

January 25, 2012

Ms. Lynn L. Elsenhans
Chairman and Chief Executive Officer
Sunoco, Inc.
1818 Market Street Ste 1500
Philadelphia, PA 19103

Mr. James J. Mulva
Chairman and CEO
ConocoPhillips
P.O. Box 2197
Houston, TX 77252

Dear Ms. Elsenhans and Mr. Mulva:

I remain concerned about how the loss of three Pennsylvania refineries will affect the region's economy, national energy prices, and the workforce and their families. The impacts of the decisions you are about to make will have a lasting impact not only on the region but on the entire nation. Given the importance of this issue, I want to highlight a few specific areas of concern.

Philadelphia currently has a 10.8 percent unemployment rate, translating to more than 70,000 city residents looking for work. Similarly, Delaware County is facing an unemployment rate of 8 percent, with more than 22,000 county residents looking for employment opportunities. Your decision to shutter these facilities will place your workers and their families in economic distress, while hindering the area's efforts toward economic recovery.

The loss of our refining capacity on the east coast will also have a substantial ripple effect across the Nation's economy. The U.S. Energy Information Administration reports that reduction in refining caused by the potential shuttering of the Philadelphia, Marcus Hook and Trainer facilities is likely to impact supplies of petroleum products and will create price volatility. Recent reports indicating that Hovensa LLC intends to shut down its refinery in the U.S. Virgin Islands will further reduce supplies on the east coast.

As a result of these decisions, energy costs across the board are assured to rise, resulting in potentially record setting prices at the pump. Specifically, closing the refineries will lead to a reduction in short-term supply, longer delivery times and potential transportation bottlenecks. This action will drive up the cost of certain transportation fuels and thus drive up the cost of production for businesses and in turn the price of goods for consumers. I also understand the closure of these facilities could affect the supply and quality of jet fuel to Northeast airports. This shift has the potential to impact consumers through higher airline ticket prices across the country. Each of these factors is likely to slow down the regional and national economy. Taken together, the negative impact on individual consumers and the economy could be devastating.

Further, I am particularly concerned that the shuttering of the refineries will cause home heating prices to skyrocket. The Northeast is by far the top home heating oil consumer, with nearly 85 percent of total home heating oil sales occurring in the region. Closure of these facilities will likely mean that the Northeast region will experience an increase in demand for Ultra-Low Sulfur Diesel. As you know, this fuel is used for heating many homes throughout the region. A significant reduction in supply could lead to consumers being unable to access affordable home heating oil, or families being forced to make terrible tradeoffs between heat and other vital needs.

As for alternative supplies to the region, there is limited spare pipeline capacity to increase shipments to the Northeast and even with planned expansions, pipeline capacity will still be insufficient to make up lost volume. Output capacity from the remaining Northeast refineries is currently not ample enough to replace all the volume. This trend is backwards. If we import more gasoline from foreign countries, we will be less energy independent, not more. These facts have serious policy implications beyond the region and mandate greater scrutiny by Congress.

Some recent reports have shown improved revenue margins on refined oil. For this reason, many of my constituents question your claims about the lack of revenue ability associated with these refineries. I understand that you have carefully analyzed the projected revenue margins for each facility. I am very interested in reviewing this data and urge you to publicly disclose all relevant information so the public can make a full accounting.

Finally, and most importantly, I ask that you intensify your efforts to find a buyer for these facilities. While I understand that confidentiality agreements may restrict your ability to comment publicly on prospective buyers, I strongly recommend that you share as much information on prospective buyers with your workforce and the public as possible. Workers and their families have been put under tremendous stress by the uncertain future of these facilities. We need greater transparency to ensure that you are taking all possible steps to find a buyer. Moreover, I have heard concerns that you are placing parameters and restrictions on the sale of these facilities. Such parameters could limit the future use of these facilities which could unnecessarily hurt the region's economy. These parameters and restrictions may also deter interested buyers. Shuttering these facilities is not an acceptable outcome. There are many strong potential reuses, including uses that would bolster the Commonwealth's growing Marcellus Shale industry, that need to be considered.

I stand ready to assist you in encouraging a buyer to purchase these facilities, if and when one is identified. Thank you in advance for your continued attention to my concerns about this matter.

Sincerely,

Robert P. Casey, Jr.

United States Senator