

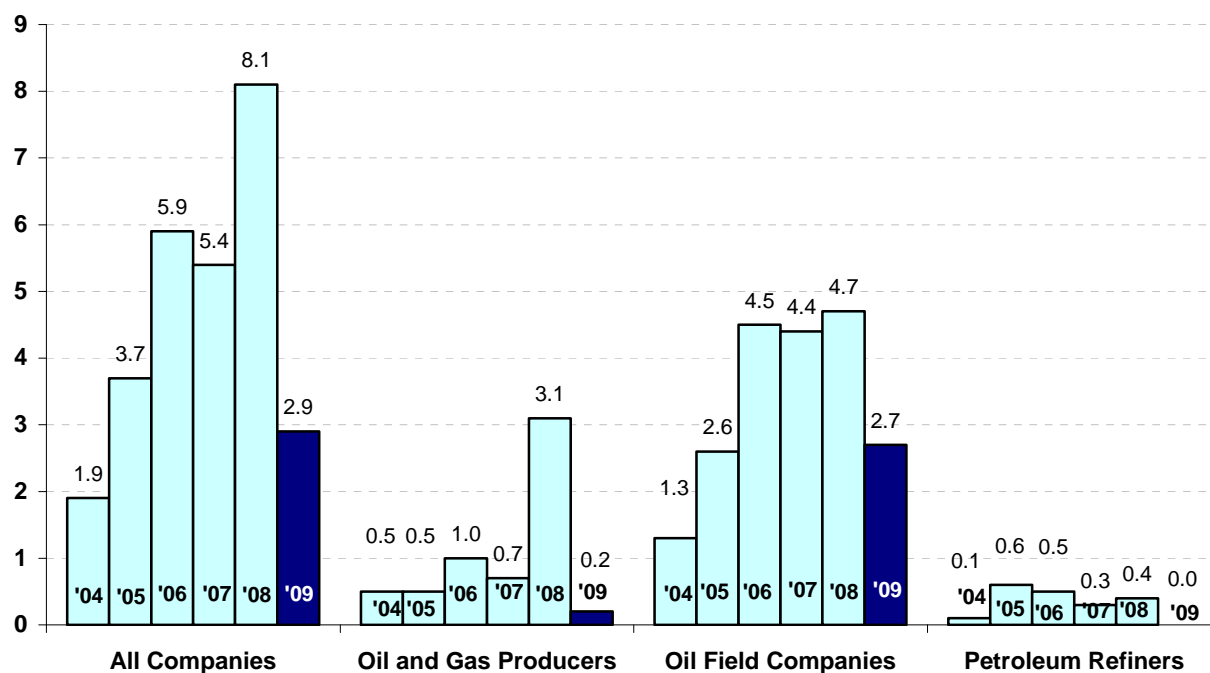
FINANCIAL NEWS FOR INDEPENDENT ENERGY COMPANIES

THIRD QUARTER 2009

Third Quarter 2009 Key Findings	
Net Income	\$2.9 billion
Revenues	\$34.3 billion
Highlights	<p>Independent energy companies reported a 64-percent decrease in net income relative to the third quarter of 2008 (Q308), with earnings declines for producers, oil field companies, and refiners.</p> <p>Overall revenue dropped 29 percent from Q308, with declines for each of the three types of companies.</p> <p>Earnings and revenue declines resulted from lower oil and natural gas prices and refining margins.</p>

- The “Financial News for Independent Energy Companies” reviews the financial performance of companies that are typically smaller than the majors and do not have integrated production/refining operations.
- While the composition of the companies in this report changes over time, the changes are usually incremental, and don’t significantly affect comparisons across time periods.
- All dollar figures and comparisons are in constant third-quarter 2009 dollars.

