

Financial Review of the Global Oil and Natural Gas Industry: Third-Quarter 2021



Petroleum and Liquid Fuels Markets Team

December 2021

Key findings for third-quarter 2021 (3Q21)

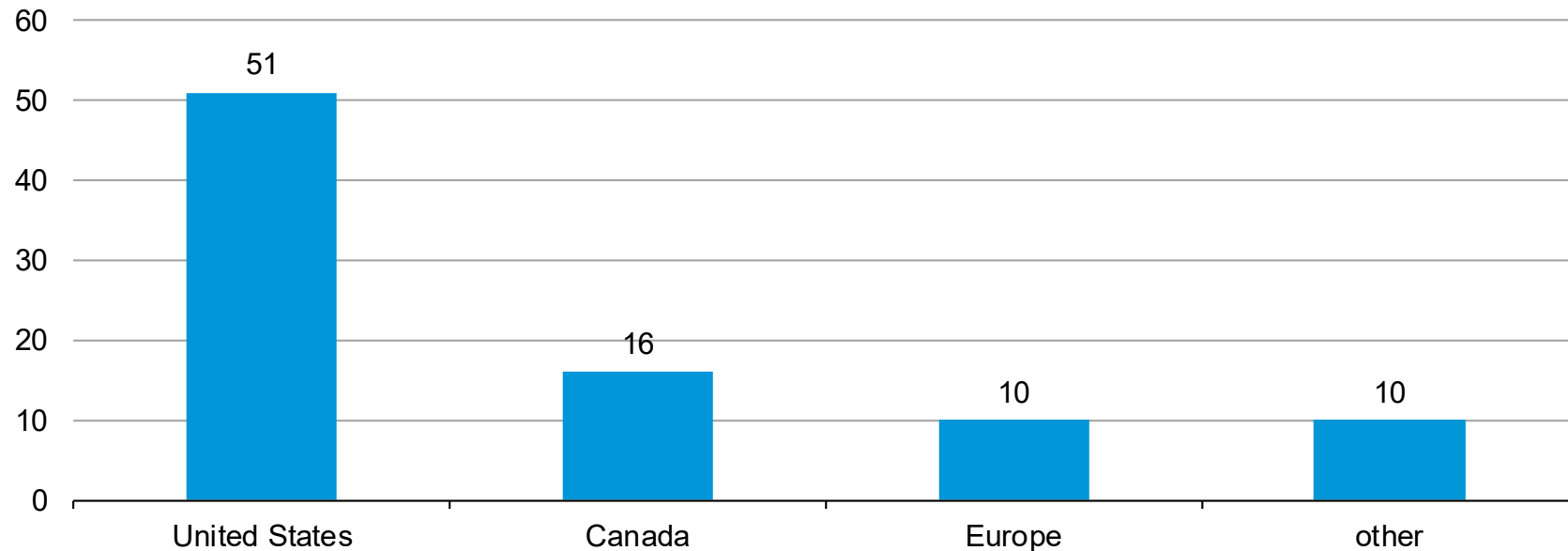
- Brent crude oil daily average prices were 69% higher in 3Q21 than in 3Q20 and averaged \$73 per barrel.
- In this study of 87 companies, the combined petroleum liquids production level increased 1% in 3Q21 from 3Q20, and natural gas production increased 4% during the same period.
- Cash from operations in 3Q21 totaled \$157 billion, the highest for any quarter in the 2017–21 period, primarily as a result of higher oil prices.
- Net losses from hedging derivatives were \$11 billion in 3Q21, totaling almost \$30 billion in the first three quarters of 2021.

Note: The 87 companies analyzed in this study publish publicly available financial statements. A full list of the companies included and a glossary of terms begin on slide 21.

Most company headquarters included in our study were located in the United States

geographic distribution of global oil and natural gas company headquarters, third-quarter 2021

number of companies



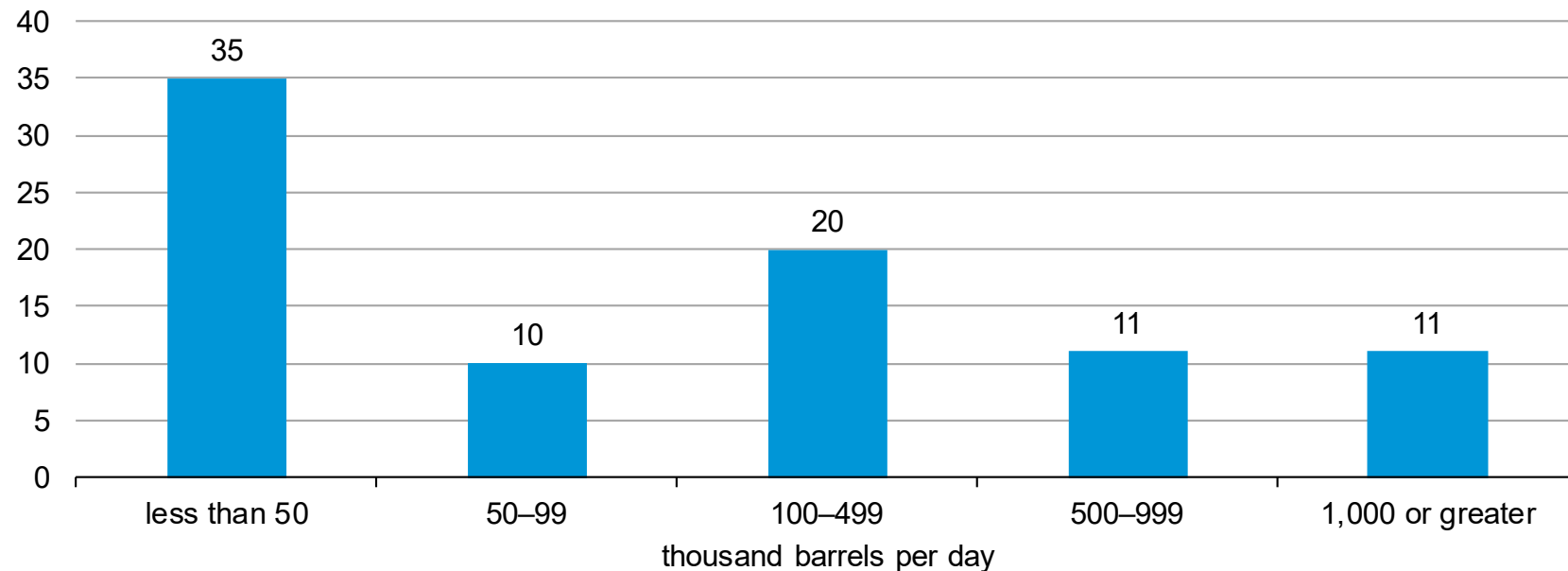
Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Note: *Other* includes Argentina, Brazil, Chile, China, Colombia, and Russia.

