

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

May 23, 2024

The Honorable Bruce Westerman
Chairman
Committee on Natural Resources
U.S. House of Representatives
Washington D.C. 20515

Dear Mr. Chairman:

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. The House Committee on Natural Resources must initiate an investigation immediately.

As part of its antitrust investigation into the proposed acquisition of Pioneer by Exxon Mobil Corporation (Exxon), the FTC uncovered hundreds of text messages, in-person meetings, WhatsApp conversations, public statements, and more between Sheffield and OPEC representatives. These communications sought to coordinate the manipulation of oil production between U.S. oil companies and OPEC and OPEC+ in an attempt to increase oil prices and boost industry profit. The result would be artificially higher gas prices, heating oil prices, and prices of commodities that require transportation than would be the case if Pioneer and its competitors were competing with, rather than colluding with each other, OPEC, and OPEC+. OPEC and OPEC+ include Iran, Saudi Arabia, and Russia.

In January 2023, Mr. Sheffield said publicly, “We produced too much oil and competed with Opec [sic]... We actually lowered the price by \$20 to \$30 per barrel over the past 10 years to the detriment of losing our entire investor base.”² In 2023, Pioneer produced about 136 million barrels of oil.³ If Mr. Sheffield is correct that competition with OPEC caused the price of oil in the previous 10 years to be \$20 to \$30 per

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

² Jacobs, Justin, [What the End of the Shale Revolution Would Mean for the World](https://www.ft.com/content/60747b3b-e6ea-47c0-938d-af515816d0f1), Financial Times, January 16, 2023, Accessed on May 15, 2024, <https://www.ft.com/content/60747b3b-e6ea-47c0-938d-af515816d0f1>

³ Pioneer Natural Resources, [Pioneer Natural Resources Responds to FTC Settlement Complaint Filed as Part of Approval of Proposed Transaction with ExxonMobil](https://investors.pxd.com/investors/news-releases/news-details/2024/Pioneer-Natural-Resources-Reports-Fourth-Quarter-and-Full-Year-2023-Financial-and-Operating-Results/default.aspx), May 02, 2024. Accessed on May 15, 2024, <https://investors.pxd.com/investors/news-releases/news-details/2024/Pioneer-Natural-Resources-Reports-Fourth-Quarter-and-Full-Year-2023-Financial-and-Operating-Results/default.aspx>

barrel less than it is now when he is colluding with OPEC, and assuming the collusion began only in the past year, Pioneer manipulated an extra \$2.7–\$4.0 billion in extra revenue in 2023. Scott Sheffield’s compensation went from \$19 million in 2022 to over \$67 million in 2023, a 255% increase.⁴ And the extent of the alleged market manipulation appears to go even further, given that the redacted FTC complaint points to coordinating statements going back well before 2023.

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.’”⁵ In private conversations with OPEC, he assured them “that Pioneer and its Permian Basin rivals were working hard to keep oil output artificially low.”⁶

On April 24, 2024, a class action lawsuit against seven 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 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.⁷

Over the last two years, you and your colleagues have repeatedly expressed concern about high gas prices, trying to blame environmental protections and efforts to hold polluters accountable, even while the U.S. has been the number one producer of oil and the number one producer and exporter of gas in the world, and industry profits have soared. The complaint released by the FTC provides evidence for a different explanation that is more consistent with that given by Committee Democrats: Big Oil companies conspired to drive up their own profit at the expense of consumers by colluding with cartels consisting of countries that pose national security threats to the U.S. Oil and gas companies have been allowed free rein on our public lands – to pollute, drive the climate crisis, and price gouge American families, all while falsely claiming that more oil production is in Americans’ best interest. It’s past time for accountability.

As we head into the summer vacation season, when gas prices typically increase, the American people are entitled to answers. They deserve to know whether their own public lands are being used against them to drive up their gas prices. They should know whether Pioneer colluded with other U.S. oil companies, as

⁴ U.S. Securities and Exchange Commission, Form 10-K/A Annual Report Pursuant to the Securities Exchange Act of 1934 for Pioneer Natural Resources, Washington, D.C., December 31, 2023. Accessed on May 15, 2024, <https://d18m0p25nwr6d.cloudfront.net/CIK-0001038357/5417f50e-1b2f-41ca-8131-16f7297ec9a3.pdf>

⁵ Federal Trade Commission, Exxon/Pioneer Complaint (Redacted Public Version), May 2, 2024. Accessed on May 15, 2024, [Exxon/Pioneer: Complaint \(Redacted Public Version\) \(ftc.gov\)](https://www.ftc.gov/press-releases/2024/05/exxon-pioneer-complaint)

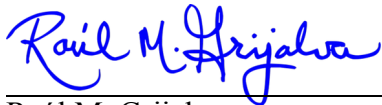
⁶ *Id.*

⁷ 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

well as Iran, Saudi Arabia, and Russia, to inflate the price working families pay at the pump. They deserve to know how much of the nation’s inflation is actually attributable to that price manipulation and illegal anticompetitive behavior. They should know how much of their spending was due to the price manipulation and whether that money is recoverable. The investigation must proceed quickly. Presidential candidate Donald Trump reportedly promised several oil companies, including Exxon, which now owns Pioneer, that he would roll back initiatives opposed by the fossil fuel industry if they donated \$1 billion to his campaign.⁸

If this Committee’s goal is to protect American consumers rather than oil and gas companies, this investigation will be a priority. We stand ready to support it.

Sincerely,



Raúl M. Grijalva
Ranking Member
Committee on Natural Resources



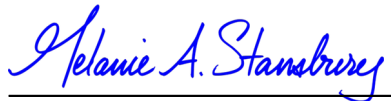
Sydney Kamlager-Dove
Vice Ranking Member
Committee on Natural Resources



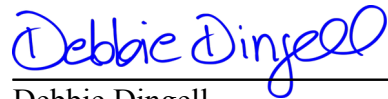
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Subcommittee on Oversight
and Investigations



Debbie Dingell
Member of Congress

⁸ Dawsey, Josh and Joselow, Maxine, [What Trump Promised Oil CEOs As He Asked Them to Steer \\$1B to His Campaign](https://www.washingtonpost.com/politics/2024/05/09/trump-oil-industry-campaign-money/), Washington Post, May 9, 2024, Accessed on May 15, 2024, <https://www.washingtonpost.com/politics/2024/05/09/trump-oil-industry-campaign-money/>



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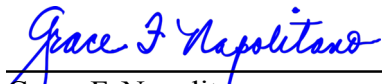
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