U.S. Energy Information Administration
Independent Statistics and Analysis

Financial News for Major Energy Companies, Second Quarter 2010

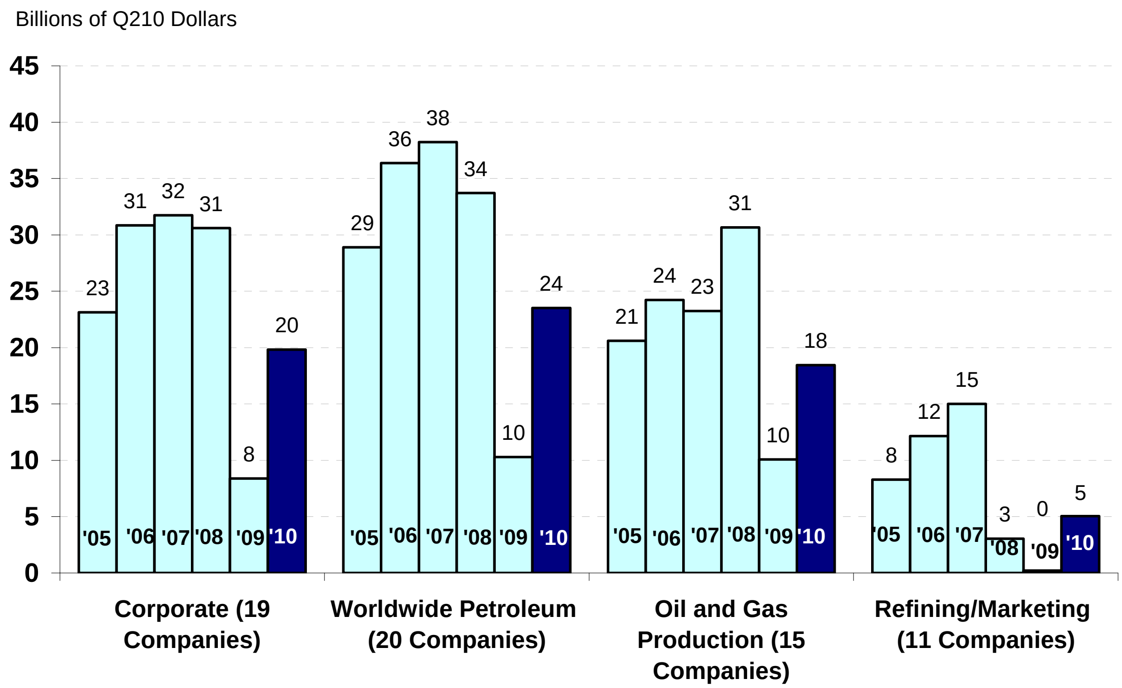
Second Quarter 2010 Key Findings	
Net Income	$19.8 billion
Revenues	$260.6 billion
Highlights	Nineteen major energy companies reported more than a 130-percent increase in net income relative to the second quarter of 2009 (Q209). This is more a function of low net income in Q209 as net income during the second quarter of 2010 (Q210) was 21-percent lower than the second-quarter average for 2005-2009.
	The effects of higher crude oil and natural gas prices, higher foreign oil and worldwide natural gas production, higher U.S. refining margins, and higher U.S. refinery throughput were slightly offset by lower U.S. crude oil production and lower foreign refinery throughput, leading to much higher net income. Upstream capital expenditures by these companies increased despite more than a year of consistently lower-than-average (relative to the 5-year average for the particular quarter) net income. Meanwhile, capital expenditures for refining/marketing decreased, continuing an 18-month trend, after more than a year of exclusively lower-than-average net income. BP recorded a pre-tax special charge of $32.2 billion related to the Gulf of Mexico oil spill. Such a charge is considered an unusual item and excluded in making the quarter-to-quarter and year-to-year comparisons that follow. Inclusion of the special charge would have increased operating expense by $32.2 billion and reduced net income by $20.9 billion. The special charge is equal to BP's expenses incurred through June 30, 2010. BP also announced plans to create an additional fund of $20 billion for future contingencies.

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 second-quarter 2010 (Q210) dollars unless stated otherwise.

Second Quarter Corporate and Petroleum Earnings, 2005-2010



Sources: Company quarterly earnings releases.

