

FINANCIAL NEWS FOR INDEPENDENT ENERGY COMPANIES

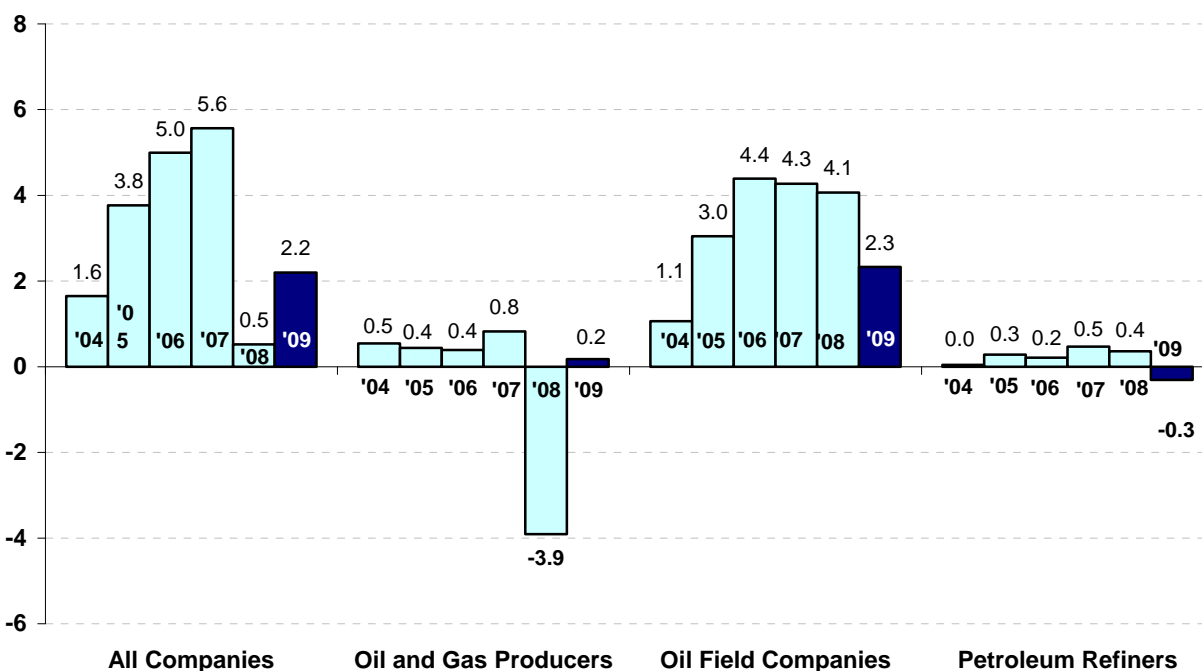
FOURTH QUARTER 2009

Fourth Quarter 2009 Key Findings	
Net Income	\$2.2 billion
Revenues	\$35.5 billion
Highlights	<p>Independent energy companies reported an increase in income in the fourth quarter of 2009 (Q409) to \$2.2 billion, rebounding from the large losses for producers that dominated overall earnings in Q408, but still below the average Q4 level of the prior 5 years. Both the other two categories of independent energy companies included in this report, oilfield companies and refiners, experienced sharp earnings drops from Q408.</p> <p>For the year 2009, all three types of independent energy companies had sharp earnings declines from 2008, with only oil field companies reporting positive earnings.</p> <p>Producer earnings were dominated by reserve impairment losses.</p> <p>All three types of independent energy companies reported drops in revenue in 2009 compared to 2008.</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 fourth-quarter 2009 dollars unless specified otherwise.

