

Ryan – hope all is well my man. Been a long time since we've been able to catch up, I'm sure you're in a constant state of busy but hopefully we can all find some time soon. I work with your former colleague at EPW, Lazer (great guy) and he said he caught up with you out a couple times with some of team Inhofe so I know we can make it happen. That aside, I had an EPA related issue I was hoping you could connect me with the right people on your team to discuss with. I've attached a full summary of the situation but briefly:

Kirby Corporation has a waiver issue arising from a recent acquisition of a company Stewart and Stevenson (S&S). Both companies participate in the EPA "Transition Program for Engine Manufacturers" using the "single family compliance option." This allows each company to use a certain number of Tier 2 engines from a single manufacturer during the period of the program, which expires at the end of 2017. S&S entered into contracts before the Kirby acquisition to produce equipment using engines it obtained under the program. EPA regulations stipulate that post-acquisition, S&S must use engines that are the same as Kirby's other engine subsidiaries. Problem arising in S&S cannot satisfy its existing contractual obligations using the other engine. Reasoning being, this is the only engine in their frac fleet so their entire maintenance and parts system is built around supporting this engine. The engines are in S&S's inventory and ready to be installed as the units are constructed. Kirby cannot meet its acquired contractual obligations except by using these engines.

We were seeking a dialogue with EPA staff you have brought in on the team about a hardship provision that currently exists giving EPA the discretion to allow relief. It is my understanding that EPA career staff has previously taken a position that an acquisition cannot be the primary reason for hardship relief, although there is no statutory prohibition for using an acquisition as the basis of hardship relief. Kirby maintains that the law allows the hardship exception in this case which in turn will mean contractual obligations can be met and keep workers employed building products that customers need.

Appreciate it if you can help me identify the right folks at EPA to engage on this with. Kirby is positions to submit their application on a rapid timeline so we can make any in person or conference call happen immediately. As a head's up they are also getting in touch with Culberson and Cornyn to engage on the issue so you might get some inquires coming your way from the hill as well.

Thanks in advance – I really appreciate it – and let me know if there is anything else you

need from my end to set something up with Kirby.

- Chris

Chris Sarley | Vice President

<image001.jpg>

Annapolis | Atlanta | Austin | Baton Rouge | Chicago | Des Moines

Houston | Jackson | Richmond | Springfield | **Washington**

202.448.9511 Direct | 202.494.0960 Mobile | 202.448.9500 Office

300 Independence Avenue, SE

Washington, DC 20003

www.cgagroup.com | @CGAGroup

<Kirby Engine Issue Summary.pdf>

To: Wagner, Kenneth[wagner.kenneth@epa.gov]; Flynn, Mike[Flynn.Mike@epa.gov]
Cc: Bowman, Liz[Bowman.Liz@epa.gov]; Assemblyman Pete Lopez[grassrootspete@gmail.com];
Hewitt, James[hewitt.james@epa.gov]; Lyons, Troy[lyons.troy@epa.gov]; Munoz,
Charles[munoz.charles@epa.gov]; Graham, Amy[graham.amy@epa.gov]
From: Jackson, Ryan
Sent: Thur 9/28/2017 11:12:33 AM
Subject: RE: Press Release for Tomorrow

Perfect. We are rolling.

From: Wagner, Kenneth
Sent: Wednesday, September 27, 2017 10:53 PM
To: Flynn, Mike <Flynn.Mike@epa.gov>
Cc: Bowman, Liz <Bowman.Liz@epa.gov>; Assemblyman Pete Lopez
<grassrootspete@gmail.com>; Hewitt, James <hewitt.james@epa.gov>; Lyons, Troy
<lyons.troy@epa.gov>; Jackson, Ryan <jackson.ryan@epa.gov>; Munoz, Charles
<munoz.charles@epa.gov>; Graham, Amy <graham.amy@epa.gov>
Subject: Re: Press Release for Tomorrow

I spoke with Pete and he suggested the changes that Liz and I discussed, but there is a typo in the first quote from Ladan...it say "more two decades" and should say more than two decades.

Also, change Peter to Pete as discussed. He also agreed that New Jersey should be moved up...

Ken

Kenneth E. Wagner

Senior Advisor to the Administrator

For Regional and State Affairs

U S Environmental Protection Agency

202-564-1988 office