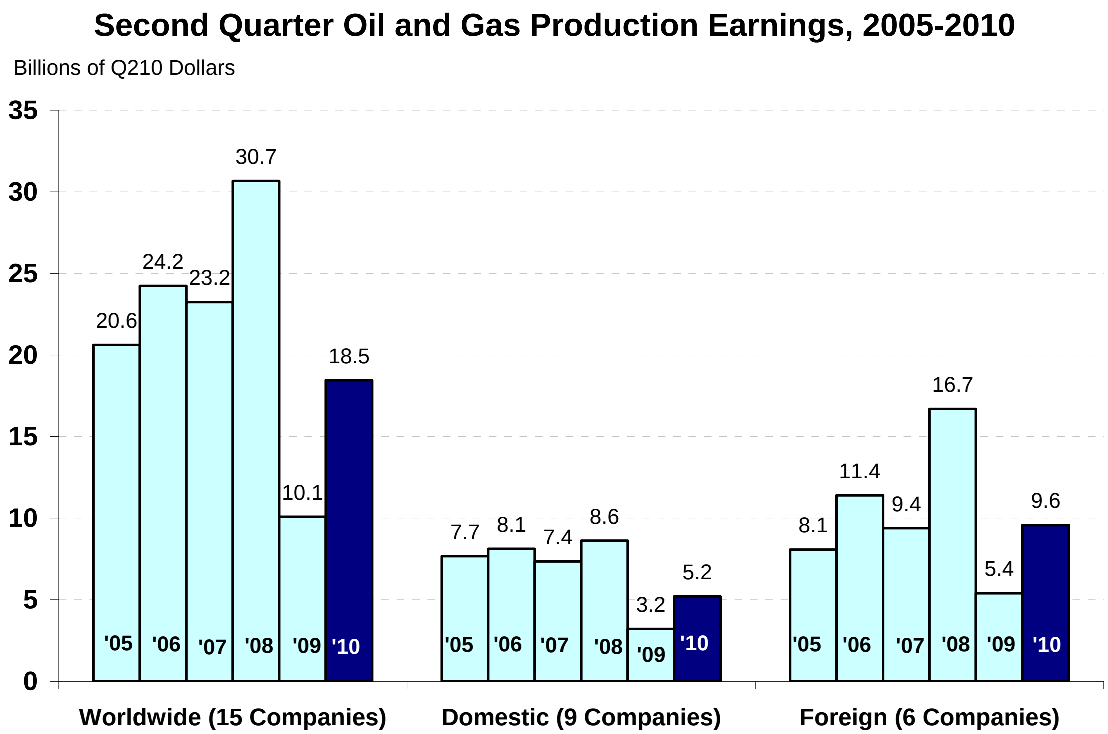
- Nineteen major energy companies[1] reported a 137-percent increase in net income relative to second quarter of 2009. However, net income during Q210 represents a 21-percent decrease relative to the second-quarter average for 2005-2009.

- Overall, the petroleum line of business (which includes both oil and natural gas production and petroleum refining/marketing) in Q210 saw a similar net income increase of 128 percent from the level of Q209, increasing more than $13.2 billion.

- An $8.4-billion (83 percent) increase in worldwide oil and natural gas production net income was augmented by 4.8-billion in worldwide refining/marketing net income (compared to almost $0 in net income in 2Q09).

- All lines of business (i.e., domestic and foreign oil and gas production, domestic and foreign refining/marketing, worldwide gas and power, and worldwide chemical operations) generated higher earnings in Q210 than in Q209.

- 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.

Worldwide

- Worldwide oil and gas production income increased 83 percent ($8.4 billion) relative to Q209 as an increase in domestic income was magnified by a smaller increase in returns from foreign operations. However, relative to the second quarter average for 2005-2009 of $21.8 billion, Q210 was 15 percent lower.