About 40% of the companies we included produced less than 50,000 barrels per day in third-quarter 2021

distribution of companies by volume of petroleum liquids produced, third-quarter 2021

number of companies

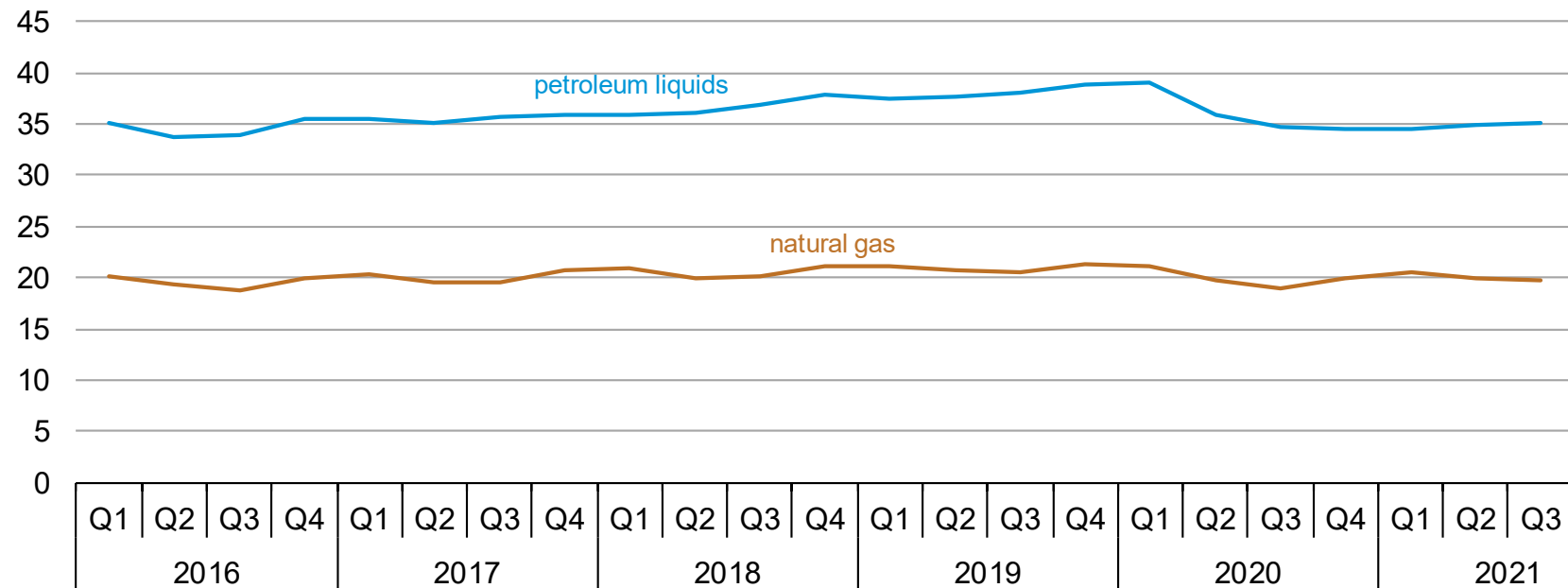


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Production from the oil and natural gas companies in the third-quarter remained lower than any quarter in 2019

petroleum liquids and natural gas production, 2016–21

million barrels of oil equivalent per day

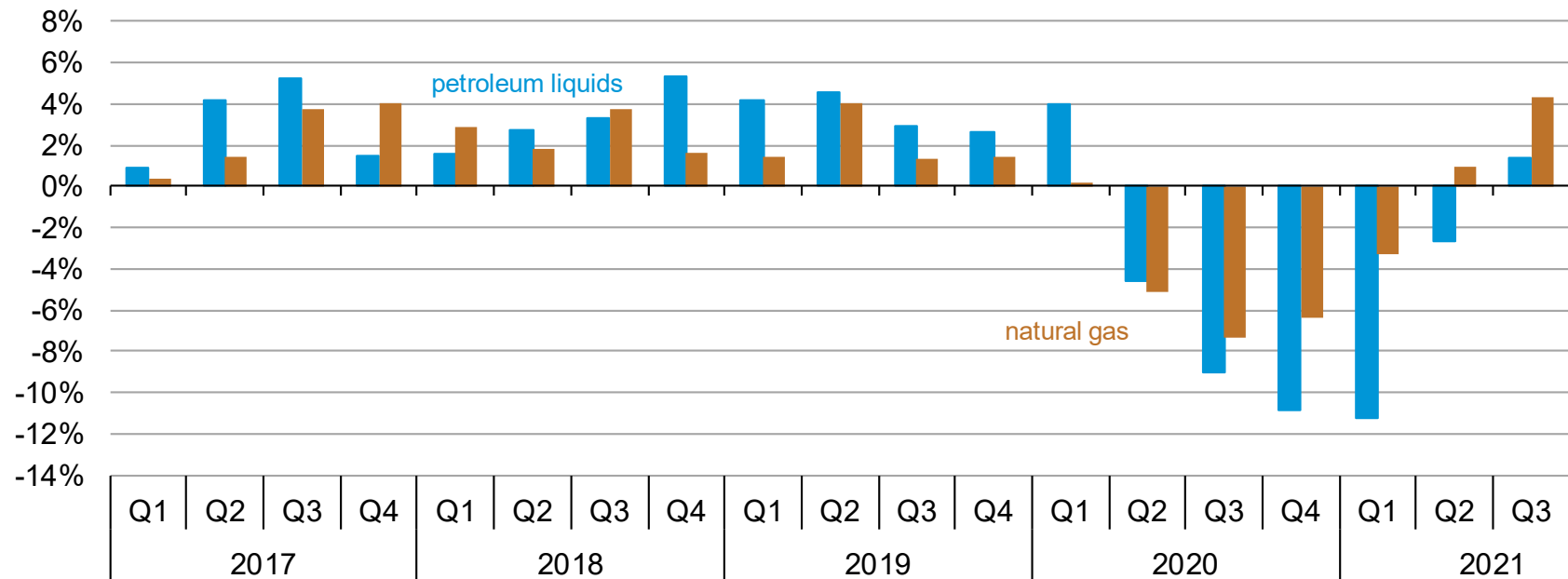


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Petroleum liquids and natural gas production increased from third-quarter 2020 to third-quarter 2021

petroleum liquids and natural gas production, 2017–21

year-over-year change



Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

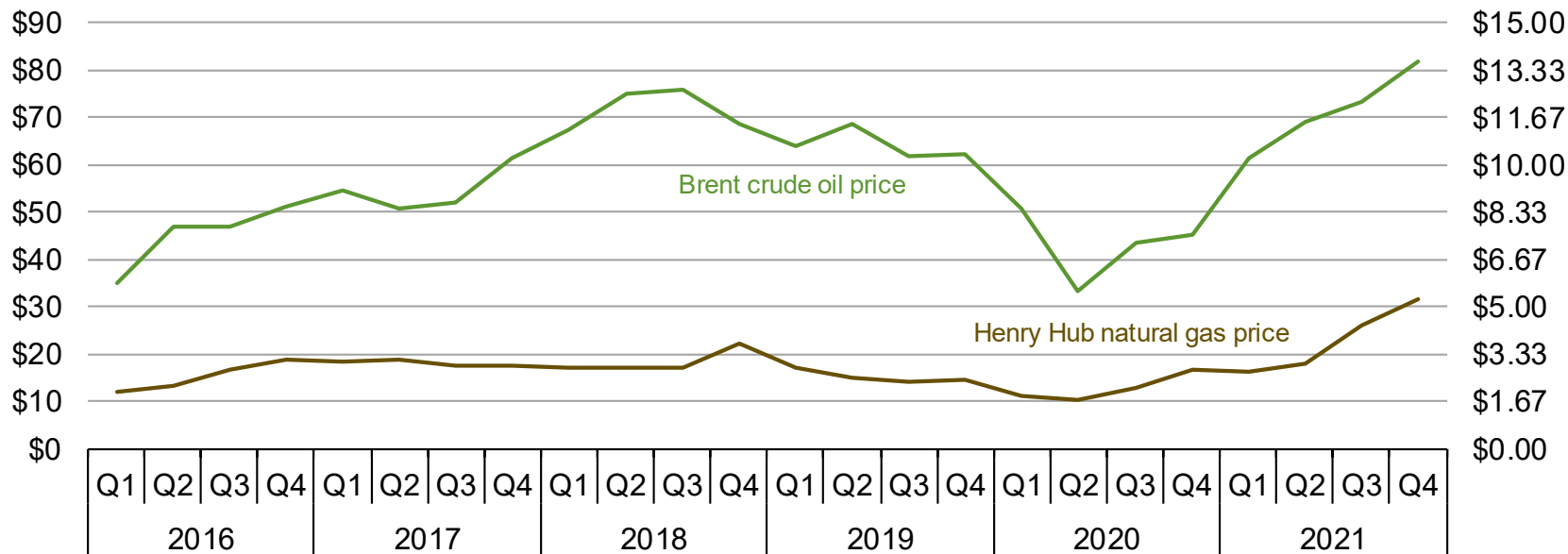
Third-quarter 2021 crude oil prices were 69% higher than third-quarter 2020, and natural gas prices more than doubled during the same period

