U.S. Energy Information Administration
Independent Statistics and Analysis

Financial News for Major Energy Companies, First Quarter 2010

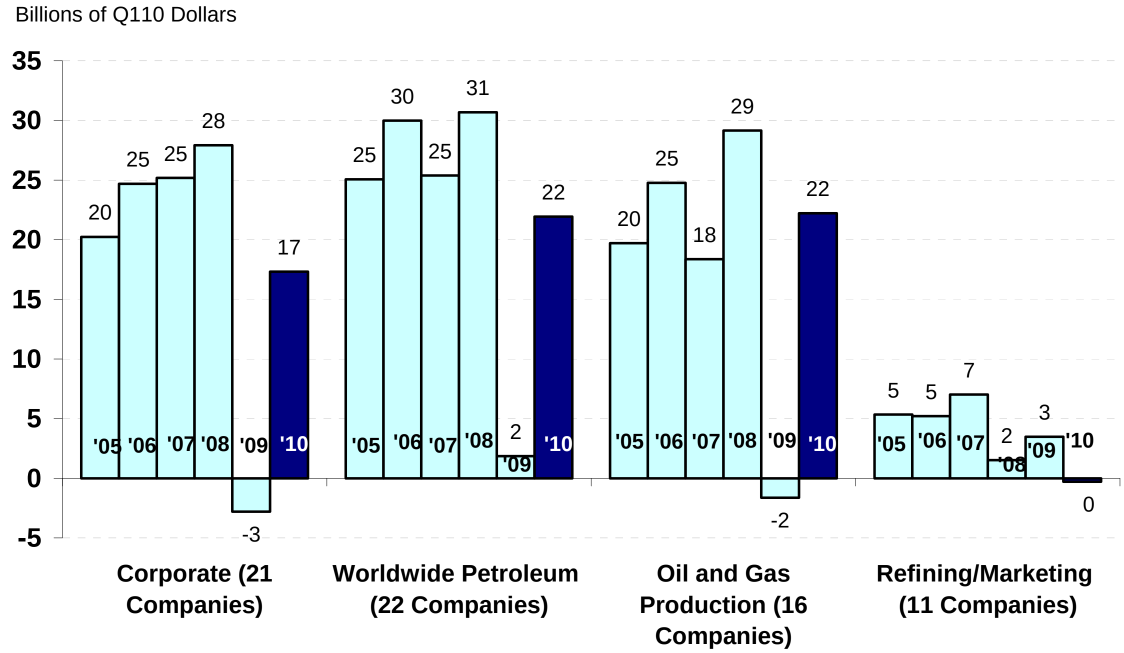
First Quarter 2010 Key Findings	
Net Income	$17.3 billion
Revenues	$269.6 billion
Highlights	Twenty-one major energy companies reported more than a 700-percent increase in net income relative to the loss reported in the first quarter of 2009 (Q109). However, net income during the first quarter of 2010 (Q110) represents a 9-percent decrease relative to the first-quarter average for 2005-2009.
	The effects of higher crude oil and natural gas prices, and higher worldwide crude oil and natural gas production more than offset the effects of lower worldwide refinery throughput and domestic refining margins, leading to higher revenues and net income. Upstream capital expenditures by these companies declined after a year of lower-than-average (relative to the 5-year average for the particular quarter) net income, while capital expenditures for refining/marketing decreased after a similar period of lower-than-average net income and two consecutive quarters of losses.

NOTES:
The "Financial News for Major Energy Companies" is issued quarterly to report recent trends in the financial performance of the major energy companies. These include the respondents to Form EIA-28 (Financial Reporting System (FRS)), with the exception of the FRS companies that do not issue quarterly earnings releases or do not provide separate information for the company's U.S. operations.

While the composition of the companies in this report changes from time to time, all company information presented here pertain to a consistent set of companies, i.e., all companies are present for all time periods.

