

ARCO CHEMICAL COMPANY PRE-CONFERENCE STATEMENT

ARCO Chemical Company is the world's largest producer of MTBE. We strongly support the Colorado Air Quality Control Commission's proposal to develop a regulation that allows all commercially available oxygenates to be used in a program to reduce carbon monoxide emissions from motor vehicles. We believe that this approach will increase the likelihood that the proposed program will succeed in its objective.

ARCO Chemical has submitted test data which shows that gasoline containing 1.5 to 2.0 wt% oxygen will result in reductions of CO emissions of 20% to 30% respectively. Tests conducted by the Colorado Department of Health show similar results. ✓

MTBE has met with widespread acceptance from amongst the major oil refiners and automobile manufacturers. MTBE production and use has risen significantly over the past years as the industry has sought octane replacements for lead in gasoline. Sixteen of the top twenty oil companies are using MTBE blends in their gasoline today and additionally fourteen of the top twenty companies are currently producing or have plans to produce their own MTBE. At the same time, the auto industry has widely accepted the use of MTBE as a fuel additive. Fleet tests and consumer use have shown that there are no driveability performance problems with gasolines containing 1.5 to 2.0 wt% MTBE and that fuel system and engine components are compatible with MTBE. ✓

Supplies of MTBE have grown over the past few years consistent with product demands. Current domestic capacity is rated at 84 MB/D compared to 32 MB/D just two years ago. It is estimated that capacity will grow to 92 MB/D by the end of 1988 and more than double on a worldwide basis by the early 1990. ✓

ARCO Chemical feels that the current and future capacity of MTBE is sufficient to meet the needs of Colorado under proposed Regulation 13 for the 1987-1988 phase of the program, at a maximum cost to the consumer which would average out to less than \$2.00/yr. In fact, ARC feels the current supply of MTBE could allow Colorado to start this program without a phase-in period. ✓

There are two major areas of concern that we feel need to be raised about proposed Regulation 13. First, the proposed calls for a minimum of 2 wt% oxygenate for the period November 1988 through March 1989 and each November to March period thereafter. This minimum requirement conflicts directly with the 2 wt% maximum // X

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X / requirement of EPA's substantially similar rule. Since refiners cannot always guarantee an exact consistent 2.0 wt% level, some flexibility will be needed in order to insure refiners will not be violating the law.

In addition, ARCO Chemical feels that the proposal for fuel pump labeling indicating the type and amount of oxygenate in the gasoline is unnecessary for MTBE. Only two automakers (BMW and Mercedes) make any mention of the use of MTBE in gasoline. We question the need for this requirement if the auto warranty does not mention its use. We do feel, however, that labeling of alcohol fuels is appropriate since nearly all automakers caution about the amount and type of alcohol fuel blends which should be used. ARCO Chemical supported the use of alcohol fuel pump labels when we were selling OXINOL (R), a blend of methanol and cosolvent.

In conclusion, ARCO Chemical agrees with the CAQCC that the use of oxygenated fuels, such as MTBE, will have a positive affect on reducing CO tailpipe emissions. We feel this is a viable proposal in light of the fact that the current U.S. production of MTBE is sufficient to meet expected demands of Colorado. We do not feel that MTBE pricing or logistics will be a significant impediment to your goals. We do recommend amending proposed Regulation 13 to address the problem of your proposed 2.0 wt% minimum requirement versus EPA's 2.0 wt% maximum requirement.

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