ONE HUNDRED NINTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515–6115

JOE BARTON, TEXAS
CHAIRMAN

May 3, 2006

Mr. Rex Tillerson
Chairman & CEO
Exxon Mobil Corporation
5959 Las Colinas Blvd
Irving, TX 75039-2298

Dear Mr. Tillerson:

In the wake of soaring gasoline prices, and in keeping with its ongoing oversight of energy supply-and-demand issues, the House Committee on Energy and Commerce (Committee) is conducting an investigation into how some of the largest integrated oil companies are allocating and utilizing their record profits. The relatively small amount invested by the companies to increase domestic refining capacity – a significant factor in high gasoline prices – is cause for concern, particularly given the tremendous financial toll that high gas prices are taking on the average American, the economy, and national security.

As of April 24, the national average price for regular unleaded gasoline was $2.91 per gallon, up $0.40 from the prior month (16%) and $0.69 from a year ago (31%). A shortage of refining capacity is one of the primary factors contributing to this price spike. According to the Energy Information Administration, refineries are operating at an average 86% of capacity; gasoline production averages 24 million fewer gallons per day than one year ago; and total gasoline inventory has dropped dramatically. Industry sources acknowledge that this refinery supply crunch is likely to continue for the foreseeable future, keeping prices high.

While we are mindful of the fact that oil markets can be volatile and that companies have a fiduciary responsibility to their shareholders, we are committed to making sure that the domestic refining and supply infrastructure is adequate to provide a reliable and abundant supply of fuel, both now and in the future. This commitment can be seen in recent Congressional legislation. For its part, the oil industry has publicly acknowledged the importance of increasing domestic refining capacity. As Red Cavaney, President and CEO of the American Petroleum Institute, testified before this Committee last September: "The expansion of refinery capacity must be a national priority." Unfortunately, the oil industry does not appear to have put its money where its mouth is.

According to a recent report prepared by the Congressional Research Service entitled "Oil Industry Profit Review 2005" (April 18, 2006) (CRS Report), the oil industry earned net income of more than $140 billion for 2005, 76% of which was earned by the five major integrated oil companies. Exxon Mobil Corporation (ExxonMobil) alone earned over $36 billion. And these profits are continuing: the top three U.S. oil companies reported first-quarter profits of $15.7 billion, 17% higher than the first quarter of the prior year. However, during a joint hearing of the Senate Committees on Energy and Natural Resources and Commerce, Science and Transportation last November, former ExxonMobil CEO Lee Raymond testified that ExxonMobil had invested a relatively modest $3.3 billion over the past five years in its U.S. refining and supply system, in comparison to the company's net income of nearly $110 billion during this period.

The oil industry has offered a myriad of justifications for the limited investment in domestic refining capacity. Mr. Cavaney noted in his September testimony before the full Committee that although "refiners have increased the efficiency, utilization and capacity of existing refineries, these efforts have not enabled the refining industry to keep up with growing demand," due primarily to government regulations, local opposition, and "financial constraints." Yet, it is difficult to imagine how the oil industry could be financially constrained from increasing its commitment to domestic refining capacity when the three largest U.S. integrated oil companies alone have cash reserves in excess of $40 billion.

Our concern over ExxonMobil's priorities has been further heightened by the recent disclosure on April 12 that Mr. Raymond received a compensation package totaling nearly $400 million, including salary, bonus, stock options, a one-year $1 million consulting arrangement, use of the corporate jet, and a lump-sum pension of $98.4 million. While we respect the right of corporations in America to set compensation packages as they see fit, it is hard to understand how, in light of most Americans paying nearly $3.00 per gallon at the pump, your board of directors can justify such an exorbitant payout.

Given the critical importance of gas prices to the American economy, we seek your assistance in better understanding your company's plans and priorities for ensuring ample oil refinery capacity and gasoline supply. Accordingly, we hereby request, pursuant to Rules X and XI of the United States House of Representatives, that ExxonMobil provide the following information and records on or before May 15, 2006:

1. For each of the past 10 years, how much has ExxonMobil invested in maintaining, improving, and/or expanding its domestic refining operations and supply system? With respect to domestic investment, how much is attributable to complying with legal obligations, including environmental regulations, as opposed to actually expanding capacity? How much has ExxonMobil invested in maintaining, improving, and/or expanding its international refining operations and supply

system? If international investment is greater than domestic investment, please explain why.

