RENEWABLE FUEL STANDARD – ADMINISTRATIVE CHANGES NEEDED

I. HollyFrontier Navajo Refining in New Mexico

- HollyFrontier projects its 2017 RIN costs to be greater than its payroll
- Market cap has dropped by half since the 10% blendwall hit (limits ability to blend more ethanol into gasoline)
- HollyFrontier's Navajo refinery refines more than 25% of the state's daily production of crude oil
- The Navajo Refining complex is the largest private employer in Artesia
- Average salaries exceed $100,000 annually
- Employment in New Mexico will be harmed and fuel prices will increase if merchant refiners are driven out of business by RINs costs

II. Proposed Administrative Changes

We're asking that EPA reform the RFS in two ways to save refineries:

1. Establish Renewable Volume Obligations ("RVO") for 2018 that are consistent with market realities
   - The E10 blendwall is imposing significant costs on New Mexico refineries
   - RIN shortfall, particularly for biodiesel, is imminent
     - RIN bank has been depleted
     - RIN deficit carryover is largest in RFS history – twice that of last year
     - Domestic production of biomass-based diesel has fallen short of EPA projections
   - Lower RVOs would throw a lifeline to refiners drowning in RIN obligations

2. Move the Point of Obligation
   - EPA should change point of obligation from refiners to blenders who make the RINs, reap the profits from renewable fuels and are best able to comply. The current point of obligation severely disadvantages refiners and small retailers across New Mexico.
   - A change in the point of obligation would level the playing field and significantly reduce compliance costs for currently obligated parties and would encourage blending of biofuels since the obligated party would be the party that controls blending. The number of obligated parties would not significantly change from the current number.
   - **Withdrawing the Obama Administration's proposed denial of the petition to change the point of obligation would be a neutral action that reflects EPA's current assessment of all options.**

CONTACT INFORMATION

Rep. Yvette Herrell
(R-Otero-51)
P.O. Box 4338
Alamogordo, NM 88311
Ex. 6

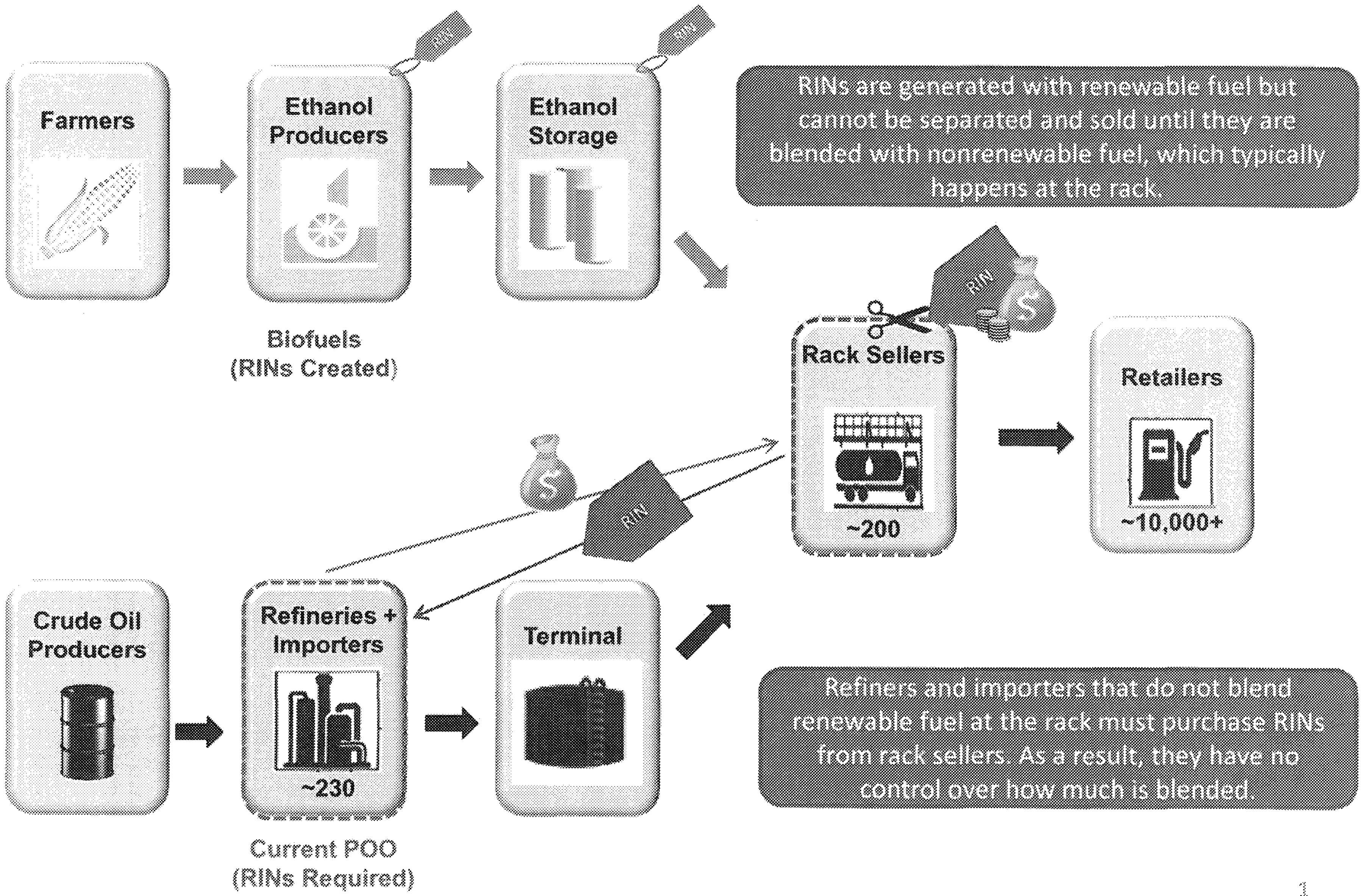
Rep. James G. Townsend
(R-Chaves, Eddy & Otero-54)
69 W. Compress Rd.
Artesia, NM 88210
Ex. 6