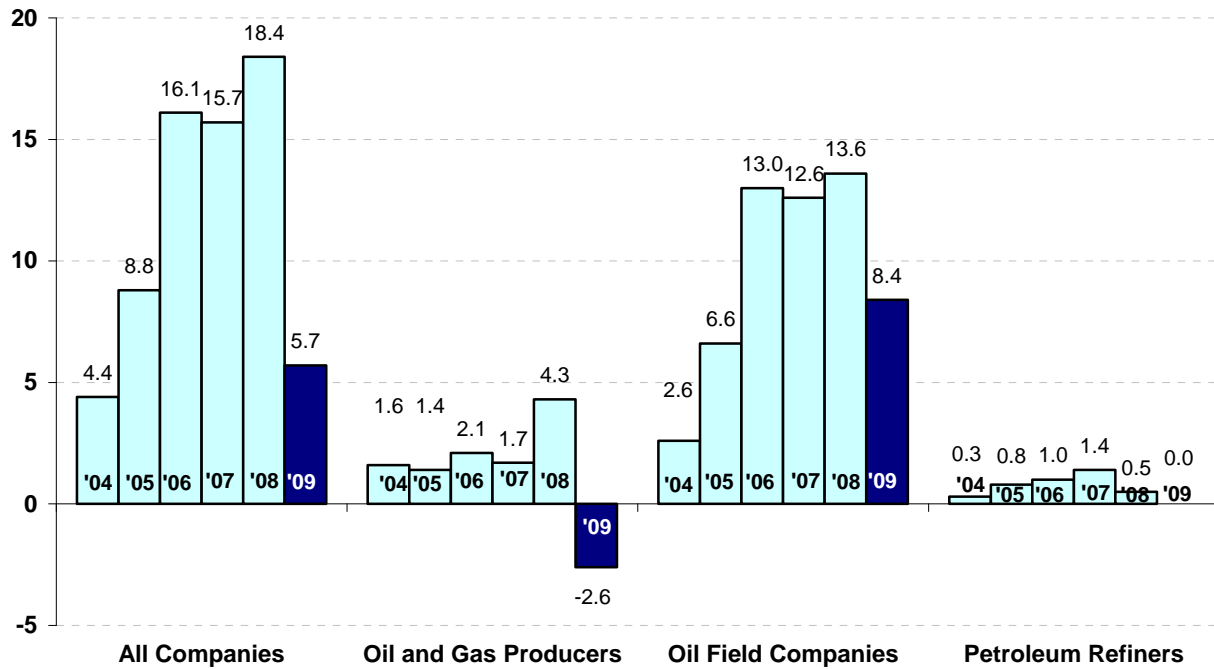
3rd Quarter 2009 Net Income (Billions of Q309 Dollars)



Source: Compiled from companies' quarterly reports to stockholders

- Net income for independent energy companies plummeted 64 percent in the third quarter of 2009 (Q309) from Q308. Oil and gas producers and refiners reported their lowest third-quarter income in at least the last five years due to lower oil and natural gas prices and refining margins. Costs have not fallen as much percentage-wise as prices, so net income is down more than revenue for each of the three categories of independent energy companies.
- Producer net income dropped 92 percent to \$232 million in Q309. Every producer covered in this report had a decline in net income compared to Q308.
- Oil field company net income dropped 43 percent from Q308, to \$2.7 billion, its lowest third-quarter since 2005. Rig counts fell sharply from Q308, reflecting the decline in prices and producer earnings.
- Refiner net income dropped 96 percent to \$14 million in Q309. Every refiner covered in this reported a decline in net income compared to Q308.