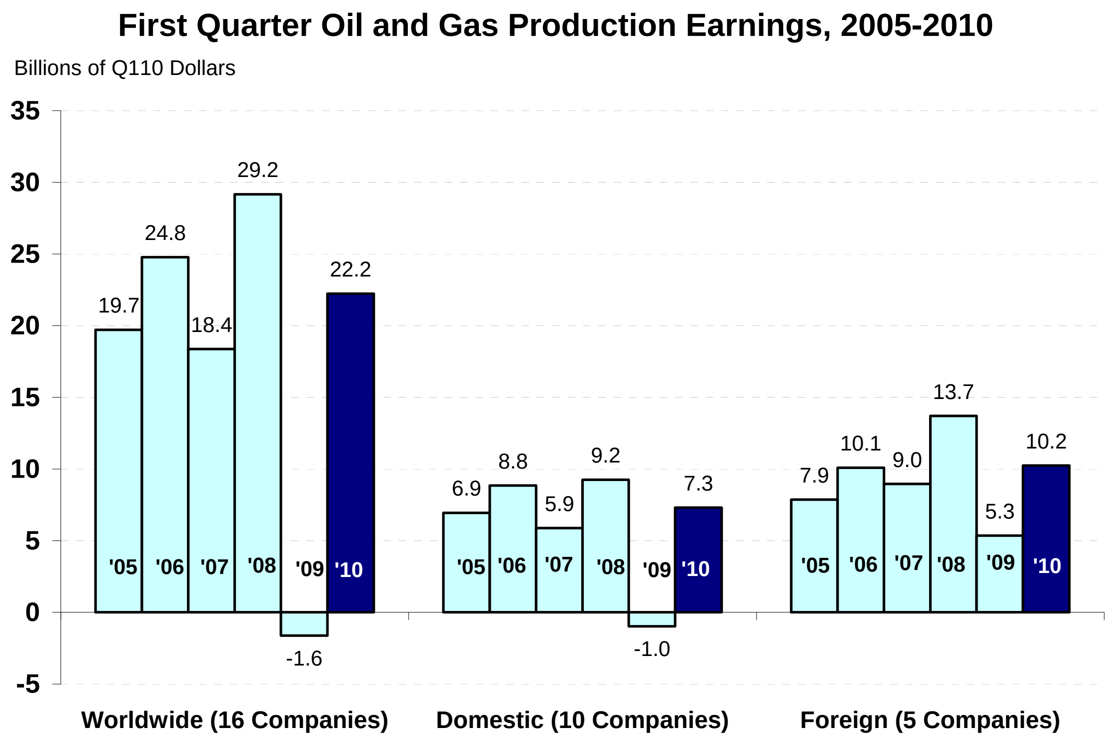
All dollar figures and comparisons are in constant first-quarter 2010 (Q110) dollars unless stated otherwise.

First Quarter Corporate and Petroleum Earnings, 2005-2010



Sources: Company quarterly earnings releases.

- Twenty-one major energy companies[1] reported more than a 700-percent increase in net income relative to first quarter of 2009. However, net income during Q110 represents a 9-percent decrease relative to the first-quarter average for 2005-2009.
- Overall, the petroleum line of business (which includes both oil and natural gas production and petroleum refining/marketing) in Q110 saw net income increase more than 1000 percent from the level of Q109, increasing more than $20 billion. Relative to the first-quarter for 2005-2009, however, petroleum earnings for q110 were 2 percent lower.
- A $23.8-billion increase in worldwide oil and natural gas production net income was partially offset by a 3.8-billion decrease in worldwide refining/marketing net income.
- Most of the lines of business (i.e., domestic and foreign oil and gas production, worldwide gas and power, and worldwide chemical operations) generated higher earnings in Q110 than in Q109 while domestic and foreign refining/marketing produced lower earnings than a year earlier.
- Note: corporate net income and the total net income of the lines of business differ because (1) some items in corporate net income are nontraceable, such as interest expense, and are not allocated to lines of business, and (2) the number of companies reporting line-of-business net income varies.



Note: Worldwide considerably exceeds the sum of domestic and foreign because some companies do not provide a breakdown of domestic and foreign.
Sources: Company quarterly earnings releases.

<u>Worldwide</u>

- Worldwide oil and gas production income increased 1,473 percent ($23.8 billion) relative to Q109 as an increase in foreign returns was magnified by an even greater increase in income from domestic operations. Relative to the first quarter average for 2005-2009 (which includes a $1.6-billion loss in Q109), Q110 was 23-percent higher.

