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Congress of the United States
House of Representatives
Washington, DC 20515-4336

June 21, 2021

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The Honorable Janet Yellen
Secretary of Treasury
U.S. Department of Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Jennifer M. Granholm
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue S.W.
Washington, D.C. 20585

Dear Secretary Yellen and Secretary Granholm,

On May 24, 2021, it was reported that Petróleos Mexicanos (Pemex), a Mexican state-owned enterprise, announced its intention to purchase Shell Oil's refinery operations in Deer Park, Texas. I write to express significant concerns with this transaction and urge the Committee on Foreign Investment in the United States (CFIUS) to initiate a full security review, including possible denial of this proposed sale.

In 2018, Congress passed the Foreign Investment Risk Review Modernization Act (FIRRMA) in response to emerging security risks associated with foreign state-owned enterprises gaining influence and control over entities within strategic sectors in the United States. High-risk sectors not only include defense, telecommunications, and new and emerging technologies, but also energy. I view this proposed transaction as a serious environmental, health, and economic security risk to the citizens of Texas, in particular residents who live in close proximity to the facility in Deer Park.

Should this transaction proceed, Pemex would add a 50.005 percent stake to its current interest in the Deer Park Refining Limited Partnership, which is the entity that controls Shell Oil's Deer Park refinery. Simply put, Pemex does not have the executive, managerial, or technical talent to operate the Deer Park refinery safely. Not one of Pemex's refineries in Mexico can compare to the state-of-the-art facility in Deer Park, and it is doubtful that Pemex can call on the experienced operations, compliance, and maintenance professionals necessary to safely manage an integrated refinery in the United States. This significantly increases the risks of an industrial accident, serious local environmental degradation, and local economic hardship due to corporate mismanagement.

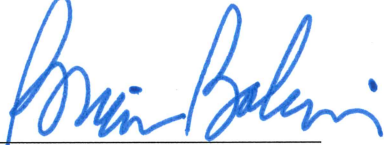
Pemex's business record with both American and Mexican firms is abysmal. Amid numerous lawsuits and scandals, in 2017 Pemex reneged on a \$230 million contract with another Texas firm, Loadmaster Universal Rigs, and subsequently refused to enter good-faith arbitration,

jeopardizing the livelihoods of more than 2,000 Americans and hurting several dozen U.S. firms. Saddled with billions of dollars of debt, Pemex has long displayed a pattern of perfidiousness in contract negotiations, widespread corruption including bribery, and tactics described by their other victims as “financial terrorism.”¹

At its core, the CFIUS process is intended to protect American citizens from security risks in critical infrastructure sectors. This transaction creates a tangible public health and environmental risk to the Texas residents who work at and live in proximity to the Deer Park facility, as well as an economic risk to those with a stake in the financial well-being of the company. Companies within the American energy sector must adhere to the most stringent regulations to ensure safety and proper use, and I am not confident Pemex has the corporate wherewithal to operate such a facility in the United States.

Until Pemex demonstrates the level of technical knowledge and enthusiasm for good business practices required to operate this massive investment on American soil, I respectfully urge you to deny the sale of Shell’s interest in the Deer Park Refining Limited Partnership to Pemex and protect the American citizens you serve.

Sincerely,



Brian Babin, D.D.S.
Member of Congress

Cc: The Honorable Antony Blinken
The Honorable Lloyd Austin
The Honorable Merrick Garland
The Honorable Gina Raimondo
The Honorable Alejandro N. Mayorkas
The Honorable Katherine Tai
The Honorable Dr. Eric S. Lander
Deer Park Mayor Jerry Mouton Jr.

¹ Whelan, Robbie, “Secret Recordings Describe Extensive Bribery at Mexico’s Pemex,” The Wall Street Journal, October 11, 2019. Accessed at <https://www.wsj.com/articles/secret-recordings-describe-extensive-bribery-at-mexicos-pemex-11570804717>