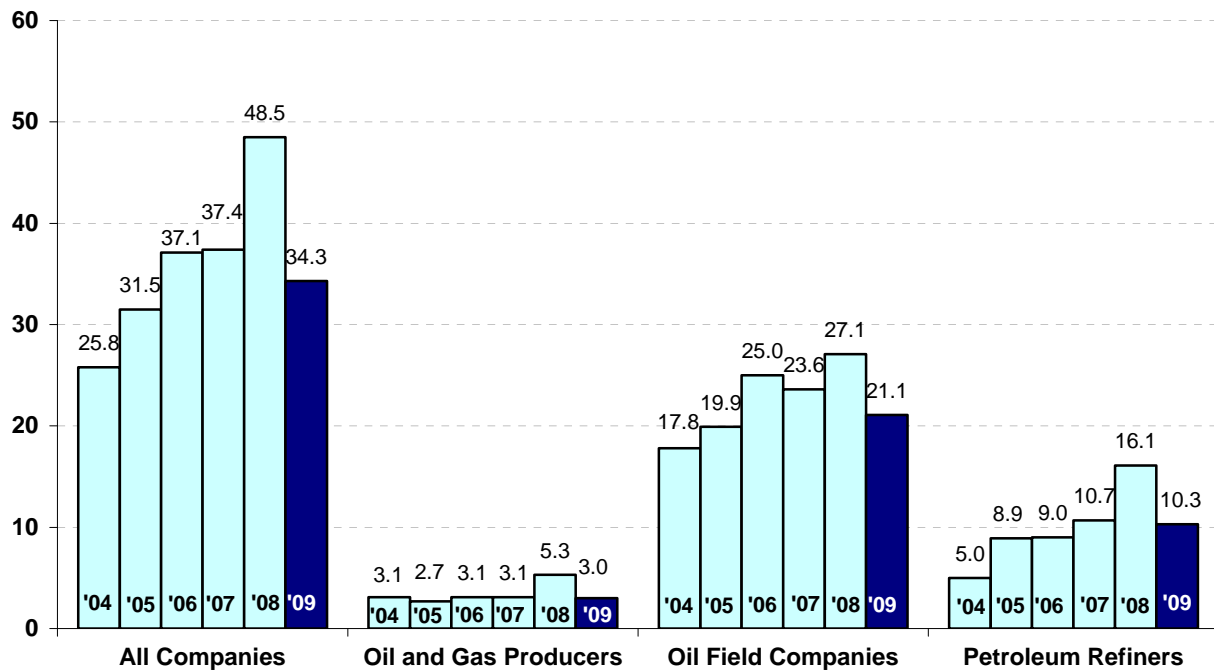
Year-to-Date 2009 Net Income (Billions of Q309 Dollars)



Source: Compiled from companies' quarterly reports to stockholders

- Year-to-date trends were similar to third quarter trends, with producers, oil field companies, and refiners all reporting earnings declines compared to year-ago levels. Producers reported negative year-to-date income due to losses in the first two quarters.

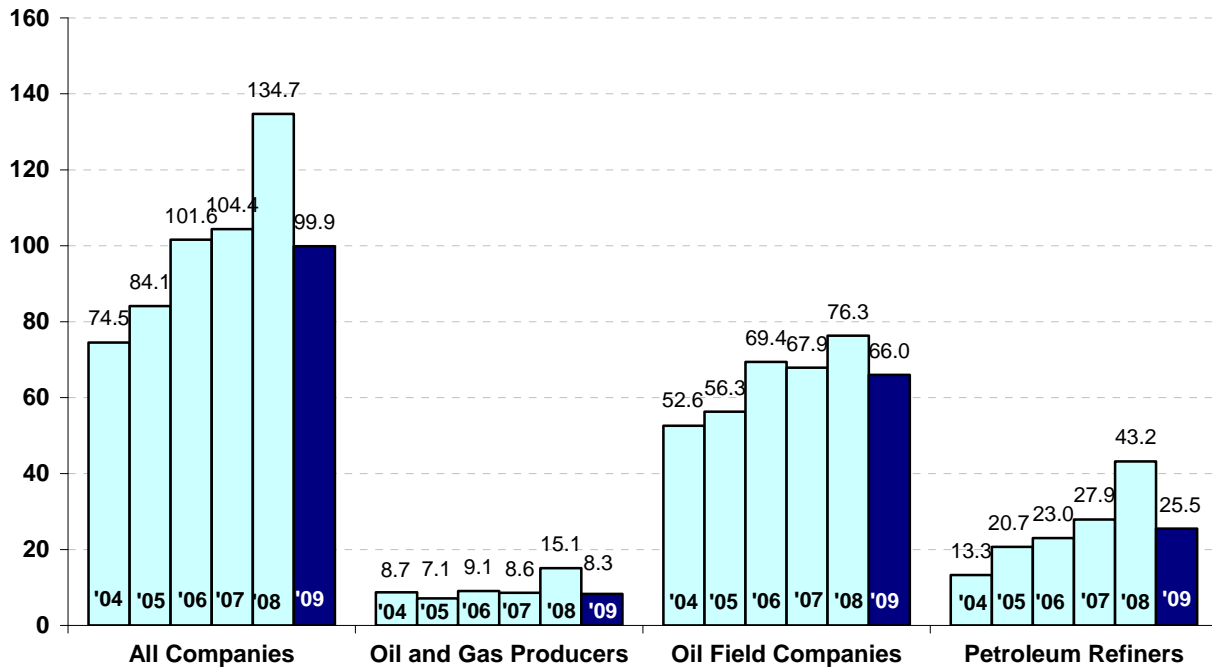
3rd Quarter Revenue (Billions of Q309 Dollars)



