

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

Commissioners: **Andrew Ferguson, Chair**
 Rebecca Kelly Slaughter
 Alvaro M. Bedoya
 Melissa Holyoak

)	
In the Matter of)	
Exxon Mobil Corporation,)	Docket No. C-4815
a corporation.)	
)	

**PETITION OF SCOTT SHEFFIELD
TO REOPEN AND MODIFY OR SET ASIDE DECISION AND ORDER**

Pursuant to Section 5(b) of the Federal Trade Commission Act, 15 U.S.C. § 45(b), and Section 2.51 of the Federal Trade Commission’s Rules of Practice, 16 C.F.R. § 2.51, Scott Sheffield respectfully requests that the Commission set aside and vacate in its entirety the Decision and Order entered on January 16, 2025 in Docket No. C-4815 (“Order”). As contemplated by Section 2.51(a) of the Federal Trade Commission’s Rules of Practice, 16 C.F.R. § 2.51(a), Mr. Sheffield is a “person . . . subject to a Commission decision containing a rule or order which has become effective,” and is therefore entitled to “file with the Secretary a request that the Commission reopen the proceeding to consider whether the rule or order . . . should be altered, modified, or set aside in whole or in part.” The public interest requires that the Order be set aside and vacated in its entirety. 16 C.F.R. § 2.51(b).

After the close of business on the final business day of the last administration, the Federal Trade Commission (“FTC”) by a 3-2 vote issued the Order prohibiting ExxonMobil Corporation (“Exxon”) from appointing Mr. Sheffield to its Board of Directors, prohibiting Exxon from appointing Mr. Sheffield to serve “in an advisory capacity in any way” to Exxon’s management,

and prohibiting Exxon from appointing thousands of other current or former employees of Pioneer Natural Resources Company (“Pioneer”) to its Board. *See* Decision and Order § II. Mr. Sheffield requests that the FTC vacate that Order, which was unsupported by any antitrust law and violates his constitutional and other legally protected rights.

First, in their thoughtful and well-reasoned dissent from the Order, now-Chairman Ferguson and Commissioner Holyoak explained in detail why the Exxon/Pioneer transaction could not be challenged by the FTC on any established theory of antitrust law:

(1) Exxon and Pioneer’s combined share in the alleged global market—and market concentration metrics generally—falls way below any level of concentration that would be conducive to coordination; (2) the merger does not eliminate a maverick; (3) nothing in the Complaint suggests a post-merger change in incentives that would make the global market conducive to coordination; and (4) one of twelve board members will likely be less able to orchestrate coordination than could that same individual when he was a chief executive officer (and never coordinated the market).

See Dissenting Statement of Comm’r Melissa Holyoak Joined by Comm’r Andrew N. Ferguson at 2 (Jan. 17, 2025) (“Dissenting Statement”). As the Dissenting Statement explains, “There is no reason to believe that Section 7 has been violated, which invalidates any justification for the order.” *Id.* at 6.

The FTC premised the Order on a Complaint that was filed publicly in this matter on May 2, 2024. That Complaint alleged that Mr. Sheffield “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+.” Complaint ¶ 1. As noted by Commissioners Ferguson and Holyoak, however, “the factual interpretations and context of the Complaint, as written, [do] not provide reason to believe that the law ha[s] been violated.” Dissenting Statement at 4. Mr. Sheffield’s Comment on the Complaint further dispelled any

notion of a “campaign[]” of anticompetitive coordination with OPEC, clarifying that, of the supposed “hundreds of text messages with OPEC representatives and officials” decried in the Complaint, “almost all of these were blast text messages containing public information like news articles that went to many recipients without any response or ‘exchange.’” Ex. 1, Comment on Behalf of Scott Sheffield at 2 (“Sheffield Comment”). As Commissioners Ferguson and Holyoak noted, “Such contact is far less frequent than would be expected by a central figure allegedly coordinating with OPEC, the world’s most well-known output-fixing cartel that has damaged oil customers for decades.” Dissenting Statement at 3.

