

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

March 16, 2022

Mr. Rick Muncrief
President and Chief Executive Officer
Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, OK 73102

Dear Mr. Muncrief:

As American families confront high gasoline prices caused by the volatility of global energy markets and Vladimir Putin's unprovoked invasion of Ukraine, I am deeply concerned that the oil industry has not taken all actions within its power to lower domestic gasoline prices and alleviate Americans' pain at the pump. Instead, the industry appears to be taking advantage of the crisis for its own benefit. Therefore, the Committee on Energy and Commerce is investigating Devon Energy Corporation's response to the current global energy crisis.

As we watch the ongoing devastation in Ukraine, I am inspired by the bravery and patriotism of the Ukrainian people. Here at home, I am proud to see reports this week that nearly 80 percent of Americans support Russian sanctions even if gasoline prices rise, but the financial sacrifices made by American families should be in service of the Ukrainian people, not oil company profits.¹

I am concerned that the oil industry may be exploiting the war in Ukraine for its own economic gain. Oil companies are currently seeing record profits. As Americans reemerged from the coronavirus disease of 2019 (COVID-19) lockdowns, and demand for gasoline increased, oil companies kept supply low and prices high. In 2021, the industry raked in more than \$205 billion, with just four companies—Shell, BP, ExxonMobil, and Chevron—collectively bringing in more than \$70 billion.² While Americans now pay record prices at the pump, the oil

¹ *Americans continue to support ban on Russian oil*, Ipsos (Mar. 13, 2022) (www.ipsos.com/en-us/news-polls/March-2022-ABC-news-poll).

² *Accountable.US, REPORT: Oil Giants Post Eye-Popping \$205 Billion Record Profits* (Mar. 15, 2022).

industry continues to prioritize profits, dividends, and stock buybacks over consumers.³ Your company is one of 14 major fossil fuel companies that returned more than \$35 billion to shareholders through stock buybacks or dividend increases last year, and many companies have announced plans to return excess cash to shareholders in 2022.⁴

By keeping domestic oil production low and funneling revenue back to investors and executives, the oil industry is keeping energy prices—and profits—artificially high. And this is all happening at the same time the industry is taking advantage of generous production tax incentives provided by American taxpayers. The American Petroleum Institute, the largest trade association for the oil industry in the United States, recently stated the industry’s commitment to do “everything possible to minimize any impacts on American consumers while supporting our allies overseas.”⁵ So far, however, the oil industry has failed to live up to that commitment.

Instead, the industry appears to be exploiting the humanitarian and international security crisis to promote its domestic exploration and extraction agenda, while falsely blaming Biden Administration policies for changes in American energy prices.⁶ For example, the industry claims that the Biden Administration is hampering fossil fuel development on public lands. In reality, the oil industry has more than 9,000 unused permits for drilling and already controls more than 26 million acres of American public lands, of which 53 percent is not being used.⁷ In fact, the Biden Administration approved more oil and gas drilling permits per month in 2021 than the Trump Administration did per month in each of its first three years, and natural gas production is at near record highs.⁸ Additionally, most oil and gas resources are found beneath state and private lands, not public lands.⁹ The problem facing American consumers is not a result of Biden Administration policies but rather the actions oil companies have taken to keep supply low, prices high, and profits flowing.

³ *Id.*

⁴ *Id.*

⁵ American Petroleum Institute, *API Condemns Russian Invasion of Ukraine* (Feb. 24, 2022) (press release).

⁶ Letter from Mike Sommers, President and CEO, American Petroleum Institute, to Secretary Jennifer Granholm, Secretary of Energy, Department of Energy (Feb. 28, 2022).

⁷ *White House, oil industry spar anew over drilling as gas prices surge*, NBC News (Mar. 12, 2022) (www.nbcnews.com/politics/white-house/white-house-oil-industry-spar-anew-drilling-gas-prices-surge-rcna19168).; Department of the Interior, *FACT SHEET: President Biden to Take Action to Uphold Commitment to Restore Balance on Public Lands and Waters, Invest in Clean Energy Future* (Jan. 27, 2021) (press release).

⁸ *Biden is approving more oil and gas drilling permits on public lands than Trump, analysis finds*, Washington Post (Dec. 26, 2021).; U.S. Energy Information Administration, *Natural Gas Monthly* (Feb. 28, 2022) (www.eia.gov/naturalgas/monthly/).

⁹ *Biden’s Order to Freeze New Oil Drilling on Federal Land: What You Need to Know*, Wall Street Journal (Jan. 27, 2021).

Mr. Rick Muncrief

March 16, 2022


Page 3

As Secretary of Energy Jennifer Granholm said last week, we are on a “war footing” and we must do what we can “to responsibly increase short-term supply...stabilize the market and to minimize the harm to American families.”¹⁰ I therefore call on the oil industry to take the actions within its power to alleviate gasoline prices for the American public.

In order to assist the Committee in evaluating this situation and its impact on American consumers, I invite you to testify on these matters before the Committee on Wednesday, April 6, 2022. Committee staff will be in touch with further information and details in the coming days.

If you have any questions, please contact Waverly Gordon on the Committee staff at (202) 225-2927.

Sincerely,


Frank Pallone, Jr.
Chairman

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

¹⁰ Department of Energy, *Remarks as Prepared for Delivery by Secretary of Energy Jennifer Granholm at CERAWEEK 2022* (Mar. 9, 2022).