About the Financial Reporting System Companies

Changes in the Financial Reporting System Companies for the 2009 Reporting Year

For the 2009 reporting year, 30 major energy companies (**Table 20**) reported their financial[89] and operating data to the U.S. Energy Information Administration's (EIA) Financial Reporting System (FRS) on Form EIA-28. The number of companies (referred to as the FRS companies in this report) increased by three from 2008 with the addition of Alon USA, Chalmette, and Western Refining.

Table 20. The FRS Companies in 2009

Alenco	Hess Corporation
Alon USA	Hovensa LLC
Anadarko Petroleum Corporation	Lyondell Chemical Corporation
Apache Corporation	Marathon Oil Corporation
BP America, Inc.	Motiva Enterprises, L.L.C.
Chalmette Refining LLC	Occidental Petroleum Corporation
Chesapeake Energy Corporation	Shell Oil Company
Chevron Corporation	Sunoco, Inc.
CITGO Petroleum Corporation	Tesoro Petroleum Corporation
ConocoPhillips	The Williams Companies, Inc.
Devon Energy Corporation	Total Holdings USA, Inc.
El Paso Corporation	Valero Energy Corp.
EOG Resources, Inc.	Western Refining, Inc.
EQT Corporation*	WRB Refining LLC
Exxon Mobil Corporation	XTO Energy, Inc.

*: Equitable Resources, Inc. announced on February 4, 2009 that its name would become EQT Corporation effective February 9, 2009.
Note: See "Historical Respondent Company List" on the Energy Finance page for the list of FRS respondents from 1974 forward. Six of the FRS companies are owned by foreign companies: Alenco -- owned by Encana; Alon USA -- owned by Alon; BP America—owned by BP plc; CITGO -- owned by Petroleos de Venezuela, S.A.; Shell Oil—owned by Royal Dutch Shell plc.; and Total Holdings USA—owned by Total S.A.

Alon USA, which initially entered the U.S. refining industry with its August 2000 acquisition of the Big Spring, Texas, refinery of FRS respondent Fina, acquired three refineries (two that were operational) during 2006, more than doubling its refinery capacity, but leaving it just below the threshold for inclusion in the FRS. However, its July 2008 acquisition of FRS respondent Valero's Krotz Springs, Louisiana, refinery increased its corporate capacity well beyond the threshold of 1 percent of U.S. crude oil distillation capacity for inclusion in the FRS.[90] The company was subsequently added for the 2009 reporting year. Alon's refinery capacity is concentrated on the west coast and the Gulf coast areas.

Chalmette, a refinery joint venture between Exxon Mobil Corporation and Petroleos de Venezuela, S.A. (PdVSA, the state oil company of Venezuela) is a 192,500 barrels-per-day refinery in Chalmette, Louisiana. The joint venture began in 1998.[91]

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[89] The financial data are collected for the company's fiscal year, which is identical to the calendar year for all included companies.
[90] Oil and gas producers' threshold for inclusion is 1 percent, or more, of either crude oil and natural gas liquids, or natural gas production.
[91] The venture, which began in January 1998, was initially between Mobil Oil Corporation and PDV America, the U.S. affiliate of the state oil company of Venezuela, Petroleos de Venezuela, S.A. After Exxon and Mobil merged, the venture was continued with Exxon Mobil as the partner.

Western Refining Inc., entered the U.S. refining industry with its August 2003 acquisition of the 99,000 bpd El Paso, Texas, refinery of FRS respondent Chevron.[92] Subsequently, Western acquired Giant Industries and its 101,250 bpd corporate capacity in May 2007. Western has since suspended refining operations at its Bloomfield, New Mexico, refinery effectively transforming it into a product terminal, in November 2009.[93] More recently, Western suspended refining operations at its Yorktown, Virginia refinery due to poor refinery economics, also transforming it into a product terminal.[94] All of Western's remaining operating refinery capacity is in the Gulf Coast region.

Although the composition of the FRS group of companies changes over time, the changes usually are incremental, as evident from the above discussion. A company is added to the survey when, through growth or acquisition, it meets the criteria classifying it as a major energy company. Typically, no more than two companies are added to the survey in any given year. The new companies usually are relatively small compared with the existing FRS group, so the effect on the aggregate totals is marginal. The year 1998 was an exception. Because of a change in the FRS criteria, 11 companies were added to the FRS group. Companies rarely exit unless through merger, in which case the assets of the exiting company are absorbed into the surviving company. Thus, despite occasional year-to-year changes in the FRS group composition, comparisons are still meaningful and informative.

