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Company Delivering Lower-Sulfur Gasoline To Four Texas Cities

Voluntary initiative reflects commitment by Koch Petroleum Group to help region's air quality efforts

Wichita, Kan. -- Four Texas cities – Austin, San Antonio, Corpus Christi and Waco – are now receiving shipments from Koch Petroleum Group of gasoline and diesel fuels with sulfur levels 50 percent lower than today's industry average.

The cleaner-burning fuels, made possible by a voluntary \$32 million investment in upgrades to the company's Corpus Christi refining complex, is available in all grades and priced competitively with other suppliers' fuels. The move fulfills a commitment Koch Petroleum made last year to provide the lower-sulfur fuels in time for the 2001 summer driving season. For the past few years, the company has worked cooperatively with these communities in their ongoing efforts to stay in compliance with federal air quality standards.

"Koch Petroleum Group pledged last July to bring this cleaner-burning fuel to Central Texas," said Austin Mayor Kirk Watson, one of several local officials welcoming the lower-sulfur gasoline to Austin in brief ceremonies today. "This new fuel is here – today. It will give a great boost to Austin's ongoing efforts to comply with federal air quality standards. Clean, healthy air is crucial to our city's quality of life and continued economic vitality."

In the Austin area alone, where Koch Petroleum currently provides about 90 percent of the gasoline supply, the new fuel is projected to eliminate four tons per day of NOx, an ozone precursor, from Austin's air. This improvement in air quality is a reduction in emissions equal to that from 60,000 cars, according to Wade Thomason, executive director of the Central Texas Clean Air Force, a regional environmental activist group.

This lower-sulfur fuel is the latest in a line of Clean Fuel initiatives undertaken by Koch Petroleum to help improve air quality in the communities it serves. These include the less evaporative (low Reid Vapor Pressure) fuels the company supplied to Central Texas cities during the past two summers; lower-emitting diesel fuels such as *Performance Gold Diesel*[™] and *U.S. Soy Field Diesels*[™], available in Texas and other areas Koch Petroleum reaches; and *Blue Planet*[™] – *earth friendly gasoline*[™], an ultra-low sulfur fuel produced by the company in Minnesota.

Robert Huston, chairman of the Texas Natural Resources Conservation Commission (TNRCC), and Thomason joined Mayor Watson in commending Koch for voluntarily helping to reduce ozone by introducing the lower-sulfur gasoline and diesel fuel earlier than required by federal law. "Early introduction of these cleaner burning fuels in Austin is an important achievement for the city," said Huston. "This initiative serves as a model of a successful partnership between government and private industry that will positively impact the citizens of central Texas."

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“Koch continues to demonstrate that it is an environmentally responsible member of this community,” said Thomason. “Within the past three years, they have brought us low RVP gas and a cleaner-burning diesel fuel, both of which contribute substantially to cleaner air. Koch’s new low-sulfur fuel is another valuable weapon in Central Texas’ fight to reduce pollution.”

Joe Coco, Koch’s Corpus Christi refinery manager, said that Koch decided to accelerate its clean fuels initiative in order to help these Texas cities retain their “attainment” status with the EPA. Being declared non-attainment could cost the communities federal highway funding and mean additional regulatory requirements for a wide array of businesses.

According to Coco, bringing the lower-sulfur fuels to these markets this year involved upgrading treating units at the Corpus Christi refinery to remove certain impurities from the crude oil in order to produce the cleaner-burning gasoline. Modeling suggests that this process will reduce the sulfur in the gasoline pool to a range of 150-175 ppm without any change in fuel quality. Following this initial phase, Koch anticipates investments of more than \$140 million to achieve a 90-plus percent cut in sulfur levels to fulfill Clean Fuels requirements by 2005. Sulfur content in gasoline varies greatly, depending on such factors as seasonal differences, fuel grade and crude type. According to the EPA’s regulatory impact analysis, current industry average sulfur content is 307 ppm.

Koch Petroleum Group, L.P. is a leading producer of fuels and other petrochemical and commodity products for markets worldwide. Koch Petroleum has approximately 850 employees at its 310,000 barrel-per-day refining complex in South Texas: 750 at its 280,000 barrel-per-day refinery in Minnesota; and 750 others at offices and facilities elsewhere around the globe.

Koch Petroleum Group is one of the many companies of Koch Industries, Inc. that operate worldwide. Koch Industries and its subsidiary companies employ 11,000 people worldwide and are involved in nearly all phases of the oil and gas industry, as well as in chemicals, plastics, chemical and environmental technology products, asphalt products, mineral services, ranching, pipeline operations, financial services, and ventures. More information on Koch is available at www.kochind.com on the Internet.

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