PUBLIC CITIZEN
1600 20th Street, NW • Washington, D.C. 20009 • 202/588-1000 • www.citizen.org

May 12, 2025

Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue NW
Washington, DC 20580

Re: Chevron/Hess Petition to Reopen; Docket No. C-4814

Dear Commissioners,

On behalf of Public Citizen, we appreciate the opportunity to respond to the Federal Trade Commission's (FTC) request for comment on the petition to reopen and set aside the Commission's January 17, 2025 Decision and Order in Docket No. C-4814, Decision and Order in the Matter of Chevron Corporation & Hess Corporation (the Order). Public Citizen opposes the petition by Chevron and Hess to overturn this Order. The FTC documented John Hess's participation in efforts to coordinate oil supply in order to fix domestic energy prices with the Organization of the Petroleum Exporting Countries (OPEC).[1] The FTC correctly found the merger between Chevron and Hess, as proposed, to be in violation of Section 5 of the FTC Act and Section 7 of the Clayton Act due to Mr. Hess's anticompetitive activities.[2] It was more than prudent and reasonable for the Commission to condition approval of the Chevron-Hess merger by barring Mr. Hess from Chevron's board of directors. The Order should stand, and the FTC should reject the petition.

During the period when the FTC alleges Mr. Hess coordinated with OPEC to manipulate oil supply, inflation peaked at over nine percent, with energy prices responsible for one-third of price acceleration.[3] The actions taken by Mr. Hess and other U.S. oil executives accused of colluding with OPEC harmed American consumers at a time of significant economic stress. When oil prices reached their peak in 2022, U.S. companies kept supply low, driving up gas

[1] Complaint, In the Matter of Chevron Corp. & Hess Corp, FTC Docket No. C-4814 (Jan. 17, 2025), https://www.ftc.gov/system/files/ftc_gov/pdf/2410008c4814chevronhesscomplaintpublic.pdf.
[2] Id. at 10.
[3] Kristina Karlsson and Lauren Melodia, Fossil Fuel–Driven Price Volatility Demonstrates the Need for a Renewable Transition, Roosevelt Institute (Nov. 21, 2023), https://rooseveltinstitute.org/publications/fossil-fuel-driven-price-volatility-demonstrates-the-need-for-a-renewable-transition/.

prices and electric bills, while rewarding shareholders.[4] Serving on Chevron's Board of Directors would provide Mr. Hess a larger platform to engage in activities that constrain oil supply and drive energy prices up at the expense of the American people.

Reopening a final settlement, as the petition seeks, is a highly unusual practice that should be strongly disfavored by the agency. FTC functioning will be diminished if settlements are up for ongoing negotiation or if parties and the public cannot rely on settlements—agreed on by both sides—to be permanent. Moreover, reopening this case appears to be part of the Trump Administration's broader campaign of corporate clemency—ending enforcement actions against many of the largest and most powerful companies being investigated or accused of wrongdoing by federal agencies.[5]

Reopening and setting aside the Commission's Decision and Order in Docket No. C-4814 is inappropriate in light of Mr. Hess's well-documented anticompetitive behavior.

The Order bars Chevron from nominating, designating, or appointing Hess CEO John B. Hess from joining Chevron's Board of Directors or allowing Mr. Hess to serve in an advisory or consulting capacity to, or as a representative of, Chevron or the Chevron Board.[6] It was issued to remedy Mr. Hess's harm to competition as described in the FTC's corresponding complaint.[7] The complaint alleges that the proposed acquisition of Hess by Chevron, which includes in the agreement increasing the size of the Chevron's Board from twelve to thirteen members and appointing Mr. Hess as a Chevron director "heighten[s] the risk of harm to competition, including meaningfully increasing the risk of industry coordination."[8]

The complaint documents Mr. Hess's coordination with OPEC representatives during his tenure as CEO of Hess. While OPEC member nations have free reign to operate as an explicit cartel, coordinating production and price targets, U.S. oil companies are barred by U.S antitrust law from participating in this coordination. Nevertheless, the FTC found that "[Mr. Hess] communicated publicly and privately with OPEC representatives and oil ministers of OPEC member states about global output and other dimensions of crude oil market competition."[9] The complaint alleges that "these interactions presented OPEC representatives with opportunities for