<u>Domestic</u>

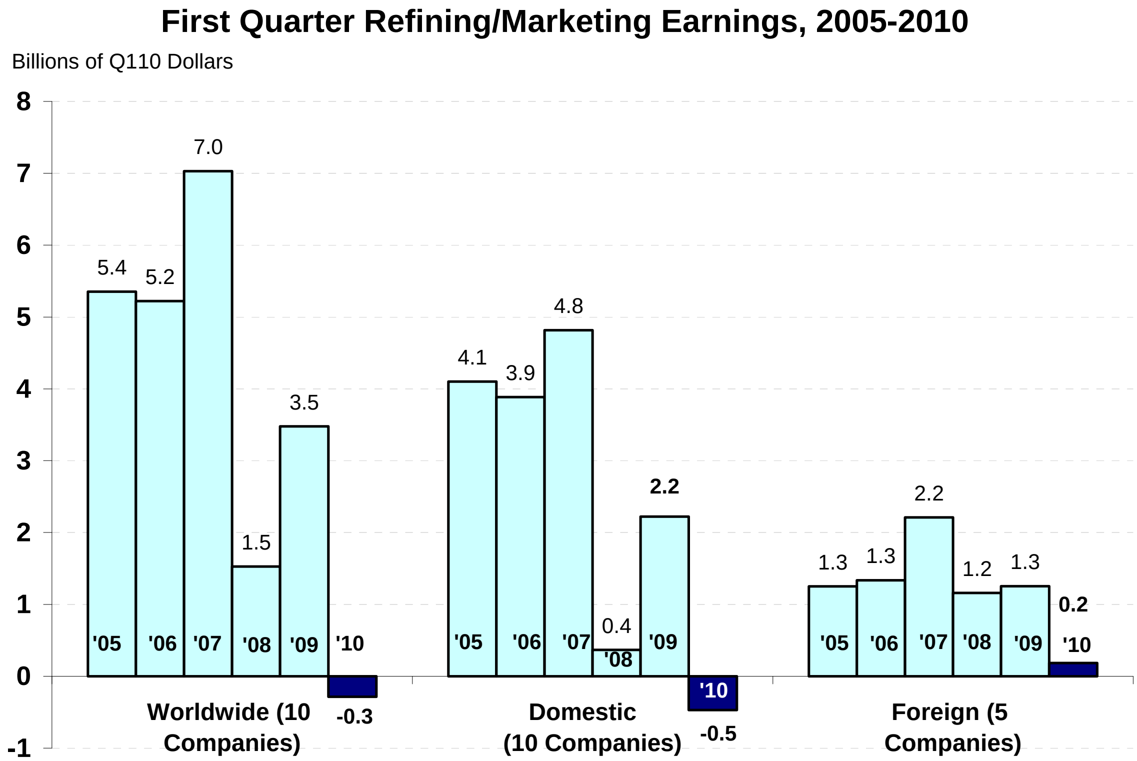
- Domestic oil and gas production operations generated 848 percent more income than a year earlier (22 percent more than the average for the first quarter of 2005-2009, which also includes a billion-dollar loss in Q109).

- Eight of the ten included companies reported higher earnings than a year ago, noting in their press releases that this resulted from the effects of higher prices received coupled with the effects of higher production levels (due to bringing new fields on-line).

<u>Foreign</u>

- Income from foreign oil and gas production increased 92 percent compared to Q109 (11 percent higher than the first quarter average for 2005-2009).

- All of the five included companies reporting foreign production financial results reported higher earnings than a year ago as the effects of higher prices received were augmented by the effects of higher production levels for some companies due to bringing new fields on-line or ramping up existing fields. In other cases, the effect of higher oil prices was slightly offset by production decreases, which were due to entitlement effects, according to company press releases.



Note: Worldwide is equal to the sum of Domestic and Foreign.
Sources: Company quarterly earnings releases.

<u>Worldwide</u>

- Income from worldwide refining/marketing operations declined 108 percent ($3.8 billion) relative to Q109 as a large decline in foreign returns was magnified by a much larger decline in income from domestic operations. The decline relative to the first quarter average for 2005-2009 was similar, 106 percent.

<u>Domestic</u>

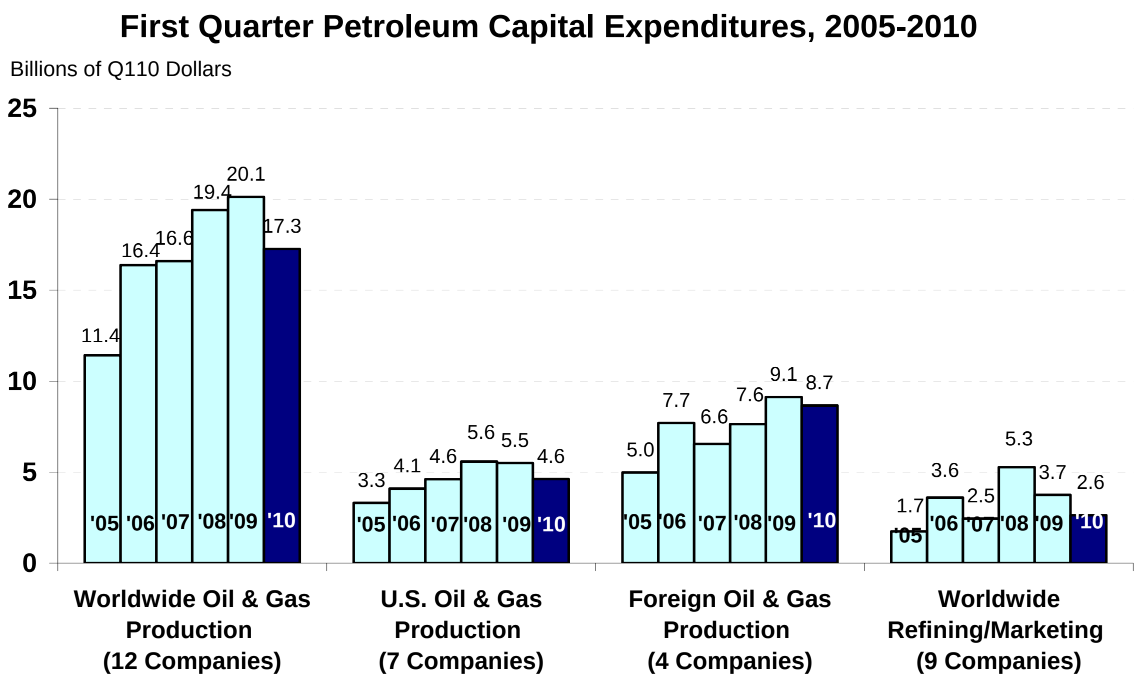
- Domestic refining/marketing operations generated earnings of -$0.5 billion, which was 121 percent less than the gain of $2.2 billion in Q109 and 115 percent less than the average for the first quarter of 2005-2009. Further, these operations have resulted in losses in 5 of the previous 6 quarters (i.e., Q408-Q110).