Domestic

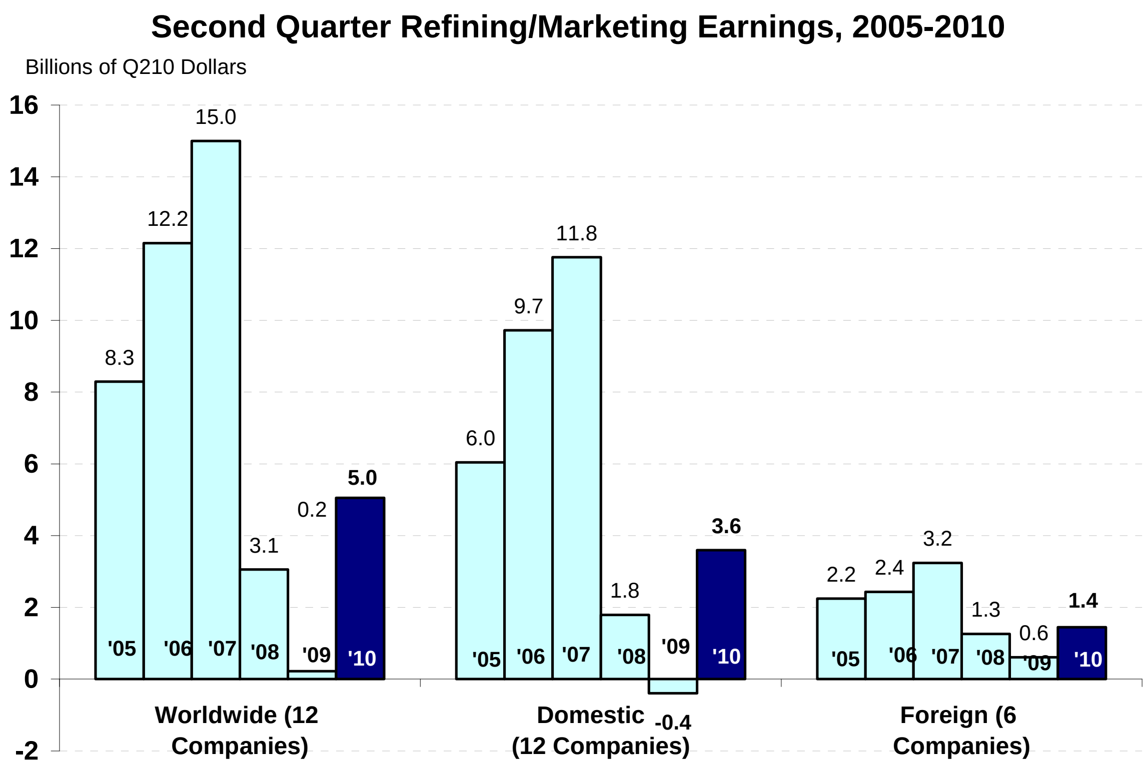
- Domestic oil and gas production operations generated 62 percent more income than a year earlier, but 26 percent less than the average for the second quarter of 2005-2009.

- Six of the nine included companies reported higher earnings than a year ago, noting in their press releases that this resulted from the effects of higher prices received and, in some cases of higher production levels (due to the absence of hurricane effects and bringing new fields on-line), and lower exploration costs.

Foreign

- Income from foreign oil and gas production increased 77 percent compared to Q209, but was 6 percent lower than the second quarter average for 2005-2009.

- All five included companies reporting foreign production financial results reported higher earnings than a year ago. The effects of favorable exchange rates and higher prices received were amplified by the effects of higher production levels, which were due to things such as bringing new fields on-line, 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 increased from almost nothing in 2Q09 to $4.8 billion as an extremely large increase in domestic returns was augmented by a 137-percent increase ($836 million) in income from foreign operations. However, relative to the second quarter average for 2005-2009, earnings from worldwide refining/marketing operations were 35 percent lower.

