

CLEAN REFINERIES, INC.
GREEN FUELS OPERATING, LLC · OKLAHOMA

POLICY PAPER FOR
THE HONORABLE TIM BURCHETT
Chairman, Subcommittee on Delivering on Government Efficiency
Committee on Oversight and Government Reform
U.S. House of Representatives · Tennessee's Second District

The Rule Congress Never Wrote

America does not have an oil shortage. It has a refining problem — and on the only fuel Americans actually buy, no export rule has ever existed. H.R. 10422 would be the first.

September 18, 2026

Basis: H.R. 10422 and H.R. 10423 as introduced September 16, 2026 and referred to the Committee on Foreign Affairs; the Congressman's September 17, 2026 release and floor remarks; the Agricultural Act of 2026 as released July 31, 2026;

Public Law 114-113, Division O, Section 101, codified at 42 U.S.C. § 6212a; and EIA weekly and Short-Term Energy Outlook data through September 16, 2026.

ADDRESSED TO

This paper is addressed to the Chairman of the Subcommittee on Delivering on Government Efficiency, and copied to its members, because the first of the two actions it asks for — a hearing on a permanent, multi-billion-dollar federal transfer that appears in no budget document — falls squarely within that subcommittee’s charter and within no other.

It is not addressed to the committees writing the provisions themselves. We set both rosters out below so that nobody has to guess which body does what, and so the Chairman’s office can see at a glance where each ask in Part Ten would have to land.

Table A. Subcommittee on Delivering on Government Efficiency, 119th Congress

Majority	Minority
Tim Burchett, Tennessee — Chairman	Melanie A. Stansbury, New Mexico — Ranking Member
Michael Cloud, Texas	Stephen F. Lynch, Massachusetts
Nancy Mace, South Carolina	Maxwell Frost, Florida
Pat Fallon, Texas	Greg Casar, Texas
William R. Timmons IV, South Carolina	Jasmine Crockett, Texas
Lauren Boebert, Colorado	Suhas Subramanyam, Virginia
Anna Paulina Luna, Florida	James R. Walkinshaw, Virginia
Eric Burlison, Missouri	Christian D. Menefee, Texas
Brian Jack, Georgia	—
Brandon Gill, Texas	—

Roster as published by the Office of the Clerk of the U.S. House of Representatives for the 119th Congress, 2nd Session; party ratio 10 to 8. Committee on Oversight and Government Reform: James Comer of Kentucky, Chairman; Robert Garcia of California, Ranking Member, each serving ex officio. Subcommittee offices: 2157 Rayburn House Office Building, (202) 225-5074.

Every member above has a constituency paying the diesel price in Table 1, and eight of the eighteen represent states — Texas, Colorado, New Mexico, Florida, Missouri, Georgia — that produce crude oil and hold supplied profiles in the state records accompanying this paper. The provision examined in Part Five would charge a refinery built in any of them a cost that a refinery built in 1941 is permanently excused from.

Table B. Where each provision discussed in this paper is actually being written

Provision	Committee of jurisdiction	Leadership
H.R. 10422 and H.R. 10423 — diesel export control	House Foreign Affairs	Brian Mast of Florida, Chairman; Gregory W. Meeks of New York, Ranking Member

Provision	Committee of jurisdiction	Leadership
Section 12501 — Renewable Fuel Standard exemption, riding the Agricultural Act of 2026	House Agriculture (Senate companion: Senate Agriculture, Nutrition, and Forestry)	Glenn “GT” Thompson of Pennsylvania, Chairman; Angie Craig of Minnesota, Ranking Member (Senate: John Boozman of Arkansas, Chairman)
Clean Air Act Section 211(o) — the statute Section 12501 amends	House Energy and Commerce	Brett Guthrie of Kentucky, Chairman; Frank Pallone, Jr. of New Jersey, Ranking Member
Pipelines, rail and highway constraints in Part Three and Part Eight	House Transportation and Infrastructure	The Chairman sits on this committee — Aviation, Highways and Transit, and Railroads, Pipelines and Hazardous Materials
A hearing on the unscored transfer created by Section 12501	Subcommittee on Delivering on Government Efficiency	The Chairman’s own gavel — see Part Ten

Committee leadership as organized for the 119th Congress. Offices should confirm current leadership before any letter issues, as chairs and ranking members can change mid-Congress.

One of the five rows above is the Chairman’s own. That row is the only one this paper asks him to act on directly; the rest are the map of who else has to be persuaded.

PART ONE · A REFINER WRITING IN SUPPORT OF AN EXPORT RULE

Clean Refineries, Inc. and its operating subsidiary, Green Fuels Operating, LLC, build oil refineries. We broke ground on May 29, 2026 in Duncan, Oklahoma — a \$400 million, 30,000-barrel-per-day clean refinery on a brownfield site idle since 1983, expandable to 50,000 barrels a day, with Congressman Tom Cole in attendance. We sell diesel. An export control on diesel is, on its face, against our commercial interest.

We are writing to tell you four things. Your diagnosis is right. The mechanism you chose in H.R. 10422 is the right family of mechanism. Both bills as introduced carry a calibration problem and an omission that would fall hardest on the American refiners you need most. And the same Congress about to vote on these bills is, in a different committee, writing a provision that would make the underlying shortage permanent.

We would rather put all of that in one document than have your staff hear the first half from us and the second half from people whose interests are less aligned with yours than ours are.

