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May 2, 2006

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Vote No on Refinery Permitting Bill

Dear Colleague:

With no hearings, no markups, no process or record whatsoever, Republicans have scheduled on the Wednesday suspension calendar H.R. ____, a refinery permitting bill that assumes that the solution to high gas prices lies in more Federal interference with State and local governments. We are writing to urge you to oppose it.

This new bill is a second bite at the controversial Gasoline for America's Security Act, which the House passed by the bare margin of 212-210 last October. Although this bill has a new name – The Refinery Permit Process Schedule Act – it is up to the same old tricks. The new legislation would mandate additional Federal oversight and require State and local governments to comply with a new Federal schedule for approving permits to site, construct, or expand a refinery.

This bill would repeal the provisions contained in the Energy Policy Act of 2005 to expedite refinery permitting. That law appropriately gave States the authority to trigger a process that would coordinate Federal and State actions on a refinery.

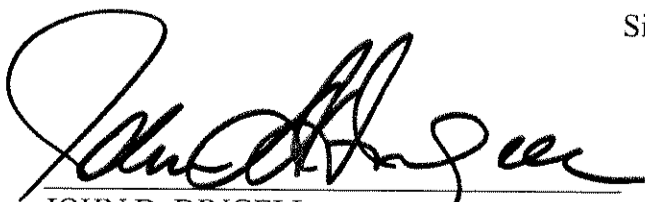
The legislation was just unveiled this week. There have been no hearings and no markups. Indeed, as of this writing it has not even been introduced. States have not been given the courtesy of being heard from before having an additional Federal mandate imposed on them. While the bill does raise many questions, there are some facts available to us that are worth considering.

Economics, not environmental regulation, drives refinery capacity. The *Wall Street Journal* recently reported that, although Exxon has continued to expand capacity of its existing refineries, Exxon believes that building a new refinery from scratch would be bad for long-term business. The Chief Executive Officer for Shell testified in a November 2005 Senate hearing that "[w]e are not aware of any environmental regulations that have prevented us from expanding refinery capacity or siting a new refinery." Conoco's CEO also told the Senate "[a]t this time we are not aware of any projects that have been directly prevented as a result of any specific Federal or State regulation."

Remarkably, the bill's approach to expediting permits is to subject State permitting action to additional Federal oversight – first by creating a new layer of permitting bureaucracy (a "Federal Coordinator") and then by creating a new cause of action so that Federal courts can tell State and local agencies whether they are acting fast enough. It is hard to believe that more Federal bureaucracy will lead to faster permitting. And there is no reason to believe that the bill will increase refining capacity or decrease gas prices.

We urge you to vote against this legislation.

Sincerely,


JOHN D. DINGELL


RICK BOUCHER