4th Quarter Net Income, 2004-2009

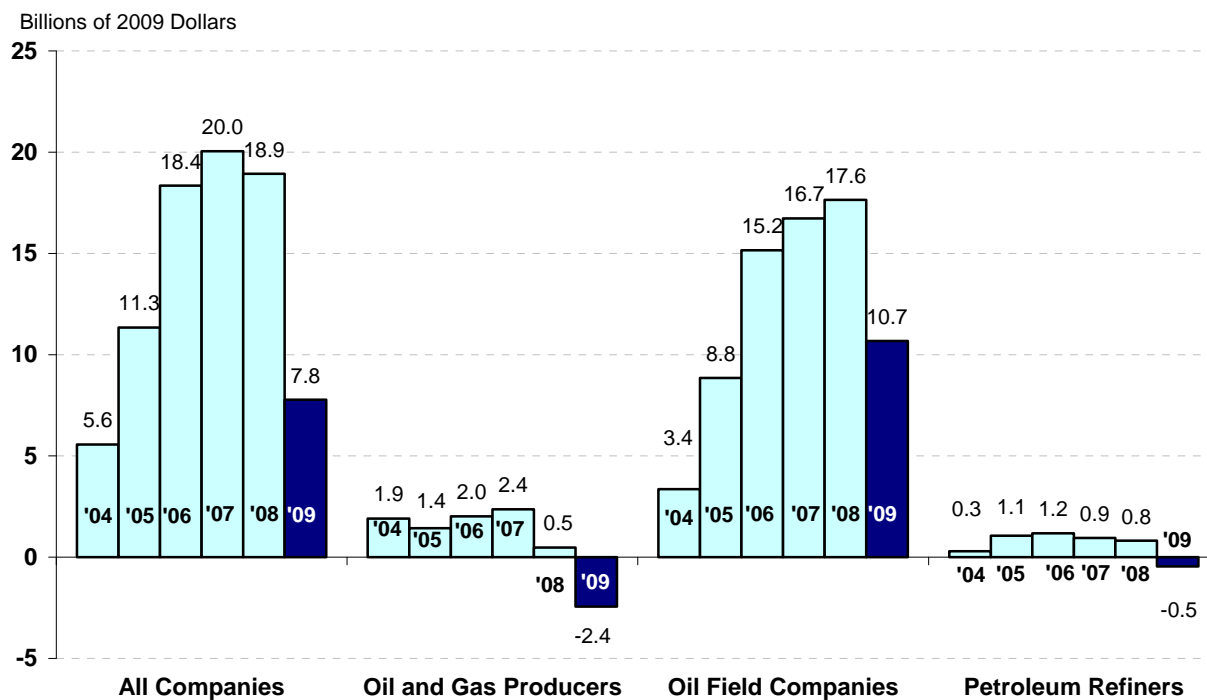
Billions of Q409 Dollars



Source: Compiled from companies' quarterly reports to stockholders

- Net income for independent energy companies rebounded to \$2.2 billion in the fourth quarter of 2009 (Q409) from \$519 million in Q408, but was still below the average Q4 level of the prior 5 years. Crude oil prices were 39 percent higher than in Q408, but natural gas prices and refining margins were down 36 percent and 43 percent, respectively.
- Producer net income rebounded to \$179 million in Q409 from losses of \$3.9 billion in Q408, but was still the second lowest Q4 earnings level over the last 6 years.
- Oil field company net income dropped 43 percent from Q408, to \$2.3 billion, its second lowest fourth-quarter over the last 6 years. This reflected the drop in rig counts in Q409, particularly gas rigs, resulting from the sharp decline in natural gas prices.
- Refiner net income dropped to -\$308 million in Q409 from \$361 million in Q408. Every refiner covered in this report had losses in Q409, after positive earnings in Q408 for all but one of them. This reflected the sharp drop in refining margins.

