

ONE HUNDRED SEVENTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

August 3, 2022

Mr. Michael Wirth
Chairman and Chief Executive Officer
Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583

Dear Mr. Wirth:

Pursuant to Rules X and XI of the House of Representatives, the Committee on Energy and Commerce is continuing to examine the role the oil industry plays in the record high gas prices Americans have experienced in 2022. The Committee is investigating what oil companies could and should be doing to help bring down gas prices. As one of the largest private oil companies in the world, your company is positioned to help alleviate Americans' pain at the pump, but I am concerned that you are more focused on rewarding company executives and shareholders.

Based on recently announced quarterly earnings, Chevron reported record profits that should completely erase the losses recorded during the pandemic.¹ And, as we saw in 2021, these record profits continue to be used to benefit executives and shareholders.

To date, Chevron has experienced two of its most profitable quarters on record. In its second quarter results reported last week, Chevron reported a profit of \$11.6 billion—reaching its highest point ever and nearly three times its pre-pandemic second quarter profits reported in 2019.² Given this, it is no surprise that Chevron is expected to more than double its 2021 profits

¹ *Exxon, Chevron, Shell Report Record Profits on High Energy Prices*, The Wall Street Journal (July 29, 2022); Securities and Exchange Commission, *Form 10-Q: Chevron Corporation* (www.sec.gov/ix?doc=/Archives/edgar/data/0000093410/000009341022000026/cvx-20220331.htm#i0fb10779ff474915aad6c9e577f49c63) (accessed July 27, 2022); Securities and Exchange Commission, *Form 10-K: Chevron Corporation* (www.sec.gov/ix?doc=/Archives/edgar/data/93410/000009341022000019/cvx-20211231.htm#i094c916ca469465ab6c8626bba942725) (accessed July 27, 2022).

² *Exxon, Chevron, Shell Report Record Profits on High Energy Prices*, The Wall Street Journal (July 29, 2022); Chevron Corporation, *Chevron Reports Second Quarter Net Income of \$4.3 Billion* (Aug. 2, 2019) (press release).

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in 2022, likely achieving one of the company's most profitable years ever.³ Yet, instead of using these windfall profits to reduce American's pain at the pump, Chevron bought back \$1.4 billion worth of stock and has increased planned stock buybacks to up to \$15 billion, in addition to the billions in planned dividend payouts.⁴

These misguided priorities are why I joined my colleagues to spearhead passage of the Consumer Fuel Price Gouging Prevention Act in May, which would be the first-ever federal statute against fuel price gouging.⁵ This bill would also increase penalties levied against market manipulators and price gougers that drive up fuel prices and would give the federal government better tools to bring enforcement actions against price gougers during energy emergencies declared by the President.⁶

In order to better understand how the oil industry's record profits impact gas prices in the United States, please provide the following information by August 17, 2022. Please describe how the record profits your company has made in 2022 will impact each of the following categories. In responding, please explain the expected expenditures for each of these categories that were established at the start of this fiscal year, and any changes to those expenditures based on the profits your company has made so far this year:

- a. Executive compensation, including bonuses;
- b. Shareholder and/or stock buybacks;
- c. Dividends;
- d. Capital expenditures in support of fossil fuel production; and
- e. Capital expenditures in support of renewable fuels and other decarbonization efforts.

³ CNBC, *Chevron Corp* (<https://www.cnbc.com/quotes/CVX?tab=earnings>) (accessed July 27, 2022); *Chevron Rakes in \$15.6 Billion in Annual Profits as Oil Prices Climb*, The Wall Street Journal (Jan. 28, 2022).

⁴ Securities and Exchange Commission, *Form 10-K: Chevron Corporation* (www.sec.gov/ix?doc=/Archives/edgar/data/0000093410/000009341022000019/cvx-20211231.htm) (accessed July 27, 2022); *Chevron Doubles Buyback as Spending Cap Helps Lift Cash Flow*, Bloomberg (March 1, 2022); *Chevron Says It "Can Do It All", After Record Profit and Buyback Lift*, Reuters (July 29, 2022).

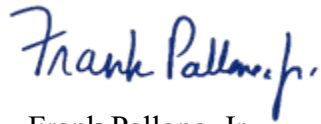
⁵ H.R. 7688.

⁶ *Id.*

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If you have any questions, please contact Rebekah Jones of the Committee staff at (202) 225-2927.

Sincerely,

A handwritten signature in blue ink that reads "Frank Pallone, Jr." in a cursive style.

Frank Pallone, Jr.
Chairman

cc: The Honorable Cathy McMorris Rodgers
Ranking Member
Committee on Energy and Commerce