---

[4] Collin Eaton, Oil Prices Top $100, Yet Some Big U.S. Frackers Let Their Production Fall, The Wall Street Journal (May 7, 2022), https://www.wsj.com/finance/commodities-futures/oil-prices-top-100-yet-some-big-u-s-frackers-let-their-production-fall-11651926601.
[5] Rick Claypool, Corporate Clemency: How Trump Is Halting Enforcement Against Corporate Lawbreakers, Public Citizen (Mar. 4, 2025), https://www.citizen.org/article/corporate-clemency-trump-enforcement-report/.
[6] Decision and Order, In the Matter of Chevron Corp. & Hess Corp., FTC Docket No. C-4814 (Jan. 17, 2025), https://www.ftc.gov/system/files/ftc_gov/pdf/2410008c4814chevronhessorder.pdf.
[7] Id. at 5.
[8] Complaint, In the Matter of Chevron Corp. & Hess Corp, FTC Docket No. C-4814 (Jan. 17, 2025), https://www.ftc.gov/system/files/ftc_gov/pdf/2410008c4814chevronhesscomplaintpublic.pdf.
[9] Id. at 2.

discussion, meetings, and communications with their rival U.S. oil producers relating to maintaining market stability that ultimately is likely to increase prices."[10] Instead of acting as a market competitor to OPEC, Mr. Hess collaborated with the oil cartel to advance mutually beneficial constraints on oil production.

The complaint documents numerous examples of public and private communication between Mr. Hess and former OPEC Secretary General Mohammad Barkindo, current OPEC Secretary General Haitham Al Ghais, and other OPEC-affiliated industry and political leaders. Mr. Hess and Mr. Barkindo shared numerous public appearances, including at annual CERAWeek conferences, at Davos, and other policy forums.[11] At these events, Mr. Hess spoke supportively of OPEC policies, including comments that OPEC played a positive role in stabilizing oil prices, and about the opportunity for a collaborative relationship between OPEC and U.S. oil producers. In 2023, Mr. Hess spoke at the OPEC International Seminar and Hess Corporation served as a sponsor for the event.[12] Excerpts of private communications between Mr. Hess and OPEC representatives are largely redacted in the complaint, but the FTC alleges that themes from private communications, including market stability and other business topics, were echoed on earnings calls, investor conferences, and in other public forums.[13]

Mr. Hess's actions to coordinate oil output reductions may have contributed to high prices and harmed American consumers.

Coordinating oil production and price targets with OPEC comes at the direct expense of American consumers who depend on competitive markets to keep energy prices down. U.S. shale producers such as Hess have historically acted as swing producers—increasing production when prices rise and decreasing production as prices fall. During periods of high prices, U.S. producers benefit from moving quickly to bring supply to market—racing one another to gain market share before the increased supply brings prices down. A lawsuit brought by Andrew Caplen Installations LLC against Hess and seven other U.S. shale producers, alleges this predictable behavior began breaking down in early 2021.[14] Instead of racing one another to increase oil supply during periods of high prices, the lawsuit alleges U.S. producers began coordinating output with OPEC to keep supply down during these periods.[15]

---

[10] Id. at 5.
[11] Id. at 6; reference to Davos is typically shorthand for events hosted by the World Economic Forum.
[12] Id. at 8.
[13] Id. at 9.
[14] Complaint and Demand for Jury Trial, *Andrew Caplen Installations LLC v. Permian Resources Corp.*, No. 24-CV-00150 (D. Nev. Jan. 22 2024).
[15] Id. at 7.

Following Russia's invasion of Ukraine in February 2022, the price of West Texas Intermediate crude oil surged to about $120 a barrel.[16] Despite the high price, U.S. firms didn't increase production, citing the tight labor market and challenges in procuring needed equipment.[17] But U.S. oil producers also expressed their collective intention to keep production stable for the purpose of keeping prices and profitability high. In February 2022, Pioneer Natural Resources CEO Scott Sheffield said, "the public[ly listed] [I]ndependents are staying in line" and "I'm confident they will continue to stay in line."[18] On an August 2022 EOG Resources earnings call, a representative said the company was "committed to remaining disciplined."[19] An April 2023 Bloomberg article cited an industry expert explaining, "OPEC and shale are much more on the same team now, with supply discipline on both sides" which "really puts a floor under the price of oil long term."[20]