<u>Domestic</u>

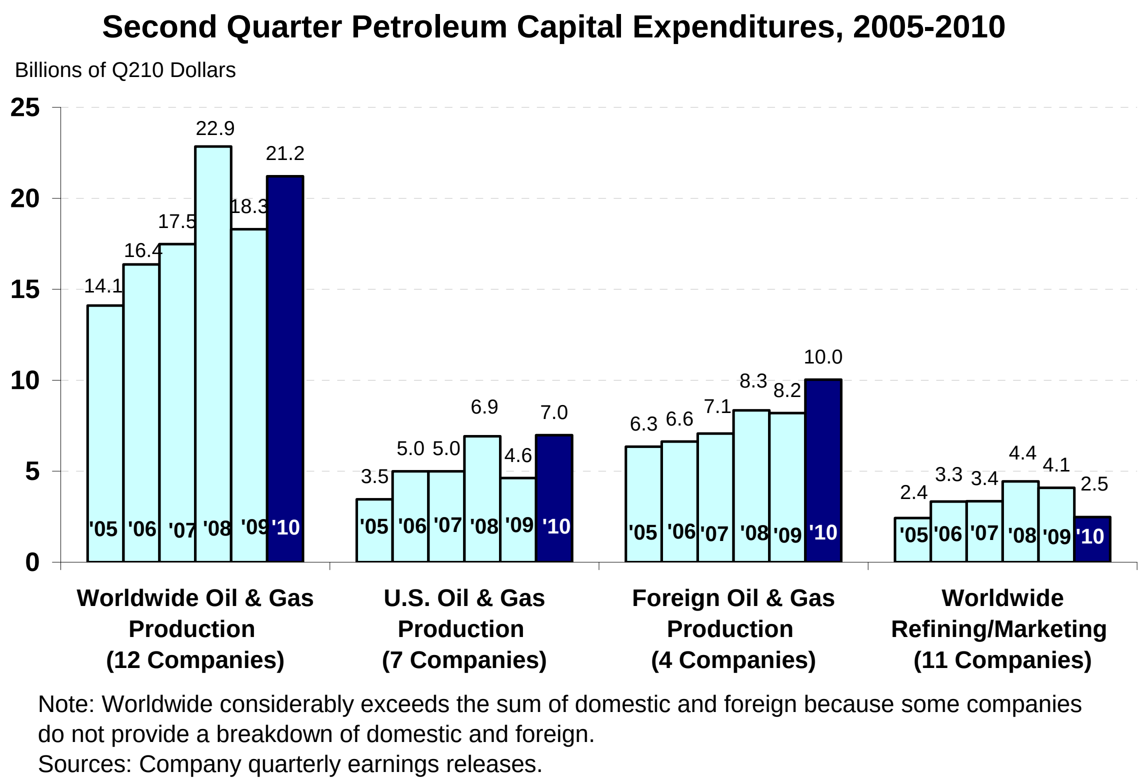
- Domestic refining/marketing operations generated earnings of $3.6 billion, compared to a loss of $400 million in Q209, but still was 38 percent less than the average for the second quarter of 2005-2009.

- Nine of the twelve included companies reported higher earnings than a year ago, with all three of those reporting lower earnings also reporting losses. Higher refining and retailing margins, and lower costs contributed to higher earnings despite lower product sales according to company press releases.

<u>Foreign</u>

- Income from foreign refining/marketing increased 137 percent compared to Q209, reaching $1.4 billion, but was 26 percent lower than the second quarter average for 2005-2009.

- All five of the included companies reported higher earnings (or a smaller loss in the case of 1 company) than a year ago despite lower throughput. However, derivatives and foreign exchange gains in addition to higher margins all put upward pressure on earnings, according to company press releases.

