

U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

July 9, 2024

Honorable Deb Haaland
Secretary
U.S. Department of the Interior
1849 C Street NW
Washington, D.C. 20240

Dear Secretary Haaland,

On May 2, 2024, the Federal Trade Commission (FTC) released a complaint alleging that former Pioneer Natural Resources (Pioneer) CEO Scott Sheffield “has campaigned to organize anticompetitive coordinated output reductions between and among U.S. crude oil producers, and others, including the Organization of Petroleum Exporting Countries (‘OPEC’), and a related cartel of other oil-producing countries known as OPEC+.”¹ Such market manipulation would have enormous impacts on the price of gas paid by working families across the country. It would also mean that Pioneer, a major holder of leases on federal land, was using taxpayer resources to drive up the cost of gas to further increase profit rather than drive it down for consumers, as the industry has long promised.

There is evidence that Pioneer was not the only U.S. oil company that was colluding with OPEC and OPEC+. The complaint says that Mr. Sheffield “publicly told competitors that they should be ‘disciplined’ about capacity growth and ‘stay[] in line.’ He further threatened: ‘All the shareholders that I’ve talked to said that if anybody goes back to growth, they will punish those companies.’”² In private conversations with OPEC, he assured them “that Pioneer and its Permian Basin rivals were working hard to keep oil output artificially low.”³

On April 24, 2024, a class action lawsuit against eight major oil companies, including Pioneer, provided more evidence of market manipulation among the oil companies and the OPEC cartel. Plaintiffs there allege that:

Between 2017 and 2023, Defendants met and communicated regularly with each other and with OPEC, to coordinate their collective oil output in response to market conditions. Following these meetings, representatives from Defendants consistently made public statements confirming these discussions and the exchange of confidential information. Specifically, Defendants also confirmed that they discussed with each other and OPEC

¹ Federal Trade Commission, Exxon/Pioneer Complaint (Redacted Public Version), May 2, 2024. Accessed on May 15, 2024, https://www.ftc.gov/system/files/ftc_gov/pdf/2410004exxonpioneercomplaintredacted.pdf

² Ibid.

³ Ibid.

their production strategies, future investment plans, and price targets. Likewise, when publicly discussing their meetings with Defendants, OPEC officials praised the cooperative nature of their developing relationship with Defendants.⁴

Many of the companies named in the lawsuit, Permian Resources (formerly known as Centennial Resource Development), Chesapeake Energy Corporation, Continental Resources, Diamondback Energy, EOG Resources, Hess Corporation, Occidental Petroleum, and Pioneer (now owned by Exxon), hold federal oil and gas leases either onshore, offshore, or both.

On May 23, 2024, in response to a question from Vice Ranking Member Kamlager-Dove at an oversight hearing, Director Liz Klein from the Bureau of Ocean Energy Management said, “If a company is found guilty of something like collusion, we have regulations in place that make them ineligible to hold a lease in the future.” A finding of criminal or civil liability is not the only circumstance under which a company can be suspended, debarred, or disqualified.

Suspension and debarment can be undertaken for a wide range of reasons, including “any other cause of so serious or compelling a nature that it affects [the entity’s] present responsibility.”⁵ A suspension is an immediate, temporary exclusion based on suspected wrongdoing or an immediate risk to the public interest.⁶ A suspension only requires “adequate evidence” of a suspected criminal or civil offense or other cause for debarment, as assessed by the suspension and debarment official (SDO). The standard of evidence is higher for a debarment than a suspension, requiring “a preponderance of evidence” rather than “adequate evidence.” Debarment typically lasts three years, although it can be extended with cause.

Aligned with the administration’s commitments to hold bad actors accountable, Committee Democrats are committed to ensuring that our federal public resources are not being abused to price gouge the American people. To assist the Committee Democrats with their oversight role, please provide the following information:

1. If any of the companies named in the referenced lawsuit were found civilly or criminally liable of the allegations in the FTC complaint or the lawsuit, would they be permanently barred from obtaining future leases?
2. If any of the named companies were found civilly or criminally liable of any of the allegations in the FTC complaint or the lawsuit, would they be barred not just from obtaining future leases but from operating on public lands and waters? What would the process be for ordering the named companies to cease operations on public lands and waters?

⁴ United States District Court for the District Court of New Mexico, Class Action Lawsuit Against Shale Oil, Case 1-24-cv-00361, April 15, 2024, Accessed on May 15, 2024, https://pdfserver.amlaw.com/legalradar/pm-53123561_complaint.pdf

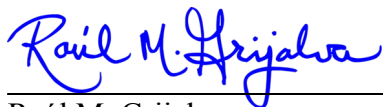
⁵ United States, Congress, 2 CFR 180.800(d), Nonprocurement Common Rule, *ecfr.gov*, 2022. *National Archives* [https://www.ecfr.gov/current/title-2/subtitle-A/chapter-I/part-180#p-180.800\(d\)](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-I/part-180#p-180.800(d))

⁶ United States, Congress. FAR 9.407-1, Debarment, Suspension, and Ineligibility: Suspension, *acquisition.gov*, 2022. *National Archives*. <https://www.acquisition.gov/far/9.407-1> ..Under the CFR, United States, Congress. 2 CFR 180 Subpart G, Nonprocurement Common Rule, *ecfr.gov*, 2022. *National Archives* <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-I/part-180/subpart-G>

3. The class action lawsuit alleges that the named companies coordinated their collective oil output to manipulate the oil market between 2017 and 2023. During this time period:
 - a. How many unused leases and approved but unused permits to drill (APDs) did each of the named companies hold?
 - b. How many applications for permits to drill were stalled for one or more months during the permitting process because a named company did not provide needed information in a timely manner?
 - c. What were the production volumes from each well governed by a lease for the named entities between 2013 and 2023?
 - d. How many idled but unreclaimed wells did each of the named companies have? At what point did the wells become idle, and did they resume production?
 - e. Did any of the named companies receive pandemic-era royalty relief? If so, how much and what type?
 - f. As part of the DOI's process of approving leases, DOI is required to search for civil and criminal judgments. Which judgments were found for each of the named entities for any reviews that happened between 2017 and 2023?
4. Are any of the named companies under investigation for being added to suspension, debarment, or disqualification lists within DOI independent of a separate investigation by the Department of Justice?
5. Have any cases involving the named companies been referred to the SDO for potential suspension, debarment, or disqualification since 2017? If so, on what grounds?
6. Have any of the named companies been suspended, debarred, or disqualified since 2017? If so, on what grounds?
7. Have any suspensions, debarments, or disqualifications of the named companies coincided with a lease being issued to a parent, sister, or daughter company?

Thank you for your continued attention to this critical issue. Should you have any questions, please contact the Subcommittee on Energy and Mineral Resources, Democratic staff, with the House Natural Resources Committee at (202) 225-6065. We look forward to working with you as part of our ongoing investigation.

Sincerely,



Raúl M. Grijalva
Member of Congress
Ranking Member, Committee
on Natural Resources



Katie Porter
Member of Congress



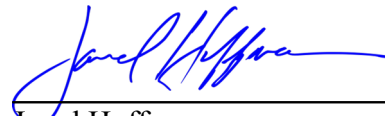
Gregorio Kilili Camacho
Sablan
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Sydney Kamlager-Dove
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Mike Levin
Member of Congress



Jared Huffman
Member of Congress



Susie Lee
Member of Congress



Kevin Mullin
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Seth Magaziner
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Grace F. Napolitano
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Ed Case
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