Source: Compiled from companies' quarterly reports to stockholders

- Overall revenue for the companies in this report dropped \$14.2 billion or 29 percent from the year-ago quarter.
- Oil and gas producer revenue dropped 43 percent from the year-ago quarter, though at \$3.0 billion it was close to the third-quarter average over 2004-2007.
- Oil field company revenue slipped 22 percent from Q308, and was 7 percent below the third-quarter average over 2004-2008.
- Revenue for oil refiners declined 36 percent but was 4 percent above the third-quarter average over 2004-2008.

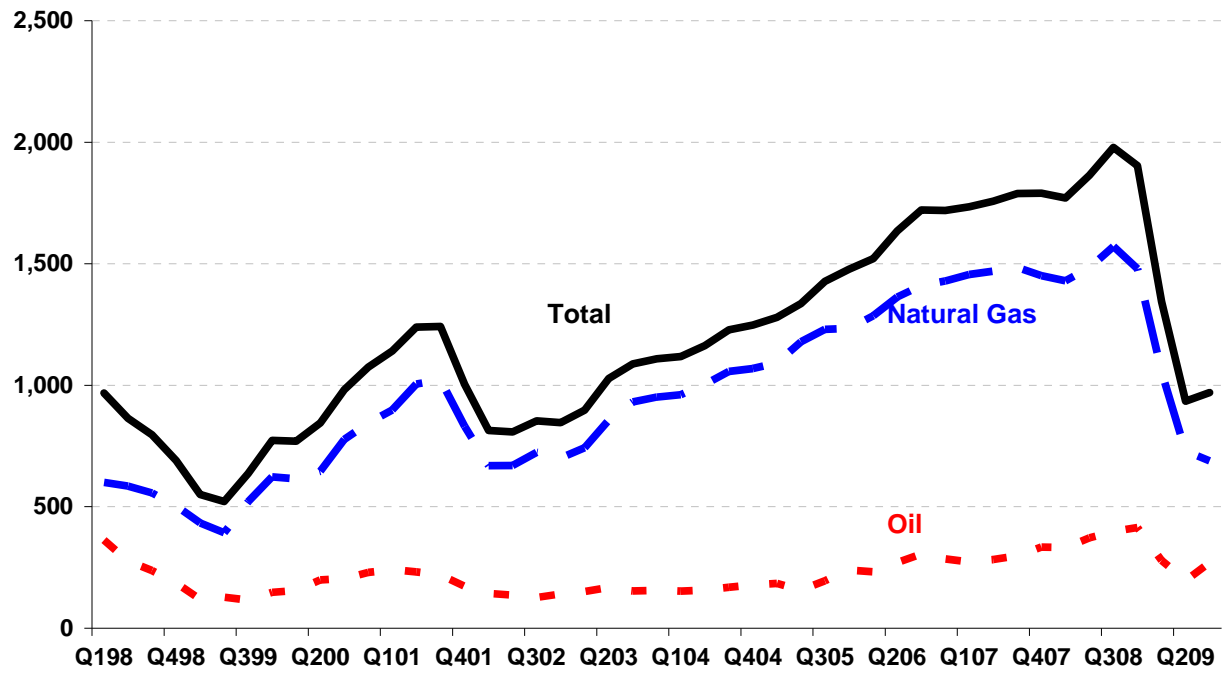
Year-to-Date 2009 Revenue (Billions of Q309 Dollars)



Source: Compiled from companies' quarterly reports to stockholders

- For each of the three categories of independent energy companies, year-to-date revenue dropped substantially from the prior-year quarter. However, year-to-date revenues for oil field companies and refiners were close to their average year-to-date levels in the third quarter over 2004-2008.