2. For each of the past 10 years, please list on a month-by-month basis the percentage of capacity at which each of ExxonMobil's domestic refineries have been operating. For each refinery not operating at full capacity during this period, please identify the specific reason(s) for the decreased capacity on a month-by-month basis and provide monthly, quarterly, and/or annual records detailing the decreased capacity by facility and/or company wide.

3. Please describe the effects of Hurricanes Katrina and Rita on ExxonMobil's domestic refining capacity and identify all facilities that were adversely impacted. Has ExxonMobil fully restored its domestic refining operations and supply system? When was each refinery brought back on line, and what was the cost? Did ExxonMobil experience increased revenues during the period when its refineries were down due to the effects of Hurricanes Katrina and Rita?

4. Has ExxonMobil ever reduced, or considered reducing, domestic refining capacity in order to constrict gasoline supply and keep gas prices high? If so, please provide all records relating to such decisions or discussions.

5. According to the CRS Report, the oil industry's record profits in 2005 were so large and unexpected that several major oil companies built up significant cash reserves, paid special dividends to shareholders, and implemented stock repurchase plans. In light of these unusually large cash reserves, does ExxonMobil intend to use some portion of this windfall to make incremental investments in its domestic refining operations and supply system over that which was originally planned? If so, please describe and provide all records relating to such incremental investments. If not, please explain why not.

6. How does ExxonMobil allocate profits across its various business segments? Your response should include, but not be limited to, narrative and quantitative explanations of each of your upstream, midstream, and downstream businesses.

7. Please provide a detailed narrative description of how Lee Raymond's CEO compensation and retirement packages were determined, as well as all records relating to valuation and contents of these pay packages, including relevant Board of Directors and Compensation Committee meeting minutes. Please identify whether any officers or directors ever objected to or questioned these pay packages.

Please note that, for the purpose of responding to the above requests, the terms "records" and "relating" should be interpreted in accordance with the Attachment to this letter. If you have any questions, please contact Andrew L. Snowdon or Peter Spencer of the Committee staff at (202) 225-2927.

Sincerely,

Joe Barton
Chairman

Ed Whitfield
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable John D. Dingell, Ranking Member
The Honorable Bart Stupak, Ranking Member
Subcommittee on Oversight and Investigations

Attachment

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2. The terms "relating," "relate," or "regarding" as to any given subject means anything that constitutes, contains, embodies, identifies, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.

ONE HUNDRED NINTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515–6115

JOE BARTON, TEXAS
CHAIRMAN

May 3, 2006

Mr. David O'Reilly
Chairman & CEO
Chevron Corporation
6001 Bollinger Canyon Rd.
San Ramon, CA 94583

Dear Mr. O'Reilly:

In the wake of soaring gasoline prices, and in keeping with its ongoing oversight of energy supply-and-demand issues, the House Committee on Energy and Commerce (Committee) is conducting an investigation into how some of the largest integrated oil companies are allocating and utilizing their record profits. The relatively small amount invested by the companies to increase domestic refining capacity – a significant factor in high gasoline prices – is cause for concern, particularly given the tremendous financial toll that high gas prices are taking on the average American, the economy, and national security.

As of April 24, the national average price for regular unleaded gasoline was $2.91 per gallon, up $0.40 from the prior month (16%) and $0.69 from a year ago (31%). A shortage of refining capacity is one of the primary factors contributing to this price spike. According to the Energy Information Administration, refineries are operating at an average 86% of capacity; gasoline production averages 24 million fewer gallons per day than one year ago; and total gasoline inventory has dropped dramatically. Industry sources acknowledge that this refinery supply crunch is likely to continue for the foreseeable future, keeping prices high.

While we are mindful of the fact that oil markets can be volatile and that companies have a fiduciary responsibility to their shareholders, we are committed to making sure that the domestic refining and supply infrastructure is adequate to provide a reliable and abundant supply of fuel, both now and in the future. This commitment can be seen in recent Congressional legislation. For its part, the oil industry has publicly acknowledged the importance of increasing domestic refining capacity. As Red

Cavaney, President and CEO of the American Petroleum Institute, testified before this Committee last September: "The expansion of refinery capacity must be a national priority." Unfortunately, the oil industry does not appear to have put its money where its mouth is.