Brent crude oil front-month futures prices, 2016–21

dollars per barrel (b)

Henry Hub natural gas front-month futures prices, 2016–21

dollars per million British thermal units

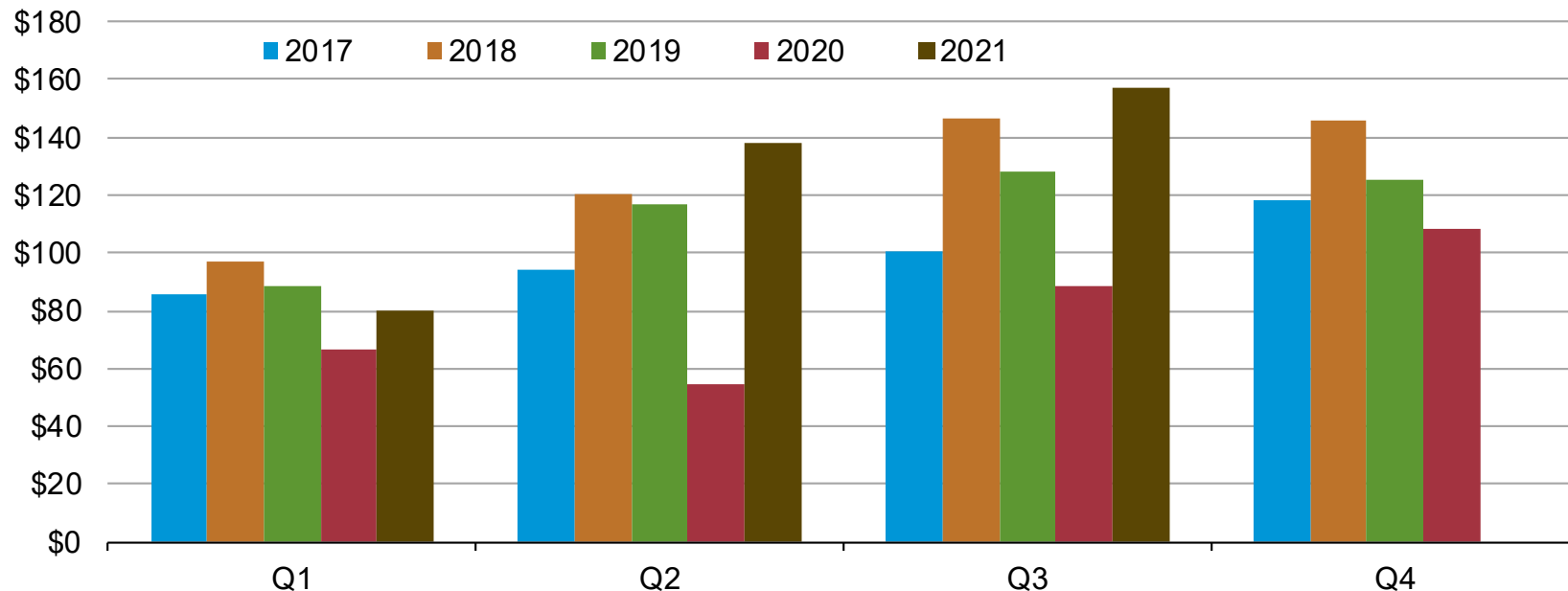


Source: Graph by the U.S. Energy Information Administration, based on Bloomberg

Cash from operations in third-quarter 2021 totaled \$157 billion, the most for any quarter in the 2017–21 period

cash from operations, 2017–21

billion dollars

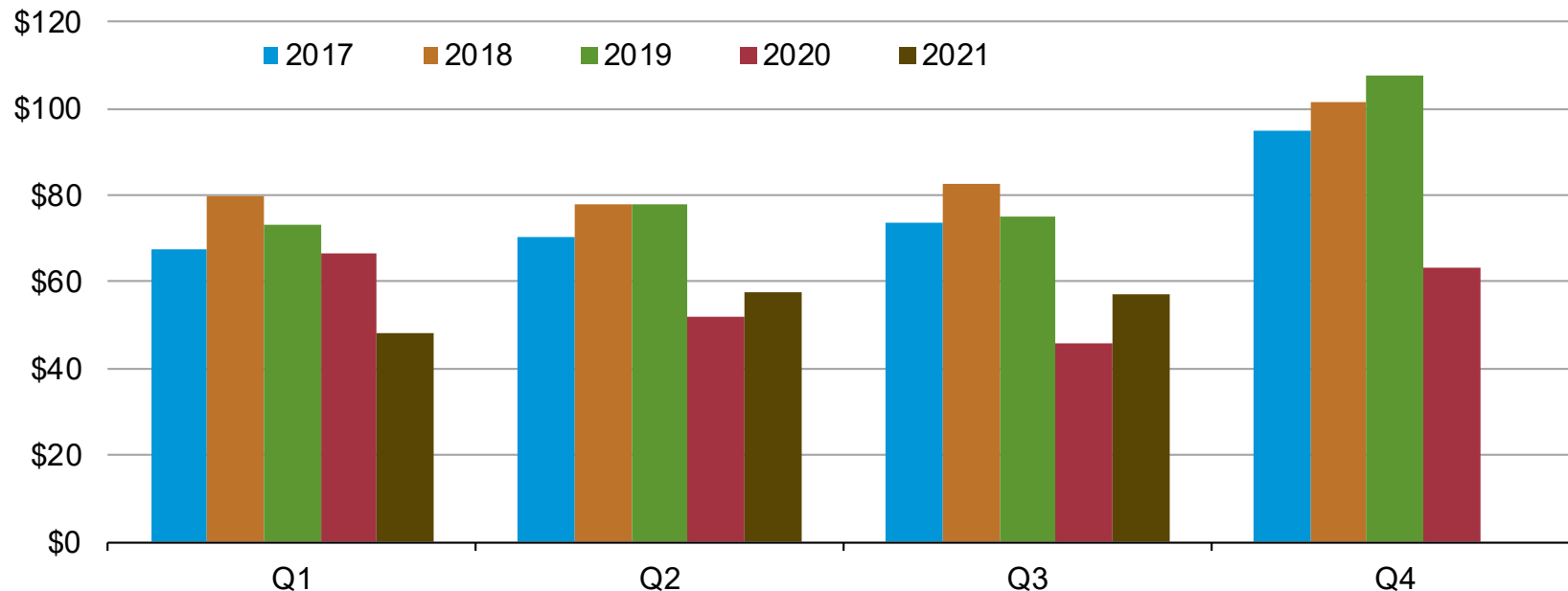


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Capital expenditure in third-quarter 2021 totaled \$57 billion, 25% higher than in third-quarter 2020

