

The American Petroleum Institute Said It Didn't Want Or Need Any Pandemic Bailouts-

-Then Its Big Oil Members Lapped Up \$1.2 Billion From Taxpayers

SUMMARY: *The American Petroleum Institute (API), a prominent oil and gas industry association that represents big oil companies, spent much of the beginning of 2020 broadcasting that its members didn't need any bailouts due to the Covid 19 pandemic.*

But an Accountable.US analysis shows that API's members took advantage of several bailout programs created during the pandemic, including the Paycheck Protection Program, the Main Street Lending Program, the Economic Injury Disaster Loan Program, CARES Act tax breaks, and a royalty relief program created administratively for the exclusive benefit of the oil industry. In all, API's membership took in 1,243,765,543 in pandemic Bailouts.

Additionally, while API's CEO was telling the press that his Big Oil members didn't need or want pandemic bailouts, lobbying reports show that API was lobbying the federal government on the tax provisions in the CARES Act that would go on to bail API members out to the tune of \$958 Million.

The American Petroleum Institute (API) Bragged Loudly Throughout The Pandemic That Big Oil Didn't Need Any Bailouts

API Told Every Media Outlet That Would Listen That It Didn't Want Any Bailouts During The Pandemic

API's CEO Said The Oil Industry Was Not Seeking A Bailout. "Mike Sommers, CEO of the American Petroleum Institute, told reporters Monday that the oil and gas industry is not seeking a bailout." [*Washington Post*, [03/10/20](#)]

API's CEO Said His Members Agreed – "They Are Not Asking For Anything From The Government." "The leader of the largest U.S. oil and gas trade group said the industry is not interested in receiving aid from the Trump administration to help overcome a historic drop in oil prices on Monday. 'We are not in discussions with anyone in the administration at this time on any type of program for the industry,' said Mike Sommers, the CEO of the American Petroleum Institute, in response to a question from the Washington Examiner on a press call. [...] Sommers added he has spoken to a number of API members and that the consensus is, 'They are not asking for anything from the government.'" [*Washington Examiner*, [03/09/20](#)]

API Was Worried That Bailouts For Big Oil Would Be Unpopular With Americans

API's CEO Said The Association Didn't To "Invite More Government Intervention Into The Industry" Because It Would Invite Scrutiny. "First, the oil industry, which is based largely in Texas and the middle of the country, proudly champions capitalism. 'Because we're in a time of crisis doesn't mean we're going to change our overriding free market philosophy,' Sommers said. And Big Oil knows from the Great Recession that bailouts from Washington come with

strings attached. 'The banks and the auto industry accepted bailouts. I would argue they are still paying for that government intervention. They will never live that down,' Sommers said. 'We don't want to invite more government intervention in this industry.'" [CNN, [03/11/20](#)]

- **Sommers Worried That A Bailout Would Be "Unpopular With Voters."** "The idea of the U.S. government swooping in to help indebted oil producers is unpopular with voters -- and even the industry is divided over relief. American Petroleum Institute, president Mike Sommers has argued against special aid he says could pin a target on the oil industry. 'We don't want an oil and gas-specific program set up by government or Congress,' Sommers said.'" [Bloomberg, [05/07/20](#)]

But At The Same Time, Lobbying Reports Suggest That API Was Asking For Bailouts Behind Closed Doors

API Spent \$1.4 Million In The First Quarter Of 2020 To Lobby The Federal Government.

- **API Lobbied On CARES Act Tax Provisions.** API's Q1 2020 lobbying report shows that they lobbied on "Ways & Means Staff Discussion Draft on International Tax Reform; S 3548 CARES Act, provisions related to tax and business operations..." [API Lobbying Report, [04/20/20](#)]
- API's Q1 2020 lobbying report shows that they lobbied on "Efforts related to temporary regulatory relief related to COVID-19." [API Lobbying Report, [04/20/20](#)]

And When API Did Ask For Inspections And Audits Of Oil Facilities To Stop Inspections—The Environmental Protection Agency Quickly Obligated