American families and businesses have paid the price for these coordinated efforts to keep supply constrained and prices high. Four months following Russia's invasion of Ukraine, U.S. inflation reached a peak of over 9 percent, with energy prices responsible for a third of overall inflation.[21] Average gasoline prices rose from their pandemic lows of $2.50 per gallon in January 2021 to $5.00 per gallon at their peak in June, 2022, amid a strong economic recovery from the COVID-19 pandemic and Russia's invasion of Ukraine.[22] Price shocks in the fossil fuel sector not only translated to higher gas prices and utility bills, they pushed prices up across the economy as a ubiquitous input across sectors. High energy prices further squeezed consumers already experiencing high prices following supply chain disruptions and other sources of inflation in the wake of the pandemic, further eroding Americans' purchasing power and financially straining low- and moderate-income Americans most acutely.[23]

The impact of high energy prices not only impacted American families and businesses, it also impacted the federal government and in turn all taxpayers. In an attempt to bring energy prices down from their peak, the Biden Administration released 180 million barrels of oil from the strategic petroleum reserve (SPR) in 2022, bringing year end reserves to their lowest level in

---

[16] Lutz Kilian and Michael D. Plante, The Russian oil supply shock of 2022, Federal Reserve Bank of Dallas (Mar. 22, 2022), https://www.dallasfed.org/research/economics/2022/0322#.
[17] Chris Isidore, More oil supply could stop massive price spikes. But US producers won't fill that gap, CNN Business (Mar. 2, 2022), https://www.cnn.com/2022/03/02/energy/us-oil-production/index.html#.
[18] Complaint and Demand for Jury Trial, *Andrew Caplen Installations LLC v. Permian Resources Corp.*, No. 24-CV-00150 (D. Nev. Jan. 22 2024).
[19] Id. at 37.
[20] Id. at 39.
[21] Kristina Karlsson and Lauren Melodia, Fossil Fuel–Driven Price Volatility Demonstrates the Need for a Renewable Transition, Roosevelt Institute (Nov. 21, 2023), https://rooseveltinstitute.org/publications/fossil-fuel-driven-price-volatility-demonstrates-the-need-for-a-renewable-transition/.
[22] US Regular All Formulations Gas Price, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/GASREGW.
[23] Aparna Jayashankar and Anthony Murphy, High inflation disproportionately hurts low-income households, The Federal Reserve Bank of Dallas (Jan. 10, 2023), https://www.dallasfed.org/research/economics/2023/0110.

40 years.[24] To replenish the SPR, the Department of Energy directly purchased 59 million barrels of oil at an average price of $76 per barrel and secured an additional 140 million barrels by canceling mandated sales between FY24 and FY26, at a price of $74 a barrel.[25] In total, the cost of replenishing the SPR exceeded $14.8 billion.

Conclusion

If the FTC's Order is set aside and Mr. Hess is permitted to join Chevron's Board of Directors, he would be in position to continue the activities of which he was accused in the FTC's original complaint. According to the complaint, as a Chevron director, he could "direct, approve, or influence Chevron's investments and policies to align more closely with OPEC's mission and operations."[26] Permitting Mr. Hess to serve on Chevron's board would further threaten competitive energy markets in the U.S., enriching shareholders while leaving American families and businesses to pay the price. The Commission should deny the petition.

Thank you for your attention to this important issue. With questions, please contact Elyse Schupak at eschupak@citizen.org.

Sincerely,
Public Citizen

[24] Strategic Petroleum Reserve Annual Report for Calendar Year 2022, Department of Energy (Oct. 2023), https://www.energy.gov/ceser/articles/spr-2022-annual-report-congress.
[25] Press Release, U.S. Department of Energy, Biden-Harris Administration Makes Final Purchase for the Strategic Petroleum Reserve - Secures 200 Million Barrels at a Good Deal for the American Taxpayer (Nov. 8, 2024), https://www.energy.gov/articles/biden-harris-administration-makes-final-purchase-strategic-petroleum-reserve-secures-200.
[26] Complaint, In the Matter of Chevron Corp. & Hess Corp, FTC Docket No. C-4814 (Jan. 17, 2025), https://www.ftc.gov/system/files/ftc_gov/pdf/2410008c4814chevronhesscomplaintpublic.pdf.