- Eleven of the twelve of the included companies reported lower earnings than a year ago, with nine reporting losses. Lower margins, and lower throughput due to planned down-time and divestitures were among reasons given for lower earnings in company press releases.

<u>Foreign</u>

- Income from foreign refining/marketing fell 85 percent compared to Q109 (87 percent relative to the first quarter average for 2005-2009), in part due to lower refinery runs.

- All five of the included companies reported lower earnings than a year ago (with 1 reporting a loss) in an industry environment with lower throughput, in part due to asset sales or shut-downs due to decreased demand, according to company press releases.



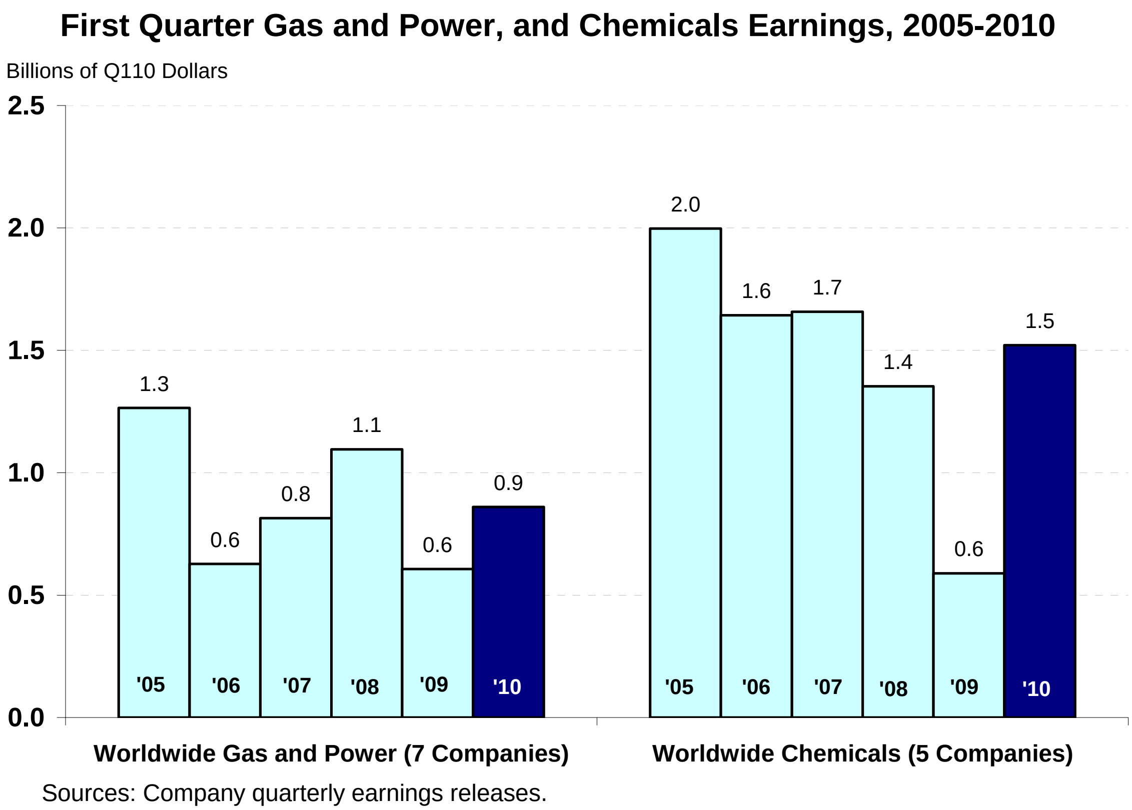
Note: Worldwide considerably exceeds the sum of domestic and foreign because some companies do not provide a breakdown of domestic and foreign.
Sources: Company quarterly earnings releases.