API Asked For The Federal Government To Suspend Inspections And Audits. "The American Petroleum Institute has asked U.S. President Donald Trump for help suspending certain regulatory requirements on the oil and gas industry to ensure steady fuel supplies during the coronavirus outbreak, according to a letter it sent to Trump and seen by Reuters. [...] The API said the regulatory relief could include things like waivers for seasonal fuel requirements, a suspension of non-essential inspections and audits, and certain leasing and permitting considerations." [Reuters, [03/20/20](#)]

At The Request Of Oil Companies And Other Industries, EPA Has Relaxed "Enforcement Of Environmental Regulations On Polluting Industries." "The Trump administration has decided to ease enforcement of environmental regulations covering polluting industries to help them cope with impacts from the coronavirus outbreak, the U.S. Environmental Protection Agency said on Thursday. The decision follows requests by the oil lobby and other industry groups for regulatory relief as governments around the world scramble to contain fallout from the pandemic, which has infected nearly a half a million people, decimated travel, and forced massive disruptions in daily life." [Reuters, [03/26/20](#)]

The Suspension Of Enforcement Means That Companies will “Largely Be Exempt From Consequences For Polluting The Air Or Water During The Outbreak.” “The Trump administration introduced this week a sweeping relaxation of environmental laws and fines during the coronavirus pandemic. According to new guidelines from the Environmental Protection Agency (EPA), companies will largely be exempt from consequences for polluting the air or water during the outbreak. In a letter to all government and private sector partners on Thursday, the EPA's Assistant Administrator for Enforcement and Compliance Assurance Susan Parker Bodine said that the agency does not expect power plants, factories or other companies to meet environmental standards and reporting of pollution during this time – and it won't pursue penalties if companies break the rules.” [CBS News, [03/31/20](#)]

But Then The Trump Administration Created Bailout Programs For The Oil Industry Anyway— And API’s Members Pulled \$1.2 Billion In Taxpayer Dollars From All Of Them

The Trump Administration Created Several Cash Bailout Programs— Sending Billions To The Oil Industry

Oil And Gas Companies Took In Hundreds Of Millions Of Dollars Through Tax Refunds And Deferrals Included In The Cares Act. “Oil and gas, coal, and electric companies are reporting hundreds of millions in tax refunds and deferrals made available by a sweeping pandemic relief law. That is because the industry’s financing and capital expenses generally put it in a good position to take advantage of the tax benefits in the third coronavirus response law (Public Law 116-136) ahead of the downturn resulting from the coronavirus pandemic, tax professionals say. [...] Energy companies reported benefits from a variety of tax breaks included in the CARES Act, including a payroll tax deferral that broadly allows employers to delay payments that would have been due this year. But energy companies are also well positioned to take advantage of some of the law’s narrower tax perks, including expanded write-offs for debt interest payments and accelerated refunds of a now-defunct minimum tax.” [Bloomberg, [05/22/20](#)]

Companies Oil, Gas, Mining, And Related Companies Took In Over \$4.5 Billion Through The Paycheck Protection Program (PPP). “In total, 22,382 oil, gas, mining and related extractive resource corporations received a staggering \$4,530,469,847 in taxpayer-funded monies through the PPP. In contrast, the wind and solar sector received a total of \$164,987,228, going to some 1,133 businesses. The average loan amount was nearly 40% higher for extractive resource corporations as well.” [Accountable.US, [12/11/20](#)]

- **The Cares Act Also Created Two Other Cash Programs – The Main Street Lending Program (MSLP) And Economic Injury Disaster Loans (EIDL) That Were Available For Oil Companies.** “In addition to the SBA’s Payment Protection Program (PPP) and Economic Injury Disaster Loans (EIDL), on April 9, 2020, the Federal Reserve announced that it was going to provide up to \$2.3 trillion in loans to support the economy through various programs, including the Main Street Lending Program (“MSLP”). The MSLP will support credit flow to small and mid-sized businesses by providing support to businesses that were in good financial standing prior to the COVID-19 crisis. This is a new loan program authorized by the CARES Act. We will continue to update this summary as more information becomes available.” [The Energy Law Blog, [04/20/20](#)]