capital expenditure, 2017–21

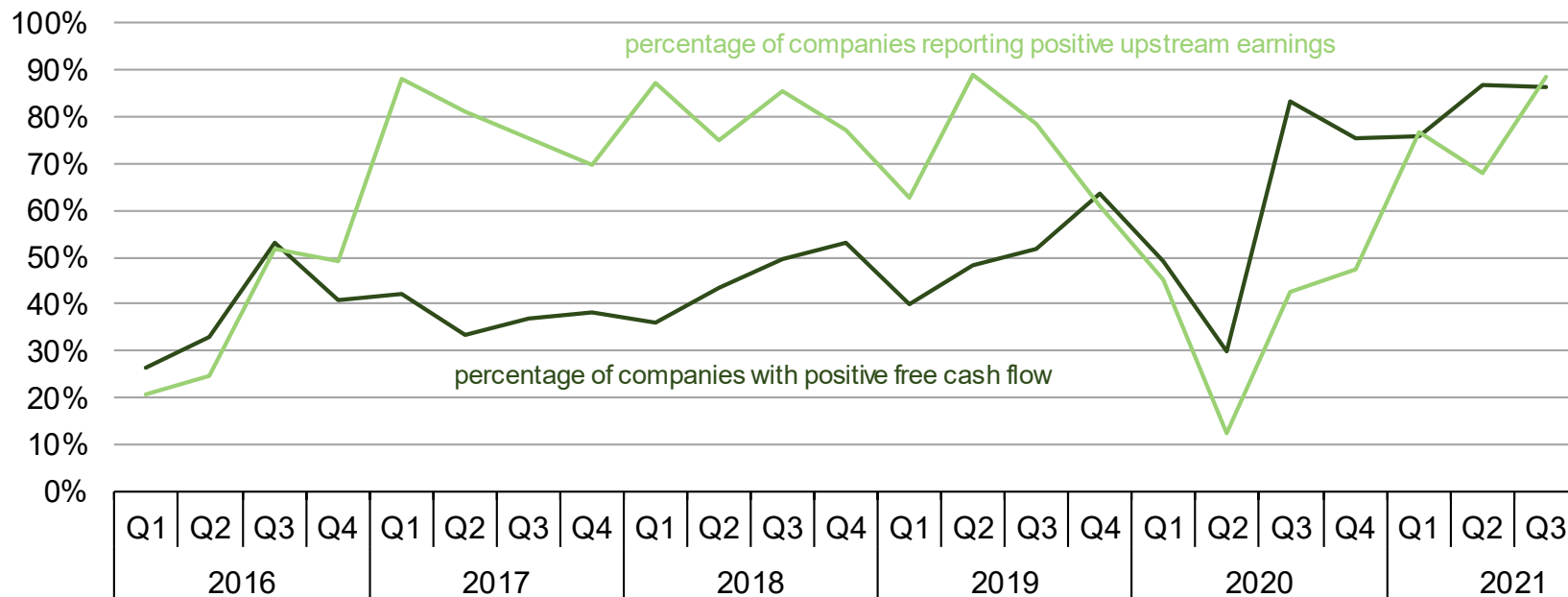
billion dollars



Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

About 86% of companies had positive free cash flow, and 89% of companies reported positive upstream earnings in third-quarter 2021

percentage of companies free cash flow positive and percentage with positive upstream earnings, 2016–21



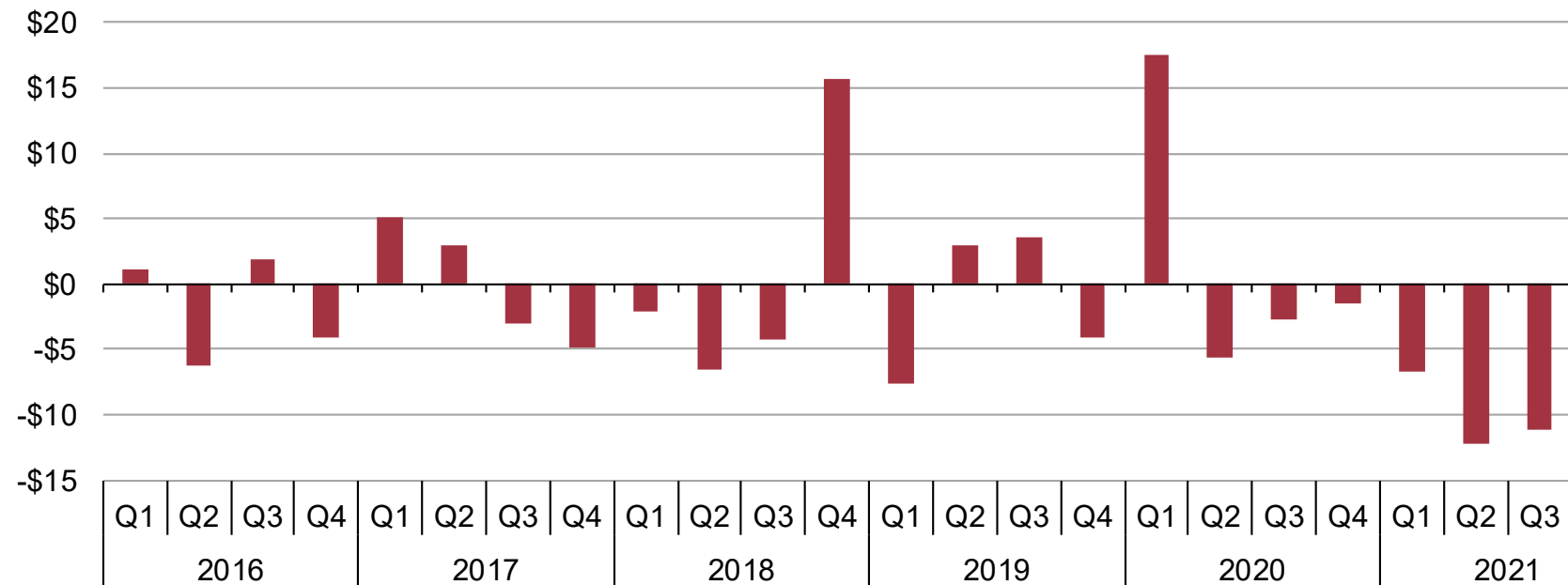
Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Note: free cash flow = cash from operations minus capital expenditures

Net losses from hedging derivatives were \$11 billion in third-quarter 2021, totaling almost \$30 billion in the first three quarters of 2021

