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October 29, 2025

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To Whom it May Concern:

As the Attorney General of Iowa, I write to express my deep concern for the integrity of the Renewable Fuel Standard (“RFS”) program and applications received by the United States Environmental Protection Agency for Small Refinery Exemptions (“SRE”). RFS play a vital role in President Trump’s efforts to achieve American energy independence and while there is an important role to play for SREs, it is vital that those exemptions be limited to those to whom relief is authorized under the law. To that end, I encourage you to investigate the seemingly irreconcilable

statements made by certain SRE applicants made to environmental regulators, financial regulators, and investors.

The RFS program sets the renewable volume obligations (“RVO”) that individual refiners must meet on an annual basis and thereby plays a critical role in setting the demand for renewable liquid fuels and the agricultural feedstocks necessary for such fuels—both of which are critical to the economic prosperity of Iowa and surrounding States. Under the RFS, the more traditional fuel that a refiner produces, the more renewable fuel that refiner must blend, or credits (“RINs”) that refiner must purchase, to satisfy its RVO. But to reduce the compliance burden on certain “small” refineries, the RFS also includes exemptions, which are available for some refineries that (1) produce no more than 75,000 barrels per day of average crude oil and (2) which show “disproportionate economic hardship” in satisfying RVO obligations. Both requirements may have been manipulated in SRE applications.

First, refineries are reducing their production to satisfy the 75,000 barrel per day limitation. That requirement should not be subject to manipulation, and if a refinery has capacity beyond that cap, it should be ineligible for SRE consideration absent extenuating circumstances beyond the refiner’s control. But in practice, several refineries receiving SREs are intentionally lowering their production rates for the specific purpose of maintaining SRE eligibility.¹ In other words, certain refineries are producing less gasoline, diesel, and jet fuel to enable them to ask for a government

¹ “While the [Delek] El Dorado refinery has a total nameplate capacity of 80,000 bpd, in order to qualify for the small refinery exemption under the EPA’s [RFS] regulations total output cannot exceed 75,000 bpd. We currently expect that the El Dorado’s output will remain under the 75,000 bpd threshold in the current economic environment.” [Delek Form 10-K \(March 1, 2023\)](#); *see also id.* (reporting nameplate capacities of 73,000, 74,000, 75,000, and 80,000 for its four refineries); [Delek Form 8-K \(Nov. 6, 2024\) Exhibit 99.1, Earnings Release](#) (reporting that two of its four refineries experienced quarterly crude throughput rates in excess of 75,000 bpd).

handout. That is not only contrary to the spirit of the RFS and SRE programs, but it is also expressly against President Trump’s clear policy of unleashing American energy.² That sort of gamesmanship should not be rewarded.

And even more concerning is the seemingly misleading representations made in the context of some small refiners pleading “disproportionate economic harm.” In its Notice of August 2025 Decisions on Petitions for Small Refinery Exemptions Under the Renewable Fuel Standard Program, EPA granted 140 SREs (full or partial) spanning the 2016 to 2024 compliance years and representing more than 5 billion gallons of exempted renewable fuel obligations. The law requires a finding by EPA, and a corresponding (non-public) application from each refiner, that the SRE-recipient refineries experienced disproportionate economic harm in each applicable year as compared to larger refiners.

Yet over that same period several SRE-receiving refiners communicated the exact opposite to the investment community and to the SEC—that they were not only not disproportionately harmed, but that they were economically thriving, outperforming and out positioning their peers.

Those representations regarding strong financial performance and competitive positioning are supported both by the SRE-applicants’ conduct, by their SEC filings, and even by their investor relations materials:

- Highlighting low-cost operations and competitiveness;³

² Donald J. Trump, Executive Order 14154: *Unleashing American Energy*, Jan. 20, 2025, 90 Fed. Reg. 8353 (Jan. 29, 2025).

³ For example, Delek describes itself as “[o]ne of the lowest cost refiners on an operating expense per barrel basis” and as having “[b]est-in-class cash cost per barrel relative to peers.” [Delek Form 8-K \(April 12, 2021\), Exhibit 99.1, Investor Presentation of Delek US Holdings, Inc.](#) (“Delek April 2021 IR

- Leading peers in capital return to investors and aggressively buying back shares;⁴
- Acquiring new refineries and/or investing in renewable fuel facilities;⁵

Presentation”). In a 2021 proxy contest that sought to force Delek to shut down two of its refineries, Delek successfully touted its “competitive position” and “groundwork for continued future growth” to continue operating both facilities. [Delek Ex. 99.1, Delek Responds to Public Statements by CVR Energy \(March 3, 2021\)](#) (“Delek March 2021 Shareholder Letter”).

Calumet describes its Specialty business segment, which contains refining assets, as a “meaningful, competitive moat at Calumet for decades, and it has widened substantially over the past few years.” [Calumet Q4 2024 Earnings Call Transcript](#); see also [Calumet Q1 2024 Earnings Call Transcript](#) (emphasizing its Specialty segment’s “five, six years” of growing margins and stating, “[t]hat business and the cash generation covers almost all the fixed charges for Calumet”).

⁴ Delek recognizes itself as “number one versus [] our peers around return to investors in terms of capital return to investors,” [Delek Q2 2025 Earnings Call Transcript \(Aug. 6, 2025\)](#), and increased its dividend *eight* consecutive times since Q3 2022. [Morningstar, DK Dividend History](#). In March 2022, Delek also highlighted its 5-year total shareholder return of 59% compared to a 10% peer average. See Delek March 2021 Shareholder Letter.