Year-to-Date Net Income, 2004-2009

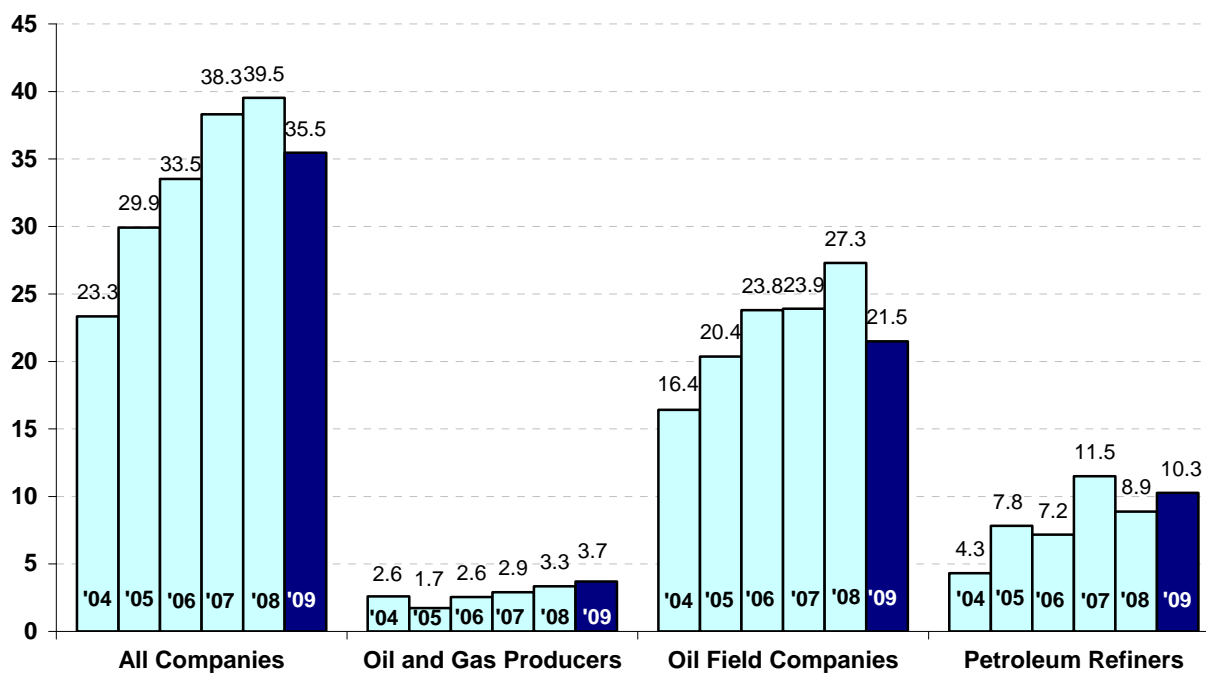


Source: Compiled from companies' quarterly reports to stockholders

- For oil field companies and refiners, year-to-date trends were similar to fourth quarter trends.
- The performance of producers was dominated by asset impairments, which resulted from the decreased value of reserves due to lower prices. These accounting adjustments, which do not usually affect cash flow, caused large losses for some producers in Q4'08 and the first part of 2009.