1. America is not short of oil

This is the fact that reframes everything else, and almost nobody is saying it. American wells pumped 13.95 million barrels a day in the first week of September — an all-time record. We have never produced more crude oil in our history than we are producing during the worst diesel price shock in our history.

The world is short of refining, and we happen to be holding the crude. The Strait of Hormuz has been blockaded since the end of February. Russian refineries — a country that makes roughly one barrel in

nine of the world's diesel — are burning. Persian Gulf and Russian diesel and gasoil exports fell by roughly 1.6 million barrels a day between February and August. Global distillate production is running below last year's level, and the shortfall lands on the last large system still running flat out. Ours.

So the American refining fleet is pinned near 97 percent of capacity, and everything it makes is being bid for by two markets at once: a domestic market that has no legal claim on it, and a world market paying more.

Table 1. The shortage, in the federal government's own numbers

Indicator	Reading	Source
U.S. crude oil production	13.95 million barrels per day, first week of September 2026 — an all-time record	EIA weekly
U.S. refinery utilization	Approximately 97 percent of operable capacity	EIA
U.S. on-highway diesel, national average	\$6.285 per gallon, week of September 14, 2026 — highest in the history of the series	EIA weekly update
Diesel futures settlement	\$5.262 per gallon — highest in a record that begins in 1978	NYMEX ULSD
Gulf Coast regional average	\$6.03 per gallon — the cheapest region in the country	EIA weekly update
California regional average	\$8.04 per gallon	EIA weekly update
U.S. distillate inventories	Approximately 13 percent below the five-year average; forecast below 100 million barrels and under the five-year low through most of 2027	EIA STEO, September 2026
U.S. net distillate exports	At or near the five-year high in every month since February 2026, at a record pace in August	EIA STEO, September 2026
Persian Gulf and Russian diesel/gasoil exports	Down approximately 1.6 million barrels per day, February to August 2026	Company compilation of trade data
Cushing working stocks	21.5 million barrels	EIA weekly, September 16, 2026
Strategic Petroleum Reserve	Approximately 285 million barrels, from above 400 million a year ago	EIA weekly
U.S. diesel crack spread	Estimated above \$2.00 per gallon, August through November 2026	EIA STEO

Read together: record crude production, a record pump price, refineries at the physical limit, and the fuel leaving at a five-year-high rate. That combination cannot be explained by a shortage of oil.

2. And we are losing the plants we already have

The obvious answer — expand what we own — is foreclosed, because its owners are closing it. America is down to 130 operable refineries, two fewer than a year ago. No refinery with real conversion capacity has opened in this country since 1977.

Table 2. Capacity going the wrong way

Closure or measure	Volume	Date or reading
LyondellBasell, Houston	263,776 barrels per day	March 2025
Phillips 66, Los Angeles — ended crude processing	138,700 barrels per day	October 2025
Valero, Benicia, California	145,000 barrels per day	April 2026
Capacity erased in eighteen months	More than 500,000 barrels per day	March 2025 to April 2026
Operable U.S. crude-distillation capacity	18.160 million barrels per calendar day	January 1, 2026
Year-over-year change	Down more than 250,000 barrels per calendar day	2025 to 2026
Operable refineries	130	Two fewer than 2025

EIA annual operable atmospheric crude-distillation capacity, January 1 snapshots: 18.976 (2020), 18.128 (2021), 17.944 (2022), 18.060 (2023), 18.384 (2024), 18.423 (2025), 18.160 (2026). Net capacity reflects both closures and expansions. One caution we state against our own interest: crude-distillation capacity is not finished-diesel production, and the two should not be used interchangeably.

3. On the margin figure, a refinement offered in good faith

Your floor statement put refiner profit at roughly \$117 per barrel, or \$2.78 per gallon, against a historical norm near \$15 per barrel, or 35 cents. The Energy Information Administration's own September outlook estimates U.S. diesel crack spreads above \$2.00 per gallon from August through November. The government's forecaster is corroborating your order of magnitude, which is not something that happens often to a claim made on the House floor about oil company earnings.

One correction, and it strengthens the argument rather than weakening it. A crack spread is a gross figure, not profit — operating cost, energy, catalyst, maintenance, and Renewable Fuel Standard compliance all come out of it before anything reaches a shareholder. What survives the correction is the part that matters. Even net of every cost a refiner actually bears, today's margin is a large multiple of the historical norm, and it has held for months. In a functioning market a margin like that attracts entry, and entry competes it away. That has not happened, because in fifty years nothing has entered.

A margin that will not come down is not evidence of greed alone. It is evidence of a market no one can get into.

PART TWO · THE RULE CONGRESS NEVER WROTE

Almost every account of American fuel export policy gets the law wrong, and the error is the reason your bills are necessary.

1. What the 2015 law actually did

Section 101 of Division O of the Consolidated Appropriations Act, 2016 — titled by its own drafters "Freedom to Export Crude Oil" — was signed as Public Law 114-113 on December 18, 2015, codified at 42 U.S.C. § 6212a and implemented at 81 Fed. Reg. 2943. It repealed the post-embargo law of 1975 that had kept American crude in America for forty years, and it did so in substance in one sentence:

no official of the Federal Government shall impose or enforce any restriction on the export of crude oil.

That permanent export protection was traded, in the same bill, for a five-year extension of the wind and solar tax credits. The asymmetry is worth pausing on. The renewable credits carried fixed terms and expiration dates. The export repeal got neither. One side of that bargain expired on schedule. The other is still operating, eleven years later, with no sunset, no review, and no consumer-side condition of any kind.

