



# Oil Industry Cries Wolf

**Record High Profits, Consumer Pain at the Pump,  
Government Handouts Used to Spread Misinformation  
and Lobby for More**

*For decades the oil industry has cried wolf and engaged in double-talk. Oil companies complain that common-sense policies to reduce the pollution and health impacts caused by oil production are too costly, and threaten that consumers will pay the price. At the same time they spend millions lobbying for billions in tax breaks. Today, oil companies remain the largest and most profitable companies in the history of the world and their economic and political clout continues to wield enormous influence with policy makers, science and the media. Now, big oil is fighting to kill AB 32, the state's groundbreaking climate and clean energy law, and along with it, AB 32's protections from fuel price spikes and a potential savings for consumers of \$55 a month (\$660 a year).<sup>1</sup> Big oil wins, consumers lose.*

## A 20+ Year History of Crying Wolf

1990

2012

“[Removing lead from gasoline] threatens the jobs of the 14 million Americans directly dependent and the 29 million Americans indirectly dependent on the petrochemical industry for employment.”

- Statement by the petrochemical industry – led by Du Pont, Monsanto and Dow, *The Nation*.

“The technology to meet these standards simply does not exist today... [and we predict] major supply disruptions.”

- Opposing 1990 Clean Air Act, Mobil, House Committee on Energy and Commerce, Oct. 1990.

“...after 5 years of R&D, we've come to the inescapable conclusion that the goal of the LCFS [Low Carbon Fuel Standard] is not achievable... it may someday be achievable... but not today.”

- Rick Zalesky, Chevron, at June 2012 Fueling California Symposium, Sacramento.

*(Meanwhile, the California Air Resources Board reports that industry is over-complying with the regulation; since industry began reporting in January 2011, it has generated significantly more credits than deficits in each quarter.<sup>2</sup>)*

In 2010, Tesoro joined with other oil companies to put Proposition 23 on the ballot, which would have rolled back the state's landmark clean energy law, AB 32. Tesoro spent millions of dollars on the campaign, arguing that AB 32 would negatively affect the company. Yet, in August 2012, Tesoro announced that it agreed to spend \$2.5 billion to buy a Carson, California refinery and the Arco brand from BP. In announcing the purchase, Tesoro Chief Executive Officer Greg Goff issued a statement saying that the company understands “the complexities and challenges of operating in California” and that Tesoro is “positioned to generate significant operational efficiencies, increase our ability to satisfy market demand and reduce stationary source air emissions.”<sup>3</sup>

## 2012 Oil Industry Earnings and Profits



**Each Minute** Big Oil profits **more in one minute than what 96 percent of American households earn in one year.**<sup>4</sup>

**Each Hour** Every hour so far in 2012, the five largest oil corporations have recorded a **\$14.4 million profit.**<sup>5</sup> Every hour, they received more than **\$270,000 in federal tax breaks.** That **adds up to \$2.4 billion in subsidies every year** for the five largest oil corporations all ranked as the top 9 companies in the world.<sup>6</sup>

**Each Day** The Big 5 oil companies (BP, Chevron, ConocoPhillips, ExxonMobil, Royal Dutch Shell Group) **earned \$62.2 billion or \$341 million per day** between the first and second quarters of 2012.<sup>7</sup>