The Complaint also alleged that Mr. Sheffield exercised his First Amendment rights in a manner that the three majority commissioners found objectionable: Mr. Sheffield made public statements about oil production, and supported a petition by Pioneer to the Texas Railroad Commission (“TRRC”) during the COVID-19 Pandemic to exercise its statutory authority to regulate oil production in Texas. *See* Ex. 1, Sheffield Comment at 15–19. But protected activities cannot be the basis for a law enforcement action. The FTC’s claim otherwise is a frontal assault on Mr. Sheffield’s constitutionally protected activities, as acknowledged by Commissioners Ferguson and Holyoak. *See* Dissenting Statement at 3.

Conspicuously absent from the FTC’s Complaint was any allegation that Mr. Sheffield had himself violated the law. The Complaint alleged no instance in which he entered into any agreement in restraint of trade or any other unlawful conduct. Also absent was any viable theory that the combination of Exxon and Pioneer would violate antitrust laws. Pioneer was a comparatively small producer, and its acquisition by Exxon would not have meaningfully changed the market concentration in the global oil market. Nor did the FTC allege otherwise. As noted by the dissenting Commissioners, “With these egregious failings, the Complaint does

not provide even an ‘ephemeral possibilit[y]’ of harm, let alone a ‘reason to believe’ the law has been violated.” Dissenting Statement at 2. The lack of legal justification for the Order, standing alone, is sufficient justification to vacate it.

Second, setting aside and vacating the Order would benefit the efficiency of both the FTC and the federal judiciary. On January 21, 2025, Mr. Sheffield filed a complaint in the Northern District of Texas, Fort Worth Division against the FTC, then-Chair Khan, and Commissioners Slaughter and Bedoya. *See* Complaint, *Sheffield v. U.S. Fed. Trade Comm’n*, No. 25-cv-00048 (N.D. Tex. Jan. 21, 2025), ECF No. 1. In his complaint, Mr. Sheffield seeks an order from the district court, *inter alia*, “[v]acating the FTC’s Final Consent Order in Docket No. C-4815.” *Id.* at 53. Setting aside and vacating the Order would resolve those claims and would preserve the FTC’s and the U.S. Attorney’s Office’s resources in defending the case, as well as the district court’s resources in adjudicating the case.

Third, the Order is manifestly contrary to the public interest. The allegations in the Complaint supporting the Order were described by Commissioners Ferguson and Holyoak as “fabricated,” “embarrassing,” “indifferen[t] to First Amendment rights,” “woefully inadequate,” “lawless,” “nonsensical,” and “one of the most ludicrous theories of harm in [the FTC’s] merger-enforcement history.” *Id.* at 1–2, 4–6. In light of the numerous defects of the Order, which “disregards the public interest,” Commissioners Ferguson and Holyoak invited and encouraged the FTC to “scrutinize[.]” the “continuing viability of this order” under Section 5(b) of the Federal Trade Commission Act. *Id.* at 6.

The public interest requires setting aside and vacating the Order. As Commissioners Ferguson and Holyoak noted in their dissenting statement, Section 5(b) of the Federal Trade Commission Act permits the FTC to “reopen and alter, modify, or set aside, in whole or in part