4th Quarter Revenue, 2004-2009

Billions of Q409 Dollars

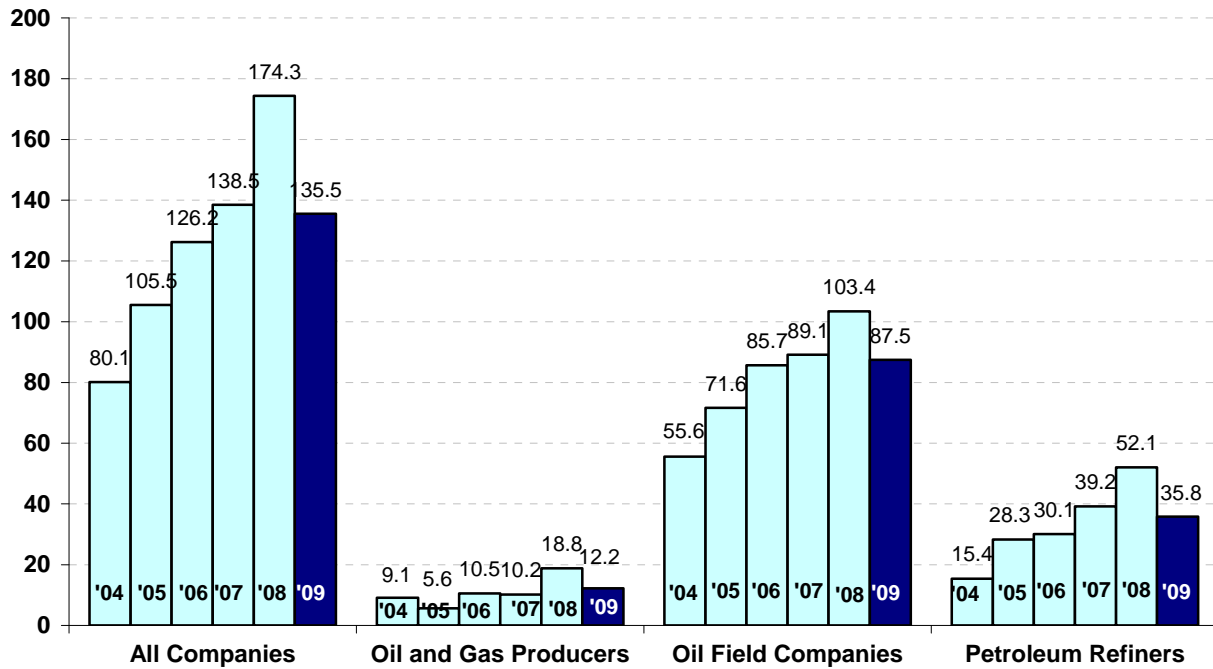


Source: Compiled from companies' quarterly reports to stockholders

- Overall revenue for the companies in this report dropped \$4 billion or 10 percent in Q409 from the year-ago quarter, but was still 8 percent above the fourth-quarter average over 2004-2008.
- Oil and gas producer revenue increased 11 percent in Q409 from the year-ago quarter to a level 12 percent above the fourth-quarter average over 2004-2008.
- Oil field company revenue slipped 21 percent or \$5.8 billion in Q409 compared to Q408, and was 4 percent below the fourth-quarter average over 2004-2008.
- Revenue for oil refiners increased 16 percent and was 29 percent above the fourth-quarter average over 2004-2008.