Denise C. McWatters
SVP and General Counsel
HollyFrontier Corporation
2828 N. Harwood, Suite 1300
Dallas, TX 75201
Ex. 6

WDC - 029016/000012 - 10454671 v1

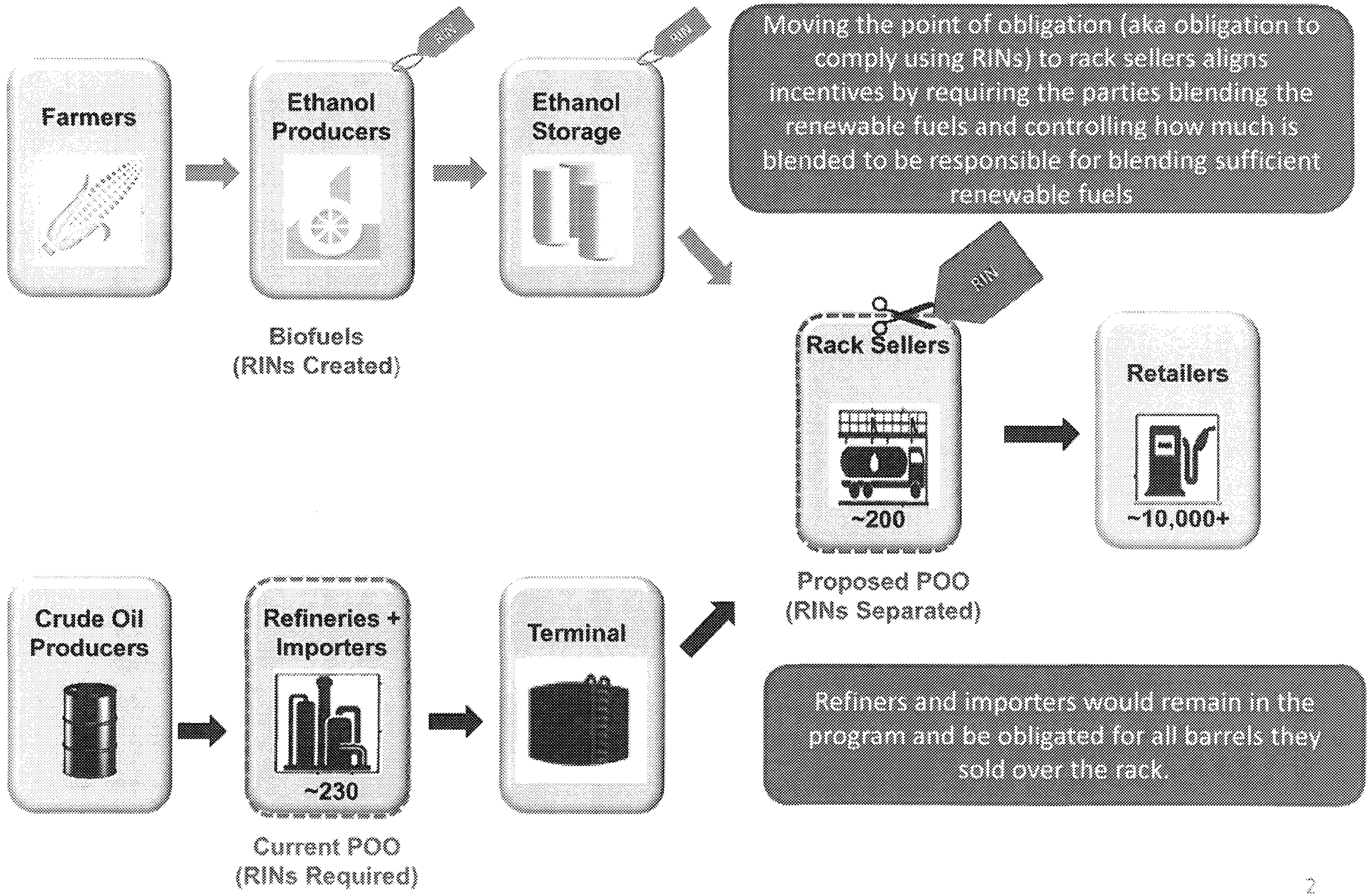
Fuel Industry Structure: Production Process for Current POO

