

## Gulf Ethanol - Questions & Answers About Ethanol

HOUSTON, TX, Jul 16, 2008 (MARKET WIRE via COMTEX) -- Gulf Ethanol Corporation (PINKSHEETS: GFET) addresses consumer questions about ethanol.

How much ethanol is produced in the U.S.?

According to the Renewable Fuels Association (<http://www.ethanolrfa.org/industry/statistics/#A>), the U.S. produced 5.4 billion gallons of ethanol in 2007. As of March 2008, U.S. ethanol production capacity was at 7.2 billion gallons, with an additional 6.2 billion gallons of capacity under construction.

Will I get lower gas mileage with ethanol-blended fuels than with traditional gasoline?

The ethanol blends used today have little impact on fuel economy or vehicle performance:

- Ethanol has the highest octane rating of any fuel
- On a gallon-for-gallon basis, ethanol delivers less energy than gasoline. However, today's vehicles are designed to run on gasoline blended with ethanol in small amounts (up to 10%) with no perceptible effect on fuel economy
- Flex-fuel vehicles designed to run on higher ethanol blends experience reduced miles per gallon, but these engines can be tuned to minimize detrimental effects on fuel economy

Does the U.S. have enough biomass resources to displace petroleum with biofuels without negative impacts to the food supply?

A joint study conducted by the Departments of Energy and Agriculture, the Billion Ton Study, estimates that 1.3 billion tons of biomass feedstock is potentially available in the U.S. for the production of biofuels. This is enough biomass feedstock to displace approximately 30 percent of current gasoline consumption on a sustainable basis. The development of technologies to convert cellulosic feedstocks (or non-grain based resources that are not used for food purposes, such as sorghum, switchgrass, agricultural residues, and wood resources) will make it possible to produce biofuels at levels that will meet the various goals described above from feedstocks that are not competing with other uses. Gulf Ethanol will be testing its cellulosic biomass preprocessor in the coming months to develop improvements in net ethanol yield from biomass.

Does ethanol require more energy to produce than it delivers as a fuel?

Each gallon of corn ethanol produced today delivers as much as 67 percent more energy than is used to produce the ethanol. The amount of energy used to produce corn ethanol has decreased significantly over the last two decades due to improved farming techniques, more efficient use of fertilizers & pesticides, higher-yielding crops, and advances in conversion technologies.

The focus of GFET's business is on the development of cellulosic ethanol technologies. Cellulosic ethanol has an even higher energy balance than corn ethanol, delivering four to six times as much energy as is necessary to produce it.

Does ethanol result in more or less greenhouse gas emissions than gasoline?

Ethanol results in fewer greenhouse gas (GHG) emissions than gasoline. The higher the amount of ethanol blended with gasoline the lower the resulting GHG emissions. Cellulosic ethanol has the potential to reduce GHG emissions by up to 86 percent. Use of ethanol can, however, increase the emissions of some air pollutants due to the fossil energy inputs used for farming and biofuels production. Such emissions can be reduced by using improved farming methods and renewable power in the production process.

About Gulf Ethanol Corporation

Gulf Ethanol is an alternative energy company focused on the development of the cellulosic ethanol industry with a particular emphasis on Texas and the Gulf Coast.