The FRS Companies' Importance in the U.S. Economy

The FRS companies occupy a significant position in the U.S.[95] economy. In 2009, operating revenues of the FRS companies totaled $1.297 trillion, which is equal to 13 percent of the $9.763 trillion in revenues of the Fortune 500 corporations.[96,97]

The reporting companies engage in a wide range of business activities, but their most important activities are in the energy sector. They derived about 94 percent, or $1,223 billion, of allocated operating revenues[98] from energy lines of business and derived nearly all of these revenues from their core petroleum operations (**Figure 27**). A majority of these companies are multinational, with 40 percent of the majors' net investment located abroad. Worldwide petroleum and natural gas market developments are of primary importance to these companies' financial performance.

In 2009 the FRS companies accounted for 43 percent of total U.S. crude oil and natural gas liquids (NGL) production,[99] 43 percent of natural gas production, 78 percent of U.S. refining capacity, and 0.3 percent of U.S.

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[92] Chevron was known as Chevron Texaco at the time of the transaction.

[93] Western Refining Inc., *Annual Report 2009*, p. 3.

[94] Western Refining, Inc., "Western Refining Announces Completion of Refining Operations Shutdown at Yorktown" (September 13, 2010). The press release is available on the internet at http://ir.westernrefining.com/phoenix.zhtml?c=194293&p=irol-newsArticle&ID=1470524&highlight= (as of September 14, 2010).

[95] For the purposes of this report, the term "United States" includes the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

[96] Unless otherwise indicated, all dollar values and percentage changes in this report are in constant 2009 dollars, adjusted using the Gross Domestic Product implicit price deflator.

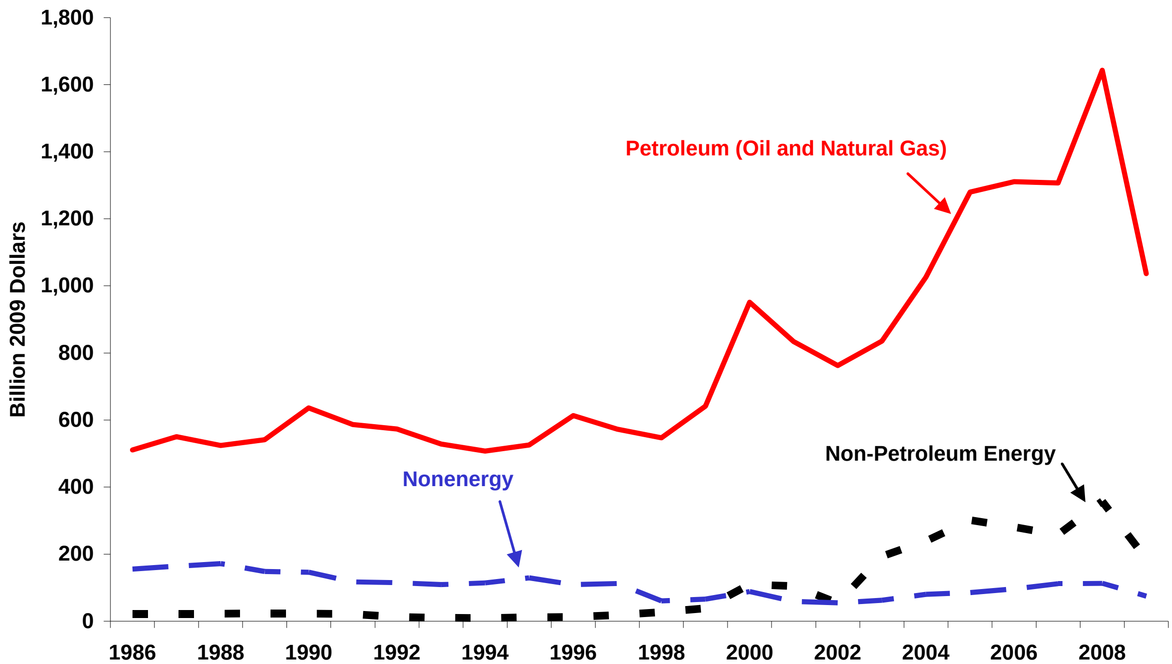
[97] The Fortune 500 is a list of the 500 largest U.S. corporations, ranked by revenues, published annually by *Fortune* magazine on their website at http://money.cnn.com/magazines/fortune/fortune500/2010/full_list/ (as of September 14, 2010).