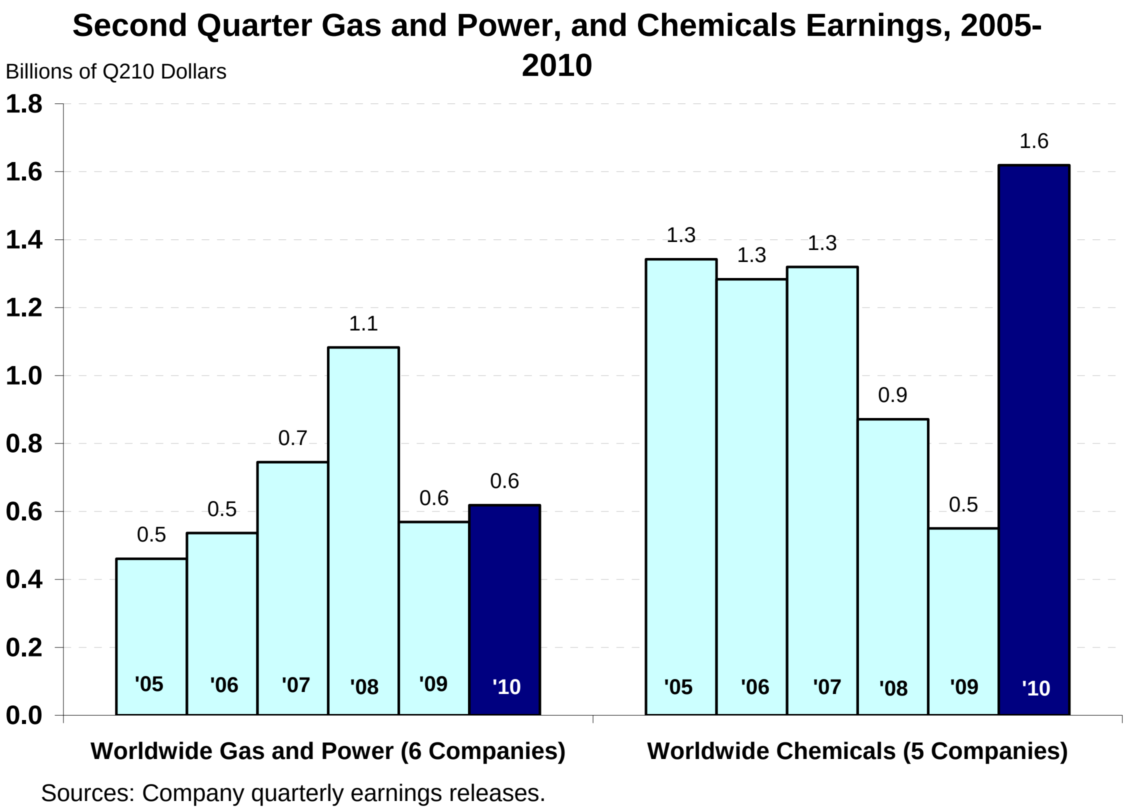


- Worldwide upstream capital expenditures by these companies increased 16 percent despite more than a year of consistently lower-than-average (relative to the 5-year average for the particular quarter) net income. Relative to the second-quarter average for 2005-2009, capital expenditures for Q210 were 19 percent higher.

- The majors' investment in their U.S. oil and gas production operations increased 51 percent relative to Q209, and was 40 percent higher than the second quarter average for the last five years (i.e., 2005-2009).

- Capital expenditures in foreign oil and gas production operations increased 22 percent in Q210 compared to Q209. Further, the value for Q210 was 37 percent higher than the second quarter average for 2005-2009.

- Meanwhile, capital expenditures for refining/marketing decreased 39 percent in Q210 (compared to Q209), continuing an 18-month trend, after more than a year of exclusively lower-than-average net income (based on the 5-year average for the relevant quarter). Compared to the second quarter average for 2005-2009, capital expenditures in Q210 were 30 percent lower.



<u>Gas and Power</u>

- Net income from the majors' gas and power operations increased 9 percent relative to Q209, but was 9 percent lower than the second quarter average for 2005-2009.

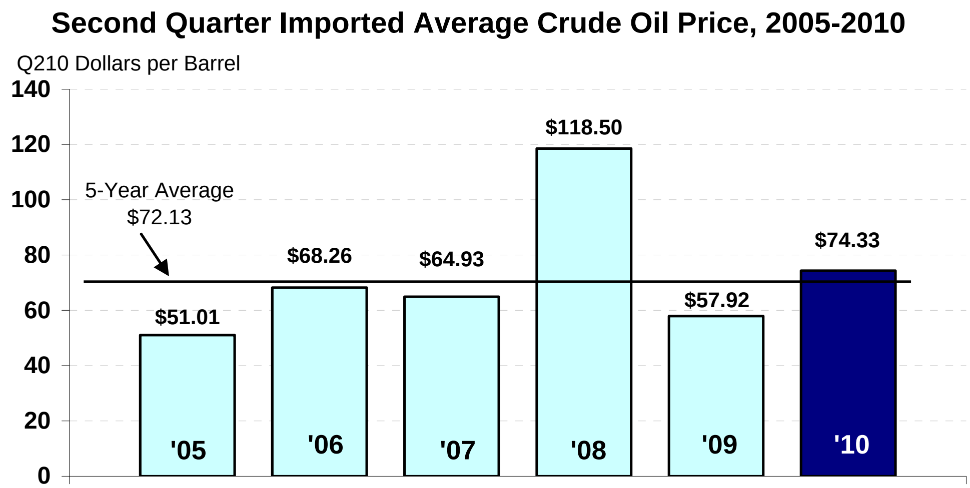
- Four of the six companies reporting earnings generated higher earnings. Improved market conditions in general, and higher sales prices and margins in particular, offset higher operating costs according to company press releases.

<u>Chemicals</u>

- Worldwide chemical operations generated 194 percent higher earnings for the majors in Q210 than in Q209, but only was 51 percent higher than the second quarter average for 2005-2009.