According to a recent report prepared by the Congressional Research Service entitled "Oil Industry Profit Review 2005" (April 18, 2006) (CRS Report), the oil industry earned net income of more than $140 billion for 2005, 76% of which was earned by the five major integrated oil companies. The Chevron Corporation (Chevron) earned over $14 billion. And these profits are continuing: the top three U.S. oil companies reported first-quarter profits of $15.7 billion, 17% higher than first quarter of the prior year. However, during a joint hearing of the Senate Committees on Energy and Natural Resources and Commerce, Science and Transportation last November, former Exxon Mobil Corporation CEO Lee Raymond testified that ExxonMobil had invested a relatively modest $3.3 billion over the past five years in its U.S. refining and supply system, in comparison to the company's net income of nearly $110 billion during this period.

The oil industry has offered a myriad of justifications for the limited investment in domestic refining capacity. Mr. Cavaney noted in his September testimony before the full Committee that although "refiners have increased the efficiency, utilization and capacity of existing refineries, these efforts have not enabled the refining industry to keep up with growing demand," due primarily to government regulations, local opposition, and "financial constraints." Yet, it is difficult to imagine how the oil industry could be financially constrained from increasing its commitment to domestic refining capacity when the three largest U.S. integrated oil companies alone have cash reserves in excess of $40 billion.

Given the critical importance of gas prices to the American economy, we seek your assistance in better understanding your company's plans and priorities for ensuring ample oil refinery capacity and gasoline supply. Accordingly, we hereby request, pursuant to Rules X and XI of the United States House of Representatives, that Chevron provide the following information and records on or before May 15, 2006:

1. For each of the past 10 years, how much has Chevron invested in maintaining, improving, and/or expanding its domestic refining operations and supply system? With respect to domestic investment, how much is attributable to complying with legal obligations, including environmental regulations, as opposed to actually expanding capacity? How much has Chevron invested in maintaining, improving, and/or expanding its international refining operations and supply system? If international investment is greater than domestic investment, please explain why.

2. For each of the past 10 years, please list on a month-by-month basis the percentage of capacity at which each of Chevron's domestic refineries have been operating. For each refinery not operating at full capacity during this period, please identify the specific reason(s) for the decreased capacity on a month-by-month basis and provide monthly, quarterly, and/or annual records detailing the decreased capacity by facility and/or company wide.

3. Please describe the effects of Hurricanes Katrina and Rita on Chevron's domestic refining capacity and identify all facilities that were adversely impacted. Has Chevron fully restored its domestic refining operations and supply system? When was each refinery brought back on line, and what was the cost? Did Chevron experience increased revenues during the period when its refineries were down due to the effects of Hurricanes Katrina and Rita?

4. Has Chevron ever reduced, or considered reducing, domestic refining capacity in order to constrict gasoline supply and keep gas prices high? If so, please provide all records relating to such decisions or discussions.

5. According to the CRS Report, the oil industry's record profits in 2005 were so large and unexpected that several major oil companies built up significant cash reserves, paid special dividends to shareholders, and implemented stock repurchase plans. In light of these unusually large cash reserves, does Chevron intend to use some portion of this windfall to make incremental investments in its domestic refining operations and supply system over that which was originally planned? If so, please describe and provide all records relating to such incremental investments. If not, please explain why not.

6. How does Chevron allocate profits across its various business segments? Your response should include, but not be limited to, narrative and quantitative explanations of each of your upstream, midstream, and downstream businesses.

Please note that, for the purpose of responding to the above requests, the terms "records" and "relating" should be interpreted in accordance with the Attachment to this letter. If you have any questions, please contact Andrew L. Snowdon or Peter Spencer of the Committee staff at (202) 225-2927.

Sincerely,

Joe Barton
Chairman

Ed Whitfield
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable John D. Dingell, Ranking Member
The Honorable Bart Stupak, Ranking Member
Subcommittee on Oversight and Investigations

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2. The terms "relating," "relate," or "regarding" as to any given subject means anything that constitutes, contains, embodies, identifies, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.

ONE HUNDRED NINTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515–6115

JOE BARTON, TEXAS
CHAIRMAN

May 3, 2006

Mr. James J. Mulva
Chairman & CEO
ConocoPhillips, Inc.
600 North Dairy Ashford
P.O. Box 2197
Houston, TX 77252-2197

Dear Mr. Mulva:

In the wake of soaring gasoline prices, and in keeping with its ongoing oversight of energy supply-and-demand issues, the House Committee on Energy and Commerce (Committee) is conducting an investigation into how some of the largest integrated oil companies are allocating and utilizing their record profits. The relatively small amount invested by the companies to increase domestic refining capacity – a significant factor in high gasoline prices – is cause for concern, particularly given the tremendous financial toll that high gas prices are taking on the average American, the economy, and national security.

