



PIPELINE PUNKS · INTELLIGENCE SERIES

Petroleum Operations Brief

From the rack to the real world.

October 13, 2026 · Developments October 8-13 · Bulk fuel, tank wagon, cardlock and transport

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QUESTION THE HYPE. KEEP IT FLOWING.

SOURCED. NOT SOLD.

Bottom line: Colorado has paused state enforcement against dyed diesel on highways through December 31, but federal Treasury/IRS guidance that would make on-road dyed sales workable had not been located as of this morning, three days past its target date. Washington also licensed Russian-origin diesel imports through April 7, 2027. Diesel prices are off the September peak but still about \$2.4880/gal above a year ago, and both EIA weekly releases slip a day this week because of Monday's federal holiday.

Correction (Edition 2): Edition 1 said the federal \$0.2440/gal diesel tax is deferred under the October 5 executive order. That was too broad. The order covers only the §4041 user-level diesel taxes, and only if Treasury makes a §7508A determination; the §4081 rack tax is not deferred and is still due. Item 1 has been corrected and checked against the Federal Register text and the IRS newsroom on October 13 at 12:03 p.m. MT.

1. Colorado executive order pauses dyed-diesel enforcement; federal tax guidance still missing

What changed. Governor Polis signed Executive Order D 2026 020 on Friday, October 9. According to the governor's office as reported by local outlets, it does three things. The Colorado Department of Public Safety will not enforce the ban on dyed diesel on state highways through December 31, 2026. CDOT will issue permits allowing fuel trucks to carry more weight on state highways, subject to safety rules. CDPHE will ask EPA to waive reformulated-gasoline requirements for summer 2027, which is a request and not a waiver. Separately, the federal executive order of October 5 told Treasury to decide within about five days (roughly October 10) whether excise-tax deferral under IRC §7508A applies and told the IRS to announce §6715 penalty relief. As of October 13, no implementing notice appeared on the IRS newsroom. The order's deferral is narrow: it covers only the user-level diesel taxes under 26 U.S.C. 4041(a)(1)(A) and 4041(b)(1)(B), and only if Treasury determines that relief is authorized under §7508A. It does not mention the §4081 tax collected at the terminal rack, which remains due on Form 720 and the semimonthly deposits as usual. Any deferred amounts are postponed, not forgiven.

Why it matters operationally. Tank wagon and cardlock customers will read "dyed diesel is legal on the road now" in the headlines and ask for it. That is not what either order does. The Colorado order is an enforcement pause, and it does not address Colorado special fuel tax liability. The federal relief is not operative until Treasury and the IRS act. Under existing IRS rules (Publication 510), a seller who knows or has reason to know of on-road use can be jointly liable for the backup tax. The CDOT weight permits could raise transport payloads per load, but permit terms (weights, axles, routes, duration) had not been published in anything reviewed for this brief.

Interpretation: the exposure for distributors is selling dyed product for on-road use, or quoting a tax-free price, before the federal and state tax treatment is defined.

Action. Keep paying and reporting §4081 tax as usual. Keep the current dyed and clear sales practices, invoice tax lines and cardlock product restrictions in place until Treasury/IRS guidance is issued, as EMA has also advised. Prepare an ERP tax-code and invoice-language change so it is ready if relief is confirmed, and log gallons, customer, vehicle and stated use on any dyed sale where on-road use is possible. Ask the Colorado Department of Revenue about special-fuel-tax treatment, and ask CDOT about the fuel-truck permit process before anyone plans heavier transport loads.

Sources: [CBS Colorado](#) · [Denver7](#) · [White House fact sheet](#) · [EMA regulatory alert](#) · [IRS newsroom](#) · [Federal Register 2026-20855 \(EO 14435\)](#)

2. OFAC General License 135 authorizes Russian-origin diesel imports through April 7, 2027

What changed. On October 9, OFAC issued Russia-related General License 135. It authorizes transactions involving the sale, delivery, offloading and importation, including into the United States, of Russian Federation-origin diesel fuel that the sanctions regulations at 31 CFR parts 587 and 589 would otherwise prohibit. It runs through 12:01 a.m. EDT on April 7, 2027, and excludes debits to accounts of Russia's central bank, National Wealth Fund or Ministry of Finance. The tranche volumes in circulation (up to about 4.8 million tons, of which only the first 300,000-plus tons is described as firm) come from the President's announcement and press reporting, not from the license. On October 11 the President also announced an "energy ceasefire" between Russia and Ukraine. Ukraine has said it supports one if Russia does, and no Russian confirmation had been reported as of October 11.

Why it matters operationally. The license is final and in effect, but physical barrels are not guaranteed. Russian refineries have been damaged, and a Russian producer export ban reportedly runs through October 31.

Interpretation: any imports would land at coastal terminals, so the effect on PADD 4 would come through futures and rack prices, not through local supply. Wholesale prices may react to headlines before any cargo arrives.

Action. Treat this as a price-volatility factor rather than a supply fix. Avoid long fixed-price commitments based on expected relief, and watch whether futures changes actually reach Denver and Rocky Mountain racks.