net gain or loss from hedging derivatives, 2016–21

billion dollars



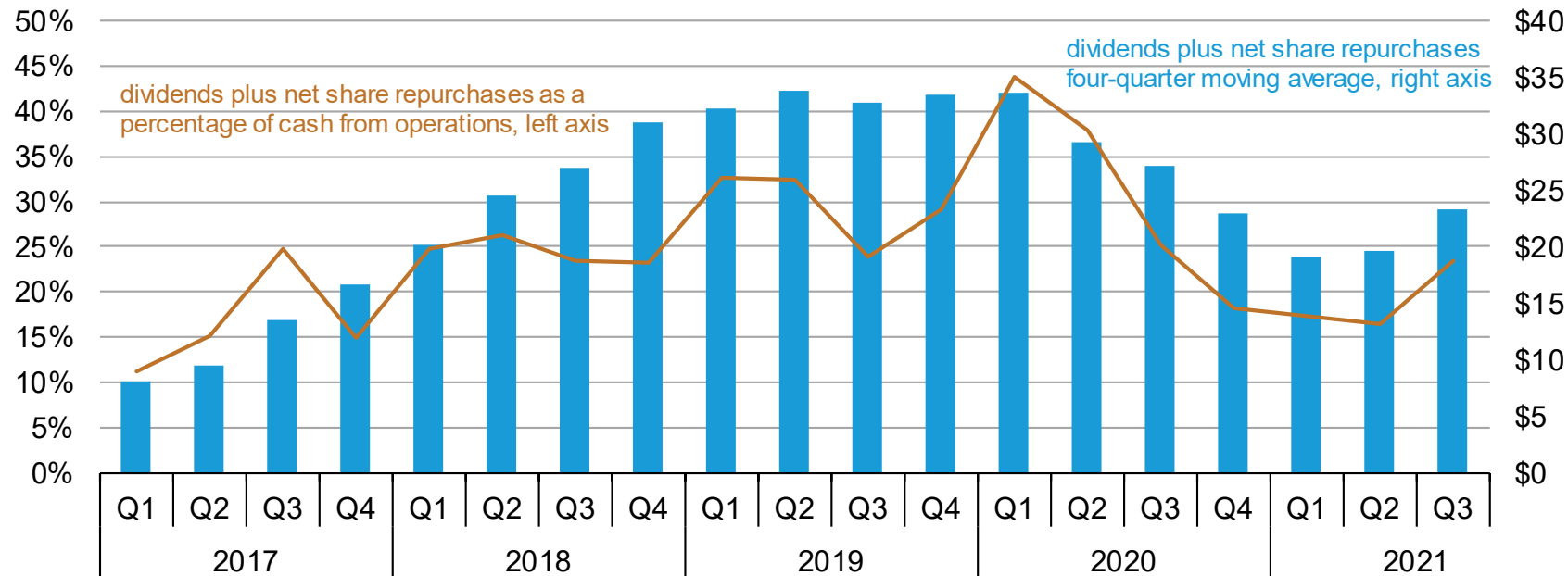
Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Distributions to shareholders via dividends and share repurchases amounted to 24% of cash from operations

dividends and net share repurchases four-quarter moving average, 2016–21

percentage of cash from operations

billion dollars



Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

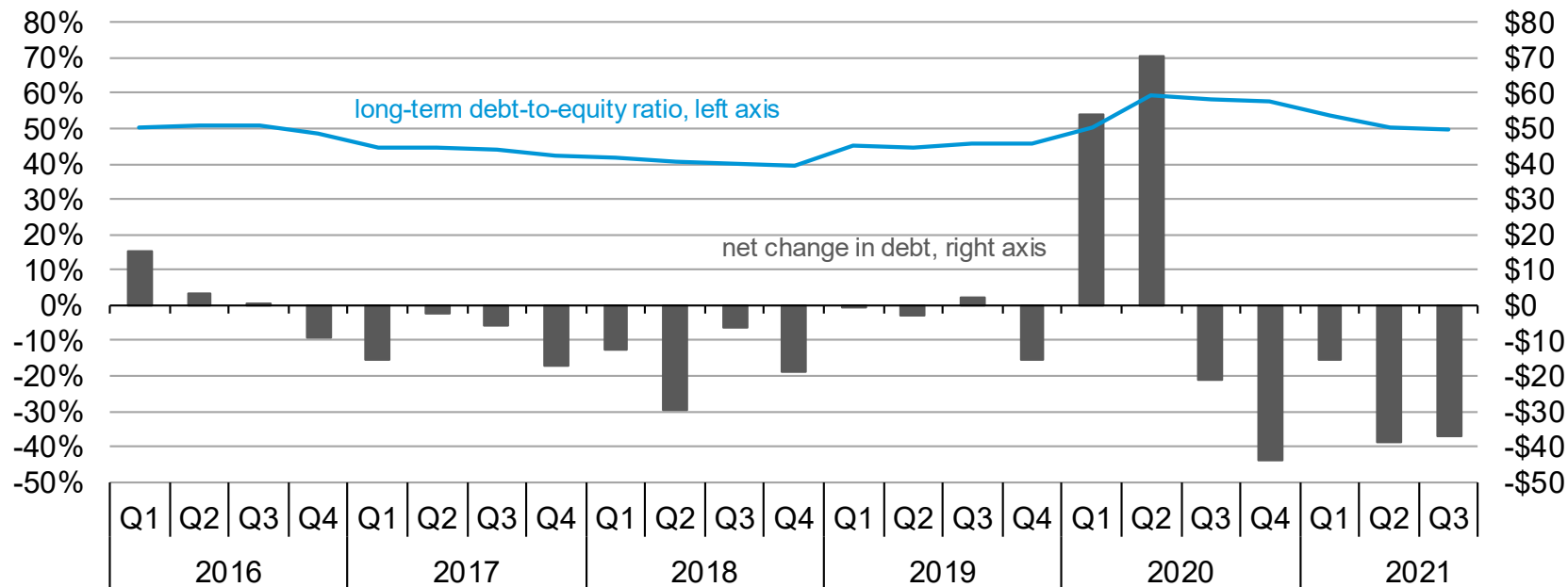
The companies decreased debt by \$37 billion in third-quarter 2021, and the long-term debt-to-equity ratio remained at 50%

long-term debt-to-equity ratio, 2016–21

percentage

net change in debt, 2016–21

billion dollars

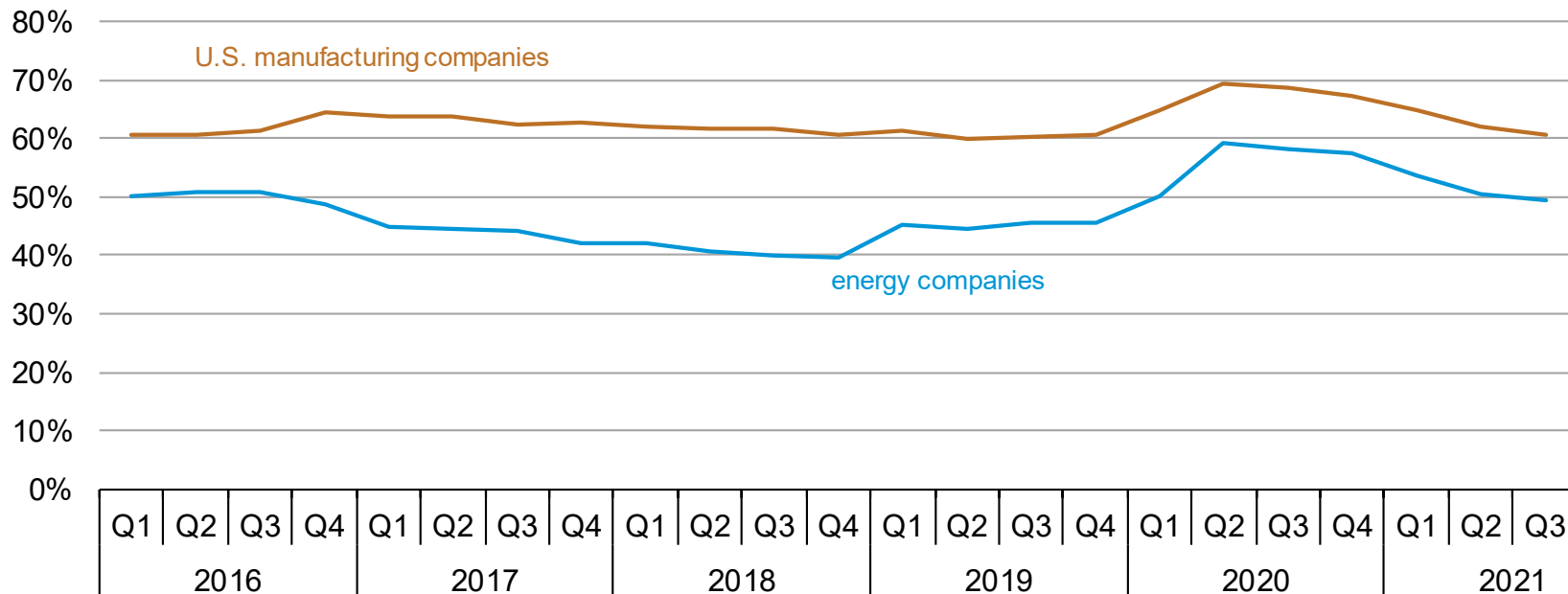


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

In third-quarter 2021, the long-term debt-to-equity ratio was 50% for energy companies and 61% for U.S. manufacturing companies

