

Motor Fuels Committee Meeting  
Kansas Soybean Commission Office, Topeka KS  
April 11, 2013

Those present: Jerry Chaput, Mitten; Dennis McAnany, McAnany Oil; Gordon Roth, Farmers Cooperative; Butch Stucky, Triplett; Alison Leiszler-Bridges, Leiszler Oil; Scott Zaremba, Zarco USA; Jerry Davidson, Pete's Corp.; Chris Klein, AV Energy; Scott Anderson, East Kansas Agri Engery: Jerry Fenske, Manhattan Farmers Coop; Bruce Hein, Magellan; Lewis Huftles, KS Dept. of Ag.-Weights and Measures, PMCA/TMS staff Tom Palace and Judy Menke. Curt Courtright and Glenn Weisenbaker, CHS/Cenex and Bill Marshall, Sinclair joined the meeting after the Magellan presentation.

Committee meeting was held to discuss V-grade gasoline and the switch by terminals to 84 octane (V-grade) gasoline effective September 15, 2013.

The meeting began with a presentation by Bruce Hein from Magellan. Bruce explained that the changes that are occurring are at the request of suppliers. Magellan does not own fuel in pipeline but only transports it. Octane adjusted gasoline has been in use in many years of the country for years. Beginning September 15 all Magellan Terminals will offer 84 in place of 87 (N-grade) octane. This is not an additional product but a change from N-grade. Premium (A-grade or 91 octane) should be available at all Kansas terminals. Terminal will blend to A-grade and V-grade for 87 and 89 octane. Magellan will sell clear V-grade despite what suppliers are saying.

Jerry Chaput brought up the continuing outages of premium and diesel at Scott City. He said Scott City had been out of premium for over a month and a half and is currently out of diesel. Bruce explained that there is a ranking system for terminals when there are shortages.

The question of how the V-grade product would be listed on bill of lading was posed. Bruce said it would be listed as subgrade as opposed to C-BOB. There were questions as to if it would be acceptable to Weights & Measures and Lewis said no problem. Only restriction is on retail sale of subgrade.

After the Magellan presentation the discussion turned to the supplier side of the issue. The only suppliers in attendance were Sinclair and CHS/Cenex.

The question was raised will suppliers sell V-grade clear? Bill Marshall, Sinclair stated they currently do not sell. There is concern on that the demand for premium for downstream blending may create a shortage for premium. A shortage of premium could and most likely will drive up the cost of premium.

Sinclair has hold V-grade at the KC terminal for two years and no one has asked for V-grade clear. They deliver V-grade/E10 and have had not questions.

Bill Marshall suggested the association poll terminals to find out if they anticipate selling clear V-grade.

The group discussed Product Transfer Document and the information they should contain. Those receiving the product need to know – octane content, ethanol content, biodiesel content, especially if blending with other fuels. This led to a question on standardization of product names.

A clarification on the rules for sales tax for dyed diesel from unmanned pumps was requested. Lewis Hutfles said he would arrange a meeting with himself, Tom Palace and the Department of Revenue to discuss.