2. And what it did not do

Section 6212a governs crude oil. It says nothing about the fuel.

Diesel, gasoline and jet fuel have never been export-restricted in the modern era — not under the 1975 statute, not under its 2015 repeal, not this week. On the only product an American actually buys at a pump, Congress has never written a rule at all. It kept emergency powers on the books, but they require hard-to-obtain multi-agency findings and presidential action, with no automatic trigger and nothing drafted from the consumer's side. In fifty years no such restriction on refined fuel has ever been used, because none was ever built.

H.R. 10422 would be the first rule Congress has ever written on the export of American refined fuel. That is why getting it right matters more than getting it fast.

We say this because we think it reframes what your office is actually doing. You are not amending a regime. You are writing on a blank page — and whatever shape you give it will be the template every future Congress starts from. The rest of this paper is about the shape.

3. Why it also explains the jurisdictional split

It explains why your bills went to Foreign Affairs and why they cover diesel alone. A refined-fuel export measure is written on open ground. A crude oil export measure has to contend with Section 6212a's affirmative prohibition on federal officials imposing any such restriction. Those are different legislative tasks, and the second one is harder. We do not think that is a reason to leave crude out permanently — but it is a reason to handle it as a narrow, findings-based carve-out rather than as a symmetric ban, and Part Three explains how.

PART THREE · FOUR DRAFTING PROBLEMS, AND THE CIRCUIT BREAKER THAT SOLVES THEM

What follows is the review we would give our own term sheet.

Problem one: the trigger has already fired and the release condition is out of reach

H.R. 10422 imposes the control when the national average reaches \$5.00 per gallon. It stood at \$6.285 for the week of September 14 — more than 25 percent above the trigger before the bill was even introduced. On the day of enactment the control would already be on.

It lifts only when the national average is at or below \$4.50 for thirty consecutive days: a decline of roughly 28 percent, sustained for a month. On EIA's own published forecast, distillate inventories remain below the five-year low through the end of 2026 and most of 2027. On the government's own numbers, the release condition is not plausibly reached inside the window the bill contemplates.

The consequence is that H.R. 10422 as drafted is not the snapback it was designed to be. It is H.R. 10423 with a floating end date, and the two bills now do nearly the same thing. That is not an objection to the mechanism — a price-triggered, automatic, objective, temporary control is exactly the right architecture. It is an observation that a fixed dollar figure set in one quarter can be rendered permanently unreachable by the next.

Problem two: a blanket ban would cut refinery runs, not prices

This is the argument the industry will make against H.R. 10423, and we think it is largely correct, so we would rather you hear it from someone who supports your objective.

Gulf Coast refiners facing a closed export market would cut runs rather than sell incremental barrels into a smaller market at a lower price. The East Coast and the West Coast both depend on waterborne cargoes that move on world-market logic, and a U.S. export prohibition does not oblige a foreign cargo to arrive. The near-term effect of a blanket ban could therefore be less refining, not cheaper fuel — and the regions that feel it first are the coasts that import, which includes the heating-oil markets of the Northeast entering winter.

A triggered, product-specific, time-limited measure with committed volumes to named terminals is a scalpel. A blanket ban is a hammer swung at our own plants.

Problem three: a diesel-only control squeezes the domestic refiner hardest

Neither bill touches crude. A refinery buys crude at a price set in a world market and sells diesel into whatever market it is permitted to reach. Restrict the product and leave the feedstock free, and the domestic-serving refiner pays a world-linked price for its input while selling its output into a domestic market the restriction has just flooded. Its margin is compressed from both ends at once. The integrated major with its own production books the upstream gain and absorbs the downstream loss. The independent refiner serving American customers has no upstream to absorb it.

Table 3. Who actually bears a diesel-only export control

Party	Crude cost	Diesel revenue	Net effect
Integrated major with upstream production and an export book	World-linked, internally hedged by its own production	Loses the export netback, keeps the upstream gain	Partially offset; absorbed comfortably
Independent refiner serving domestic customers	World-linked, unhedged	Sells into a domestic market the control has just flooded	Compressed at both ends — the hardest hit party
Foreign refiner supplying Europe	World-linked	Gains the share vacated by U.S. cargoes	Net beneficiary of the U.S. statute
New U.S. refinery under construction	World-linked	Financed against a domestic crack spread now capped by statute	Investment case impaired; lenders price renewal risk as permanent

Rows two and four are the parties whose expansion is the only durable cure for the condition the bills address.

Problem four, for the Railroads, Pipelines, and Hazardous Materials Subcommittee: a restricted barrel still cannot reach Knoxville

An export control adds barrels at the Gulf Coast, which Table 1 shows is already the cheapest diesel market in America at \$6.03 a gallon. East Tennessee pays more than that, and the reason is not export policy.

East Tennessee's refined products arrive on a Colonial Pipeline line originating in Atlanta. According to Colonial's own right-of-way operator, that line runs sixteen inches as far as Sugar Limb Road in Loudon County and ten inches from there north and east through Knox County, the larger replacement having been blocked locally years ago. Waterborne movement from the Gulf Coast to the Southeast is constrained by the Jones Act. Memphis — Tennessee's only refinery, roughly 180,000 barrels a day and about one percent of national capacity, built in 1941 — sits at the other end of the state and is fed by the Diamond Pipeline from Cushing, where working stocks now stand at 21.5 million barrels.