- The majors’ upstream capital expenditures (capex) declined 14 percent relative to Q109, but was 3 percent higher than the first quarter average for 2005-2009, after more than a year of much lower than average (relative to the 5-year average for the relevant quarter) earnings.

- The majors' investment in their U.S. oil and gas production operations declined 16 percent relative to Q109, but was equal to the first quarter average for the last five years (i.e., 2005-2009).

- Capital expenditures in foreign oil and gas production operations decreased 5 percent in Q110 compared to Q109, but increased 20 percent relative to the first quarter average for 2005-2009.

- Despite the $3.8 billion decline in net income (Q110 relative to Q109), worldwide refining/marketing investment by the majors only declined $1.1 billion and was 22 percent lower than the first quarter average for 2005-2009.



Gas and Power

- Net income from the majors' gas and power operations increased 42 percent relative to Q109 (and was 2-percent lower than the first quarter average for 2005-2009).

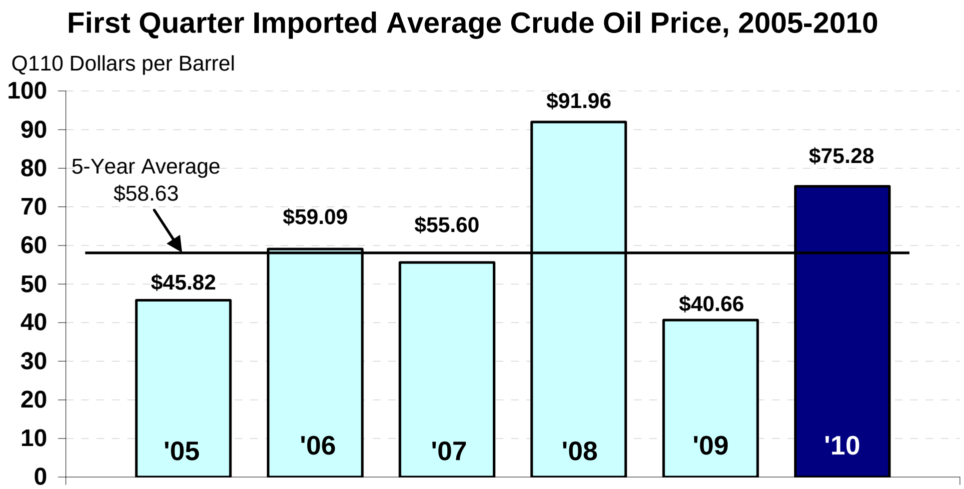
- Four of the seven companies reporting earnings generated higher earnings, overwhelming the effects of companies reporting lower earnings. Higher NGL sales prices and volumes, increased pipeline revenues, higher LNG sales prices, and increased residential natural gas rates were all cited in company press releases as reasons for increased earnings.

Chemicals

- Worldwide chemical operations generated 158 percent higher earnings for the majors in Q110 than in Q109 (5 percent higher than the first quarter average for 2005-2009).

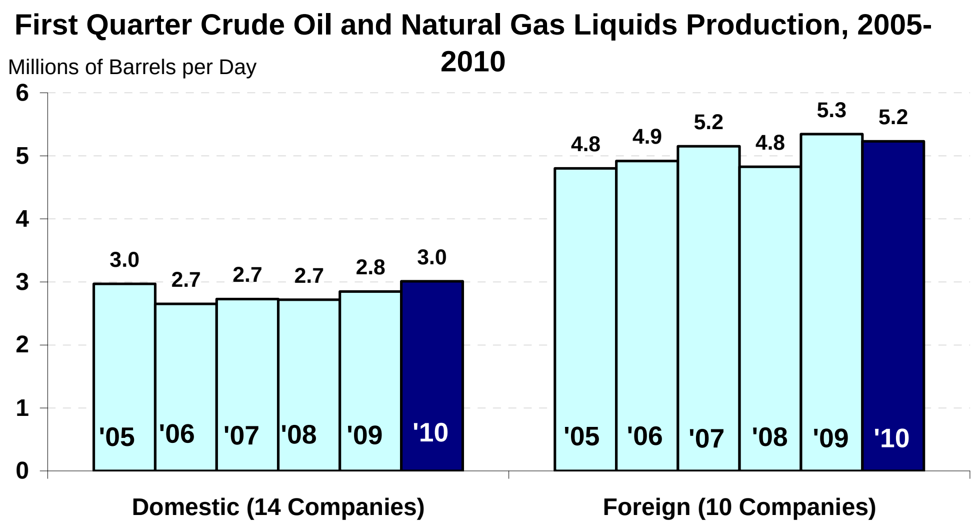
- Three of the five companies reporting chemical results reported higher earnings. Reasons for higher earnings cited in company press releases included higher margins, higher sales, and the lack of hurricane effects.

