill, 2009-2010 LPGA President



LPGA Winter Meeting Update

The 2010 LPGA Winter Board Meeting will be held in conjunction with the 2010 NPGA Winter Meeting on January 31 - February 2, 2010. The meeting will be at the historic New Orleans French Quarter hotel, The Omni Royal Orleans, located on the corner of St. Louis and Royal. The LPGA has a room block for 10-15 rooms, but you must reserve your room before Friday, January 8. Please contact Omni Reservations at 888-444-6664 and reference the National Propane Gas Association to receive the special group rate of \$179 single/double, plus tax.

The LPGA Board meeting will be on Monday, February 1 from 1 p.m.-4 p.m. in the St. Louis/Chartres Room of the Omni Hotel. Participants will also have the opportunity to take part in the other events, such as the Propane PAC Cocktail Reception, the Motorcycle Rally, a Paddlewheels Lunch, and a special activity for the ladies.

Please join us this winter in New Orleans for great Cajun cuisine, historic New Orleans culture, and an exciting weekend with friends, both old and new.

Please RSVP with Kristen Oaks at (225) 763-8922 or Kristen@ccilouisiana.com.

Attention on Propane as Alternative in Crop Disinfection

Propane has recently taken on renewed interest in two initiatives designed to identify and commercialize alternatives to environmentally damaging substances used in agriculture, including methyl bromide.

On November 23, 2009, the Environmental Protection Agency (EPA) issued a proposed rulemaking titled "Protection of Stratospheric Ozone: The 2010 Critical Use Exemption From the Phaseout of Methyl Bromide." Many fumigants such as methyl bromide that are used for high-value crops are identified by EPA as hazardous pollutants, which, in this case, contribute to the depletion of the ozone layer. Though the international treaty known as the Montreal Protocol has severely restricted international use of methyl bromide, the United States has successfully lobbied for "critical-use" exemptions since 2004.

In early November, preceding EPA's notice of proposed rulemaking, PERC's Agricultural Advisory Committee recommended to the Propane Education & Research Council funding a program to develop and commercialize three propane-fueled technologies as alternatives to using methyl bromide as a fumigant to kill soil-borne pests.

One of the criteria for meeting EPA's 'critical-use' exemption is that no technically or economically feasible alternatives are available to the user. The ultimate goal of the PERC-funded research is to develop technologies that economically use propane in the production of pure steam or aerated steam to disinfect soil before planting high-value crops in lieu of using ozone depleting fumigants.

This article appears courtesy of NPGA.



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- LP494** - 1-26,950gal Chicago Bridge & Iron, 210psi @ 650, Jones Chappell, AL
- LP489** - 14,000gal National Butane Co ASME storage, 250psi, Amory, MS
- LP538** - 1 - 30,000 gal Chicago Bridge & Iron in Wilmington, NC
- LP488** - 2-10,000gal Mississippi Tank Co, 250psi, 1955, Amory, MS

Skid Tanks Custom Built

2010 Membership dues notices have gone out. Please send in your payment for your membership dues as soon as possible. If you have not received a 2010 membership dues notice, please contact Kristen Oaks at the LPGA office at 225-763-8922.

The NPGF Scholarship Fund is now accepting applications for the 2010-2011 academic year!

Apply online now at www.npga.org/scholarship

The deadline to apply is March 15, 2010!

For more information contact

Tara Falls at scholarship@npga.org!



CUSTOMER OWNED TANKS: MARKETERS NEED TO PROTECT THEIR BUSINESS

Customer owned tanks (“COTs”) are becoming increasingly popular with propane customers. The COT attraction is understandable. It allows the customer to shop around for the best propane rates without being locked into a tank lease agreement or tied to a specific marketer. While on its face it may be an attractive option for the customer, there are many safety concerns that must be considered by marketers. These safety concerns also raise a number of issues that marketers should address when servicing a customer with a COT.

In a typical tank lease agreement, the marketer is responsible for the propane tank’s upkeep and maintenance. This is because the marketer actually retains ownership of the tank. A COT, however, is owned by the customer. Therefore, the customer is responsible for tank maintenance in a COT situation. This arrangement should concern certain marketers.