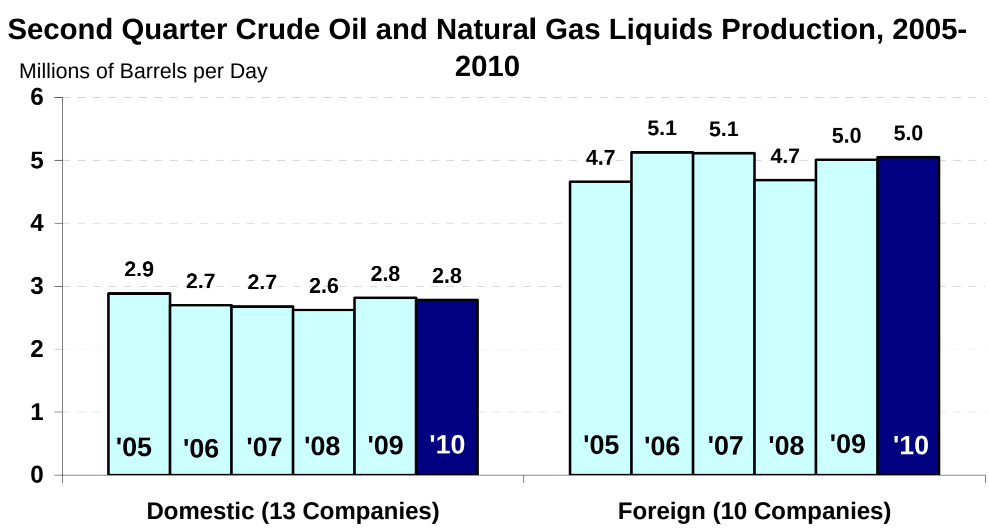
- Three of the four companies reporting chemical results reported higher earnings, These companies attributed higher earnings to lower costs, higher margins, and higher sales in company press releases.

Supplemental Figures:



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

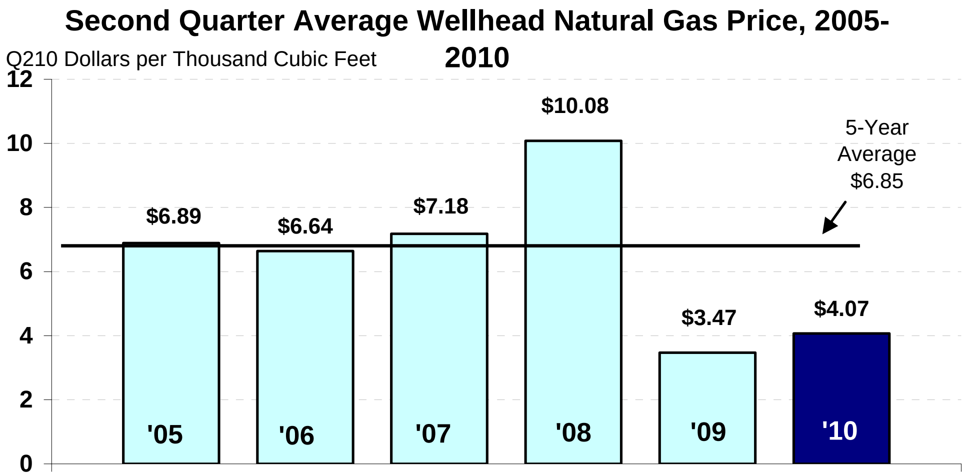
- Crude oil prices in Q210 were 28 percent higher than in Q209 and 3 percent higher than the average for the second quarter of 2005-2009 (in Q210 dollars).



Sources: Company quarterly earnings releases.