Sources: [OFAC recent action, Oct. 9](#) · [GL 135 text \(PDF\)](#) · [Business Today on energy ceasefire](#) · [Discovery Alert on tranche volumes](#)

3. IEA speeds release of pledged stocks and prioritizes diesel; Governing Board meets October 14-15

What changed. On October 7, IEA members agreed to speed up the stock releases already pledged under the March 2026 plan and to prioritize diesel "to the extent possible." Analysts and some governments said the roughly 100 million barrels is mostly volume already pledged in March and not yet delivered, rather than new supply. The Governing Board reviews the plans October 14-15. Separately, Hurricane Isaias came ashore near Destin, Florida, on October 9 as a Category 2 storm. At the peak, about 72% of Gulf of Mexico oil output was shut in as a precaution. Reporting through October 12 indicates major refiners were largely spared, but no comprehensive post-storm refinery status had been published.

Why it matters operationally. EIA's October STEO expects distillate inventories to stay about 20% below the 2021-2025 average through this winter. *Interpretation:* releasing stocks faster eases the timing of supply but does not fix the deficit. Rocky Mountain winter demand for heating, agricultural and snow-removal fuel will meet thin coastal inventories, which leaves little room if a regional refinery has a problem.

Action. Read the Governing Board outcome this week for any specific U.S. diesel volume. Confirm winter supply agreements, secondary-terminal options and allocation terms with suppliers now, not in December.

Sources: [AI-Monitor \(Reuters\)](#), Oct. 7 · [EIA STEO](#), Oct. 6 · [EnergyNow on Isaias](#)

4. Price check and holiday-shifted EIA calendar

Latest official data. EIA retail prices for the week of October 5, 2026, released October 6. No new weekly prices came out October 12 because of the federal holiday.

Series (\$/gal)	Price	Week chg	Year chg
U.S. on-highway diesel	\$6.1990	-\$0.1830	+\$2.4880
Rocky Mountain (PADD 4) diesel	\$6.2670	-\$0.1400	+\$2.5960
U.S. regular gasoline	\$4.3540	-\$0.1110	+\$1.2300
Rocky Mountain (PADD 4) gasoline	\$4.4170	-\$0.0690	+\$1.3510

Calendar. The next Gasoline and Diesel Fuel Update comes out Wednesday, October 14. The Weekly Petroleum Status Report for the week ending October 9 comes out Thursday, October 15, at 12:00 p.m. ET instead of Wednesday at 10:30 a.m. The next STEO is November 10. The Veterans Day week shifts the same way: the WPSR for the week ending November 6 comes out Thursday, November 12.

Action. Fuel-surcharge schedules and cost-plus contracts that reference the Monday EIA diesel index should use the October 14 release. Check that billing automation does not carry forward the October 5 value or fail on the delay. Rocky Mountain diesel fell less than the national average week over week (\$0.1400 vs. \$0.1830/gal).

Sources: [EIA Gasoline and Diesel Fuel Update](#) · [EIA WPSR release schedule](#) · [EIA STEO](#)

Upcoming operational dates

Date	Item
Oct 14	EIA diesel and gasoline prices (holiday-shifted); IEA Governing Board meets Oct 14-15
Oct 15, 12:00 p.m. ET	EIA WPSR, week ending Oct 9
Oct 28	PHMSA final rule (HM-241, 91 FR 61144, published Sept 28) takes effect. It incorporates ASME Section XII (2015) and NBIC (2015) for certain specification cargo tanks, including DOT 406. Construction under Section XII is an authorized option; check with your tank builder or repair shop on continued-service and repair implications.
Oct 31	Russian producer diesel export ban reportedly expires (secondary reporting)
Nov 10 / Nov 12	EIA STEO / WPSR (Veterans Day shift)
Dec 16, 11:59 p.m.	FMCSA hours-of-service waiver for interstate gasoline and diesel transport (49 CFR 395.3) expires. Drivers must carry a copy of the waiver; the 16-hour daily driving cap and crash-reporting conditions apply.

Date	Item
Dec 31	End of the EO 14435 relief period (\$4041 deferral, if authorized, and \$6715 penalty relief) and of Colorado's enforcement pause
Apr 7, 2027	OFAC GL 135 expires

Sources: [PHMSA FR doc 2026-19741](#) · [FMCSA HOS fuel waiver](#)

Automation and AI

No dispatch, ERP or AI product announcement this period had verified capabilities and a concrete effect on small and midsize distributors. Vendor messaging at the NACS Show (October 6-9) was aimed mainly at convenience retail. The automation work that matters this week is ordinary system setup: an ERP tax-code path for dyed-diesel relief that can be turned on when needed, documented use declarations, and surcharge logic that tolerates EIA's holiday delays.

Prioritized follow-up

1. Do not change dyed-diesel sales or tax collection until Treasury and the IRS publish guidance, and brief drivers and customer-service staff on the approved answer.
2. Get the Colorado executive order text, plus CDOT permit terms and the Department of Revenue's position on special fuel tax for on-road dyed use.
3. Use the October 14 EIA release for surcharge and index billing, and check that automated jobs handle the delay.
4. Confirm winter supply agreements and backup terminals ahead of an expected inventory deficit of about 20%.
5. Have cargo-tank inspection and repair vendors confirm what HM-241 changes for them before October 28.

Deeper reading

- [Tank Transport: Dyed diesel relief, tax rules for fleets and distributors](#)
- [Mansfield Energy: White House orders review of federal diesel tax relief](#)
- [OFAC General License 135 \(primary text\)](#)
- [EIA Short-Term Energy Outlook, October 2026](#)

Prices are EIA weekly retail averages including taxes. Items marked "interpretation" are operational analysis, not reported fact. Proposed, final and effective dates are stated as published.

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Jacob Johnston | 719-204-6365 | jacob@truenorthstrategyops.com

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