Supplemental Figures:



Source: Energy Information Administration, *Short-Term Energy Outlook* , (June 8, 2010), Table 2.

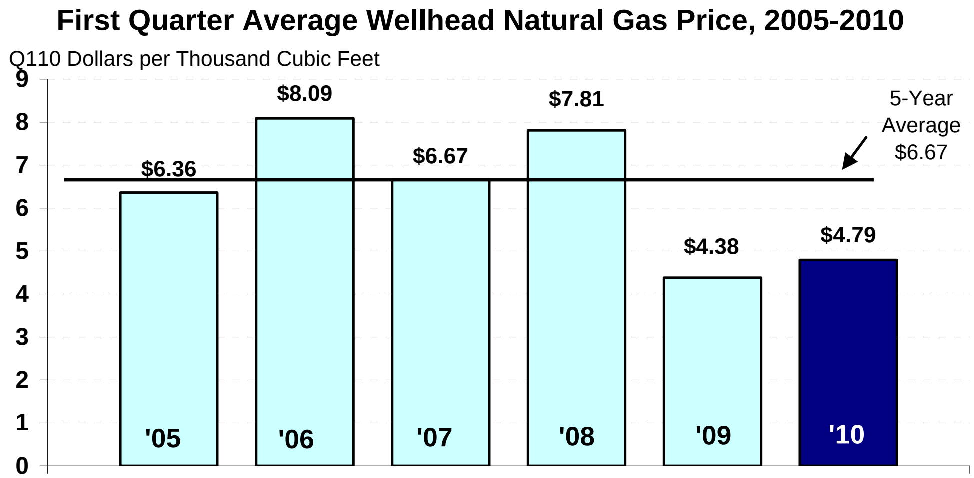
- Crude oil prices in Q110 were 85 percent higher than in Q109 and 29 percent higher than the average for the first quarter of 2005-2009 (in Q110 dollars).



Sources: Company quarterly earnings releases.

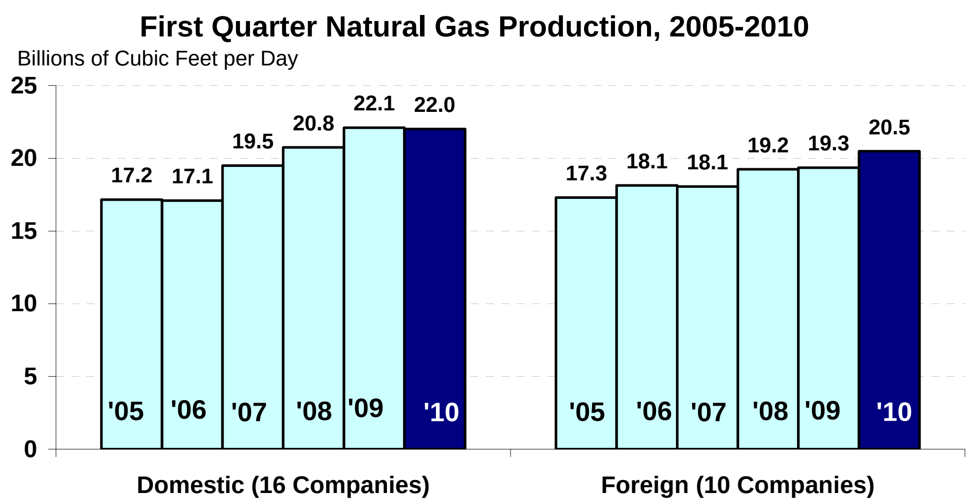
- U.S. crude and NGL production increased 6 percent compared to Q109 due to new fields starting operations. Further, the level of Q110 was 7 percent higher than the first quarter average for 2005-2009.

- Foreign crude oil and NGL production decreased 2 percent compared to Q109 largely due to entitlement effects offsetting the effects of newly operational fields. However, the level of Q110 was 4 percent higher than the first quarter average for 2005-2009.



Source: Energy Information Administration, *Short-Term Energy Outlook* , (June 8, 2010), Table 2.

