

ONE HUNDRED TWELFTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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WASHINGTON, DC 20515-6115

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May 20, 2011

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building

The Honorable Ed Whitfield
Chairman
Subcommittee on Energy and Power
2125 Rayburn House Office Building

Dear Chairmen Upton and Whitfield:

Next week, the Energy and Power Subcommittee holds a legislative hearing on draft legislation to expedite federal approval of the Keystone XL pipeline. This pipeline will significantly expand markets for Canadian tar sands crude and will provide new sources of supply to U.S. refineries. We are writing to request that in preparation for the hearing on and markup of this draft legislation, the Committee request documents from Koch Industries relating to the company's interests in Canadian tar sands and the extent to which it will benefit if the Keystone XL pipeline is constructed.

According to Reuters, Charles and David Koch, the owners of Koch Industries, are "positioned to be big winners if Keystone XL pipeline is approved" and would receive "great financial opportunity."¹ Publicly available information indicates that the company is involved in several aspects of Canadian tar sands development. Koch's Pine Bend Refinery in Minnesota currently processes roughly 25% of the tar sands fuel imports to the United States.² Koch owns

¹ Reuters, *Koch Brothers Positioned To Be Big Winners If Keystone XL Pipeline Is Approved* (Feb. 10, 2011)(online at <http://www.reuters.com/article/2011/02/10/idUS292515702420110210>).

² *Id.*

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Flint Hills Resources, LLP, in Calgary, Canada, which is “among Canada’s largest crude oil purchasers, shippers and exporters.”³ Flint Hills Resources also operates a crude oil terminal in Hardisty, Alberta, where the Keystone XL pipeline will begin.⁴ According to the Government of Alberta, Koch Industries has both proposed and producing tar sands projects in the province.⁵ The Oil Sands Developers Group also indicates that Koch is a tar sands project developer.⁶ Koch’s Corpus Christi refinery is positioned near the end of the proposed Keystone XL pipeline and would be a potential buyer for the tar sands crude shipped through the pipeline.⁷

In light of these reports, we asked our staff to contact Koch Industries to learn more about the company’s role in the Keystone XL pipeline and Canadian tar sands. Yesterday, our staff spoke with representatives of the company. In that conversation, the Koch representatives would not answer questions about Koch’s investments in Canadian tar sands.

The Koch representatives said that the Keystone XL pipeline has “nothing to do with any of our businesses” and that Koch had “no financial interest” in the pipeline. They also stated that the company neither supports nor opposes the legislation we will be considering next week.

However, Koch’s representatives refused to answer questions about Koch’s activities or interests in the Canadian tar sands. They refused to confirm or deny reports that the company is developing tar sand projects. They also refused to say whether Koch Industries owns – through a wholly owned subsidiary – a terminal involved in the tar sands business.

There appears to be a significant discrepancy between the published reports that Koch Industries would be “big winners” if the pipeline is approved and the statement of the Koch representatives that the pipeline has “nothing to do” with Koch’s businesses. We do not presume

³ Website, Flint Hill Resources, History (accessed on May 19, 2011)(online at <http://www.fhr.com/about/history.aspx>).

⁴ Website, Flint Hill Resources, Canada (accessed on May 19, 2011)(online at <http://www.fhr.com/refining/canada.aspx>).

⁵ Government of Alberta, Alberta's Oil Sands Projects and Upgraders (Jan. 2011).

⁶ Oil Sands Developers Group, Oil Sands Project List (Jan. 2011).

⁷ U.S. Department of State, *Supplemental Draft Environmental Impact Statement, Keystone XL Project, Applicant for Presidential Permit: TransCanada Keystone Pipeline, LP*, 3-176 (Apr. 22, 2011).

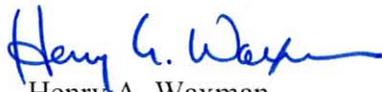
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that Koch's representations are inaccurate. But we were dismayed by the company's lack of candor in responding to staff's questions and believe additional inquiry is warranted. For this reason, we respectfully request that the Committee request the following documents from the company:

- (1) documents sufficient to show whether Koch Industries or any of its subsidiaries is involved in exporting oil derived from Canadian tar sands to the United States or has plans to export such oil through the Keystone XL pipeline;
- (2) documents sufficient to show whether Koch Industries or any of its subsidiaries has investments in Canadian tar sands or has plans for such investments;
- (3) documents sufficient to show whether Koch Industries or any of its subsidiaries is involved in producing oil from Canadian tar sands or has plans for such production; and
- (4) documents sufficient to show whether Koch Industries or any of its subsidiaries refines oil derived from Canadian tar sands or has plans to refine such oil transported through the Keystone XL pipeline;

Thank you for considering this request.

Sincerely,


Henry A. Waxman
Ranking Member


Bobby L. Rush
Ranking Member
Subcommittee on Energy and Power