

Pioneer Natural Resources Responds to FTC Settlement Complaint Filed as Part of Approval of Proposed Transaction with ExxonMobil

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[Pioneer Natural Resources Company](#) (NYSE:PXD) ("Pioneer" or "the Company") today issued the following statement in response to the decision by the U.S. Federal Trade Commission ("FTC") to clear the proposed merger with [Exxon Mobil Corp.](#) (NYSE: XOM) ("ExxonMobil") subject to a Consent Order based on allegations in a settlement Complaint directed at Mr. Sheffield:

We disagree and are surprised by the FTC's Complaint saying that Mr. Sheffield's record and statements on matters of public interest should disqualify him from serving on the ExxonMobil Board of Directors. Notwithstanding, Pioneer and Mr. Sheffield are not taking any steps to prevent the merger from closing. As he has for his entire career, Mr. Sheffield is electing to place the interests of investors, employees and the competitive health of the U.S. energy industry ahead of his own.

At the same time, Mr. Sheffield and Pioneer believe that the FTC's Complaint reflects a fundamental misunderstanding of the U.S. and global oil markets and misreads the nature and intent of Mr. Sheffield's actions.

During Mr. Sheffield's career, it was neither the intent nor an effect of Mr. Sheffield's communications to circumvent the laws and principles protecting market competition. On the contrary, Mr. Sheffield focused on legitimate topics such as investor feedback on independent oil and gas company growth and capital reinvestment frameworks; unfair foreign practices that threatened to undermine U.S. energy security; and, through dialogue with government officials, the need to sustain a resilient, competitive and economically vibrant oil and gas industry in the United States. Mr. Sheffield's insights come from having lived through six industry downturns whereby OPEC and OPEC+ have oversupplied the market, causing substantial turmoil for U.S. independents, including Pioneer, small private energy companies and other important parts of the U.S. economy - requiring them to significantly curtail drilling activity, lay off employees, refinance debt and/or declare bankruptcy, among other actions.

By way of example, the extraordinary collapse in oil demand and oil prices, during which oil traded at an all-time low of negative \$37 per barrel in April 2020 - driven by the COVID-19 pandemic and compounded by the predatory practices of OPEC, Russia and other producing nations, which flooded the market with oil - posed a direct threat to the stability and competitiveness of the U.S. energy industry and consequently to the U.S.'s long-term energy and national security. Given the significance and unusual circumstances, Mr. Sheffield, as a leading and internationally respected industry authority, voiced his concerns aimed at raising awareness of the issue and encouraging state, federal and international governments to act, including encouraging legally authorized actions by the Texas Railroad Commission when the global pandemic and the oil market was at its worst. Those concerns, and Mr. Sheffield's right to express them, are protected by the First Amendment and an unbroken line of U.S. Supreme Court cases known as the Noerr-Pennington Doctrine.

Further, in 2019, Mr. Sheffield and other senior Pioneer leaders visited with Pioneer's major investors, including the largest pension fund managers in the U.S., and listened to their comments about the need for better capital discipline, which would allow Pioneer to generate competitive returns and free cash flow that could be used to improve liquidity and return cash back to shareholders via share buybacks and dividends, similar to other S&P 500 companies. Based on this investor feedback, Pioneer began discussing and initiating planned capital reinvestment and return of capital changes at investor conferences and on its earnings calls. These actions were solely motivated by Pioneer's desire to meet investor expectations that the Company offer a competitive total return framework compared to other industries.

Over this same period, Pioneer continued to be a leader in growing U.S. production and a large contributor

to the revival of the Permian Basin, which is now one of the largest oil fields in the world, with oil production exceeding 6 million barrels of oil per day. The growth of total U.S. oil production to over 13 million barrels of oil per day has contributed to reduced gasoline prices for U.S. consumers. Pioneer, from 2019 to 2023, has more than doubled its daily production from 346,000 barrels of oil equivalent to 715,000 barrels of oil equivalent, significantly adding to U.S. energy supplies.

Over the course of his 50-year career, Mr. Sheffield has been at the forefront of building a competitive U.S. shale industry, which comprises scores of public and private independent companies. Mr. Sheffield is widely recognized as a leader in the energy industry and is frequently asked to speak publicly and share his observations. He was instrumental in making the case that restrictions on the export of U.S. oil should be eased - which flipped the U.S. from being a net importer to a net exporter of oil and was key to reducing U.S. reliance on external sources for energy, further strengthening our country's energy independence and national security, along with increasing competition for global supplies of oil and natural gas. Mr. Sheffield also led the effort to curb methane emissions and flaring in the Permian Basin. He has been a champion of building a competitive industry labor market, improving skills and opportunities and an advocate for fostering an employee culture rooted in respect, integrity, safety, diversity and collaboration.

About Pioneer

Pioneer is a large independent oil and gas exploration and production company, headquartered in Dallas, Texas, with operations in the United States. For more information, visit Pioneer's website at www.pxd.com.

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