The binding constraint between a surplus Gulf Coast barrel and a Knoxville truck stop is a ten-inch pipe and a shipping statute. An export control widens neither. This is not a reason to abandon the bills. It is a reason not to promise your district a price effect the physical system cannot deliver, and a reason to pair the export title with a capacity title.

The fix: a consumer circuit breaker built on fuel, not on crude

Congress will negotiate the terms. The design we would urge, and which we have published under our own name, is this:

- Trigger an assessment, not an automatic prohibition. When retail prices run 15 percent above a seasonally and inflation-adjusted three-year average and a verified regional shortage exists, an assessment triggers. This replaces the fixed \$5.00 figure with a benchmark that adjusts to the market rather than to the calendar, and it cannot be stranded by a single quarter.
- Target distillate first. Diesel and heating oil, through product-specific, volume-limited, regularly reviewed measures — with committed volumes to named domestic terminals rather than a headline cargo count. The measure should be judged on fuel delivered, not on exports blocked.
- Use crude restrictions only where they actually add fuel. Reach crude only where a specific feedstock shortage is demonstrably blocking additional domestic fuel production. Drafted that way, it is a narrow findings-based exception to 42 U.S.C. § 6212a rather than a repeal of it — a far shorter legislative fight, and defensible on its own terms.
- Protect the baseline. Apply any volume restriction only to export volume above a trailing thirty-six-month average. Ordinary-course contracted exports continue; the surge stops. That is precisely the behavior your floor remarks described, and nothing else. It preserves contract sanctity and minimizes exposure under Article XI of the GATT.

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

PART FOUR · THE DOMESTIC-SUPPLY COVENANT, WHICH WE WILL SIGN

Better than restricting trade is writing the obligation into the financing, where it belongs to a voluntary bargain rather than to a trade rule. Where the federal or state government confers a benefit on a refinery — a loan guarantee, Defense Production Act money, state bonds, tax abatements, or forbearance under the Renewable Fuel Standard — condition it on a binding domestic-supply covenant.

Table 4. The four stages of the covenant

Stage	Obligation
Public support	Financing assistance or another specified public benefit is identified and quantified
Upfront contract	Domestic transportation fuels — diesel, gasoline, jet fuel and asphalt — are committed, with emergency volumes and pricing set before the financing closes, not negotiated during a crisis
Domestic delivery	Committed volumes to designated American terminals over feasible transport routes, tied to regional inventories and delivery rights
Public reporting	Public cost, fuel volume and destination reported, so the bargain can be audited rather than asserted

Coproduct exceptions apply where no domestic outlet exists for a given stream. Terms are set before financing, not after.

Table 5. Why a covenant succeeds where a trade restriction struggles

Dimension	Export control	Domestic supply covenant
Legal exposure	Implicates GATT Article XI; invites retaliation and litigation	A contract term between a borrower and the United States; no trade obligation engaged
Who is bound	Every exporter, including parties that took nothing from the government	Only parties that accepted a federal benefit, priced at closing
Duration	Depends on a price trigger that may never release	Runs with the loan or the relief, on a stated term
Effect on new capacity	Lenders price statutory margin risk as permanent	Known at financial close; does not impair the credit
Political durability	Repealed the moment prices fall	Survives the price cycle because it is a loan covenant

A refinery built with public money should sell its fuel to the public that built it. That is a condition of a voluntary bargain, not a restriction on anyone's trade — which is precisely why it can pass.

We are volunteering it. Clean Refineries and Green Fuels Operating will accept a domestic-supply covenant on finished fuels as a condition of any federal support we receive, including the Title 17 application now pending at the Department of Energy's Loan Programs Office. Our plants are designed to serve the basin they sit in and the region around it. We are not building an export business, and we are willing to sign a document that says so.

If one refiner will put its own sales under a federal covenant to get built, Congress should find out how many others will.

PART FIVE · THE FARM BILL IS BUILDING THE SHORTAGE YOU ARE TRYING TO END

Section 12501 of the Agricultural Act of 2026, in Subtitle E of Title XII, is captioned "Year-Round E15 and RFS Reform." It grants refineries of 75,000 barrels per day or less a permanent, automatic

exemption from Renewable Fuel Standard compliance. Clean Refineries is building refineries of 30,000 to 50,000 barrels per day. We are, by the statute's own definition, small refineries. We will receive none of it.

1. A hardship program that stopped asking about hardship

The small refinery exemption has always been a hardship program. Under existing law it is temporary, granted for a single compliance year; conditional on a demonstration of disproportionate economic hardship; individually assessed by EPA in consultation with the Department of Energy; and heavily reviewed, including by the Supreme Court. There is no automatic exemption today. That design has a coherent rationale: small refiners have less blending infrastructure and spread fixed compliance costs across less volume.

Section 12501 makes relief automatic. No petition. No showing of hardship. No demonstration of anything. Permanent, with no sunset, no reauthorization, and no periodic review. But the beneficiary class stays exactly where it was — limited to refineries that petitioned under the old hardship regime, before June 1, 2026.

If this is a hardship program, why is there no hardship test? And if it is not a hardship program, why is the class limited to refineries that once claimed hardship?

