

America Needs More Diesel

Build the Clean Refineries to Make It

Open letter to Congress by Larry Shultz | Sept. 17, 2026



\$6.31/gal
U.S. diesel



~14M b/d
U.S. crude production



The problem is a **refining bottleneck**, not an oil shortage. Congress can fix it with a consumer safeguard and a distributed network of clean refineries.

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REFINERIES
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DIESEL

\$6.31 ⁹/₁₀

PER GALLON

FARMS
TRUCKS
JOBS
COMMUNITIES

FUELING
FOOD SECURITY



Diesel Is the Fuel Behind the Economy

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Diesel powers the harvest, the freight system, and the heavy supply chains behind everyday life.



FARMERS
TRUCKERS
GROCERS
MANUFACTURERS
FAMILIES



U.S. FUEL DEMAND COMPARISON MILLION BARRELS PER DAY (b/d)



Americans burn more gasoline than diesel by volume.



But diesel moves food, freight, farm equipment, and heavy goods.



A diesel shock reaches every kitchen table, even for families that do not drive diesel vehicles.



Diesel is the backbone fuel of the real economy — powering farms, factories, trucks, and the supply chains that keep America fed, built, and moving.

The Real Problem: A Refining Deficit

America is not short of oil. It is short of the capacity to turn oil into diesel.



~14M b/d
U.S. crude production



1.6M b/d
drop in Persian Gulf + Russia
diesel/gasoil exports, Feb-Aug



~97%
refinery utilization



13%
below 5-year average
distillate inventories

**ABUNDANT
CRUDE OIL SUPPLY** >>>

**REFINING CAPACITY:
THE BOTTLENECK**



>>> **DIESEL SUPPLY
CONSTRAINED**

**LOWER
INVENTORIES
HIGHER PRICES**

AMERICAN
OIL POWERS
POSSIBILITY



A global distillate shortage
exposed how thin U.S. margins
have become.



Refineries are running
near full capacity.



When the world tightens,
American consumers
pay the price.

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Capacity Is Shrinking

The U.S. is losing refineries even as diesel shortages worsen.



18.2M b/cd
operable U.S. refining
capacity (Jan. 1, 2026)



More than
250,000 b/cd
lost year over year



130
operable refineries —
two fewer than 2025



More than
0.5M b/d
erased in 18 months

U.S. OPERABLE CRUDE-DISTILLATION CAPACITY

Million barrels per calendar day | January 1 snapshots



Source: EIA annual operable atmospheric crude-distillation capacity series.

CLOSURES REPORTED IN THE LETTER

LyondellBasell | Houston

263,776 b/d

March 2025

Phillips 66 | Los Angeles

138,700 b/d

October 2025

Valero | Benicia

145,000 b/d

April 2026

Net capacity reflects closures and expansions.
Crude capacity is not finished-diesel production.

Fix One: A Consumer Circuit Breaker

When shortages hit, policy should protect gallons for American consumers.



The 2015 crude-export repeal left **no fast consumer-side safeguard**.

1

TRIGGER AN ASSESSMENT



When retail prices rise **15% above** a seasonally and inflation-adjusted 3-year average and a verified regional shortage exists.

2

TARGET DISTILLATE FIRST



Target distillate first — diesel and heating oil — with product-specific, volume-limited, regularly reviewed restrictions.

3

USE CRUDE RESTRICTIONS ONLY WHEN NEEDED



Use crude restrictions **only when a specific feedstock shortage blocks** additional domestic fuel production.

4

REQUIRE A DOMESTIC-SUPPLY COVENANT



Require a **domestic-supply covenant** for publicly financed refineries.



KEY TAKEAWAY

Design the safeguard to **deliver fuel**, not just count cargoes.

The Proposed Domestic-Supply Covenant

RELIABLE FUELS
STRONGER AMERICA
A MORE SECURE TOMORROW

The letter links specified public support to defined fuel-delivery obligations.



Terms set before financing



Coproduct exceptions where
domestic outlets are absent



Regional inventories and delivery rights

Fix Two: Build a Distributed Network of Clean Refineries

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Emergency rules can steady a panic. Only new capacity can solve the structural shortage.

-  Build inland refining capacity near crude production and end-use markets.
-  Reduce long crude-to-coast and fuel-back-inland hauling penalties.
-  Add more competitors and more resilient regional supply.
-  Public support should go to qualified projects with verified emissions, tested yields, and documented local market benefit.



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Why This Technology Changes the Equation

SAME ENERGY.
A CLEANER
FUTURE.

The company's proposed separation process, and the evidence needed at each installation.

CONVENTIONAL REFINING

DISTINCT PROCESS STAGES

SEPARATION

Heat separates fractions by their boiling range.

CONVERSION

Selected processes change hydrocarbon molecules.