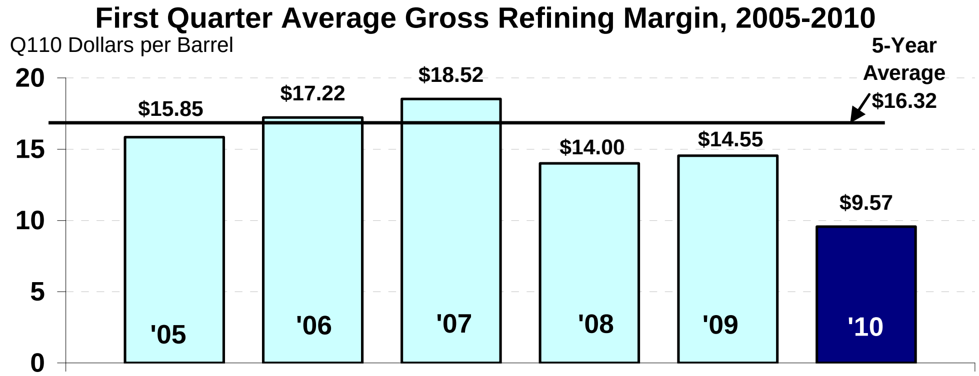
- Natural gas prices of Q110 were 9 percent higher than in Q109, but 28 percent lower than the first quarter average for 2005-2009 (measured in Q110 dollars).



Sources: Company quarterly earnings releases.

- U.S. gas production by the majors was essentially unchanged (falling 0.4 percent relative to a year earlier), but was 11 percent higher than the average for the first quarter of 2005-2009.

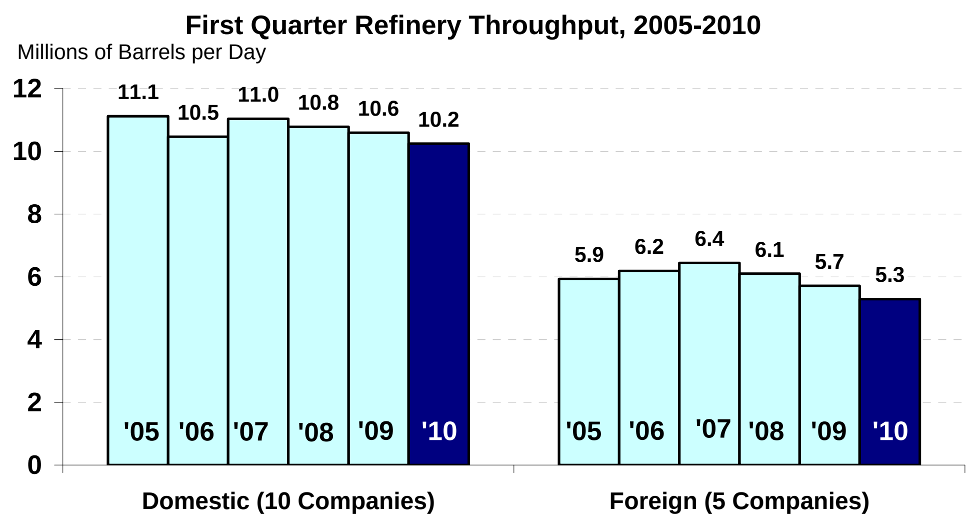
- Foreign gas production by the majors increased 6 percent relative to a year earlier and was 9 percent higher than the first-quarter average for 2005-2009.



Sources: Compiled from data in Energy Information Administration, *Petroleum Marketing Monthly* , DOE/EIA-380 (Washington, DC), Table 1, Table 4 and Table 5; and Energy Information Administration, *Monthly Energy Review* , DOE/EIA-0035, (Washington, DC) Table 3.2.

Note: The U.S. Gross Refining Margin is the difference between the composite wholesale product price and the composite refiner acquisition cost of crude oil.

- The gross refining margin for Q110 was 34 percent lower relative to Q109 and 41 percent lower than the first-quarter average for 2005-2009 (in Q110 dollars).



Sources: Company quarterly earnings releases.

- Domestic refinery throughput was 3 percent lower than in Q109 and 4 percent lower than the average for the first quarter over 2005-2009.

- Foreign refinery throughput decreased 7 percent relative to Q408, largely due to the shutdown of a European refinery, and was 11 percent lower than the first quarter average for 2005-2009.