long-term debt-to-equity ratio, 2016–21

percentage

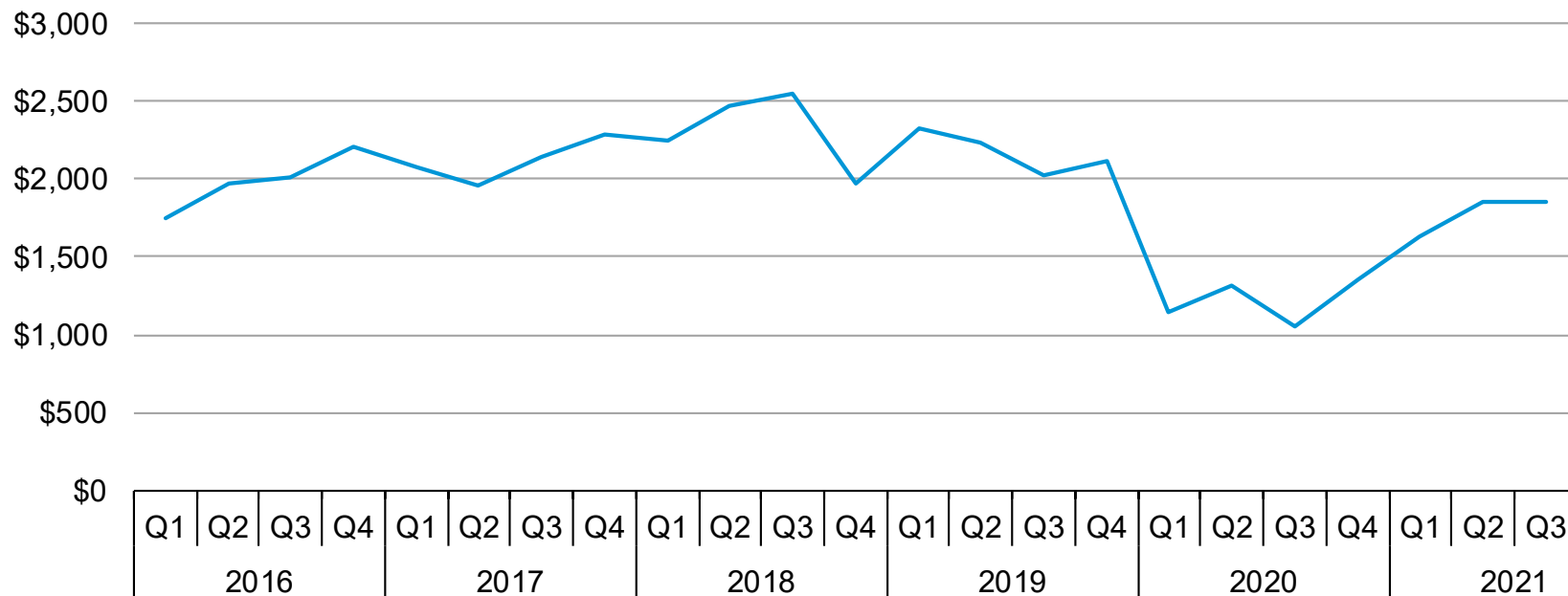


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements and U.S. Census Bureau

The energy companies' combined market capitalization in third-quarter 2021 remained the same as in second-quarter 2021