any report or order . . . whenever in the opinion of the Commission conditions of fact or of law have so changed as to require such action or if the public interest shall so require.” 15 U.S.C. § 45(b) (*quoted in* Dissenting Statement at 6 n.46). The Commission will set aside orders (and order provisions) which “unnecessarily inhibit[] respondent[s] from engaging in conduct which, in and of itself, is innocuous and may, in certain circumstances, be procompetitive.” *In the matter of Occidental Petroleum Corp.*, Dkt. No. C-2492, 101 F.T.C. 373, 1974 WL 175259, at *1 (F.T.C. Mar. 9, 1983); *see also, e.g., In the matter of the Readers’ Digest Ass’n*, Dkt. No. C-2075, 102 F.T.C. 1268, 1971 WL 128725, at *2 (F.T.C. Sept. 30, 1983) (concluding that “the public interest requires eliminating” a provision where “the costs that the [provision] imposes on respondent appear to outweigh any consumer benefits [that it] may confer”). Furthermore, the public interest is served by setting aside orders and provisions that restrict constitutionally protected speech where such restrictions “cause[] injury to [respondent] and the public that outweighs any benefit that may be derived from the restriction.” *In the Matter of the American College of Obstetricians and Gynecologists*, Dkt. No. C-2855, 104 F.T.C. 524, 1984 WL 565347, at *1 (F.T.C. Aug. 28, 1984).

Here, the Order should be vacated in its entirety because “the Complaint does not provide even an ‘ephemeral possibilit[y]’ of harm, let alone a ‘reason to believe’ the law has been violated.” Dissenting Statement at 2. The fact that the Complaint fails to identify any violation of Section 7 “invalidates any justification for the order,” *id.* at 6, and confirms that the Order confers no benefit on consumers. In light of the utter lack of justification for the Order, the harm that the Order causes to Mr. Sheffield easily outweighs its nonexistent benefits. *See Readers’ Digest Ass’n*, 102 F.T.C. 1268, 1971 WL 128725, at *2. Furthermore, the only restrictions imposed by the Order—preventing Exxon from appointing Mr. Sheffield or any Pioneer

employee to its Board and prohibiting Exxon from appointing Mr. Sheffield to serve as an adviser in any capacity to Exxon's management—"unnecessarily inhibit" Mr. Sheffield, thousands of Pioneer employees, and even Exxon "from engaging in conduct which, in and of itself, is innocuous and may, in certain circumstances, be procompetitive." *In the matter of Occidental Petroleum Corp.*, 101 F.T.C. 373, 1974 WL 175259, at *1. Vacatur of the Order is warranted to remove these unnecessary restrictions.

The Order "ignored the public interest by using [the FTC's] Complaint to obtain a consent agreement" that specifically targeted Mr. Sheffield, "an individual who was *not* party to the agreement." Dissenting Statement at 1. The public interest is harmed when an individual's constitutional and other legally protected rights are trampled upon by a federal agency without due process or other protections. As outlined in detail in Mr. Sheffield's Comment, the FTC shared the draft Complaint with Mr. Sheffield only two days before Exxon signed the Consent Order, without ever engaging with Mr. Sheffield's counsel on the allegations in the Complaint. *See* Ex. 1, Sheffield Comment at 21–22. The "factual failings" of the Complaint are therefore "exacerbated by the process failings that the Majority embraced in this investigation," including the Majority's decision to "hide[] behind the caption that names only Exxon" despite the fact that the Order directly targets Mr. Sheffield, whose name appears "47 times in an eight-page redacted Complaint." Dissenting Statement at 4–5.

In addition to violating Mr. Sheffield's constitutional right to due process, the Order and Complaint disregard Mr. Sheffield's First Amendment rights, leveraging his protected government petitioning to support the FTC's flawed narrative that Mr. Sheffield is a purported advocate for collusion among oil producers, *see id.* at 4–5. Vacatur of the Order is therefore also warranted to protect Mr. Sheffield's constitutional rights to due process and to petition the

government for redress. *See In the Matter of the American College of Obstetricians and Gynecologists*, 104 F.T.C. 524, 1984 WL 565347, at *2 (modifying order to clarify that “this order shall not be construed to prevent [respondent] from . . . [e]xercising rights permitted under the First Amendment to the United States Constitution to petition any federal or state government, executive agency, or legislative body concerning legislation, rules or procedures.”).

In light of all of these factors, the Order should be set aside and vacated in its entirety.

Dated: March 14, 2025

Respectfully submitted,

/s/ David Gelfand

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