And The Federal Reserve Has Used Pandemic Aid To Buy Over \$355M In Bonds Issued By Oil And Gas Companies. “The U.S. government has used emergency pandemic aid to purchase more than \$355 million in bonds issued by companies in the battered oil and gas industry, according to a report being released Wednesday by critics who say the investments amount to a bailout.” [Bloomberg, [09/30/20](#)]

API’s Members Were Major Beneficiaries Of All These Pandemic Programs, Lapping Up A Total Of \$1,243,765,543 In Bailouts

API Member Bailouts			
	Companies	Average Amount	Total Bailout
PPP	183	\$1,513,655	\$276,998,943
MSLP	1	-	\$6,280,000
EIDL	32	\$2,486,600	\$2,486,600
Tax Breaks	6	\$159,666,667	\$958,000,000
TOTAL:			\$1,243,765,543

Sources: IRS, API, SEC, and A.U.S. See below.

The Trump Administration Even Gave Big Oil Its Own Bailout Program For Public Lands Oil And Gas Producers...

BLM Has Offered A Pandemic Bailout To Public Lands Oil Producers Through Lease Suspensions And Royalty Relief. “In all, more than 1,000 applications for royalty relief or lease suspensions have flooded Western BLM state offices following Interior guidance last month that promised rapid processing during the COVID-19 pandemic, according to the documents. Interior officials have not released full information about those requests amid scrutiny of what critics have deemed a bailout to industry, prompting frustrated House Democrats to push for hard numbers.” [E&E, [05/20/20](#)]

BLM Advised Public Lands Oil And Gas Drillers On How To Apply For Reduced Royalty Rates Or Lease Suspensions During The COVID-19 Pandemic. “The BLM has authority to grant royalty relief when it is in the interest of conservation to do so or would encourage the greatest ultimate recovery of oil and gas. Without royalty relief, the abandonment of oil and gas wells would reduce the ultimate recovery of petroleum resources from Federal leases and result in the loss of the associated future royalty revenue to the U.S. Treasury. To avoid these well abandonments, operators may show that it would be in the interest of conservation and encourage the greatest ultimate recovery of oil and gas to reduce royalties for leases that would otherwise be prematurely abandoned due to the COVID-19 pandemic.” [BLM Royalty Relief Guidance, [04/21/20](#)]

API’s Big Oil Members Participated In The Royalty Relief Program, Even Though Some Of Them Have Been Fined Millions For Cheating On Royalty Payments

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BP America Got A Royalty Reduction To 0.5% And A Lease Suspension On Two BLM Leases In Wyoming Covering 2,080 Acres.

- **BP America Production Company Got A Royalty Reduction To 0.5% On A 160-Acre Lease In Wyoming.** [WYW 09754, accessed [06/10/20](#)]
- **BP AMERICA Production Company Got A Suspension On A 1,920 Acre Public Land Lease In Wyoming.** [WYW 142974, accessed [06/10/20](#)]
- **BP Was Fined Over \$5 Million For Knowingly Filing False Offshore Royalty Reports In 2012.** “BP America: Company knowingly or willfully \$5,189,800.00 submitted at least 21 false, misleading, or inaccurate royalty reports during 2009. Penalty Amount: \$5,189,800.” [ONRR Penalty Collections FY2012, accessed [06/10/20](#)]
- **BP America Is A Member Of API.** [API, accessed [02/11/21](#)]

Chesapeake Energy Got Lease Suspensions On 109 Public Lands Oil And Gas Leases.

- **On May 1, 2020, Chesapeake Energy Received Lease Suspensions On 40 Leases Totaling 28,016 Acres Of Land.** [[COVID-19 Royalty Reduction And Lease Suspensions](#), accessed 05/28/20]
- **On May 14, 2020, Chesapeake Energy Received Lease Suspensions On 68 Leases Totaling 44,062 Acres Of Land.** [[COVID-19 Royalty Reduction And Lease Suspensions](#), accessed 05/28/20]
- **On May 18, 2020, Chesapeake Energy Received A Lease Suspension On 1 Lease Totaling 240 Acres Of Land.** [[COVID-19 Royalty Reduction And Lease Suspensions](#), accessed 05/28/20]
- **Chesapeake Energy Is Involved In Various Lawsuits Claiming They Underpaid Royalties, Made Improper Deductions, And Use Below-Market Prices.** “We and other