Year-to-Date Revenue, 2004-2009

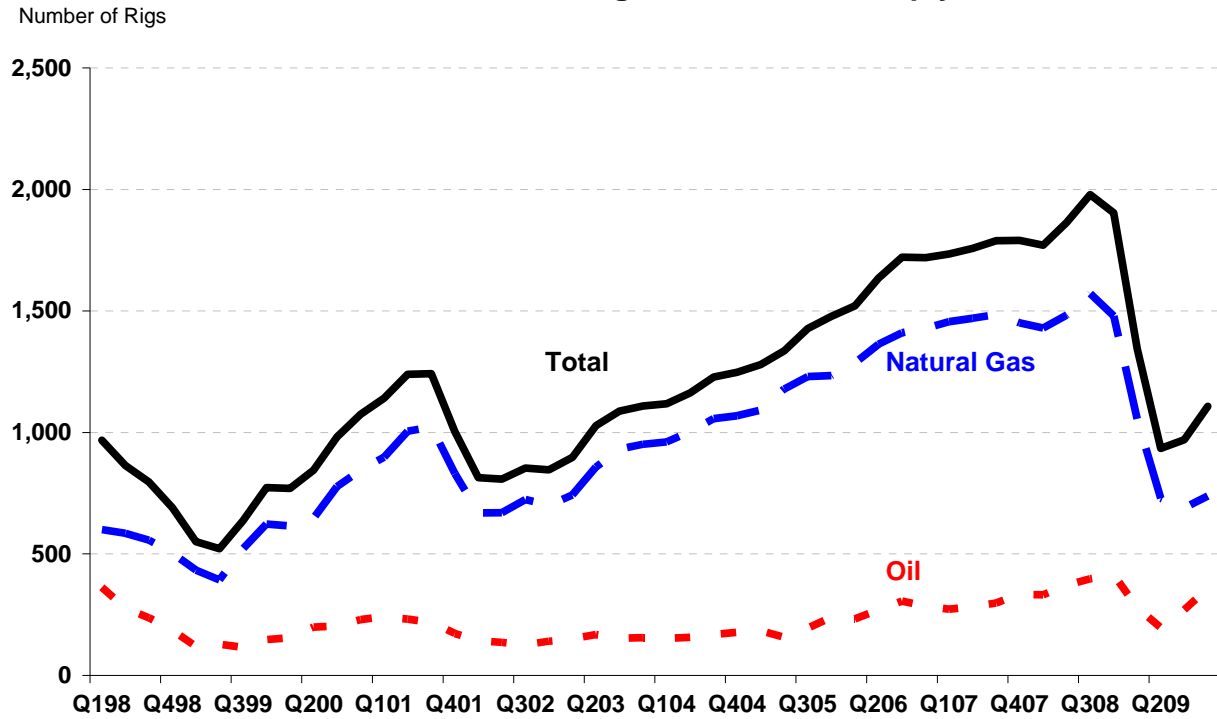
Billions of 2009 Dollars



Source: Compiled from companies' quarterly reports to stockholders

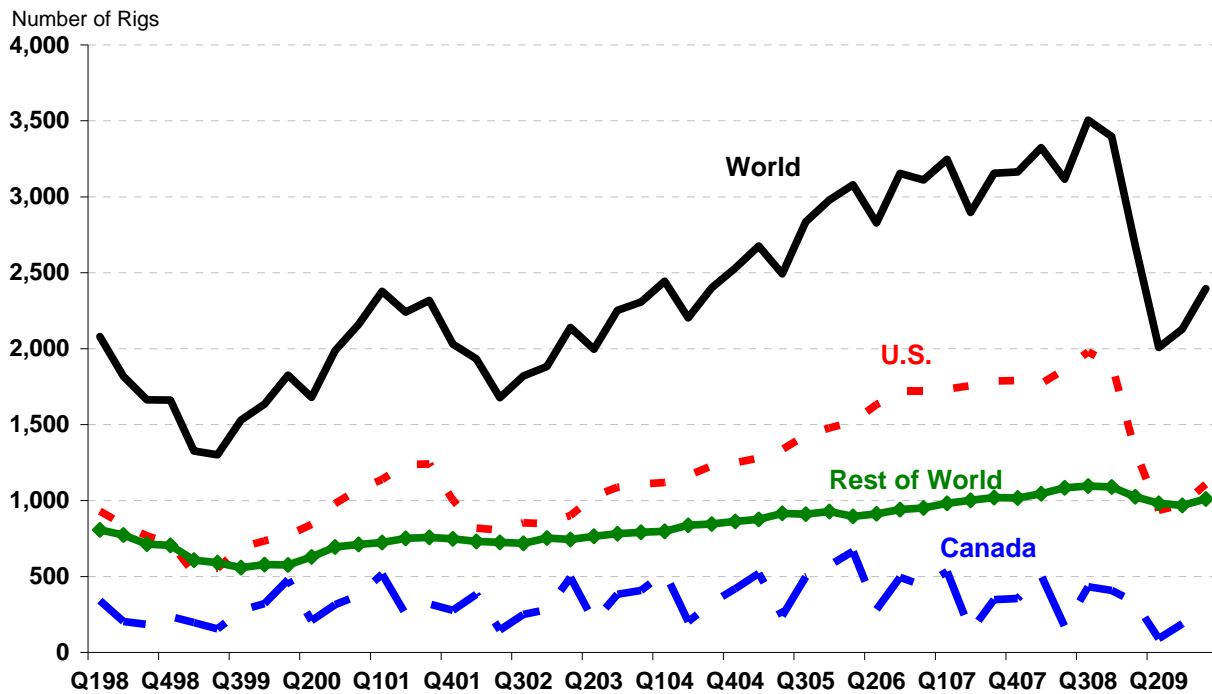
- Each of the three categories of independent energy companies experienced substantial drops in revenues for the year 2009 compared to 2008. Crude oil prices, natural gas prices, and rig counts all dropped in 2009 from 2008 levels.