2. The three gates

Table 6. Eligibility gates under Section 12501, and why a new refinery fails each

Gate	The statutory text	Why a new refinery fails
1	Relief only for a refinery that "petitioned for an extension of an exemption ... by June 1, 2026"	The plant does not exist. The date has passed.
2	Capped at "greatest actual annual production volume ... during any of calendar years 2023 through 2025"	No production in those years. The cap is zero.
3	"No small refinery may petition ... with respect to any calendar year after calendar year 2027"	No future door.

Each gate is independently fatal. Eligibility turns entirely on a filing date and a production history — never on emissions, efficiency, or need.

Then the excluded pay for the included. New Section 211(o)(9)(C)(iv)(I) makes reallocation mandatory: the Administrator "shall reallocate all volumes" exempted, less a 500-million-gallon cushion, raising the compliance percentage of every non-exempt obligated party. The bill also penalizes growth. New clause (iii) provides that a refinery which ever exceeds 75,000 barrels a day loses relief "in the calendar year ... or any subsequent calendar year." One strike, permanent.

Table 7. Annual Renewable Fuel Standard compliance cost, by throughput and product slate

Throughput	Product slate	Obligated volume	Annual cost
30,000 BPD	50 percent diesel	Approximately 220 million gallons	\$20–34 million
50,000 BPD	50 percent diesel	Approximately 367 million gallons	\$34–57 million

Throughput	Product slate	Obligated volume	Annual cost
50,000 BPD	20 percent diesel, jet-heavy	Approximately 147 million gallons	\$14–23 million
Exempt under §12501	Any	—	\$0

Assumptions: 350 operating days; total renewable volume obligation of approximately 15.5 percent; credit prices of \$0.60 to \$1.00. Jet fuel and asphalt carry no obligation. A new regional refinery with no blending arm must buy every mandated credit on the open market — a cost that lands straight back on the pump price.

A refinery built in 1941 pays nothing. A refinery built in 2029, of identical size, pays \$20 to \$57 million a year — permanently — and has its own compliance percentage raised further to fund the older plant's exemption. Across a five-site platform the annual gap between a company that filed a form before June 1, 2026 and one that did not runs to \$100 to \$250 million a year.

3. Why this belongs to the Subcommittee on Delivering on Government Efficiency

This is the part we believe only you can act on, and the reason this paper is addressed to you rather than to the Agriculture Committee.

The exemption is not a tax credit and not an appropriation. It appears on no tax return, in no outlay table, and in no Joint Committee on Taxation score. It is a regulatory compliance waiver whose value moves between private parties by federal command. The value is nonetheless real — tens of millions annually per refinery, billions across the exempt fleet. EPA's March 2026 rule alone reallocated roughly a billion additional credits into a single compliance year.

Congress is about to make that transfer automatic, permanent, and closed to new entrants, with no sunset, no review, and no line item anywhere. Drafted as a direct expenditure of the same magnitude, it would not survive a markup. Your subcommittee exists to find exactly this: a federal program that spends real money in a form no scoring mechanism in the federal government is built to see.

There is also a jurisdictional question worth asking aloud. Section 12501 amends Section 211(o) of the Clean Air Act — the statute owned by the Committee on Energy and Commerce. It is traveling inside an Agriculture Committee vehicle. It is fair to ask why the committee that writes the Renewable Fuel Standard is not the committee writing the permanent, unreviewable exemption from it.

4. What we concede

We are not being penalized for being clean. We are being penalized for being new. Section 12501 contains no environmental criterion of any kind: a dirty new refinery is excluded on identical terms, and a clean old refinery is included on identical terms. We say this plainly because you will hear the opposite claim from people arguing our side of the issue, and it is not true.

The reliance argument also has force against us. A refinery built in 1941 had this obligation imposed on capital already in the ground. We are deciding in 2026 with full notice. Those are different equitable positions and we do not pretend otherwise.

Our objection is narrower and, we think, harder to answer. The Renewable Fuel Standard is an emissions statute in its entire architecture: its four fuel categories are defined by lifecycle greenhouse gas thresholds of 20, 50 and 60 percent, and every credit exists because a fuel met an emissions test. Section 12501 creates a permanent, multi-billion-dollar exemption from that statute and never references emissions once.

5. The fix, and the questions we accept must be answered

- No reallocation onto the excluded. Exempted volumes shall not be reallocated to obligated parties barred from relief by the June 1, 2026 petition requirement or by the absence of 2023–25 production. A legislature may grant a benefit to a closed class; it may not tax those excluded from the class in order to fund it. This costs the renewable fuels industry almost nothing.
- Hardship-based access for qualifying new entrants, with the covenant attached. Permit a refinery commencing operation after enactment to qualify on its actual production, without the June 2026 requirement, on hardship grounds, with relief terms established up front and the domestic-supply covenant of Part Four attached — and on terms under which its exempted volumes are not reallocated onto anyone else.
- Strike the one-strike growth penalty. Make new clause (iii) apply year by year rather than permanently. A refinery that grows past 75,000 barrels a day in one year and falls back the next should not be barred for life.

Four questions follow honestly from that proposal and we do not pretend they are resolved: eligibility and duration, evidence and enforcement, effects on biofuel demand, and the resulting obligations of other refiners. We would rather put them on the table ourselves than have them discovered later. Our position is that every one of them is answerable, and that none of them is a reason to keep a permanent exemption whose only test is a filing date.

PART SIX · WHY THE REFINERIES HAVE TO BE IN-BASIN, AND BUILT FOR DIESEL

An export title without a capacity title redistributes the same barrels. But two objections have to be answered before "build more refineries" means anything, and both are technical.

Objection one: didn't we already announce a big new refinery?

