

## Refinery Fight

**Domestic oil refineries stocking up on lobbyists to fight lifting of ban on exporting crude oil**

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March 12, 2014

Some domestic oil refiners are fighting new measures that would be economically beneficial for the country as a whole but decrease their profitability, experts said.

Four refiners recently formed a trade group called Consumers and Refiners United for Domestic Energy (CRUDE). That group has hired Peck Madigan Jones, a prominent Washington, D.C., lobbying firm, to fight for the export ban.

Monroe Energy, PBF Energy, Alon USA Energy, and Philadelphia Energy Solutions are listed as CRUDE members on a recent lobbyist registration disclosure form.

Monroe is a subsidiary of Delta Airlines, and runs a Pennsylvania refinery that produces jet fuel for the airline. The company worries that a larger market for U.S. oil could increase its price, and hence the refinery's primary input.

The company was one of six refiners, including PBF, that reportedly huddled in January to plan a strategy to maintain the export ban.

That meeting came a day after Sen. Lisa Murkowski (R., Alaska), the ranking member of the Natural Resources Committee, endorsed ending the crude export ban.

"The current system is inefficient and may lead to supply disruptions that we can ill afford," Murkowski said at the time, indicating that she would introduce legislation to lift the ban if the administration would not do so unilaterally.

The more conservative wing of the Republican Party is on board with Murkowski's effort. Sens. Rand Paul (R., Ky.), Marco Rubio (R., Fla.) and Ted Cruz (R., Texas) have all signaled support for lifting the export ban.

The strongest opposition to lifting the ban has come from Senate Democrats, including Foreign Relations chairman Bob Menendez (D., N.J.) and Sen. Ed Markey (D., Mass).

However, some Democrats are taking a cautious approach. Energy and Natural Resources chairman Ron Wyden (D., Ore.) and Sen. Maria Cantwell (D., Wash.) recently asked the Energy Information Administration to conduct a study on the effects of the export ban—and its potential expiration—on U.S. gas prices.

CRUDE's lobbyists include former aides to high-profile Republicans, suggesting to some observers that the group will look to poach moderate GOP votes.

“My guess—and it's only a guess—is that they know they have a large chunk of the Democrats on their side and thus want to focus on peeling off just enough Republicans to secure 60 votes in the Senate and a House majority,” said Scott Lincicome, a trade policy expert at the Cato Institute.

PMJ listed five CRUDE lobbyists on its registration form. Three have held top positions for prominent Republican legislators or administrators.

The list includes Janet Mullins Grissom, former chief of staff for Senate Majority Leader Mitch McConnell (R., Ky.) and Assistant Secretary of State for legislative affairs under George H.W. Bush; Peter Madigan, former chief of staff for Robert Zoellick, U.S. Trade Representative under George W. Bush; and Jeff Shapiro, former chief of staff for Rep. Adrian Smith (R., Neb.).

“In terms of resources, that's probably a smart play,” Lincicome said of the GOP-heavy lineup.

The Republican focus may also have to do with the geographical breakdown of the export fight.

American Fuel and Petrochemical Manufacturers, the trade association that represents refiners, and a number of individual refiners support lifting the ban.

“The current system, which bans most crude exports yet permits unlimited exportation of refined products, has created a glut of cheap oil in the middle of the country and windfall profits for refiners located there,” Lincicome explained.

While refiners in general haven't staked out strong opposition to lifting the ban, CRUDE members have an immediate financial interest in maintaining it.

“They get a 15-20 percent discount on crude, then export at the global price and, as a result, U.S. exports of gasoline, diesel and other products have soared in recent years,” Lincicome said. “They're making out like bandits under the current regulatory system and don't want it to change.”

Dan Kish, president of the Institute for Energy Research, which supports lifting the export ban, pointed to the impressive resumes of CRUDE's new lobbyist as an indication of the financial stakes for the group's members.

Groups with large amounts of money on the line are willing to spend significant sums affecting policy, he said.

“If they get something that saves them \$100 million, they’re willing to spend \$20 million to get it.”