HOLLYFRONTIER



Fuel Industry Structure: Production Process for Proposed POO

HOLLYFRONTIER



Sierra Club v. EPA 18cv3472 NDCA

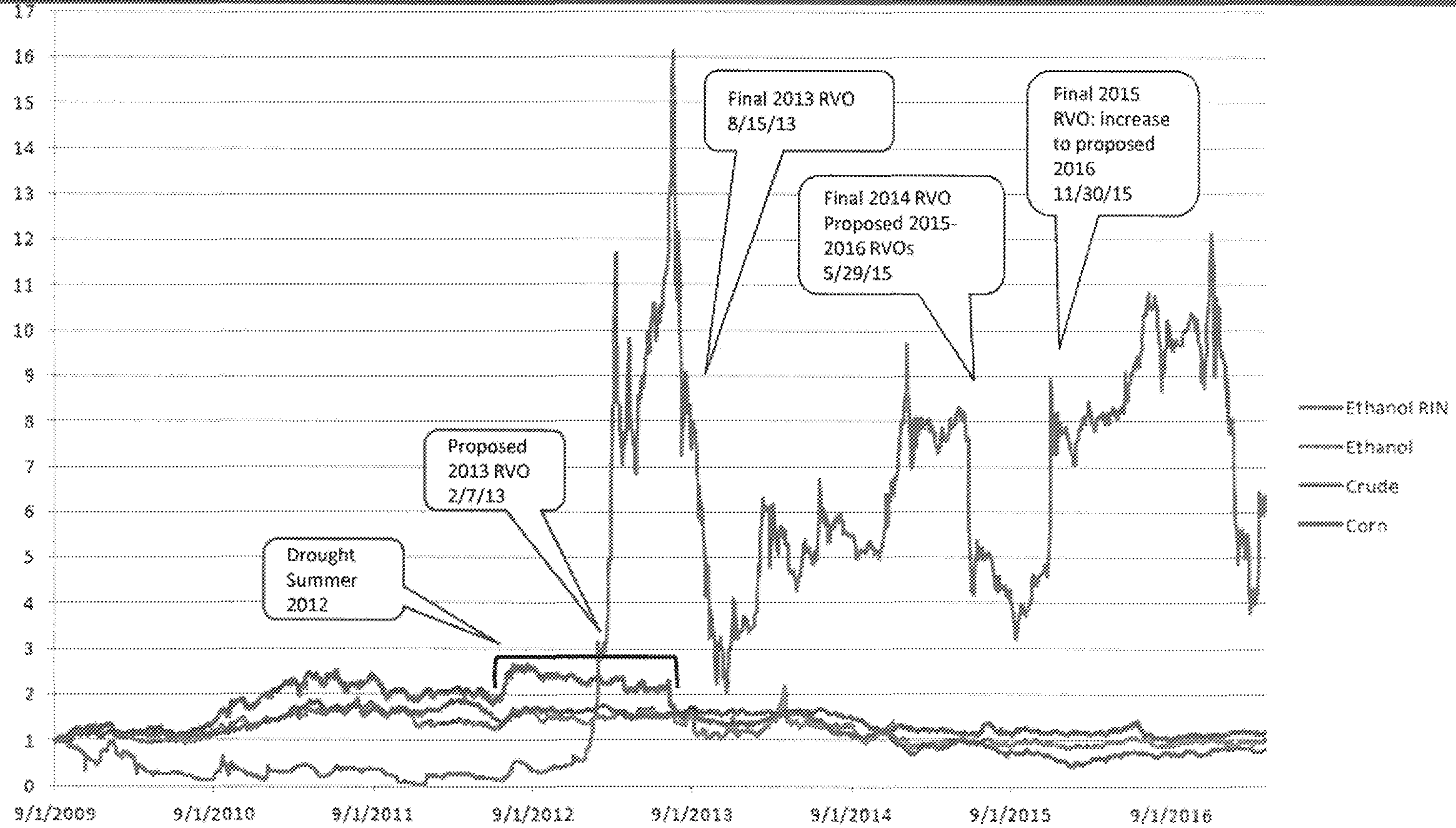
Tier 3/4

ED_002061_00068268-00005

Ethanol, Corn, and Crude Prices

HOLLYFRONTIER.

Renewable fuel shortages, market constraints, and a misaligned point of obligation have caused RIN prices to move separately from ethanol, corn, and crude. As a result, RINs are giving windfall profits to fuel blenders and retailers instead of being used for compliance as intended and passed on to consumers, ethanol producers, or corn farmers.



To facilitate comparison, all prices have been divided by 9/1/2009 prices to normalize to 1. A value of 2, for example, means the price was twice as high that day as on 9/1/2009. S(t) = P(t) / P(9/1/2009)