Utah Petroleum Association's Response to Utah's Performance Audit of the Oil, Gas, and Related Energy Taxes and Incentives

The Office of the Legislative Auditor General recently presented "A Performance Audit of the Oil, Gas, and Related Energy Taxes and Incentives: Managing Utah's Future Oil and Gasoline Energy Infrastructure." The general conclusion found in the audit is that "The state has incentives for infrastructure improvement to support gasoline supply. While federal environmental permitting and pipeline infrastructure make large-scale supply expansion difficult, the state has policies and incentives in place to encourage infrastructure development. The Office of Energy Development can continue to play a role in ensuring Utah has actionable policy options to provide the energy sources and infrastructure the state needs."

The Utah Petroleum Association agrees with this general finding and encourages the legislature to facilitate and champion policies that support gasoline supply and further infrastructure development, and it should not propose or enact policies that would otherwise stifle development, such as tax increases or market interference particularly in times of market volatility spurred by recent geopolitical events.

Refinery Utilization: The free market is working and already since the signing of the "Statement of Economic Prosperity Commitment" in February 2026 Utah's refining capacity has grown by more than six thousand barrels a day, with additional refining optimization projects in the works. Rocky Mountain refineries, with Utah in the lead, have been running exceptionally hard during the 2026 summer driving season. From early June through August regional refinery utilization averaged approximately 99%, compared with about 96% nationally. During July, the region averaged roughly 100% utilization, with individual weeks hitting 104%. Utah is an energy powerhouse, with the Salt Lake refineries as the leading regional fuel producers. We are committed to fueling Utahns (and our neighbors') growth and prosperity and are working flat out every day to do so.

Unique Operating Challenges: Utah's oil and gas industry has unique challenges compared to other areas in the country due to the Uinta Basin's isolated geography and unique waxy crude, we face significantly higher transportation costs. The complex regulatory environment associated with developing on private, state, federal and tribal lands add to challenges of unique air quality compliance in both the Uinta Basin and Wasatch Front. This means that oil and gas wells drilled in Utah have smaller profit margins than many competing basins and any changes to tax rates or regulatory overhead will make our state less competitive as companies weigh where to invest across their portfolio of assets in other parts of the country, and in some cases, all over the world.

Economic Impact: Utah's oil and gas industry has contributed more than $6 billion in direct fees and taxes over the last five years, with an annual economic impact over $15 billion. Our industry's prosperity emboldens Utah's prosperity, supporting more than 500 businesses and 104,000 jobs. We are encouraged by the audit's finding that affirms this reality. Utah's legislature has been dogged in lowering taxes to catalyze economic growth. We are hopeful they apply the same business friendly policies to ensure Utah's oil and gas industry continues to grow and thrive. Utah Petroleum Association appreciates the work done by the Office of the Legislator General on this audit, and we look forward to working with our Legislature to ensure the shared success enjoyed by all Utahns of a prosperous oil and natural gas industry.