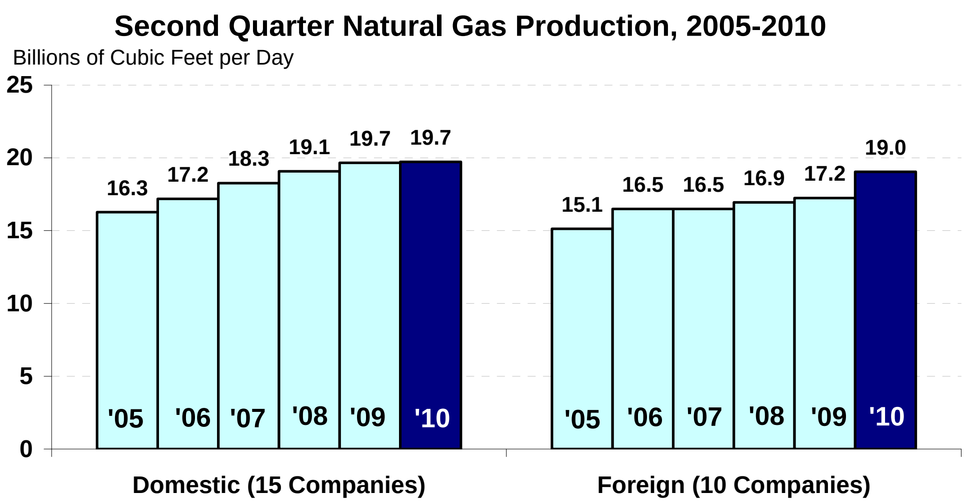
- U.S. crude and NGL production decreased 1 percent compared to Q209 due to the effects of natural field declines and asset divestitures offsetting the effects of new fields starting operations and the absence of hurricane effects, which significantly reduced production in Q209. However, the level of Q210 was 1 percent higher than the second quarter average for 2005-2009.

- Foreign crude oil and NGL production increased 1 percent compared to Q209 largely due to newly operational fields, which offset natural field declines. The level of Q210 was slightly higher (2 percent) than the second quarter average for 2005-2009.



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

- Natural gas prices of Q210 were 17 percent higher than in Q209, but 41 percent lower than the second quarter average for 2005-2009 (measured in Q210 dollars).

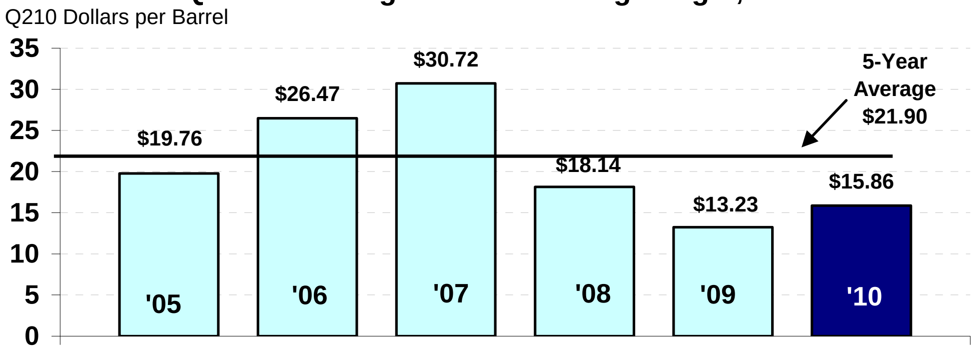


Sources: Company quarterly earnings releases.

- U.S. gas production by the majors was essentially unchanged, increasing by 0.3 percent, relative to a year earlier, but was 7 percent higher than the average for the second quarter of 2005-2009.

- Foreign gas production by the majors increased 10 percent relative to a year earlier and was 13 percent higher than the second-quarter average for 2005-2009, overwhelmingly due to new projects and increased European demand.

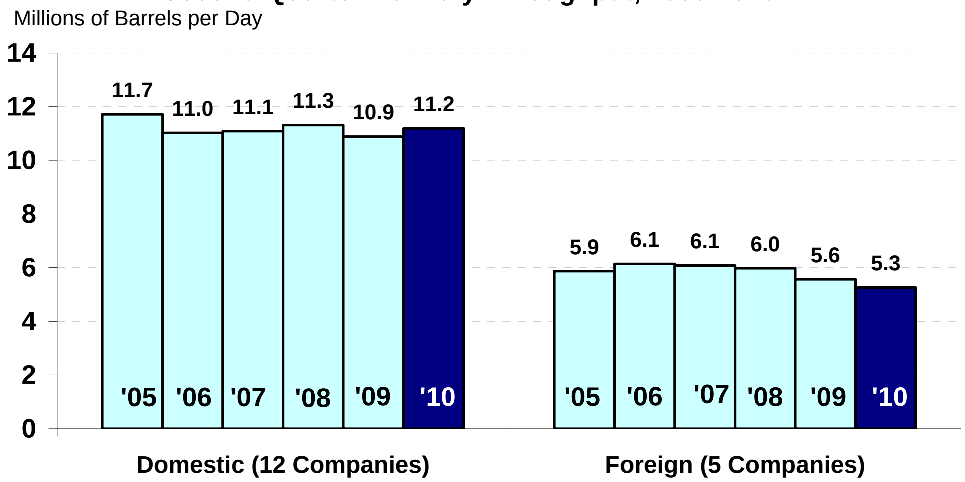
Second Quarter Average Gross Refining Margin, 2005-2010



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 Q210 was 20 percent higher relative to Q209, but also 28 percent lower than the second-quarter average for 2005-2009 (in Q210 dollars).

