



UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

Office of the Chair

**Statement of Chair Lina M. Khan
Joined by Commissioner Rebecca Kelly Slaughter and Commissioner Alvaro Bedoya
In the Matter of Chevron Corporation and Hess Corporation
Commission File No. 241-0008**

September 30, 2024

The Organization of the Petroleum Exporting Countries (OPEC) is a cartel that, for decades, has enjoyed outsized control over oil prices in the United States. When OPEC and its allies, collectively known as OPEC+, decide to limit or cut back oil production, American consumers pay more at the pump and American businesses face higher costs. In the early 2010s, technological advances led to a surge in U.S. production—an increase that has let the United States emerge as the world’s largest oil producer.¹ This development has positioned U.S. crude oil producers to serve as a competitive check on OPEC+, protecting Americans from the whims of a foreign cartel.

Greater production at home should mean Americans enjoy lower prices when filling their tanks or heating their homes. But when U.S. oil executives communicate privately and publicly with high-level OPEC representatives to support them in their stated mission to “stabilize” or limit global production, it threatens to replace the churn and dynamism of a competitive market with the ossification of a cartel. While this may boost the companies’ bottom lines, it means Americans pay inflated prices.

Today’s complaint identifies statements by Hess Corporation CEO John Hess that signaled support for efforts by OPEC+ to stabilize production.² The proposed order would prohibit Chevron Corporation from appointing Mr. Hess to its Board of Directors. This action builds on the Commission’s action in *Exxon-Pioneer*, which surfaced troubling statements by Pioneer CEO Scott Sheffield that suggested efforts to coordinate with members of OPEC+.³

¹ *United States produces more crude oil than any country, ever*, U.S. ENERGY INFORMATION ADMINISTRATION (Mar. 11, 2024), <https://www.eia.gov/todayinenergy/detail.php?id=61545#:~:text=The%20United%20States%20produced%20more,six%20years%20in%20a%20row.>

² *See, e.g.*, Compl. ¶¶25-49.

³ Press Release, Fed. Trade Comm’n, FTC Order Bans Former Pioneer CEO from Exxon Board Seat in Exxon-Pioneer Deal (May 2, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/05/ftc-order-bans-former-pioneer-ceo-exxon-board-seat-exxon-pioneer-deal>; *see also* Statement of Chair Lina M. Khan in the Matter of Exxon Mobil Corporation, No. 241-0004 (May 2, 2024), https://www.ftc.gov/system/files/ftc_gov/pdf/2410004exxonpioneerlmkstmt1_0.pdf; Concurring Statement of Comm’r Rebecca Kelly Slaughter in the Matter of ExxonMobil Co., No. 241-0004 (May 2, 2024), https://www.ftc.gov/system/files/ftc_gov/pdf/2410004exxonrksstmt_0.pdf; Concurring Statement of Comm’r

Commissioners Ferguson and Holyoak dissent from this matter, as they do not believe that a CEO communicating with a foreign cartel about output should be central to the antitrust analysis here.⁴ Commissioner Ferguson writes, for example, that a sophisticated firm like Chevron would have a “strong incentive to ensure that its officers and directors avoid risky conversations with OPEC representatives.”⁵ We are unaware of any research showing that sophisticated firms are less likely to violate the antitrust laws, or studies finding that the extent to which a firm complies with the law correlates with the size of its legal department. We do not believe that the Commission should use a firm’s sophistication, or the elite credentials of its executives, as an input into our assessment of their likely behavior.

The Commission’s actions in *Chevron-Hess* and *Exxon-Pioneer* mark an important step towards ensuring that U.S. oil producers are serving as a competitive check on OPEC+ rather than subordinating their independent decision-making to the goals set by a cartel. Indeed, news outlets last week reported that OPEC+ and its members are preparing to *increase* oil production rates amid increasing supply from U.S. producers.⁶ Rivals responding to one another by increasing production, rather than coordinating to hold it back, represents the type of competitive dynamic the antitrust laws were designed to protect.

Alvaro M. Bedoya in the Matter of ExxonMobil Co./Pioneer Natural Resource Co., No. 241-0004 (May 2, 2024), https://www.ftc.gov/system/files/ftc_gov/pdf/2410004exxonpioneerambstmt_0.pdf.

⁴ See Dissenting Statement of Commissioner Andrew N. Ferguson in the Matter of Chevron Corporation and Hess Corporation, No. 241-0008 (Sep. 27, 2024); Dissenting Statement of Commissioner Melissa Holyoak in the Matter of Chevron Corporation and Hess Corporation, No. 241-0008 (Sep. 27, 2024).

⁵ Dissenting Statement of Commissioner Andrew N. Ferguson in the Matter of Chevron Corporation and Hess Corporation, at 2.

⁶ See Tom Wilson, *Saudi Arabia ready to abandon \$100 crude target to take back market share*, FINANCIAL TIMES (Sep. 26, 2024), <https://www.ft.com/content/1d186f62-5941-4f9e-aef1-7d93a8a696cd>.