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natural gas producers have been named in various lawsuits alleging underpayment of royalties and other shares of the proceeds of production. The lawsuits against us allege, among other things, that we used below-market prices, made improper deductions, utilized improper measurement techniques, entered into arrangements with affiliates that resulted in underpayment of amounts owed in connection with the production and sale of natural gas and NGL, or similar theories." [SEC EDGAR - Chesapeake Energy 10-K, [02/27/20](#)]

- **On September 30, 2014, Chesapeake Energy Was Fined \$765,000 For A "Federal Leasing Royalty Violation."** [Violation Tracker Individual Record - [Chesapeake Energy Corporation](#), accessed 05/28/20]
- **On September 30, 2014, Chesapeake Energy Was Fined \$428,400 For A "Federal Leasing Royalty Violation."** [Violation Tracker Individual Record - [Chesapeake Energy](#), accessed 05/28/20]
- **On September 30, 2016, Chesapeake Energy Was Fined \$2,118,900 For A "Federal Leasing Royalty Violation."** [Violation Tracker Individual Record - [Chesapeake Energy](#), accessed 05/28/20]
- **Chesapeake Energy Is A Member Of API.** [API, accessed [02/11/21](#)]

Devon Energy Had Its Royalty Rate Reduced To 0.5\$ On 20 Public Lands Oil And Gas Leases Covering 8,000 Acres In Wyoming. [LR2000, accessed 08/26/20]

- **Devon Energy Is A Member Of API.** [API, accessed [02/11/21](#)]

A Government Investigation Later Showed The Royalty Program Was Applied Haphazardly And Cost Taxpayers Untold Millions In Lost Revenue

The Government Accountability Office (GAO) Criticized Interior's Pandemic Royalty Relief Program. "A U.S. government watchdog agency faulted the Trump administration Tuesday for its handling of a COVID-19 relief effort that awarded companies breaks on payments for oil and gas extracted from public lands in Western states in more than 500 cases. The Government Accountability Office, a nonpartisan arm of Congress, said haphazard rules for the program left

the administration unable to say how much relief was given or if it would ultimately benefit taxpayers, as was intended.” [Reuters, [10/06/20](#)]

The GAO Could Not Calculate The Cost Of The Failed Program, But Estimated It To Be In The Millions. “The report estimated lost revenues of about \$4.5 million from the land bureau program, but said that was a conservative figures that does not include all forgone revenues. Revenue from oil and gas production is collected by the federal government and later split with the state where the fuel was extracted. Administration officials were asked for comment by the GAO on its findings but did not say if they agreed with recommendations to evaluate the costs and effectiveness of the relief program.” [Reuters, [10/06/20](#)]

Table Sources

The Most Recent List Of The Companies Holding Seats On API’s Board Is From Its 2018 IRS Form 990. API’s Board Members Include Plains All American Pipeline, Apache Corporation, Motiva Enterprises, Shell Oil, Cabot Oil And Gas, BP America, Phillips 66, TC Energy, Devon Energy, Equinor, Marathon Petroleum Corporation, Marathon Oil, Hess Corporation, Occidental Petroleum, Newpark Resources, Petro-Hunt LLC, Murphy Oil Corporation, Cimarex Energy Company, Schlumberger Ltd, W&T Offshore, ConocoPhillips, Oceaneering International, Chesapeake Energy, Halliburton, Enbridge, WPX energy, BHP, Technip FMC, Parker Drilling Company, Noble Corporation, Fluor Corporation, Chevron, ExxonMobil, and Ariel Corporation. [2018 API IRS Form 990, accessed [02/11/21](#)]

A List Of API Member Companies Was Taken From API’s Website. [API.org, accessed [02/04/21](#)]

PPP, MSLP, And EIDL Data Was Taken From The Accountable.US Searchable Database Of Pandemic Bailouts. [Accountable.US, accessed [02/11/21](#)]

Tax Break Data Was Taken From SEC Quarterly Reports Filed By Devon Energy, Marathon Petroleum Corporation, Marathon Oil, Occidental Petroleum, WPX Energy, And National Oilwell Varco. [SEC Edgar, accessed [02/11/21](#)]