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Matthew L. Smorch
Chief Executive Officer

October 25, 2023

Mr. Michael S. Regan
Administrator
United States Environmental Protection Agency
Mail Code 6405A, Room 5521D
1200 Pennsylvania Ave. NW
Washington, D.C. 20460
(202) 343-9038

Subject: Petition to Delay the Effective Date to Implement EPA's Proposed Rulemaking, Request from States for Removal of Gasoline Volatility Waiver

Dear Administrator Regan:

I write to express CountryMark's ongoing concern that promulgating a gasoline volatility standard effective in 2024 will create an insufficient supply of gasoline across eight petitioning states, and other areas utilizing the same fuel supply infrastructure. The United States Environmental Protection Agency (EPA) proposes to implement a request from Midwest governors to reduce gasoline volatility standards in eight states effective in 2024.¹ Comments provided by Countrymark Refining and Logistics ("CountryMark") and other stakeholders in the fuel supply system cautioned EPA of the insufficient supply of gasoline that would result if the rule was made effective in 2024.²

In addition, CountryMark believes there are inadequate controls in place for EPA to enforce the Reid Vapor Pressure (RVP) requirements in the requesting states. Therefore, pursuant to Clean Air Act ("CAA") Section 211(h)(5)(C)(ii)(I), CountryMark requests a delay of the effective date beyond the 2024 summer season.

CountryMark is a small refiner that operates a small refinery in the rural area of Mt. Vernon, Indiana, with a capacity of 35,000 barrels per day. CountryMark is a regional federated cooperative operating primarily in Indiana and the surrounding states. CountryMark and its affiliates operate on a cooperative basis for the benefit of their members and patrons. Unlike most energy companies, CountryMark is completely American-owned and controlled by its member cooperatives. The member cooperatives are, in turn, owned and controlled by individual farmers within their trade territory. Over 100,000 farmers in Indiana, Illinois, Michigan, and Ohio participate in these local cooperatives. CountryMark's Board of Directors is comprised of farmers.

Although CountryMark is one of the smallest fuels refineries in the country, its local economic impact is significant, directly employing nearly 500 people whose wages and benefits exceed \$40 million per year. Most

¹ 88 Federal Register 13,758 (March 6, 2023).

² Comment submitted by CountryMark. Docket ID: EPA-HQ-OAR-2022-0513-0061, submitted April 20, 2023.

of the Company's employees do not have college degrees but support their families and communities through well-paying jobs. CountryMark is Indiana's only American-owned oil production, refining, and marketing company. The refinery uses 100% North American crude oil sourced predominantly from the Illinois Basin located in southern Illinois, southwest Indiana, and western Kentucky. CountryMark supplies nearly 70% of the agricultural market fuels and 50% of school district fuels in Indiana.

CountryMark is petitioning the EPA to delay the elimination of the 1.0 psi RVP waiver provided to gasoline blended with 10% ethanol (E10) because it would likely result in an insufficient supply of gasoline in the areas we operate. Even though CountryMark primarily sells fuel in Indiana, we also supply our members' businesses in the surrounding states, including Illinois and Ohio. CountryMark has serious concerns about our ability to produce this new gasoline specification by April 2024, which would likely reduce the supply of available gasoline in these markets and prevent us from being able to supply our members in these states.

CountryMark plans to supply the lower RVP gasoline for the Illinois market but will most likely not be able to supply our members in Ohio. We can use existing infrastructure to segregate gasoline blends by rearranging tank services; however, it will drastically increase our logistical complexity which will make it more difficult to make the lower RVP gasoline. Improving our capability of supplying two RVP grades of gasoline and reducing contamination risk will require the construction of a new gasoline tank at our refinery in Mt. Vernon, Indiana. Due to capital constraints, supply chain constraints, and our rural location, construction of the gasoline tank will take nearly two years to complete so it would not be available until the middle of 2025. Therefore, we send this petition to delay the elimination of the RVP waiver until at least May 2025.

Since the RVP waiver is not extended to gasoline containing 15% ethanol (E15), CountryMark's understanding is that the eight Midwestern governors requested the removal of the gasoline volatility waiver intending to create a new lower RVP fuel specification that could allow for the year-round sales of E15. CountryMark supports ethanol blending and offers E15 to our customers under the 1-pound waiver and has no objection to making E15 available year-round to consumers who choose the product over E10 or any other alternative. Several CountryMark branded retail stores offer E15 when RVP limitations allow. EPA has approved CountryMark's misfueling mitigation plan. These plans should be required in any new regulation that allows E15 to be sold, including the rulemaking associated with this waiver request.

Even though CountryMark supports the sale of E15, the current request creates inefficiencies in the market by creating a boutique fuel in these areas. Since this creates a patchwork of gasoline specifications, EPA will not have adequate oversight of RVP and E15 will not be adequately certified as a fuel for commerce.

The governors' request for eliminating the waiver was predicated on reducing emissions associated with gasoline vapor pressure. Their analysis concluded "that a 1-psi RVP reduction would be beneficial to air quality, as emissions of carbon monoxide (CO), oxides of nitrogen (NOx) and volatile organic compounds (VOCs) would be reduced." To ensure this health benefit occurs, the EPA must include the requirement to blend higher

ethanol blends like E15 with an RVP-controlled blendstock for oxygenate blending (BOB). Many retailers currently sell E15 using a blender pump that combines E10 gasoline with E85 (an 85% ethanol blend). Many ethanol plants sell E85 directly to retail. If this E85 is produced using the typical denaturant of natural gasoline, which has a high RVP, the volatility of the blended E15 would be "uncontrolled," and the resultant blend likely will exceed 9.0 psi RVP. This will defeat the purpose of eliminating the waiver. In this case, a retailer offering E15 for sale must comply with §1090.165(c) and EPA should require that certified blendstocks are used.

In closing, CountryMark stresses the significance of the decision to eliminate the 1-pound waiver in these states and what it means for consumers. The change these states have requested would allow E15 to be sold during the summer without an emergency waiver or change in federal law. Still, it would make all gasoline more expensive and reduce regional supplies. Delaying the elimination of the 1-pound waiver will provide refiners, including CountryMark, the necessary time to make needed modifications to meet this new specification. In addition, a delay will allow the proper controls to be put in place to ensure that the environmental benefits of this change are captured.

Sincerely,

A handwritten signature in blue ink, reading "Matthew L. Smorch".

Matthew L. Smorch
President & CEO
CountryMark Refining and Logistics, LLC

cc:

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