Yes, and it deserves to succeed. In March the President announced America First Refining at the Port of Brownsville — 168,000 barrels a day, configured for light shale, backed by Reliance, with a twenty-year offtake commitment. It is the first large new refinery project in this country in half a century.

It is also a coastal plant on deep water, aimed at the water, and it will not put a gallon of diesel any closer to a combine in Oklahoma or a heating-oil tank in Vermont. For a century American refineries clustered on the Gulf Coast to meet tankers carrying imported crude, rather than inland near the fields and the customers. Brownsville follows that logic. Shipping crude a thousand miles to the coast and hauling the finished fuel back by pipeline and rail is a transportation tax on middle America, paid twice on every gallon.

Coastal capacity and in-basin capacity are not competitors. America needs both, and for fifty years has been building neither.

Objection two: light shale is diesel-poor, so more refineries would not make more diesel

This objection is correct as stated, and it is the most important technical point in this paper. Light shale crude is gasoline-rich and diesel-poor. A refinery configured for 42-degree Permian crude produces a gasoline-weighted slate, and America's shortage is in distillate, not gasoline: national demand runs roughly 8.9 million barrels a day of gasoline against 3.8 million of distillate, but it is the distillate tanks that are 13 percent below the five-year average.

The answer is to match the feedstock to the market rather than to the nearest pipeline. Heavier grades yield more distillate and more asphalt. A blend of light Permian crude at roughly 42 degrees API with heavy Canadian or Venezuelan crude at roughly 20 degrees produces a 29- to 33-degree slate engineered for distillate. That is a design decision made before the first weld, and it is the difference between a new refinery that adds diesel and a new refinery that adds gasoline nobody is short of.

Table 8. Screening candidates: basin to market

Basin	Market served	Feedstock character
Uinta Basin	Salt Lake City and the Wasatch Front	Waxy crude; in-basin processing avoids both freight legs
DJ Basin	Denver and the Front Range	Light, blended with Canadian heavy grades for distillate
San Juan Basin	Albuquerque and the Southwest	Regional supply into a market with no in-state refining depth
Anadarko Basin	Cushing hub and Oklahoma City freight corridors	Blend candidate; adjacent to the Duncan site
Permian Basin	El Paso and West Texas	Sour and heavy blends suited to a distillate-weighted slate

These are screening candidates drawn from our published state briefing, not committed projects. Each market requires its own crude assays, tested yields and project economics. API gravity alone does not establish diesel yield.

One further caution, again against our own interest. Lower capital cost alone does not establish a lower pump price, and crude-processing capacity is not diesel output. What a new in-basin refinery removes with certainty is the round trip — freight out on the crude and freight back on the fuel — and the foreign bidder standing at the export dock between a local barrel and a local customer. Those are real and measurable. Anything beyond them has to be proven project by project, and we would rather your staff hold us to that standard than take our word for it.

PART SEVEN · WHY A REFINERY CAN BE BUILT NOW THAT COULD NOT BE BUILT IN 1982

For fifty years the choice was a dirty refinery or no refinery, and communities rightly said no. That is why nothing got built, and no account of the refining deficit that omits it is honest.

A conventional plant separates crude by boiling it, at roughly 1,000 degrees Fahrenheit under more than 900 pounds per square inch. That violence produces the flaring, benzene, sulfur oxides and particulates that downwind communities have refused for two generations. It also carries a capital bill so punishing, against an assumed peak in fuel demand, that no board would sign it. The permit was impossible and the math was frightening. Both had to change, and both have.

The patented NZET process developed by Clean Refineries and deployed by Green Fuels Operating does not boil the oil. It atomizes crude into micro-droplets at low pressure and separates the fractions at low temperature in a closed loop, recovering vapors rather than creating toxic refining emissions. The only operating stack is an auxiliary natural-gas heater targeted below seven parts per million of nitrogen oxides. Finished through its treating train, the plant delivers asphalt and diesel fuel rather than an intermediate for someone else to finish. The emissions profile is why it can be permitted at

ordinary industrial-zoned sites; the capital cost — roughly half that of a refinery that boils its oil, on our own engineering estimate — is why it can be financed.

What we are asking to be held to

We state the following in our public materials and we restate it here, because a committee staffer will check and should find the same thing in both places. The process description is ours. The claim of no toxic refining emissions requires a defined emissions boundary, independent testing and operating records before anyone should credit it. The auxiliary heater does have combustion emissions, and end-use fuel emissions are a separate matter entirely. The NOx target requires a specified testing basis. Module fabrication time is not the full project development schedule. Yields, emissions and cost should be verified on a like-for-like project basis.

Duncan broke ground on May 29, 2026 and drew no protest — not because the community stopped caring about its air, but because there was nothing to protest, so the town weighed jobs and fuel cost instead. That is the whole reason this is possible now and was not possible in 1982. Public support, in our view, should go only to qualified projects with verified emissions, tested yields and documented local market benefit. We are content to be measured that way.

PART EIGHT · CONGRESS ALREADY HAS THE TOOLS — INCLUDING TWO YOUR STAFF WILL BE TOLD OTHERWISE ABOUT

Correction one · The Defense Production Act gate is already cleared

On April 20, 2026 the President determined that domestic refining is essential to the national defense under the Defense Production Act, and the Department of Energy was directed to deploy Title III incentives. It is commonly said that Section 303(a)(6) requires congressional authorization for any project above \$50 million and that Congress must act to clear that gate for refining. For petroleum refining, that requirement has already been waived by Presidential Determination 2026-11. No legislation is needed to clear it. The real ask is appropriating the Defense Production Act Fund for refining, setting competitive selection criteria, and giving the authority a durable term.