U.S. Natural Gas Rig Count Down Sharply



- U.S. oil and gas rig counts dropped by 13 percent and 50 percent, respectively, over the year-ago quarter, but have rebounded slightly from the lower levels seen earlier in 2009.

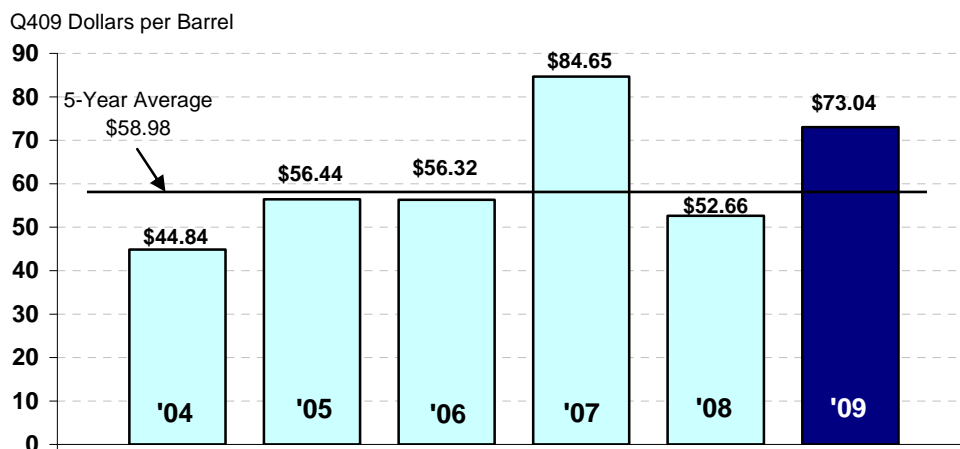
North America Leads the Drop in Worldwide Rig Counts



Source: Baker Hughes.

- The U.S. total rig count dropped 42 percent to an average of 1,108 rigs in Q409, while the Canadian rig count dropped 32 percent to an average of 278 rigs. This compares to a drop of 7 percent to 1,011 rigs in the rest of the world.

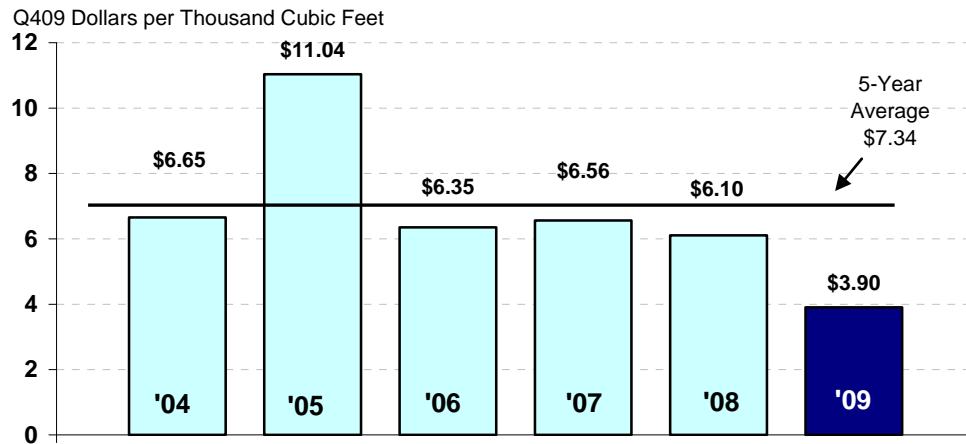
Fourth Quarter Imported Average Crude Oil Price, 2004-2009



Source: Energy Information Administration, *Short-Term Energy Outlook*, (March 9, 2010), Table 2.

