Ivanhoe Energy Inc

1200 Discovery Drive, Suite 301 • P.O. Box 9279 • Bakersfield, CA 93389-9279
United States of America
Telephone (661) 869-2887 Fax (661) 869-2820

Neil A. Malpiede
Manager – Business Development
Gas-to-Liquids
Direct Phone: (661) 869-8321
Email: nmalpiede@ivanhoeenergy.com

RECEIVED
OCT 23 2002

October 10, 2002

Linda Bluestein
U.S. Department of Energy
Office of Energy Efficiency and Renewable Energy/
Office of FreedomCAR and Vehicle Technologies
Docket No. EE-RM-02-200, EE-2G
1000 Independence Avenue, SW
Washington, DC 20585-0121

Re: A Discussion of Issues Pertinent to the Rulemaking to Designate FTD fuels as Alternative Fuels Under Section 301(2) of the Energy Policy Act of 1992

Dear Ms. Bluestein,

Ivanhoe Energy is an international independent oil & gas exploration and production company who is involved in the development of gas-to-liquids (GTL) projects around the world. We currently have three projects in various stages of negotiation with foreign governments that collectively will produce 270,000 barrels per day of clean Fischer-Tropsch diesel (FTD). This production would begin to gradually come on line early in 2007 reaching a peak in late 2008. Our involvement in these foreign GTL developments indicates our commitment to producing clean fuels for the environment and developing stranded gas reserves.

With regard to the referenced DOE considerations, we support designation of non-domestic FTD fuels as "Alternative Fuels" under the Energy Policy Act of 1992 (EPAct). Such designation would be a positive step toward enhancing our national security as well as our environment. We also believe that it is a logical step, given that domestically produced FTD fuels are already qualified as alternative fuels.

Ivanhoe understands the key considerations for Alternative Fuel designation under EPAct are that the candidate fuel is substantially not petroleum, and would yield substantial

energy security benefits and substantial environmental benefits. We offer the following observations for these three issues:

1. FTD fuels would primarily originate from clean natural gas feedstock, clearly a non-petroleum source.

2. Production of FTD fuels would certainly contribute to greater energy security. These fuels would be converted from abundant stranded natural gas deposits in many global locations—gas that is already discovered but lying dormant because it's too far from market to be economically monetized in its gaseous state. Utilization of these stranded reserves would provide new energy supply, thus mitigating U.S. dependence on crude oil from politically unstable regions.

3. Introduction of FTD fuels into the supply mix would also provide substantial environmental benefits. Upstream, particularly when gas that is currently being flared or vented in the course of producing crude oil is used as feedstock, huge amounts of daily greenhouse gas emissions would be eliminated from our planet. Downstream, the cleanliness of these fuels, i.e., the lack of sulfur and other contaminants, would enable vehicle manufacturers to apply emission control technologies that would eliminate or greatly reduce vehicle emissions of particulate matter, hydrocarbon and other harmful pollutants.

Compounding the above benefits is the fact that diesel engines are approximately 40% more efficient that gasoline engines. Introducing more clean diesel engines into our vehicle fleets would enable vehicles to do more work and travel more miles while using less fuel. Another important aspect is that FTD fuels can be distributed within existing infrastructures and applied to vehicles that are already in service.

Ivanhoe hopes that our perspective might be helpful in your ongoing considerations of giving non-domestic FTD fuel Alternative Fuel status under EPAct. Ivanhoe supports granting FTD with EPAct alternative fuels status.

Sincerely,