combined market capitalization, 2016–21

billion dollars

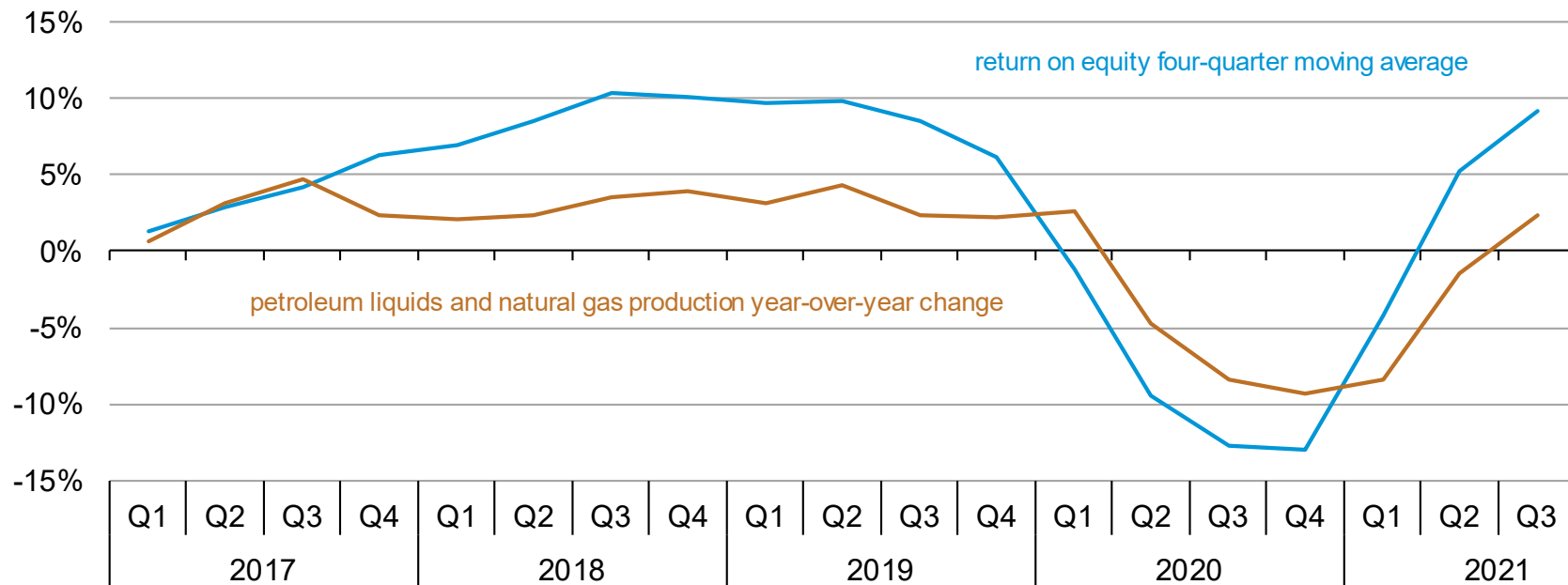


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

The energy companies' return on equity was 9% in third-quarter 2021

return on equity and production, 2017–21

percentage

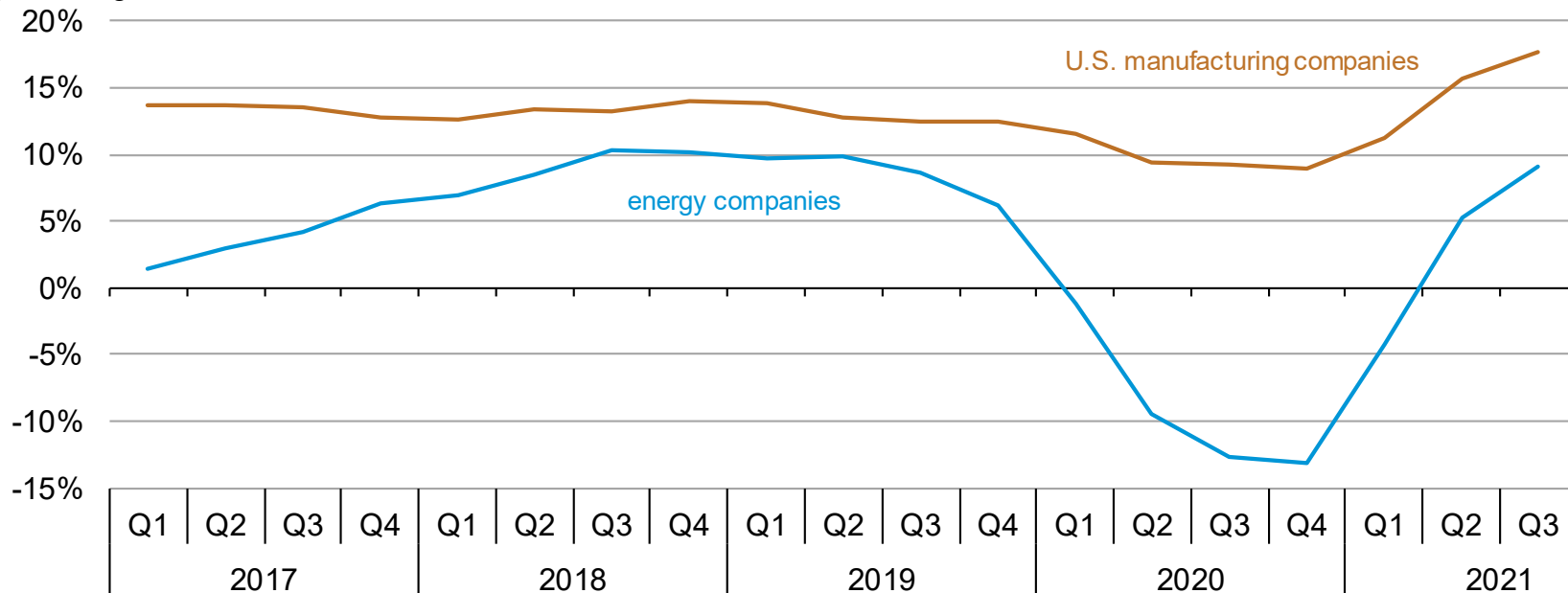


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

The return on equity for energy companies remained lower than U.S. manufacturing company returns

return on equity four-quarter moving average, 2017–21

percentage

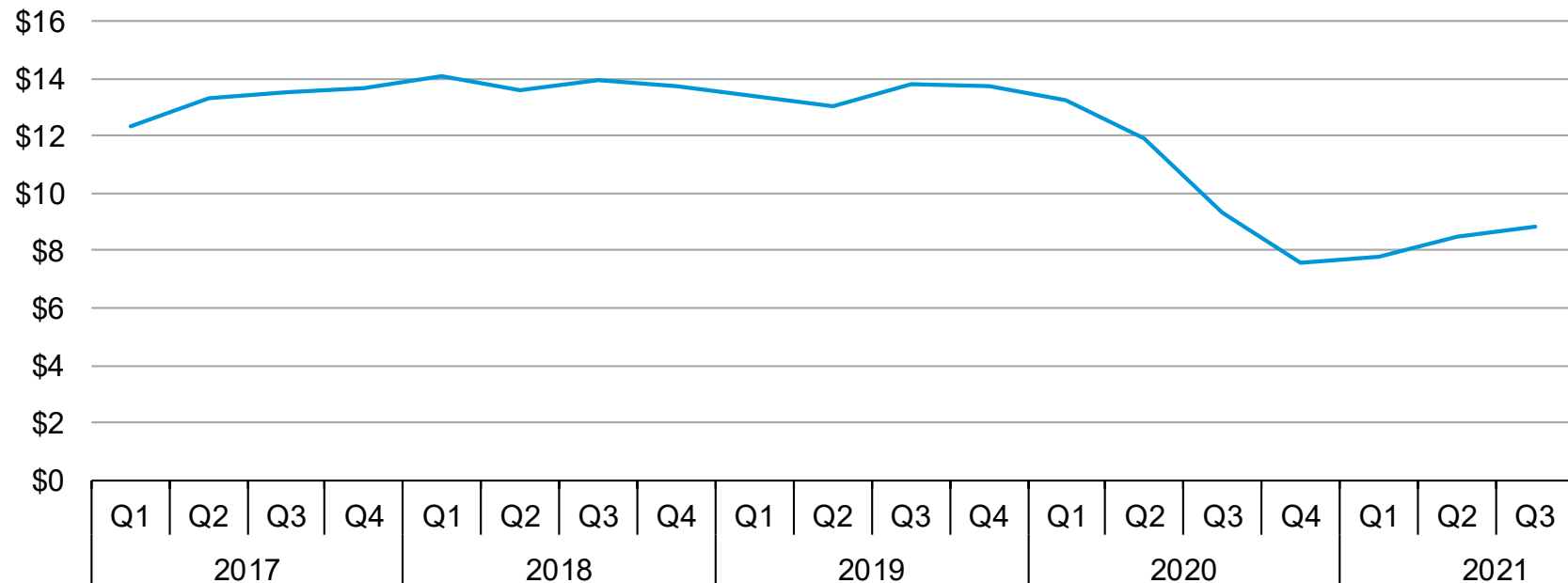


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements and U.S. Census Bureau

Upstream capital expenditures on a per-barrel basis averaged \$9/BOE in third-quarter 2021

upstream capital expenditure per BOE produced, 2017–21

dollars per BOE, four-quarter moving average



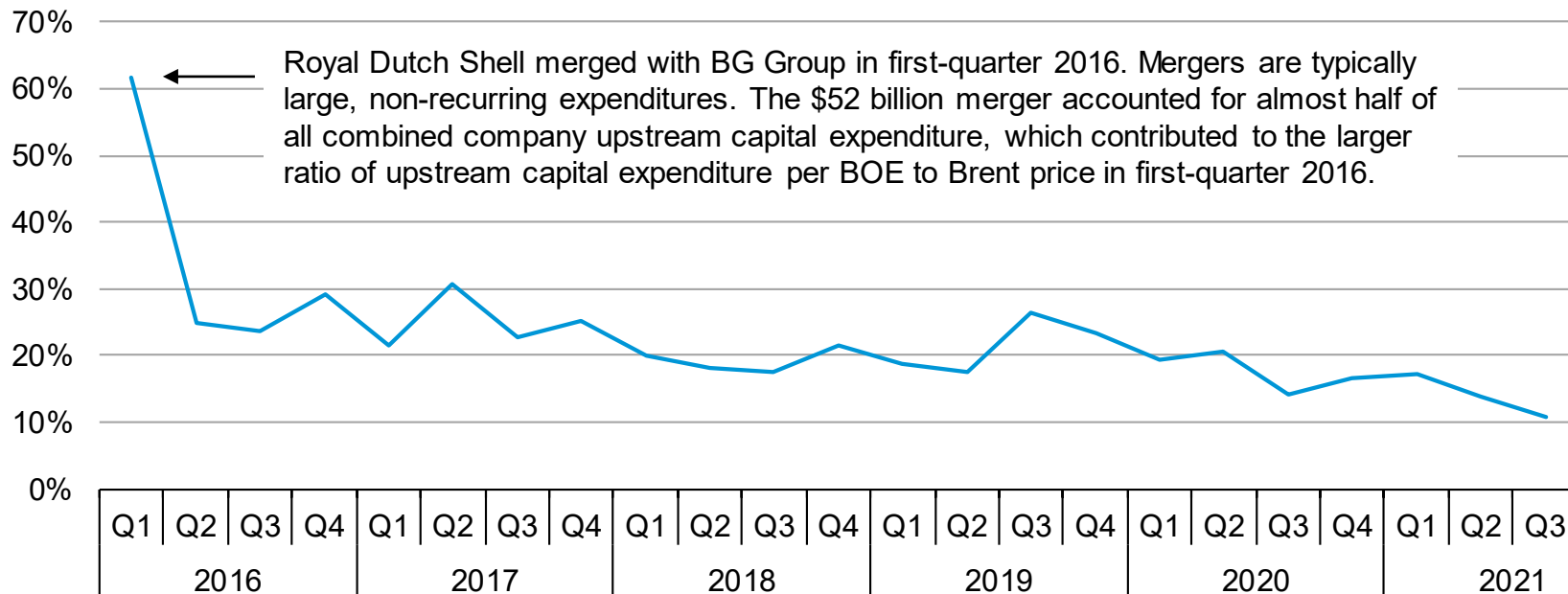
Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Note: BOE = barrel of oil equivalent

