

SECTION 211(b) RESEARCH GROUP

Background Information

On May 27, 1994, the Environmental Protection Agency (EPA) issued a final rule, Section 211(b) of the Clean Air Act (the "211(b) Rule") which adds new health effects information and testing requirements to the Agency's existing registration program for motor vehicle fuels and fuel additives (F/FAs). The rule requires additional actions that must be taken to register or maintain product registration. Under the new registration program, producers of current and new motor vehicle F/FAs are required to provide information and test results to EPA regarding the composition of emissions from their products and the potential effects of these emissions on the public health and welfare. These requirements supplement the current registration for F/FAs.

A research group has been formed (hereafter referred to as the "Section 211(b) Research Group") by a group of fuel and fuel additive companies (herein referred to as "Members"), using the assistance of the American Petroleum Institute (API), to provide for joint testing of certain fuels and fuel additives required to be tested by the 211(b) rule. Members will be free to form or belong to other testing groups in addition to one described in this summary.

The Section 211(b) Research Group will test two of the three Fuel/Additives categories outlined in the Rule. **This Research Group is open to any company which has an interest in the registration of these products with EPA.** The Research Group will test:

Baseline fuel groups which contain no elements other than carbon, hydrogen, oxygen, nitrogen and sulfur, and for gasoline contain less than 1.5% oxygen by weight, and for diesel contain less than 1.0% oxygen.

Non-baseline (NBL) fuel groups which contain only the elements listed above but are either derived from nonconventional sources (e.g., shale, used oil), or contain in excess of 1.5% or 1.0% oxygen by weight for gasoline and diesel respectively.

This Research Group's testing scope does not include a third category of fuel groups covered by Section 211(b), namely atypical fuel groups which consist of fuels or fuel additives that contain elements other than carbon, hydrogen, oxygen, nitrogen and sulfur.

Funding will be allocated among the Members using a share-based formula which takes into account company size, product types and number of NBL fuel groups the Member wishes to register with EPA. In assigning shares, Members will be grouped as follows:

SHARES	MEMBER CATEGORY
3	Refiner/Importer Over 250,000 bbl/cd*
2	Refiner/Importer 100,000 - 250,000 bbl/cd*
1	Refiner/Importer 10,000 - 100,000 bbl/cd*
.5	Refiner/Importer Under 10,000 bbl/cd*
1	Oxygenate Manufacturer
1	Additive Manufacturer

* Total refining capacity per calendar day

All Members will participate in the cost of the Core Program, which includes the costs associated with testing Baseline Gasoline and Baseline diesel fuel groups and all administrative overhead associated with the entire testing program. The direct costs of testing each NBL fuel group will be allocated to Members that subscribe for that NBL fuel group. If a company is involved in more than one category, the shares will be cumulated, but **core shares will not exceed a total of four (4) shares**.

The allocation formula will be based on the share allocation above, except that each company will only be assigned shares based on its highest share category. For example, any Refiner/Importer with capacity of 100,000 to 250,000 bbl/cd which also manufactures oxygenates will be allocated three (3) shares for Core Program but will only be allocated two (2) shares in each NBL fuel group for which it subscribes.

Actual costs for each Member will not be known until completion of the testing program is finalized.

SUMMARY OF COSTS PER SHARE			
Share type	Original shares cost (1994)	Increased cost per share for Alternative Tier 2 (2000)*	TOTAL cost per share
Core Program	\$24,248	\$29,852	\$54,100
Non-baseline Fuel Groups:			
MTBE	\$11,236	\$22,573	\$33,809
EtOH	12739	\$0	\$12,739
TAME	\$24,929	\$0	\$24,929
ETBE	\$19,449	\$3,783	\$23,232
DIPE	\$171,429	\$7,624	\$179,053
TBA	\$400,000	\$50,238	\$450,238

* Costs for Tier 2 increased after expanded scope of work was negotiated with EPA

CORE SHARE COST BY MEMBER CATEGORY		
Shares	Member Category	Cost
3	Refiner/Importer Over 250,000 bbl/cd	\$162,297
2	Refiner/Importer 100,000 - 250,000 bbl/cd	108,198
1	Refiner/Importer 10,000 - 100,000 bbl/cd	54,100
.5	Refiner/Importer Under 10,000 bbl/cd	27,050
1	Oxygenate Manufacturer	54,100
1	Additive Manufacturer	54,100

Attached to this Summary is a Company Information Form to be filled out by each company interested in participating in the Section 211(b) Research Group. Each company that returns a completed Form to API at the number below will be sent an Agreement package for signature.

Please fax or email the completed Company Information Form to Michael Kennedy at kennedym@api.org.

Thank you for your interest in the 211(b) Research Program.