

ExxonMobil Follows Major California Refiners In Early MTBE Ban

HOUSTON--JULY 30, 2002--*Researched by Industrialinfo.com (Industrial Information Resources, Incorporated; Houston, Texas).*

ExxonMobil's (NYSE: XOM)(Irving, Texas) announcement to switch from MTBE to ethanol came as no surprise earlier this month as they are behind the other major refiners in California in announcing banning MTBE in Reformulated Gasoline markets.

ExxonMobil says it is committed to providing California consumers with gasoline that meets the state's environmental standards.

BP(NYSE: BP)(London, England), Shell/Royal Dutch (NYSE: RD)(Rotterdam, Netherlands), Phillips(NYSE: P)(Bartlesville, Oklahoma), and now ExxonMobil will adhere to California's original MTBE ban deadline of January 1, 2003 and start blending ethanol with gasoline by early 2003 despite Gov. Gray Davis decision to delay the ban to January 1, 2004.

That leaves Valero (NYSE: VLO)(San Antonio, Texas) and ChevronTexaco (NYSE: CVX)(San Francisco, California) as the only major California refiners left without a decision to make the switch early. Valero, one of the largest MTBE producers, plans to convert by the 2004 deadline stating the third-party terminals they use will not be ready to convert to ethanol by 2003. ChevronTexaco is currently working infrastructure and transportation issues.

Fears of gasoline supply shortages and price increases drove the Governor to delay the ban one year in an announcement made back in March of this year.

Jay Brunson, Industrialinfo.com's Synthetic Fuels Manager, said, "California consumes about one million barrels per day of petroleum gasoline. At a 5.7% blend of ethanol, the state will need around 43,000 additional barrels of petroleum gasoline and other additives per day to make up the difference of a 10% MTBE blend in fuel. The gasoline shortfall is where the supply and price increase fears are coming from, not the ethanol. Ethanol producers are building new plants and expanding to meet California's demands."

Kinder Morgan, California's only common pipeline and terminal operator, halted ethanol modifications earlier this year because it had no clear sign that refiners were going to make the switch early. With the announcement of the world's largest oil company planning to make the switch, installation of blending systems and ethanol storage tanks at the terminal level should begin proceeding again. Kinder Morgan operates about 15 gasoline terminals in California.

IIR's [Ethanol Production Database](#) provides a comprehensive outline of all current development activities in the emerging synthetic fuels market. This database covers 73 ethanol plants currently in operation and 70 plants under development. It also covers 9 biodiesel plants and 7 plants underdevelopment. For more information on the Synthetic Fuels industry as well as other industrial sectors send inquiries to synfuelsgroup@industrialinfo.com or visit us at www.industrialinfo.com or www.iirenergy.com.