### A Day in the Life of BIG OIL...

**\$342 million** in profits

**1 billion pounds** of carbon pollution

**\$60,000** in salary for each CEO

**\$167,000** spent lobbying Congress

**\$6.6 billion** received in federal tax breaks

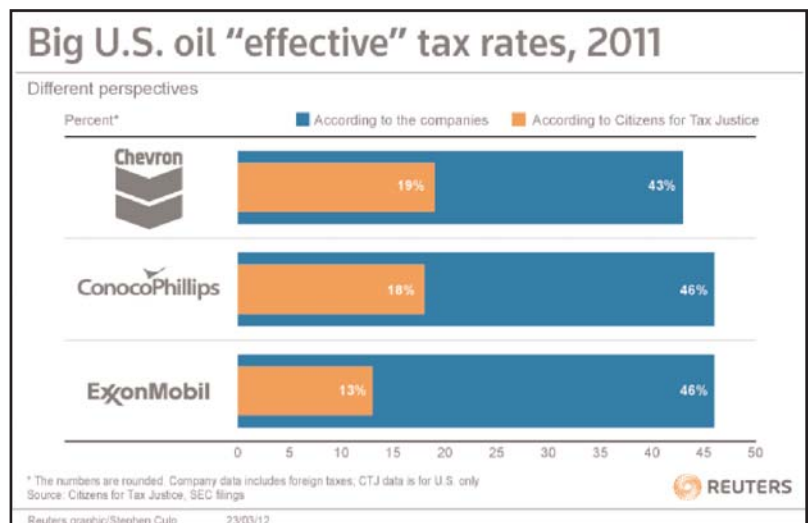
Chevron's **second quarter profit**, alone, topped **\$7 billion**<sup>8</sup> and it is **sitting on cash reserves** totaling **\$21.2 billion**, up from \$15.8 billion in January.<sup>9</sup>

ExxonMobil, Chevron, and ConocoPhillips were the **1<sup>st</sup>, 2<sup>nd</sup>, and 13<sup>th</sup>-most profitable public U.S. companies** in 2011, respectively.<sup>10</sup>

## Spending Profits to Lobby-And Winning More Breaks as They Lobby

- In California, the Western States Petroleum Association, alone, has spent more than \$16 million lobbying in Sacramento since 2009 (the oil industry as a whole has spent more than \$32 million).
  - ◇ In the first six months of 2012, the oil industry spent \$4.6 million lobbying, with WSPA (\$2.4M) and Chevron (\$1.2M) representing the vast majority of these expenses.<sup>11</sup>

- Nationally, the Big 5 Oil companies have spent \$25.7 million lobbying Congress this year and \$91 million over the last 18 months. ExxonMobil, alone, spent \$17 million lobbying for the past 18 months, making it the top spender in the oil and gas industry.<sup>12</sup>
- Big Oil's successful lobbying protects tax breaks worth at least \$4billion annually.<sup>13</sup> They received \$58 in tax breaks for every dollar spent on congressional pressure and lobbying.
- The big three U.S. publicly owned oil companies—Chevron, ConocoPhillips, and ExxonMobil—paid relatively low federal effective tax rates in 2011. *Reuters* reports that their tax payments were “a far cry from the 35 percent top corporate tax rate.”<sup>14</sup> It reported that ConocoPhillips paid an effective federal tax rate of 18 percent last year. In addition, ExxonMobil paid 13 percent of its U.S. income in taxes after deductions and benefits in 2011, according to a *Reuters* calculation of securities filings. Chevron paid about 19 percent.



## ***Spending Money on Dirty Fuel Sources Instead of Investing in Clean Fuels***

- The oil industry as a whole industry as a whole has spent at least 50 times more producing dirtier fuels sources such as tar sands than their entire global investments in producing renewable fuels. And this doesn't include oil industry investments in other dirtier fuel sources such as oil shale, extra-heavy oil, and coal to liquids.
- Over the past five years, the oil industry has spent \$2.9 trillion in capital expenditures to find and produce more oil, of which \$190 billion went to producing dirtier tar sands and \$4 billion went to producing renewable fuels.<sup>15</sup>

## ***Spending Profits to Influence Science and the Media***

The State of California just launched a new climate change facts website that spells out the oil industry's strategies for delaying action on climate change. Here's what the state of California says:<sup>16</sup>