As of April 24, the national average price for regular unleaded gasoline was $2.91 per gallon, up $0.40 from the prior month (16%) and $0.69 from a year ago (31%). A shortage of refining capacity is one of the primary factors contributing to this price spike. According to the Energy Information Administration, refineries are operating at an average 86% of capacity; gasoline production averages 24 million fewer gallons per day than one year ago; and total gasoline inventory has dropped dramatically. Industry sources acknowledge that this refinery supply crunch is likely to continue for the foreseeable future, keeping prices high.

While we are mindful of the fact that oil markets can be volatile and that companies have a fiduciary responsibility to their shareholders, we are committed to making sure that the domestic refining and supply infrastructure is adequate to provide a reliable and abundant supply of fuel, both now and in the future. This commitment can be seen in recent Congressional legislation. For its part, the oil industry has publicly acknowledged the importance of increasing domestic refining capacity. As Red Cavaney, President and CEO of the American Petroleum Institute, testified before this Committee last September: "The expansion of refinery capacity must be a national priority." Unfortunately, the oil industry does not appear to have put its money where its mouth is.

According to a recent report prepared by the Congressional Research Service entitled "Oil Industry Profit Review 2005" (April 18, 2006) (CRS Report), the oil industry earned net income of more than $140 billion for 2005, 76% of which was earned by the five major integrated oil companies. ConocoPhillips, Inc. (ConocoPhillips) earned over $13.5 billion. And these profits are continuing: the top three U.S. oil companies reported first-quarter profits of $15.7 billion, 17% higher than first quarter of the prior year. However, during a joint hearing of the Senate Committees on Energy and Natural Resources and Commerce, Science and Transportation last November, former Exxon Mobil Corporation CEO Lee Raymond testified that ExxonMobil had invested a relatively modest $3.3 billion over the past five years in its U.S. refining and supply system, in comparison to the company's net income of nearly $110 billion during this period.

The oil industry has offered a myriad of justifications for the limited investment in domestic refining capacity. Mr. Cavaney noted in his September testimony before the full Committee that although "refiners have increased the efficiency, utilization and capacity of existing refineries, these efforts have not enabled the refining industry to keep up with growing demand," due primarily to government regulations, local opposition, and "financial constraints." Yet, it is difficult to imagine how the oil industry could be financially constrained from increasing its commitment to domestic refining capacity when the three largest U.S. integrated oil companies alone have cash reserves in excess of $40 billion.

Given the critical importance of gas prices to the American economy, we seek your assistance in better understanding your company's plans and priorities for ensuring ample oil refinery capacity and gasoline supply. Accordingly, we hereby request, pursuant to Rules X and XI of the United States House of Representatives, that ConocoPhillips provide the following information and records on or before May 15, 2006:

1. For each of the past 10 years, how much has ConocoPhillips invested in maintaining, improving, and/or expanding its domestic refining operations and supply system? With respect to domestic investment, how much is attributable to complying with legal obligations, including environmental regulations, as opposed to actually expanding capacity? How much has ConocoPhillips invested in maintaining, improving, and/or expanding its international refining operations and supply system? If international investment is greater than domestic investment, please explain why.

2. For each of the past 10 years, please list on a month-by-month basis the percentage of capacity at which each of ConocoPhillips' domestic refineries have been operating. For each refinery not operating at full capacity during this period, please identify the specific reason(s) for the decreased capacity on a month-by-month basis and provide monthly, quarterly, and/or annual records detailing the decreased capacity by facility and/or company wide.

3. Please describe the effects of Hurricanes Katrina and Rita on ConocoPhillips' domestic refining capacity and identify all facilities that were adversely impacted. Has ConocoPhillips fully restored its domestic refining operations and supply system? When was each refinery brought back on line, and what was the cost? Did ConocoPhillips experience increased revenues during the period when its refineries were down due to the effects of Hurricanes Katrina and Rita?

4. Has ConocoPhillips ever reduced, or considered reducing, domestic refining capacity in order to constrict gasoline supply and keep gas prices high? If so, please provide all records relating to such decisions or discussions.