Second Quarter Refinery Throughput, 2005-2010



Sources: Company quarterly earnings releases.

- Domestic refinery throughput was 3 percent higher than in Q209, but was essentially the same (-0.1 percent) as the average for the second quarter over 2005-2009, despite the closure of Sunoco's Eagle Point refinery.

- Foreign refinery throughput decreased 6 percent relative to Q209 and was 10 percent lower than the second quarter average for 2005-2009 due to planned and unplanned outages (e.g., turnarounds).

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)

	Q209	Q210	Percent Change[b]	First Half 2009	First Half 2010	Percent Change
Financial Data						
	(Millions of Q210 Dollars)		(%)	(Millions of Q210 Dollars)		(%)
Corporate						
Revenue (19)[c]	220,629	260,552	18.1	410,615	529,358	28.9
Net Income (19)	8,377	19,823	136.6	5,074	36,851	626.3
Worldwide Net Income						
Petroleum (20)	10,302	23,519	128.3	11,795	45,239	283.5
Oil and Natural Gas Production (15)	10,083	18,457	83.0	7,995	40,447	405.9
Refining/Marketing (12)	219	5,050	2,210.7	3,800	4,779	25.8
Natural Gas and Power (6)	569	619	8.8	1,152	1,500	30.2
Chemicals (5)	550	1,619	194.4	1,101	3,018	174.1
Domestic Net Income						
Oil and Natural Gas Production (9)	3,213	5,201	61.9	1,768	12,201	590.1
Refining/Marketing (12)	-393	3,597	1,015.4	1,930	3,150	63.2
Foreign Net Income						
Oil and Natural Gas Production (6)	5,406	9,570	77.0	10,766	19,858	84.5
Refining/Marketing (5)	611	1,447	136.7	1,870	1,623	-13.2
Worldwide Capital Expenditures						
U.S. Oil and Natural Gas Production (7)	4,624	6,980	50.9	10,485	11,843	12.9
Foreign Oil and Natural Gas Production (4)	8,201	10,032	22.3	17,353	18,735	8.0
Worldwide[d] Oil and Natural Gas Production (12)	18,306	21,205	15.8	38,436	39,878	3.8
Worldwide Refining/Marketing (11)	4,087	2,477	-39.4	7,895	5,118	-35.2
Operating Data						
Oil Production	(Thousands of Barrels/Day)		(%)	(Thousands of Barrels/Day)		(%)
Domestic (13)	2,817	2,783	-1.2	2,817	2,854	1.3
Foreign (10)	5,007	5,047	0.8	5,007	5,096	1.8
Natural Gas Production	(Million Cubic Feet/Day)		(%)	(Million Cubic Feet/Day)		(%)
Domestic (15)	19,666	19,724	0.3	19,769	19,670	-0.5
Foreign (10)	17,239	19,046	10.5	18,249	19,717	8.0
Refinery Throughput	(Thousands of Barrels/Day)		(%)	(Thousands of Barrels/Day)		(%)
Domestic (12)	10,888	11,192	2.8	10,888	10,721	-1.5
Foreign (5)	5,568	5,260	-5.5	5,568	5,274	-5.3

[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

	Q209	Q210	Percent Change
U.S. Energy Prices[a]	**Q210 Dollars**		
Imported Average Crude Oil Price ($/barrel)	57.99	74.33	28.2
Natural Gas Wellhead Price ($/thousand cubic feet)	3.47	4.07	17.3
U.S. Gross Refining Margin ($/barrel)[b]	13.25	15.86	19.7

[a] Energy Information Administration, *Short-Term Energy Outlook* , (September 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.

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[1]The nineteen 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 Inc., and Williams Companies. 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 20, rather than 19.

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