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Re: Diesel PC-9 Feedstock Issues

Dear Valued Customer,

As a responsible supplier, Chevron Phillips has an obligation to its customers and to the industry to supply high quality products. With that obligation, Chevron Phillips works with suppliers to plan and forecast over a reasonable time horizon. For PC-9 Certification Fuel, the ASTM panel has communicated an ongoing requirement of four years.

As the panel is aware, the refinery industry has been mandated to reduce sulfur content in both on-road and off-road applications. Chevron Phillips has undertaken a vigorous program to qualify new suppliers since fewer refineries have such a product available. This trend is expected to continue.

While Chevron Phillips is working to ensure a continued supply of this material, supply is not guaranteed for the four year time horizon. Chevron Phillips and the ASTM panel must be partners to develop a contingency plan to ensure the testing requirements of the industry.

Chevron Phillips has developed a formulation of PC-9, using an alternate source of sulfur. We believe that, should the high sulfur diesel feedstock become unavailable, this new formulation will meet industry requirements. It is prudent that we organize additional testing of the new formulation by the users of PC-9 to mitigate the risk of supply disruption.

I want to emphasize that we have no indication from our suppliers that the current feedstock will become unavailable. This proposal by Chevron Phillips is a proactive measure to mitigate risk for the users of PC-9 and we urge that testing of the new formulation take place.

Please contact your local sales representative if you have any questions or would like to discuss this issue further.

Sincerely,

Ron Jones
Worldwide Fuels Product Manager