5. According to the CRS Report, the oil industry's record profits in 2005 were so large and unexpected that several major oil companies built up significant cash reserves, paid special dividends to shareholders, and implemented stock repurchase plans. In light of these unusually large cash reserves, does ConocoPhillips intend to use some portion of this windfall to make incremental investments in its domestic refining operations and supply system over that which was originally planned? If so, please describe and provide all records relating to such incremental investments. If not, please explain why not.

6. How does ConocoPhillips allocate profits across its various business segments? Your response should include, but not be limited to, narrative and quantitative explanations of each of your upstream, midstream, and downstream businesses.

Please note that, for the purpose of responding to the above requests, the terms "records" and "relating" should be interpreted in accordance with the Attachment to this letter. If you have any questions, please contact Andrew L. Snowdon or Peter Spencer of the Committee staff at (202) 225-2927.

Sincerely,

Joe Barton
Chairman

Ed Whitfield
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable John D. Dingell, Ranking Member
The Honorable Bart Stupak, Ranking Member
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ONE HUNDRED NINTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515–6115

JOE BARTON, TEXAS
CHAIRMAN

May 3, 2006

Mr. John Hofmeister
President and US Country Chair
Shell Oil Company
910 Louisiana St.
Houston, TX 77002

Dear Mr. Hofmeister:

In the wake of soaring gasoline prices, and in keeping with its ongoing oversight of energy supply-and-demand issues, the House Committee on Energy and Commerce (Committee) is conducting an investigation into how some of the largest integrated oil companies are allocating and utilizing their record profits. The relatively small amount invested by the companies to increase domestic refining capacity – a significant factor in high gasoline prices – is cause for concern, particularly given the tremendous financial toll that high gas prices are taking on the average American, the economy, and national security.

As of April 24, the national average price for regular unleaded gasoline was \$2.91 per gallon, up \$0.40 from the prior month (16%) and \$0.69 from a year ago (31%). A shortage of refining capacity is one of the primary factors contributing to this price spike. According to the Energy Information Administration, refineries are operating at an average 86% of capacity; gasoline production averages 24 million fewer gallons per day than one year ago; and total gasoline inventory has dropped dramatically. Industry sources acknowledge that this refinery supply crunch is likely to continue for the foreseeable future, keeping prices high.

While we are mindful of the fact that oil markets can be volatile and that companies have a fiduciary responsibility to their shareholders, we are committed to making sure that the domestic refining and supply infrastructure is adequate to provide a reliable and abundant supply of fuel, both now and in the future. This commitment can be seen in recent Congressional legislation. For its part, the oil industry has publicly acknowledged the importance of increasing domestic refining capacity. As Red

Cavaney, President and CEO of the American Petroleum Institute, testified before this Committee last September: "The expansion of refinery capacity must be a national priority." Unfortunately, the oil industry does not appear to have put its money where its mouth is.

According to a recent report prepared by the Congressional Research Service entitled "Oil Industry Profit Review 2005" (April 18, 2006) (CRS Report), the oil industry earned net income of more than $140 billion for 2005, 76% of which was earned by the five major integrated oil companies. Royal Dutch Shell (Shell) earned approximately $23 billion. And these profits are continuing: the top three U.S. oil companies reported first-quarter profits of $15.7 billion, 17% higher than first quarter of the prior year. However, during a joint hearing of the Senate Committees on Energy and Natural Resources and Commerce, Science and Transportation last November, former Exxon Mobil Corporation CEO Lee Raymond testified that ExxonMobil had invested a relatively modest $3.3 billion over the past five years in its U.S. refining and supply system, in comparison to the company's net income of nearly $110 billion during this period.

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Given the critical importance of gas prices to the American economy, we seek your assistance in better understanding your company's plans and priorities for ensuring ample oil refinery capacity and gasoline supply. Accordingly, we hereby request, pursuant to Rules X and XI of the United States House of Representatives, that Shell provide the following information and records on or before May 15, 2006:

1. For each of the past 10 years, how much has Shell invested in maintaining, improving, and/or expanding its domestic refining operations and supply system? With respect to domestic investment, how much is attributable to complying with legal obligations, including environmental regulations, as opposed to actually expanding capacity? How much has Shell invested in maintaining, improving, and/or expanding its international refining operations and supply system? If international investment is greater than domestic investment, please explain why.