Correction two · Two different DOE programs, two different sunsets

Title 17 Section 1706 — the Energy Infrastructure Reinvestment program, which expressly covers projects replacing ceased energy infrastructure — carries \$1 billion through September 30, 2028. The September 30, 2026 sunset that appears in most press coverage belongs to Section 1703, a different program. The two are constantly conflated, including in testimony. A clean refinery built on a site idle since 1983 is squarely a Section 1706 project.

Item three · The one federal program that finances construction is being cut

Section 9003 of the farm bill is the only USDA authority that finances construction of new biofuel and aviation fuel capacity. The bill expands its eligibility to include sustainable aviation fuel, adds a grant capped at \$10 million and limited to "pilot or demonstration-scale" projects — and rescinds \$18 million from the same program. Section 9001 adds sustainable aviation fuel to the definition of "advanced biofuel," making SAF producers eligible for production payments under Section 9005; Section 9005 in this bill does nothing but move a date from 2023 to 2031. An entirely new fuel category joined the eligible class and nobody resized the pot.

Item four, for the Aviation Subcommittee · An unfinished 2012 draft still sets the price of jet fuel

We raise this only because you sit on the Aviation Subcommittee and because jet fuel is an affordability issue on the same timeline as diesel. Airlines paid an estimated \$2.9 billion premium for the limited sustainable aviation fuel available in 2025, and every dollar of it is in a fare. The binding constraint on SAF cost is hydrogen, not feedstock: the conventional route requires a \$50 to \$150 million catalytic hydrocracker and 200 to 600 standard cubic feet of hydrogen per barrel, adding \$0.62 to \$2.55 per gallon. Palm kernel oil solves this by chemistry rather than capital, its fatty acids being roughly 48 percent lauric and 16 percent myristic against a SAF range of C8 to C16. American refiners cannot use it because of a Notice of Data Availability EPA published at 77 Fed. Reg. 4300 on January 27, 2012, which was never finalized, analyzed palm oil rather than palm kernel oil, addressed ground transportation rather than aviation, and rested on an emission factor not peer reviewed until nearly three years after the notice issued. Fourteen years and four administrations later there is still no rule. The ask is a letter directing EPA, with USDA and DOE, to complete a lifecycle determination within eighteen months, and to provide that the unfinished 2012 analysis shall not serve as the basis for any determination regarding palm kernel oil. A full briefing is available on request.

PART NINE · THE TENNESSEE STAKE, STATED HONESTLY

We have no site in Tennessee and we are not asking you for one. Tennessee produces almost no crude oil, and the entire discipline of our model is to build where the oil already is. A company that would promise your district a refinery it cannot justify is a company whose other numbers you should not trust either.

What your district gets is different, and we think larger. East Tennessee's diesel comes up the Colonial system from the Gulf Coast: the same plants, on the same days, that load the cargoes bound for Rotterdam. When a Gulf Coast refinery has one incremental barrel and two bidders, your constituents are one of the bidders, and they are the one at the end of a ten-inch pipe.

A refinery in the Uinta Basin, in Stephens County, in the Permian, on the North Slope does something an export control cannot. It takes that demand off the national market entirely. A farmer in Oklahoma buying diesel refined twenty miles from the well he sold the crude to is not bidding against a tanker for it, and neither is the Gulf Coast plant that would otherwise have supplied him. Twenty regional refineries in the twenty places that produce the oil would relieve the Gulf Coast of a share of national demand large enough for Knoxville to feel — not because anything was shipped to Tennessee, but because the queue in front of Tennessee got shorter.

Table 9. Duncan, Oklahoma — the first unit

Parameter	Value
Site	Brownfield refining site idle since 1983, Stephens County, Oklahoma
Groundbreaking	May 29, 2026; Congressman Tom Cole in attendance
Capacity	30,000 barrels per day, expandable to 50,000
Private capital	Approximately \$400 million
Operating conditions	Low-pressure atomization and low-temperature separation in a closed loop, against approximately 1,000°F and over 900 psi conventional

Parameter	Value
Only operating stack	Auxiliary natural-gas heater, target below 7 ppm NOx; testing basis to be specified and independently verified
Products	Diesel, gasoline, jet fuel and asphalt, finished through the plant's own treating train
Capital cost basis	Approximately half a conventional plant of the same throughput — company engineering estimate, independent validation required
Federal financing status	Title 17 application pending at the DOE Loan Programs Office; Tribal Energy Loan Guarantee proposal filed for the Utah site
Status under §12501	Excluded. Estimated compliance cost of \$20–\$34 million per year, permanently
Patent	U.S. Patent 11,214,743

One line in that table answers your floor speech directly. A plant built at roughly half the capital of a conventional refinery, running on crude produced in the same county, earns a return at the \$15-per-barrel margin you called normal. It does not need \$117. A company that can make money at \$15 is precisely the mechanism that drags \$117 back toward \$15, because it can profitably undercut anyone holding out for the crisis price.

Section 12501 would make that company carry \$20 to \$34 million a year that its eighty-five-year-old competitor does not. That is not a subsidy question. It is a question of whether the market you are trying to discipline is permitted to have a new entrant in it.