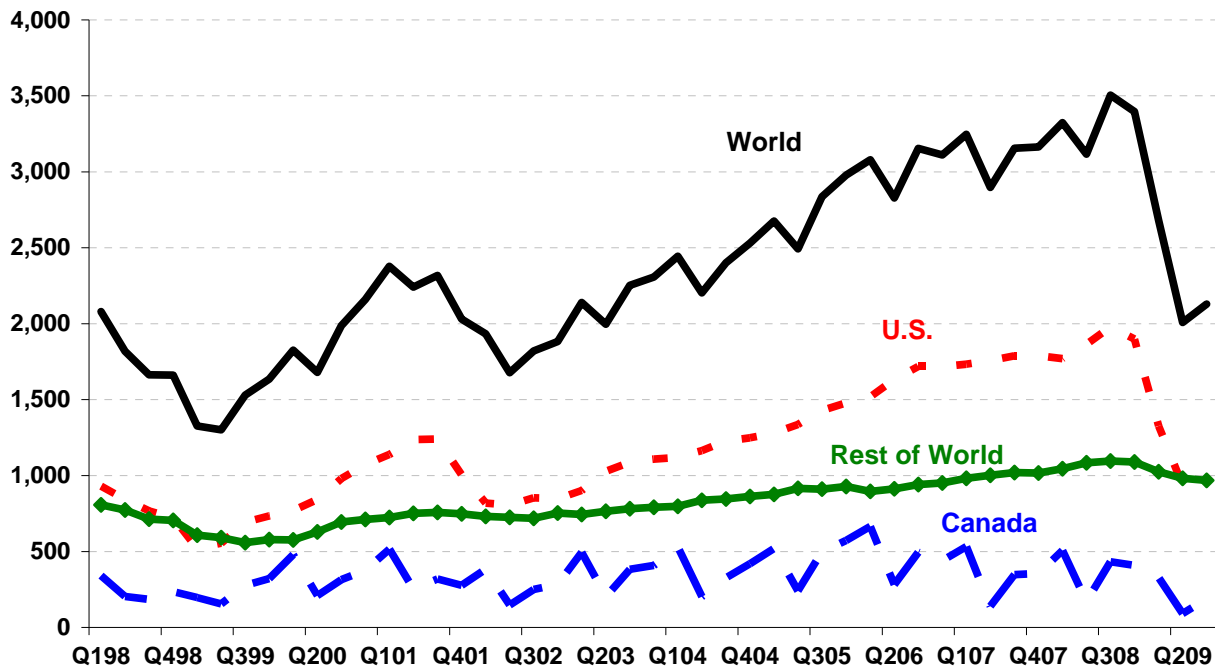
U.S. Oil and Gas Rig Counts Down Substantially



Source: Baker Hughes.

- U.S. oil and gas rig counts plummeted by 32 percent and 56 percent, respectively, over the year-ago quarter.

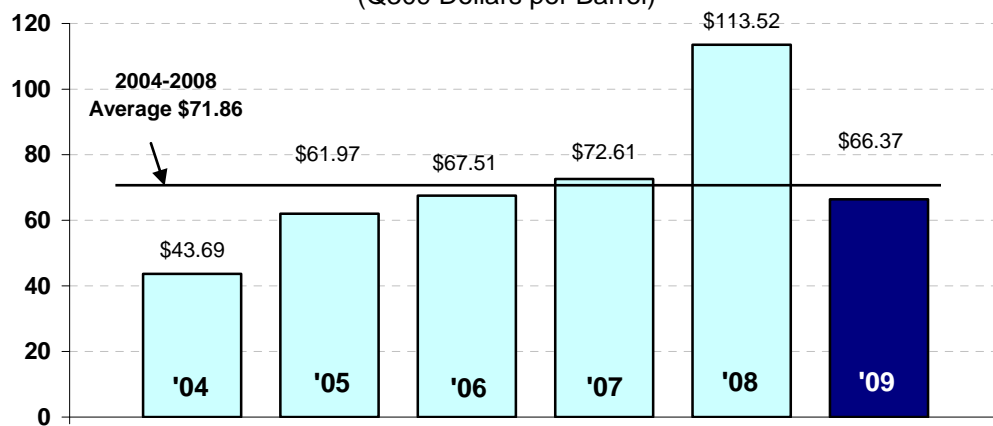
U.S., Canada Pull Down Worldwide Rig Counts



Source: Baker Hughes.