With a COT, the marketer typically will not know the tank’s history, condition and past maintenance performed. This is especially true since some COTs are refurbished older tanks purchased on the cheap. In addition, since COT customers often switch marketers, a subsequent marketer may not be familiar or know of any prior concerns another marketer may have had with the tank.

Further, if the COT is an underground tank it raises a number of other concerns unique to underground tank applications. Underground tanks require cathodic protection to prevent corrosion. An underground COT’s cathodic protection history may not be available to the marketer. Therefore, a marketer may not know whether the tank is properly protected unless it tests the cathodic protection levels. This could create extra costs and expenses for the marketer or customer. Additionally, since the tank is underground, it cannot be easily inspected. Marketers must weigh all these factors when deciding whether to deliver to an underground COT.

If a marketer decides to deliver to a COT, it should make every effort to protect their business. COTs do create an additional risk because control over the tank is held by the customer as opposed to the marketer. Customers may lack the knowledge and experience to recognize potential problems with a tank that a marketer could identify. Due to risks, our firm recommends that marketers utilize a specialized contract drafted specifically for COT customers.

This contract should clearly identify the obligations of each party. It should state which party will be responsible for tank maintenance and, if applicable, who will monitor and maintain the cathodic protection. The contract should also contain an indemnification/hold harmless clause to protect the marketer should the tank, or other customer owned equipment, fail which the customer had agreed to maintain. Further, the contract should identify the payment terms and whether it involves a keep fill arrangement, pay as you go, pre-pay, cash on delivery, or other type of payment option.

Also, if it is not a keep fill arrangement, then the contract should address what occurs in an out of gas situation. Since an out of gas situation requires that the marketer complete a system leak test, the cost of that test should be the customer’s obligation. Finally, if a marketer is not satisfied with the condition of the COT, or the condition deteriorates due to improper maintenance, then the marketer should be permitted to cancel the agreement. The procedure to cancel the agreement should be spelled out in the contractual language.

The above does not address each contractual clause that should be included in a COT delivery contract, but it does highlight some of the major components. Other issues to consider may include what tests a marketer should conduct when first delivering to a COT, what occurs if the odorant is compromised due to tank corrosion, what happens to the gas in the tank when the customer breaches the agreement, and is there a minimum threshold of propane that the customer must purchase from the marketer. Additionally, there are a number of other issues that a marketer may want to address in the COT delivery contract. Ultimately, marketers should retain an attorney that is familiar with the propane industry, its codes and regulations, and the marketer’s business operations to draft an appropriate COT delivery contract.

This article appears courtesy of Eugene M. LaFlamme. Mr. LaFlamme is a Senior Associate at McCoy & Hofbauer S.C. He is a member of the Propane Gas Defense Association.



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NPGA announces dates for Propane Days 2010

NPGA has announced the dates for the 2010 Propane Days in Washington, D.C. We have selected Tuesday, June 8 and Wednesday, June 9 at the Hyatt Regency on Capitol Hill.

Propane Days is NPGA's flagship program providing participants with opportunities to educate members of Congress on the most critical issues facing the industry. Meetings on Capitol Hill also provide an opportunity to educate policymakers about the many benefits of propane, new propane technologies, and the impacts propane has on the U.S. economy.

It is critically important for our industry to maintain the momentum created through the five preceding Propane Days to educate policymakers about our industry. Energy policy is at the forefront of the legislative agenda and will continue to be a major issue for years to come. If the propane industry abdicates its responsibility for the issues that go straight to the heart of our businesses, we will not be taken seriously by those making these decisions. It is critical that NPGA and its members take part in Propane Days to ensure that our voice is heard on Capitol Hill.

Save the Dates!

Jan. 31-Feb. 2, 2010 - LPGA Winter Board Meeting in New Orleans, LA.

March 15, 2010 - Deadline for the National Propane Gas Foundation Scholarship Fund.

June 8-9, 2010 - Propane Days in Washington, D.C.

FYI!

As of January 1, 2010, any promotional material featuring the "Energy Guys" can no longer be used. Their contract has ended and any materials using the characters are prohibited from further use. Please contact Kristen Oaks at the LPGA office if you have any questions or concerns.



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