[98] The sum of allocated operating revenue ($1,297 billion) exceeds corporate operating revenue ($1,145 billion) because allocated revenues include revenues from sales within the company and between different lines of business, in addition to the revenue from sales by the company to third parties (i.e., those outside the company). However, revenues from intersegment sales are eliminated in calculating corporate operating revenue, which includes only sales by the company to third parties.

[99] Note that U.S. totals include royalty production, while the FRS companies' production levels do not. Thus, these calculations understate the FRS companies' share of crude oil and NGL production and natural gas production.

electricity net generation (**Figure 28**). During 2009, these companies devoted about 85 percent of their assets and 87 percent of new investments to sustaining various aspects of petroleum production, processing, transportation, and marketing.

Figure 27. Operating Revenues by Line of Business for FRS Companies, 1986-2009



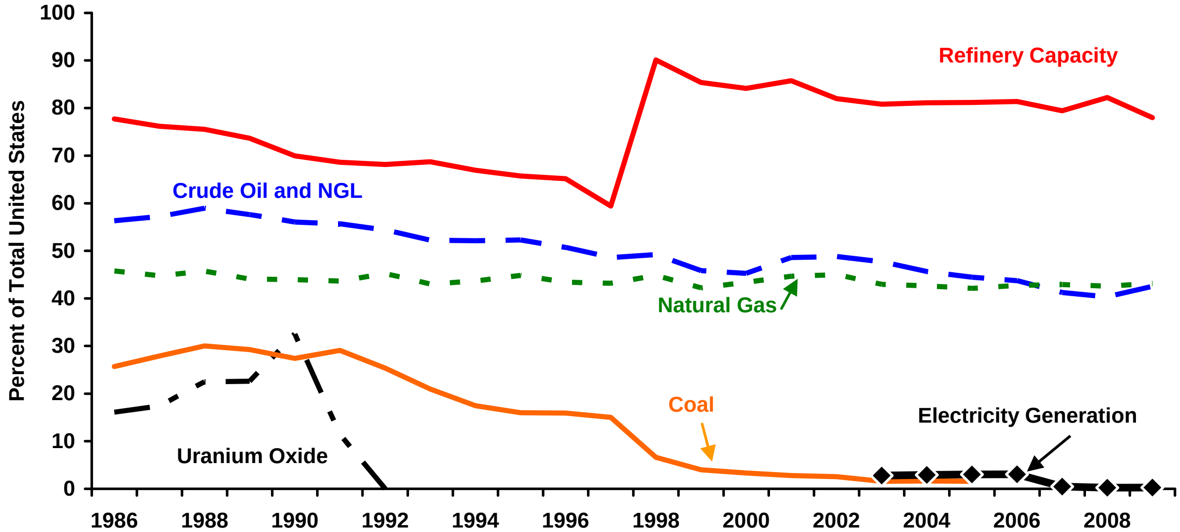
Source: U.S. Energy Information Administration, Form EIA-28 (Financial Reporting System).

Energy production, other than petroleum, has been a relatively small but growing part of the FRS companies' operations since 1994. During 2009, the combined operating revenues of the downstream natural gas, electricity, and other energy operations[100] of the FRS companies totaled $186 billion, or 14 percent of allocated revenues. The importance of actual electric power operations to the FRS companies, which substantially declined with the exit of Dominion Resources for the 2007 reporting year,[101] recovered marginally in 2009 as the FRS share of U.S. electricity generation capacity increased from 0.2 percent in 2008 to 0.3 percent in 2009, leaving electricity trading activity as the primary FRS involvement in electricity.

Nonenergy businesses, mainly chemicals, accounted for 6 percent, or $74 billion, of the FRS companies' allocated revenues in 2009. During the 1980s, the FRS companies were major producers of domestic uranium. However, FRS domestic production of uranium oxide last occurred in 1991.

[100] Beginning with the 2003 reporting year, "other energy" operations include coal operations. Before 2003, coal was a separate line of business. Financial information for coal operations now is merged with that of the other energy operations.
[101] The FRS share of U.S. electricity generation fell from 3 percent in 2006 to 0.5 percent in 2007.

Figure 28. Shares of U.S. Energy Production[a] and Refinery Capacity for FRS Companies, 1986-2009



[a]Oil and natural gas production for the FRS companies includes only the production that is owned by the FRS companies; it does not include any interests not owned by the FRS companies (e.g., royalty interests owned by others). Total production for the United States includes the interests of all owners.

Note: The FRS companies last produced uranium in 1991 and coal production data was last collected in 2005.

Sources: Table B1; Total industry uranium oxide production is from U.S. Energy Information Administration, *Uranium Industry Annual 1992,* DOE/EIA-0478(92) (Washington, DC, October 1993).