- U.S. and Canadian total rig counts plummeted by 51 percent and 57 percent, respectively, over the year-ago quarter, compared to a drop of 12 percent for the rest of the world.

Third Quarter Imported Average Crude Oil Price, 2004-2009 (Q309 Dollars per Barrel)



Source: Energy Information Administration, *Short-Term Energy Outlook*, (December 8, 2009), Table 2.

- Crude oil prices in Q309 were 42 percent lower than in Q308 and 8 percent less than the average for the third quarter of 2004-2008 (in Q309 dollars).

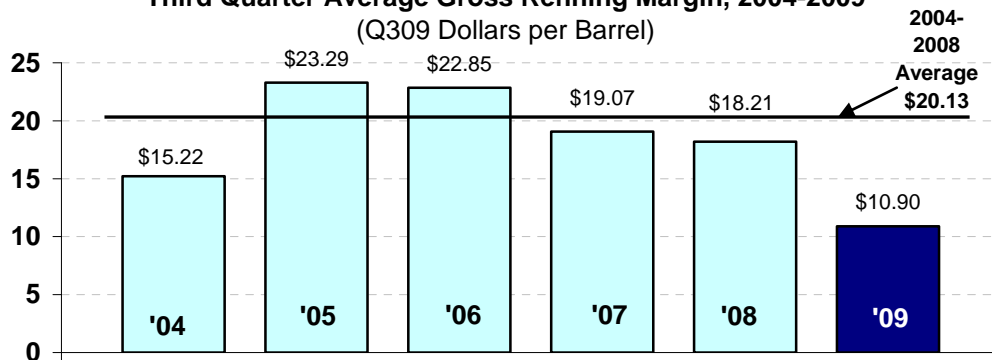
Third Quarter Average Wellhead Natural Gas Price, 2004-2009
(Q309 Dollars per Thousand Cubic Feet)



Source: Energy Information Administration, *Short-Term Energy Outlook*, (December 8, 2009), Table 2.

- Natural gas prices of Q309 were 64 percent lower than in Q308 and 56 percent lower than the third quarter average for 2004-2008 (measured in Q309 dollars).

Third Quarter Average Gross Refining Margin, 2004-2009
(Q309 Dollars per Barrel)



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 Q309 was 40 percent lower relative to Q308 and 46 percent lower than the third-quarter average for 2004-2008 (in Q309 dollars).

SUPPLEMENTAL TABLES

Revenue and Net Income Summaries for Independent Energy Companies (Million Q309 Dollars)

Companies	Q308	Q309	Percent Change	2008	2009	Percent Change
Revenue						
Oil and Gas Producers (15) ^a	5,266	2,981	-43.4	15,123	8,279	-45.3
Oil Field Companies (17)	27,143	21,055	-22.4	76,339	66,049	-13.5
Refiners (5)	16,126	10,309	-36.1	43,247	25,539	-40.9
Total Revenue (37)	48,535	34,344	-29.2	134,709	99,867	-25.9
Net Income						
Oil and Gas Producers (15)	3,069	232	-92.4	4,289	-2,644	-161.6
Oil Field Companies (17)	4,694	2,656	-43.4	13,609	8,370	-38.5
Refiners (5)	357	14	-96.0	523	-34	-106.4
Total Income (37)	8,119	2,903	-64.2	18,421	5,693	-69.1

^aThe number of companies reporting revenue and net income is in parentheses.

Notes: The net income data have been adjusted to exclude the effects of unusual items such as accounting changes. Percentages are calculated from unrounded data.

Sources: Compiled from companies' quarterly reports to stockholders.

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

	Q308	Q309	Percent Change
U.S. Energy Prices^a			
Imported Average Crude Oil Price (Q309\$/barrel)	113.52	66.37	-41.5
Natural Gas Wellhead Price (Q309\$/thousand cubic feet)	8.86	3.17	-64.2
U.S. Gross Refining Margin (Q309\$/barrel)^b	18.21	10.90	-40.1

^a Energy Information Administration, *Short-Term Energy Outlook*, (December 8, 2009), 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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