

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

Ms. Gretchen Watkins
President
Shell USA, Inc.
150 North Dairy Ashford
Houston, TX 75039

Dear Ms. Watkins:

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, Shell 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, Shell has experienced its most profitable quarters on record. In its second quarter results reported last week, Shell reported a profit of \$11.47 billion—reaching its highest point ever and more than tripling its pre-pandemic second quarter profits reported in 2019.² Given this, it is no surprise that Shell is expected to nearly double its 2021 profits to more than \$35 billion in 2022, likely achieving the company's most profitable year ever.³ Yet, instead of using these windfall profits to reduce American's pain at the pump, Shell bought back more than

¹ *Shell Posts Back-to-Back Record Profit, Accelerates Buybacks*, Bloomberg (July 28, 2022); Shell plc, 4th Quarter 2021 and Full Year Unaudited Results (Feb. 3, 2022) (press release); *Royal Dutch Shell Sees Huge Loss As Pandemic Hits Oil Demand*, BBC News (Feb. 4, 2021).

² *Shell plc, Q2 2022 Results* (July 28, 2022) (press release); Royal Dutch Shell plc, *2nd Quarter 2019 and Half Year Unaudited Results* (Aug. 1, 2019) (press release); *Shell Posts Back-to-Back Record Profit, Accelerates Buybacks*, Bloomberg (July 28, 2022).

³ *Stock Spotlight: Shell Reaps the Rewards of Decade-High Oil Prices*, Investment Week (July 4, 2022).

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\$8.5 billion worth of stock and has announced plans to buyback an additional \$6 billion of shares by October, 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 is reaping 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.

⁴ *Shell Posts Back-to-Back Record Profit, Accelerates Buybacks*, Bloomberg (July 28, 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