- Crude oil prices in Q409 were 39 percent higher than in Q408 and 24 percent higher than the average for the fourth quarter of 2004-2008 (in Q409 dollars).

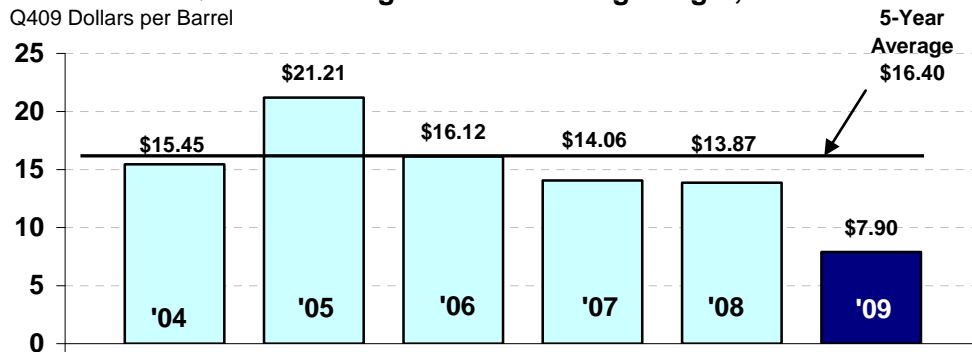
Fourth Quarter Average Wellhead Natural Gas Price, 2004-2009



Source: Energy Information Administration, *Short-Term Energy Outlook*, (March 9, 2010), Table 2.

- Natural gas prices of Q409 were 36 percent lower than in Q408 and 47 percent lower than the fourth quarter average for 2004-2008 (measured in Q409 dollars).

Fourth Quarter Average Gross Refining Margin, 2004-2009



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 Q409 was 43 percent lower relative to Q408 and 52 percent lower than the fourth-quarter average for 2004-2008 (in Q409 dollars).

SUPPLEMENTAL TABLES

Table 1. Revenue and Net Income Summaries for Independent Energy Companies

Companies	Q408	Q409	Percent Change	2008	2009	Percent Change
Revenue	(Million Q409 Dollars)^a			(Million 2009 Dollars)^a		
Oil and Gas Producers (15) ^b	3,347	3,700	10.6	18,968	12,248	-35.4
Oil Field Companies (17)	27,300	21,493	-21.3	104,115	87,478	-16.0
Refiners (5)	8,878	10,270	15.7	52,418	35,801	-31.7
Total Revenue (37)	39,525	35,463	-10.3	175,501	135,526	-22.8
Net Income						
Oil and Gas Producers (15)	-3,909	179	104.6	480	-2,440	-608.5
Oil Field Companies (17)	4,068	2,329	-42.8	17,768	10,693	-39.8
Refiners (5)	361	-308	-185.4	817	-458	-156.1
Total Income (37)	519	2,199	323.7	19,065	7,794	-59.1

^aValues have been converted to constant Q409 or 2009 dollars using the GDP price deflator series.

^bThe 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

	Q408	Q409	Percent Change	2008	2009	Percent Change
U.S. Energy Prices^a	Q409 Dollars			2009 Dollars		
Imported Average Crude Oil Price (\$/barrel)	52.66	73.04	38.7	93.72	58.99	-37.1
Natural Gas Wellhead Price (\$/thousand cubic feet)	6.10	3.90	-36.1	8.18	3.72	-54.5
U.S. Gross Refining Margin (\$/barrel)^b	13.87	7.90	-43.0	15.67	11.76	-25.0

^a Energy Information Administration, *Short-Term Energy Outlook*, (March 9, 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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