In 2023, Par Pacific had an “exceptionally positive year,” “generated record financial results, successfully closed the highly accretive Billings acquisition, [] launched a renewables business line,” and “improve[d] [its] balance sheet while repurchasing \$62 million of common stock throughout the year.” [Par Pacific Q4 2023 Press Release \(Feb. 27, 2024\)](#). In 2024, Par Pacific more than doubled that effort, purchasing 9% of all common stock shares then outstanding. [Par Pacific Q4 2024 Press Release \(Feb. 25, 2025\)](#).

⁵ [Delek Ex. 99.2, Delek US Holdings Inc. to Acquire Remaining Shares of Alon USA \(Jan. 3, 2017\)](#) (“Delek Announcement of Alon Acquisition”) (announcing completed acquisition of Alon USA, including refinery assets and “creat[ing] the premier Permian based refining company” with an “[e]stimated \$85 to \$105 million of synergy opportunity”); [Par Pacific Press Release \(June 14, 2016\)](#) (announcing acquisition of Newcastle Wyoming refinery and describing the refinery as “enjoy[ing] attractive crude oil sourcing given its proximity to robust Powder River Basin production, pipeline connectivity to

- Maintaining the optionality to acquire more renewable fuel blending capabilities;⁶
- Prioritizing niche markets and advantaged access to crude supply;⁷
- Harnessing stable demand for refined products from affiliated retail sites;⁸

niche refined products market, and a gasoline-oriented yield in a market with significant summer gasoline needs”); [Par Pacific's 2022 Sustainability Report](#), at 5-6 (highlighting renewable fuel investments and stating, “Our assets, capabilities, and experience uniquely position Par Pacific to invest and grow our renewable fuels business alongside our conventional business while meeting local needs.”); [Calumet Jan. 10, 2025 Press Release](#) (announcing \$1.44 billion guaranteed loan facility with DOE to fund the construction and expansion of a renewable fuels facility that would position it as “one of the largest Sustainable Aviation Fuel (“SAF”) producers globally”).

⁶ In April 2021, Delek highlighted its annual biodiesel production capacity of approximately 40 million gallons, as well as an option to acquire future interests in another renewable diesel facility. *See* Delek April 2021 IR Presentation, *supra* n. 3.

⁷ [Par Pacific Form 10-K \(March 3, 2025\)](#) (“We offer a wide range of over 1,900 specialty products. We believe that our ability to provide our customers with a more diverse selection of products than most of our competitors gives us an advantage in meeting the needs of large, strategic customers and allows us to compete in profitable niches.”); [Par Pacific Press Release \(Nov. 27, 2018\)](#) (announcing acquisition of U.S. Oil & Refining Co., including “a refinery and associated logistics system . . . strategically located in Tacoma, WA and currently serv[ing] the Pacific Northwest market”); Delek April 2021 IR Presentation, *supra* n.3 (describing its four refinery locations as being “[s]trategically located to access crude feedstock”); Delek Announcement of Alon Acquisition (creating “[l]argest exposure to Permian crude of the independent refiners as percentage of crude slate” and “[c]ombined company benefits through refining and logistics position”).

⁸ *See* Delek April 2021 IR Presentation, *supra* n.3 (citing its more than 250 convenience stores in the southwest U.S. as a “[s]table source of demand for refined products” and “[h]igh-return grown opportunities”).

- Fully retiring any historical RIN obligations;⁹ and
- Issuing special dividends.¹⁰

Some SRE-applicants even went so far as to publicly state that any future grants of SREs would amount to a welcome windfall. See [Delek Form 10-K \(Feb. 25, 2022\)](#), at 59 (“[I]f RINS costs stabilize, we are poised to take advantage of possible widening crack spreads and increased demand in 2022. If we receive [small refinery exemptions], the benefit will be even more significant.”); [Par Pacific Q2 2025 Earnings Call Transcript \(Aug. 6, 2025\)](#) (“In terms of sizing of the opportunity ... I just want to clarify, any [small refinery] exemptions and return of RINs would be upside to us. We have a balanced RIN asset and liability position today.”); *id.* (“[W]e’ve covered our obligations going back to 2019 through 2024. So, any retroactive receipt of small refinery exemptions would be direct cash proceeds in terms of getting RINs back and selling those at market prices.”).

These statements made in public to financial regulators and investors appear to be inconsistent with what must be contemporaneous statements of disproportionate hardship to environmental regulators. Both strong economic results and disproportionate economic hardship cannot coexist. And to use the

⁹ In 2023, Par Pacific announced that, in 2022 and 2023, it had generated over \$1 billion in operational cash flow, “successfully completed the highly accretive Billings acquisition for \$310 million, improved liquidity by more than \$465 million, strategically repurchased \$68 million of common stock at an average price of less than \$30 per share and fully retired [its] legacy RIN obligations.” Par Pacific Q4 2023 Press Release (Feb. 27, 2024).

¹⁰ In July 2022, Delek declared a special dividend of \$0.20 per share, in addition to issuing regular dividends and expanding share repurchase authorization to \$400 million. Delek Form 10-K (March 1, 2023). In 2021, CVR Energy issued a *special dividend* of \$492 million in lieu of purchasing another refinery due to excess cash on hand. [CVR Energy Ex. 99.2, CVR Energy Announces Special Dividend and Advancement of Renewable Diesel Initiatives \(May 11, 2021\)](#).

statute's own relative terms: Refiners cannot both outperform and out maneuver their peers yet also be *disproportionately* economically harmed. To ensure this behavior is neither rewarded nor repeated, I ask that you to confirm cross-government that if any false and misleading statements were made that they are investigated and that any improper benefit therein described is ended. This will aid in restoring integrity to the RFS and SRE programs.

Sincerely,



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Attorney General of Iowa



Mike Hilgers
Attorney General of Nebraska



Marty Jackley
Attorney General of South Dakota