PART TEN · THE ASK — ONE BILL, AND TWO THINGS ONLY YOU CAN DO

You asked, in effect, for the affordability problem to be addressed whole. It can be, in one bill. We would call it the American Fuel First Act.

Table 10. Proposed architecture of a single amended bill

Title	Provision	Committee of jurisdiction	What it does
I	Consumer circuit breaker on refined fuel	Foreign Affairs	Amends H.R. 10422: assessment triggered at 15 percent above a seasonally and inflation-adjusted three-year average plus a verified regional shortage; distillate targeted first; export baseline protected; measures product-specific, volume-limited and regularly reviewed
II	Narrow feedstock exception on crude	Foreign Affairs	A findings-based exception to 42 U.S.C. § 6212a, available only where a specific feedstock shortage is blocking additional domestic fuel production
III	Domestic supply covenant on federally assisted refining capacity	Foreign Affairs and Energy and Commerce	Conditions DPA, DOE and RFS benefits on committed volumes to

Title	Provision	Committee of jurisdiction	What it does
			designated American terminals, priced up front and publicly reported
IV	New entrant parity under the Renewable Fuel Standard	Energy and Commerce (sequential referral)	No reallocation onto parties barred from relief; hardship-based access for qualifying new entrants with the covenant attached; strikes the one-strike growth penalty in §12501
V	Capacity authorities conformed	Appropriations; Transportation and Infrastructure	Appropriates the DPA Fund with competitive criteria; confirms §1706 availability through September 30, 2028; restores the §9003 rescission and resizes §9005

On the jurisdictional reality, plainly

Titles I through III sit in your own committee. Title IV amends the Clean Air Act and belongs to Energy and Commerce, so a single bill would draw a sequential referral. There are two honest paths: introduce it whole and accept the referral — which is exactly what Section 12501 is doing right now in reverse, riding an Agriculture vehicle into Energy and Commerce’s statute — or amend H.R. 10422 in Foreign Affairs and offer Title IV as a floor amendment when the House farm bill reaches the floor.

We recommend the single bill, because the argument only holds together whole. You cannot credibly ask a refiner to keep its fuel in America while simultaneously charging it tens of millions of dollars a year for the offense of being new. Split across two vehicles, one half passes and the other half dies, and the half that dies is always the one without a price at the pump attached to it.

And two things that require your gavel rather than a bill

- A hearing of the Subcommittee on Delivering on Government Efficiency on unscored regulatory transfers, with Section 12501 as the case study. A permanent, automatic, multi-billion-dollar transfer between private parties by federal command, with no sunset, no review and no appearance in any budget document, is the purest example of the thing your subcommittee was created to find. We will testify.
- A letter to the Congressional Budget Office and the Joint Committee on Taxation requesting the ten-year dollar value of the transfer Section 12501 creates, and a letter to the Administrator of EPA requesting the estimated increase in compliance obligation falling on parties barred from relief by the June 1, 2026 petition requirement. If the answer comes back in the billions, as we believe it will, the provision will have a number attached to it for the first time — and provisions with numbers attached get debated.

The calendar will not wait

Harvest is burning fuel now. Within weeks the Northeast begins drawing heating oil from the same thin tanks. Forty-seven percent of voters call the cost of living their single most important issue, and seventy-four percent say it is moving in the wrong direction. Americans are not reacting to one bad month; they are exhausted. A pandemic reset the price of everything and they were told it was temporary. In 2022 diesel hit a record and they were told it was temporary. Each time prices climbed a step and never came back down.

WHY BOTH PARTIES CAN SAY YES**Table 11. The bipartisan bargain**

Constituency	What it gets
Republicans	Energy dominance made real: more American refining capacity, built fast, with export markets untouched in ordinary times
Democrats	What they have waited fifty years for — a refining technology with no toxic process emissions. Not one new polluting plant
Farm states	In-basin refineries matched to diesel-rich crude, closer to the customers who need the fuel, and a Renewable Fuel Standard that stops charging new entrants to subsidize incumbents
Consumers	Fuel that stays home when shortages strike, and a new competitor that can profit at a normal margin

For half a century the choice was a dirty refinery or no refinery, and communities rightly said no — which is why nothing was built. The environmental movement's fifty-year objection was never an obstacle to this plan. It was the specification for it.

We are a refinery company asking Congress to restrict our own exports, volunteering to sign a federal covenant binding our sales to American customers, publishing the conditions under which our own technical claims should be disbelieved, and conceding on the record that the reliance interest of a plant built in 1941 is real and different from ours. In exchange we are asking for one thing: that a refinery which demonstrably emits less be allowed to compete on the same terms as a refinery built when Franklin Roosevelt was president.

The American people produce the oil and pay the bills. They are asking two things: keep American fuel home when shortages strike, and clear the path to build the clean refineries that make it.

No law of physics ties a Permian barrel to a foreign tanker. Only the absence of a law of Congress does — and on refined fuel, that law has never been written. You are in a position to write it. We are asking you to write it so that it delivers fuel rather than counts cargoes, and so that the refineries it depends on are permitted to exist.

Respectfully submitted,

CLEAN REFINERIES, INC.
GREEN FUELS OPERATING, LLC

Derek Williamson, Chief Executive Officer

Disclosure: the authors hold a commercial interest in the technology described. The circuit-breaker trigger and the domestic-supply covenant are drafted as statutory language and are available to your office on request.

Document reference: CRI-BURCHETT-POLICY-20260918-02