Corporate Revenue and Net Income[a], Net Income by Lines of Business and Functional Petroleum Segments, and Operating Information for Major Energy Companies

(Number of companies reporting given in parentheses)

	Q109	Q110	Percent Change[b]
Financial Data			
	(Millions of Q110 Dollars)		(%)
Corporate			
Revenue (21)[c]	191,687	269,550	40.6
Net Income (21)	-2,807	17,321	717.1
Worldwide Net Income			
Petroleum (22)	1,857	21,943	1,081.6
Oil and Natural Gas Production (16)	-1,620	22,230	1,472.5
Refining/Marketing (12)	3,477	-287	-108.2
Natural Gas and Power (7)	607	861	41.9
Chemicals (5)	589	1,521	158.3
Domestic Net Income			
Oil and Natural Gas Production (10)	-978	7,312	847.5
Refining/Marketing (12)	2,222	-472	-121.2
Foreign Net Income			
Oil and Natural Gas Production (5)	5,346	10,238	91.5
Refining/Marketing (5)	1,255	185	-85.3
Worldwide Capital Expenditures			
U.S. Oil and Natural Gas Production (7)	5,500	4,617	-16.0
Foreign Oil and Natural Gas Production (4)	9,129	8,661	-5.1
Worldwide[d] Oil and Natural Gas Production (12)	20,128	17,268	-14.2
Worldwide Refining/Marketing (11)	3,749	2,631	-29.8
Operating Data			
Oil Production	(Thousands of Barrels/Day)		(%)
Domestic (14)	2,846	3,010	5.8
Foreign (10)	5,345	5,230	-2.1
Natural Gas Production	(Million Cubic Feet/Day)		(%)
Domestic (16)	22,102	22,014	-0.4
Foreign (10)	19,348	20,493	5.9
Refinery Throughput	(Thousands of Barrels/Day)		(%)
Domestic (12)	10,592	10,245	-3.3
Foreign (5)	5,711	5,288	-7.4

[a] Net income excludes unusual items. Because consolidated net income includes corporate nontraceables and eliminations, it is not equal to the sum of the lines of business net income.

[b] Percent changes are calculated from unrounded data.

[c] The number of companies reporting net income from petroleum operations is greater than the number reporting corporate revenue and corporate net income because the U.S. operations of BP are included in the results of the U.S. lines of business, but not in the foreign or corporate results because the companies are foreign based. The reporting practices of Royal Dutch Shell changed effective Q309, precluding continued inclusion of the company in this compilation (and removal of their historic data to maintain comparability).

[d] U.S. and foreign oil and natural gas capital expenditures do not necessarily sum to the worldwide total due to the manner in which these data are disclosed (i.e., some companies fail to separate their capital spending into domestic and foreign, but simply provide a worldwide total).

Note: Both the worldwide oil and natural gas production and refining/marketing lines of business include companies that reported domestic and foreign operations separately and those that do not separate domestic and foreign results. Thus, the number of companies with worldwide oil and natural gas production operations is greater than the sum of the companies reporting domestic results and those reporting foreign results. The same is also true for refining/marketing operations.

Sources: Compiled from companies' quarterly reports to stockholders.

U.S. Energy Prices and the U.S. Gross Refining Margin

	Q109	Q110	Percent Change
U.S. Energy Prices[a]	**Q110 Dollars**		
Imported Average Crude Oil Price ($/barrel)	40.66	75.28	85.1
Natural Gas Wellhead Price ($/thousand cubic feet)	4.38	4.79	9.3
U.S. Gross Refining Margin ($/barrel)[b]	14.55	9.57	-34.2

[a] Energy Information Administration, *Short-Term Energy Outlook*, (June 8, 2010), Table 2.

[b] Compiled from data in Energy Information Administration, *Petroleum Marketing Monthly*, DOE/EIA-380 (Washington, DC), Table 1, Table 4 and Table 5; and Energy Information Administration, *Monthly Energy Review*, DOE/EIA-0035, (Washington, DC) Table 3.2.

Note: The U.S. Gross Refining Margin is the difference between the composite wholesale product price and the composite refiner acquisition cost of crude oil.

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[1] The twenty-one companies are Alon USA, Anadarko Petroleum Corporation, Apache Corporation, Cenovus Energy (U.S. operations only, formerly part of EnCana), Chesapeake Energy Corporation, Chevron Corporation, ConocoPhillips Inc., Devon Energy Corporation, EnCana Corporation (U.S. operations only), EOG Resources, Inc., EQT Corporation (formerly Equitable Resources Inc.), Exxon Mobil Corporation, Hess Corporation, Marathon Oil Corporation, Occidental Petroleum Corporation, Sunoco, Inc., Tesoro Corporation, Valero Energy Corporation, Western Refining, Williams Companies, and XTO Corporation. Additionally, the results from the U.S. lines of business (e.g., U.S. oil and gas exploration and production) of BP, plc is included. Hence, the number of companies reporting petroleum operations is 22, rather than 21.

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