

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. David C. Lawler
Chairman and President
BP America, Inc.
501 Westlake Park Boulevard
Houston, TX 77079

Dear Mr. Lawler:

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, BP reported record profits that should completely erase the losses recorded during the pandemic.¹ While BP's decision to end its long-running partnership with the Russian state-controlled oil company, Rosneft, has impacted BP's earnings on paper, it has not impeded BP's preferred profit measures.² As we saw in 2021, BP's profits continue to be used to benefit executives and shareholders.

To date, BP has experienced two incredibly profitable quarters. In its second quarter results reported this week, BP reported a profit of \$8.45 billion—reaching the highest point in more than a decade and more than tripling its pre-pandemic second quarter profits reported in 2019.³ Yet, instead of using these windfall profits to reduce American's pain at the pump, BP

¹ The Wall Street Journal Markets, *BP PLC* (https://www.wsj.com/market-data/quotes/UK/XLON/BP?mod=quote_search) (accessed Aug. 1, 2022); *Energy Prices Lift BP Profits to 8-Year High*, Reuters (Feb. 8, 2022).

² BP plc, *First Quarter 2022: Performing While Transforming* (May 3, 2022) (press release); *BP Logs Bumper Q1 Profit Despite \$25.5bn Hit From Russia Exit*, Offshore Technology (May 4, 2022).

³ *BP Boosts Dividend After Profit Hits 14-Year High*, Reuters (August 2, 2022); *BP Second-Quarter Profits Beat Expectations Despite Lower Oil Prices*, CNBC (Jul. 30, 2019); *BP Profits Double to \$6.2bn, Fueling Calls for Energy Windfall Tax*, The Guardian (May 3, 2022).

has bought back more than \$3.9 billion worth of stock this year and is planning an additional \$3.5 billion next quarter, in addition to increasing its dividend payouts by ten percent.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 buy backs;
- 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 *BP is the Latest Oil Giant to Report a Huge Quarterly Profit*, The New York Times (August 2, 2022); *BP Boosts Dividend After Profit Hits 14-Year High*, Reuters (August 2, 2022).

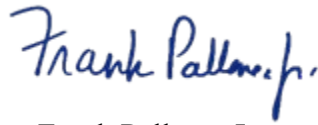
⁵ H.R. 7688.

⁶ *Id.*

Mr. David C. Lawler
August 3, 2022
Page 3

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." with a stylized, cursive script.

Frank Pallone, Jr.
Chairman

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