TREATMENT & BLENDING

Product-specific finishing is needed to meet fuel specifications.

Source: EIA, "The refining process."

CRI'S PROPOSED PROCESS

COMPANY DESCRIPTION | INDEPENDENT VALIDATION REQUIRED



- Atomization and low-temperature separation: company description.
- Vapor recovery in a closed loop; finished-fuel treatment still matters.
- Heater NOx target: below 7 ppm; testing basis must be specified.
- Module fabrication is not the full project-development schedule.
- About half the capital cost: company engineering estimate.
- Verify yields, emissions and cost on a like-for-like project basis.

Claim: zero toxic refining emissions

Requires a defined boundary, independent testing and operating records.

The auxiliary heater has combustion emissions; end-use fuel emissions are separate.

Small Refineries & Renewable-Fuel Compliance

RULES / PROPOSAL
/ OPEN QUESTIONS

Current exemption rules and the letter's proposed treatment of new entrants.

EXISTING FRAMEWORK



- EPA reviews annual petitions.
- Relief requires a finding of disproportionate hardship.
- No automatic exemption.

75,000 barrels/day or less is one threshold; other eligibility rules also apply.

PROPOSED CHANGE



- Qualifying new entrants
- Hardship-based access
- Domestic-supply covenant
- Relief terms established up front

QUESTIONS TO RESOLVE



- Eligibility and duration
- Evidence and enforcement
- Effects on biofuel demand
- Obligations for other refiners

RFS Renewable Fuel Standard

RIN Renewable identification number — a compliance credit

Sources: EPA, RFS Small Refinery Exemptions; Shultz open letter, "Fix One," Sept. 17, 2026.

The middle column describes a proposed change, not an automatic entitlement under current law.

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Match the Feedstock to the Market

Diesel and asphalt come from heavier grades; the right crude slate must match the local market.

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Why Crude Quality Matters



Light shale oil is **gasoline-rich** and **diesel-poor**.



Heavier grades yield **more distillate** and **asphalt**.



Example blend: light Permian crude (~42° API) + heavy Canadian or Venezuelan crude (~20° API) = **29–33° slate engineered for distillate**.

These are screening candidates; each market requires its own assays, yields, and economics.



Congress Already Has the Tools

The legal and financing framework exists.
The missing ingredient is follow-through.



April 20, 2026: the President determined domestic refining is essential to the national defense under the Defense Production Act.



DOE was directed to deploy **Title III incentives.**



Congress should appropriate the **DPA Fund** for refining and set competitive selection criteria.



DOE Section 1706 provides **\$1B** through Sept. 30, 2028 and explicitly covers projects replacing ceased energy infrastructure.



Public demand is strong:

47%

of voters say cost of living is their top issue;

74%

say it is moving in the wrong direction.



The American Energy Hemisphere:

U.S. supply + Canadian and Mexican crude can reduce exposure to distant ocean choke points.



A STRONGER
AMERICAN
ENERGY
HEMISPHERE

U.S. supply +
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THE TOOLS ARE ON THE TABLE.

NOW ACTIVATE THEM.

Implementation Timeline & Delivery Metrics

PHASES / EVIDENCE
/ DELIVERY

Separate nearer-term supply measures from multi-year refinery development.

NEARER-TERM PROPOSALS

After authorization; timing depends on delivery.

01

Assess shortages

Regional availability and feasible delivery routes



02

Arrange supply

Contracts, inventories and emergency delivery rights



03

Verify delivery

Fuel reaching the intended terminals

MULTI-YEAR DEVELOPMENT

Project-specific permitting, financing and construction.

01

Test feasibility

Feedstock assays and product yields



02

Permit & finance

Site approvals and funding commitments



03

Build & commission

Construction, testing and start-up



04

Document results

Operating evidence and delivered fuel

MEASURE WHAT REACHES THE MARKET

Fuel delivered

To the intended market

Price vs. benchmark

Defined and disclosed

Tested emissions

Permit limits and testing

Operating availability

Reliable operating record

Crude-processing capacity is not diesel output.

Lower capital cost alone does not establish a lower pump price.

A Bipartisan Bargain — and a Clear Call to Action

Two actions can protect consumers and rebuild fuel security.



Republicans

get real energy dominance: more American refining capacity and stronger regional buyers.



Democrats

get what they have wanted for fifty years: a clean refining technology with zero toxic refining emissions.



Farm states

get in-basin refineries matched to diesel-rich crude, closer to the customers who need the fuel.



Consumers

get fuel that stays home when shortages strike.



Keep American fuel home when shortages strike.

Clear the path to build the clean refineries that make the diesel, gasoline, jet fuel, and asphalt America needs.

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FARMERS
AMERICAN
FUEL
A STRONGER
TOMORROW

A STRONGER
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