2. For each of the past 10 years, please list on a month-by-month basis the percentage of capacity at which each of Shell's domestic refineries have

been operating. For each refinery not operating at full capacity during this period, please identify the specific reason(s) for the decreased capacity on a month-by-month basis and provide monthly, quarterly, and/or annual records detailing the decreased capacity by facility and/or company wide.

3. Please describe the effects of Hurricanes Katrina and Rita on Shell's domestic refining capacity and identify all facilities that were adversely impacted. Has Shell fully restored its domestic refining operations and supply system? When was each refinery brought back on line, and what was the cost? Did Shell experience increased revenues during the period when its refineries were down due to the effects of Hurricanes Katrina and Rita?

4. Has Shell ever reduced, or considered reducing, domestic refining capacity in order to constrict gasoline supply and keep gas prices high? If so, please provide all records relating to such decisions or discussions.

5. According to the CRS Report, the oil industry's record profits in 2005 were so large and unexpected that several major oil companies built up significant cash reserves, paid special dividends to shareholders, and implemented stock repurchase plans. In light of these unusually large cash reserves, does Shell intend to use some portion of this windfall to make incremental investments in its domestic refining operations and supply system over that which was originally planned? If so, please describe and provide all records relating to such incremental investments. If not, please explain why not.

6. How does Shell allocate profits across its various business segments? Your response should include, but not be limited to, narrative and quantitative explanations of each of your upstream, midstream, and downstream businesses.

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Sincerely,

Joe Barton
Chairman

Ed Whitfield
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable John D. Dingell, Ranking Member
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U.S. House of Representatives

Committee on Energy and Commerce

Washington, DC 20515–6115

JOE BARTON, TEXAS
CHAIRMAN

May 3, 2006

Mr. Ross Pillari
President and CEO
BP America, Inc.
150 W. Warrenville Rd.
Naperville, IL 60563

Dear Mr. Pillari:

In the wake of soaring gasoline prices, and in keeping with its ongoing oversight of energy supply-and-demand issues, the House Committee on Energy and Commerce (Committee) is conducting an investigation into how some of the largest integrated oil companies are allocating and utilizing their record profits. The relatively small amount invested by the companies to increase domestic refining capacity – a significant factor in high gasoline prices – is cause for concern, particularly given the tremendous financial toll that high gas prices are taking on the average American, the economy, and national security.

As of April 24, the national average price for regular unleaded gasoline was $2.91 per gallon, up $0.40 from the prior month (16%) and $0.69 from a year ago (31%). A shortage of refining capacity is one of the primary factors contributing to this price spike. According to the Energy Information Administration, refineries are operating at an average 86% of capacity; gasoline production averages 24 million fewer gallons per day than one year ago; and total gasoline inventory has dropped dramatically. Industry sources acknowledge that this refinery supply crunch is likely to continue for the foreseeable future, keeping prices high.

While we are mindful of the fact that oil markets can be volatile and that companies have a fiduciary responsibility to their shareholders, we are committed to making sure that the domestic refining and supply infrastructure is adequate to provide a reliable and abundant supply of fuel, both now and in the future. This commitment can be seen in recent Congressional legislation. For its part, the oil industry has publicly acknowledged the importance of increasing domestic refining capacity. As Red Cavaney, President and CEO of the American Petroleum Institute, testified before this Committee last September: "The expansion of refinery capacity must be a national priority." Unfortunately, the oil industry does not appear to have put its money where its mouth is.

According to a recent report prepared by the Congressional Research Service entitled "Oil Industry Profit Review 2005" (April 18, 2006) (CRS Report), the oil industry earned net income of more than $140 billion for 2005, 76% of which was earned by the five major integrated oil companies. BP PLC (BP) earned over $19 billion. And these profits are continuing: the top three U.S. oil companies reported first-quarter profits of $15.7 billion, 17% higher than the first quarter of the prior year. However, during a joint hearing of the Senate Committees on Energy and Natural Resources and Commerce, Science and Transportation last November, former Exxon Mobil Corporation CEO Lee Raymond testified that ExxonMobil had invested a relatively modest $3.3 billion over the past five years in its U.S. refining and supply system, in comparison to the company's net income of nearly $110 billion during this period.

