September 3, 2013

**GASOLINE TRANSITION**

I want to inform you of a change coming to your local gas pump. As you may be aware, the gasoline pipeline and terminal systems in Iowa will be transitioning to a different grade of gasoline later this month that will result in 87 octane regular gasoline no longer being available at most stores. It will be replaced by 87 octane with 10% ethanol.

**Products**

The current choices at most convenience stores in Iowa (including ours) are:

 87 octane regular gasoline

 89 octane w/10% ethanol

 91 octane premium gasoline

The new choices at most stores (including ours) starting mid-month will be:

 87 octane w/10% ethanol

 89 octane w/10% ethanol

 91 octane premium gasoline

This change is primarily a result of the Federal Renewable Standard that requires that a specific amount of our nation’s fuel supply come from renewable fuels. This amount is set annually be the Environmental Protection Agency and has resulted in ethanol being blended into multiple grades of gasoline in many states.

**Pricing**

For years the 89 octane w/10% ethanol has typically been the lowest cost grade of gasoline at the pump. Due to the change in the gasoline grades, 87 octane w/10% ethanol will most likely be the lowest cost grade of gasoline at the pump.

This will also impact our customers with bulk gasoline storage. Please visit with me or your driver as to what your options are.

I know this will be confusing and possibly unwelcome change for some of our customers. If you have any questions or concerns please give me a call. For more information you may also visit our website at [www.mcdermottoil.com](http://www.mcdermottoil.com).

Sincerely,

Jason McDermott