- A small but vocal group has aggressively spread misinformation about the science, aiming to cast doubt on well-established findings and conclusions. Their goal is to create confusion and uncertainty, thereby preventing meaningful action to remedy the problem. The same strategy was used cynically for decades by the tobacco industry after research showed that cigarettes caused cancer. In fact, some of the same individuals who have spoken out against climate science also claimed that cigarettes were safe. The term "denialists" has been coined to describe them.
- Many receive funding for their efforts from industries with a financial interest in ignoring climate change. Oil companies, coal-burning electric utilities, and other companies that make their profits from burning fossil fuels have funded denialist organizations and scientists, just as tobacco companies funded people who claimed that second-hand smoke was safe.
- A famous tobacco industry document from the late 1960s said, "Doubt is our product, since it is the best means of competing with the 'body of fact' that exists in the minds of the general public."<sup>14</sup> It is a strategy that has worked, at least for a while, in the past, and it is being repeated today. Because of the serious impacts of climate change, the delay and obfuscation tactics of the denialists are particularly concerning, which is why we present some responses to the denialist arguments on this website.
- *The Wall Street Journal*, a longtime proxy for Big Oil's message of doubt and deceit on policies to reduce pollution, has recently been exposed by Media Matters for over three decades of biased op-eds that have been on the wrong side of science and public opinion. *The Wall Street Journal*: Dismissing Environmental Threats Since 1976.<sup>17</sup>
  - ◇ From fighting policies – now proven successful – to stop acid rain and repair the hole in the ozone layer, to their more recent attacks against fighting climate science and on policies that address climate change, the *Wall Street Journal* editorial board routinely downplays scientific consensus, overstates the cost of taking action, and claims that politics, not science, motivate those concerned about the climate. But an analysis of more than 100 editorials from 1976 to present shows that the *Wall Street Journal* used these same rhetorical tactics in previous decades on acid rain and ozone depletion and they did not stand the test of time.

<sup>1</sup> [http://www.resource-solutions.org/pub\\_pdfs/Shockproofing%20Society.pdf](http://www.resource-solutions.org/pub_pdfs/Shockproofing%20Society.pdf)

<sup>2</sup> [http://www.arb.ca.gov/fuels/lcfs/20120625\\_q1datasummary.pdf](http://www.arb.ca.gov/fuels/lcfs/20120625_q1datasummary.pdf)

<sup>3</sup> <http://finance.yahoo.com/news/tesoro-corporation-purchase-bps-fully-113401054.html>

<sup>4</sup> Calculated from <http://blogs.wsj.com/economics/2011/10/19/what-percent-are-you/>

<sup>5</sup> <http://thinkprogress.org/climate/2012/07/31/615661/big-5-oil-companies-going-for-the-gold/?mobile=nc>

<sup>6</sup> [http://money.cnn.com/magazines/fortune/global500/2012/full\\_list/index.html](http://money.cnn.com/magazines/fortune/global500/2012/full_list/index.html)

<sup>7</sup> <http://oilprice.com/Energy/Energy-General/Tax-Breaks-Big-Oil-Makes-Massive-Profits-whilest-the-Federal-Budget-Struggles.html>

<sup>8</sup> <http://www.reuters.com/article/2012/07/27/us-chevron-results-idUSBRE86Q0NG20120727>

<sup>9</sup> <http://investor.chevron.com/phoenix.zhtml?c=130102&p=irol-reportsOther>

<sup>10</sup> [http://money.cnn.com/magazines/fortune/fortune500/2012/full\\_list/](http://money.cnn.com/magazines/fortune/fortune500/2012/full_list/)

<sup>11</sup> Calculated from <http://cal-access.sos.ca.gov/Lobbying/Employers/Detail.aspx?id=1147195&session=2011&view=activity>

<sup>12</sup> <http://www.opensecrets.org/lobby/clientsum.php?id=D000000129&year=2012>

<sup>13</sup> <http://www.americanprogress.org/issues/tax-reform/news/2011/05/05/9663/big-oils-misbegotten-tax-gusher/>

<sup>14</sup> <http://www.reuters.com/article/2012/03/26/us-usa-tax-bigoil-idUSBRE82P0DX20120326>

<sup>15</sup> [http://switchboard.nrdc.org/blogs/smui/oil\\_companies\\_investments\\_in\\_d.html](http://switchboard.nrdc.org/blogs/smui/oil_companies_investments_in_d.html)

<sup>16</sup> [http://www.opr.ca.gov/s\\_climatechangeefacts.php](http://www.opr.ca.gov/s_climatechangeefacts.php)

<sup>17</sup> <http://mediamatters.org/research/2012/08/02/the-wall-street-journal-dismissing-environmental/189063>