

June 21, 2000

The Honorable Henry A. Waxman
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Waxman:

Thank you for your letter of May 31 inquiring about MTBE demand over the 1986-1991 period. Some time was needed to thoroughly assess the data you provided.

We have obtained information from the Energy Information Administration that suggests that the MTBE data in your letter is inclusive of U.S. MTBE exports and also that the 1991 data point is incorrect. Adjusting your data for exports and correcting the 1991 data point gives the following estimates of MTBE demand over the period of interest.¹

1986	54,400	barrels/day
1987	63,000	barrels/day
1988	68,200	barrels/day
1989	72,800	barrels/day
1990	84,000	barrels/day
1991	104,300	barrels/day

While these estimates appear to be the most accurate data available, they are not officially published statistics, and the amount of uncertainty associated with them is likely to be large.

Based on this data, the average U.S. MTBE demand over the years 1986 -1991 is estimated to be 74,450 barrels per day. According to the USDOE/EIA², U.S. MTBE demand in 1998 was roughly 235,000 barrels per day. Hence, it is estimated that MTBE consumption would need to be reduced by 160,550 barrels per day in order to bring consumption down to the average of 1986 -1991 use levels (based on the 1998 MTBE demand level).

¹ DeWitt and Company, Houston, TX.

² USDOE/ EIA, personal communication.

For purposes of comparison, the California Air Resources Board³ (CARB) also estimated MTBE demand over the period in question. Their estimates are as follows:

1986	69,498 barrels/day
1987	73,382 barrels/day
1988	75,636 barrels/day
1989	85,099 barrels/day
1990	100,481 barrels/day
1991	117,977 barrels/day.

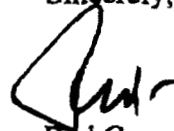
The CARB developed these estimates by assuming that U.S. demand equals 90% of capacity.⁴ Based on this data, the average U.S. MTBE demand for the years 1986-1991 is estimated to be 87,012 barrels per day. Undertaking the analogous estimation as was done above with the DeWitt data, it is estimated that MTBE consumption would need to be reduced by 147,988 barrels per day in order to bring consumption down to the average of 1986 -1991 use levels.

That the different data sources yield varying estimates of required MTBE reductions reflects, to a certain extent, the uncertainty inherent in the underlying estimates of MTBE demand over the period in question, as was noted above.

Finally, according to the USDOE/EIA⁵, California MTBE demand appears to be roughly 103,022 barrels per day.

Should you have further questions, or if I can be of further assistance to you in this matter, please do not hesitate to call.

Sincerely,



Red Cavaney

³ California Air Resources Board, Stationary Source Division, *An Overview of the Use of Oxygenates in Gasoline*, September 1998, www.ARB.CA.GOV.

⁴ The estimates were also adjusted for exports.

⁵ USDOE/EIA, personal communication.

Congress of the United States
House of Representatives
Washington, DC 20515-0529

HENRY A. WAXMAN
29TH DISTRICT, CALIFORNIA

RANKING MEMBER
COMMITTEE ON GOVERNMENT
REFORM
MEMBER
COMMITTEE ON COMMERCE
DEMOCRATIC STEERING COMMITTEE

May 31, 2000

Mr. Red Cavaney
President and Chief Executive Officer
American Petroleum Institute
1220 L Street, NW
Washington, DC 20005-4070

Dear Mr. Cavaney:

As you know, Congress may soon consider legislation to significantly reduce production and use of methyl tertiary butyl ether (MTBE). I am writing to request information that will be of great assistance in this effort.

Your work with the Northeast States for Coordinated Air Use Management (NESCAUM) and the American Lung Association (ALA) has resulted in a proposal to reduce current MTBE production and use to the average level of production and use in calendar years 1986 through 1991. Although the government does not appear to maintain official records on the amounts of MTBE used during each of these years, the most accurate data available indicates that levels of MTBE use in the U.S.¹ were as follows:

1986	55,000 barrels/day
1987	65,000 barrels/day
1988	70,000 barrels/day
1989	75,000 barrels/day
1990	86,000 barrels/day
1991	82,000 barrels/day

Based on this information, it would appear that the average MTBE demand for years '86 - '91 is 72,166 barrels/day. In 1998, the U.S. used 285,000 barrels/day.² Therefore, the API-NESCAUM-ALA proposal would reduce MTBE production and use by almost 213,000 barrels/day. Over one-half of this amount could be achieved through implementation of

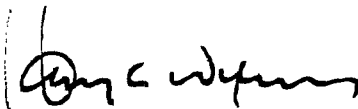
¹DeWitt & Company, MTBE/Oxygenates/Fuels, October 31, 1996.

²Memorandum, Oxygenated Fuels Association, April 2000.

California's ban on MTBE, which would reduce MTBE use by 110,000 barrels/day.³

I request that you confirm the accuracy of these numbers, or provide the most accurate numbers available. I appreciate your immediate attention to this important issue.

Sincerely,



Henry A. Waxman
Member of Congress

³California Energy Commission, SUPPLY AND COST OF ALTERNATIVES TO MTBE IN GASOLINE, P300-98-013, February 1999.