The oil industry has offered a myriad of justifications for the limited investment in domestic refining capacity. Mr. Cavaney noted in his September testimony before the full Committee that although "refiners have increased the efficiency, utilization and capacity of existing refineries, these efforts have not enabled the refining industry to keep up with growing demand," due primarily to government regulations, local opposition, and "financial constraints." Yet, it is difficult to imagine how the oil industry could be financially constrained from increasing its commitment to domestic refining capacity when the three largest U.S. integrated oil companies alone have cash reserves in excess of $40 billion.

Given the critical importance of gas prices to the American economy, we seek your assistance in better understanding your company's plans and priorities for ensuring ample oil refinery capacity and gasoline supply. Accordingly, we hereby request, pursuant to Rules X and XI of the United States House of Representatives, that BP provide the following information and records on or before May 15, 2006:

1. For each of the past 10 years, how much has BP invested in maintaining, improving, and/or expanding its domestic refining operations and supply system? With respect to domestic investment, how much is attributable to complying with legal obligations, including environmental regulations, as opposed to actually expanding capacity? How much has BP invested in maintaining, improving, and/or expanding its international refining operations and supply system? If international investment is greater than domestic investment, please explain why.

2. For each of the past 10 years, please list on a month-by-month basis the percentage of capacity at which each of BP's domestic refineries have been operating. For each refinery not operating at full capacity during this period, please identify the specific reason(s) for the decreased capacity on a month-by-month basis and provide monthly, quarterly, and/or annual records detailing the decreased capacity by facility and/or company wide.

3. Please describe the effects of Hurricanes Katrina and Rita on BP domestic refining capacity and identify all facilities that were adversely impacted. Has BP fully restored its domestic refining operations and supply system? When was each refinery brought back on line, and what was the cost? Did BP experience increased revenues during the period when its refineries were down due to the effects of Hurricanes Katrina and Rita?

4. Has BP ever reduced, or considered reducing, domestic refining capacity in order to constrict gasoline supply and keep gas prices high? If so, please provide all records relating to such decisions or discussions.

5. According to the CRS Report, the oil industry's record profits in 2005 were so large and unexpected that several major oil companies built up significant cash reserves, paid special dividends to shareholders, and implemented stock repurchase plans. In light of these unusually large cash reserves, does BP intend to use some portion of this windfall to make incremental investments in its domestic refining operations and supply system over that which was originally planned? If so, please describe and provide all records relating to such incremental investments. If not, please explain why not.

6. How does BP allocate profits across its various business segments? Your response should include, but not be limited to, narrative and quantitative explanations of each of your upstream, midstream, and downstream businesses.

Please note that, for the purpose of responding to the above requests, the terms "records" and "relating" should be interpreted in accordance with the Attachment to this letter. If you have any questions, please contact Andrew L. Snowdon or Peter Spencer of the Committee staff at (202) 225-2927.

Sincerely,

Joe Barton
Chairman

Ed Whitfield
Chairman
Subcommittee on Oversight
and Investigations

cc: The Honorable John D. Dingell, Ranking Member
The Honorable Bart Stupak, Ranking Member
Subcommittee on Oversight and Investigations

Attachment

ATTACHMENT

1. The term "records" is to be construed in the broadest sense and shall mean any written or graphic material, however produced or reproduced, of any kind or description, consisting of the original and any non-identical copy (whether different from the original because of notes made on or attached to such copy or otherwise) and drafts and both sides thereof, whether printed or recorded electronically or magnetically or stored in any type of data bank, including, but not limited to, the following: correspondence, memoranda, records, summaries of personal conversations or interviews, minutes or records of meetings or conferences, opinions or reports of consultants, projections, statistical statements, drafts, contracts, agreements, purchase orders, invoices, confirmations, telegraphs, telexes, agendas, books, notes, pamphlets, periodicals, reports, studies, evaluations, opinions, logs, diaries, desk calendars, appointment books, tape recordings, video recordings, e-mails, voice mails, computer tapes, or other computer stored matter, magnetic tapes, microfilm, microfiche, punch cards, all other records kept by electronic, photographic, or mechanical means, charts, photographs, notebooks, drawings, plans, inter-office communications, intra-office and intra-departmental communications, transcripts, checks and canceled checks, bank statements, ledgers, books, records or statements of accounts, and papers and things similar to any of the foregoing, however denominated.

2. The terms "relating," "relate," or "regarding" as to any given subject means anything that constitutes, contains, embodies, identifies, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.