Upstream capital expenditures per barrel of oil equivalent were 11% of crude oil prices in third-quarter 2021

ratio of upstream capital expenditure per BOE to Brent price, 2016–21

percentage



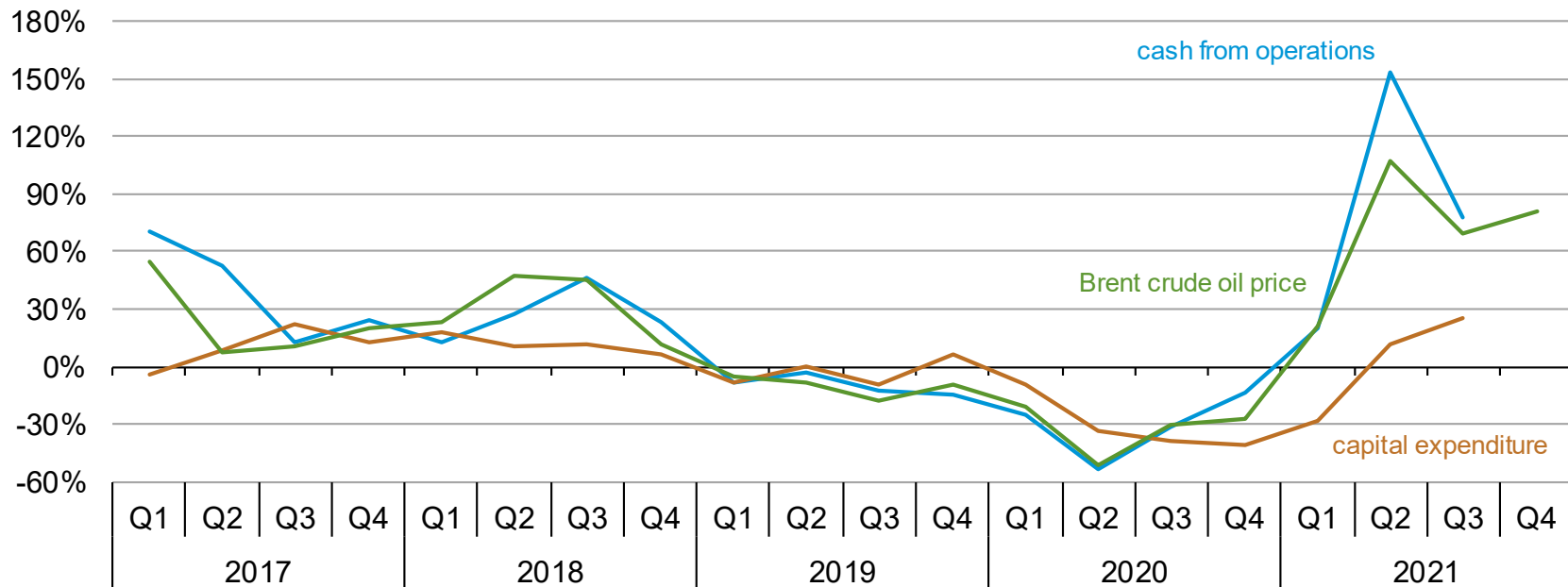
Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Note: BOE = barrel of oil equivalent

Crude oil prices increased year over year through 2021, indicating increases in cash from operations and capital expenditure

cash flow items and Brent prices, 2016–21

year-over-year change



Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements and Bloomberg

Appendix: List of companies

Abraxas Petroleum Corporation	Centennial Resource Development, Inc.	EP Energy Corporation	Kosmos Energy Ltd	Occidental Petroleum Corporation	Rosneft	Vaalco Energy Inc
Aker BP ASA	Chesapeake Energy Corp.	Equinor ASA	Laredo Petroleum Inc.	OMV Group	Royal Dutch Shell	Vermilion Energy Inc.
Amplify Energy Corp.	Chevron Corporation	Erin Energy Corporation	Legacy Reserves Inc.	Ovintiv Inc.	Royale Energy Inc.	W & T Offshore
Anadarko Petroleum Corp.	Cimarex Energy Co.	Extraction Oil & Gas, Inc.	Lilis Energy Inc.	Paramount Resources Ltd.	RSP Permian Inc	Whitecap Resources Inc.
Antero Resources Corporation	Civitas Resources, Inc.	ExxonMobil	Linn Energy	Parex Resources Inc.	Sabine Oil & Gas Corporation	Whiting Petroleum Corporation
APA Corporation	Clayton Williams Energy, Inc.	FieldPoint Petroleum Corporation	Lonestar Resources US, Inc.	Parsley Energy Inc.	SandRidge Energy, Inc.	WPX Energy, Inc.
Approach Resources Inc	Concho Resources Inc	Frontera Energy Corporation	Lukoil PJSC	PDC Energy, Inc.	Seven Generations Energy Ltd.	YPF Sociedad Anonima
ARC Resources Ltd.	ConocoPhillips	Galp Energia	Lundin Energy AB	PEDEVCO Corp.	Sinopec	Yuma Energy, Inc.
Bankers Petroleum Ltd	Contango Oil and Gas Company	Gastar Exploration Inc.	Magnolia Oil & Gas Corporation	Pengrowth Energy Corporation	SM Energy Company	Yuma Energy, Inc. (Pre Davis)
Battalion Oil Corporation	Continental Resources, Inc.	Gazprom Neft PJSC	Marathon Oil Corp.	Petrobras (IFRS US\$ Current)	Southwestern Energy Co.	
Baytex Energy Corp.	Coterra Energy Inc.	GeoPark Limited	Matador Resources Company	PetroChina	SRC Energy Inc	
Berry Corporation	Crescent Point Energy Corp	Gran Tierra Energy Inc.	Maverick Natural Resources, LLC	PetroQuest Energy, Inc	Stone Energy Corporation	
Black Stone Minerals LP	Denbury Inc.	Grizzly Energy LLC	Mesquite Energy, Inc.	PHX Minerals Inc.	Suncor Energy Inc.	
BP Plc.	Devon Energy Corporation	Harvest Natural Resources Inc.	Mid-Con Energy Partners, LP	Pioneer Natural Resources Company	Talos Energy Inc.	
Brazos Valley Longhorn, L.L.C.	Diamondback Energy Inc.	Hess Corporation	Midstates Petroleum Company, Inc.	QEP Resources Inc	Tatneft	
California Resources Corporation	Earthstone Energy Inc.	HighPoint Resources Corporation	Murphy Oil Corporation	Range Resources Corporation	TotalEnergies SE	
Callon Petroleum	Ecopetrol	Houston American Energy Corp	Newfield Exploration Company	Ranger Oil Corporation	TransAtlantic Petroleum Ltd.	
Camber Energy, Inc.	Enogen Corp	Husky Energy Inc.	Noble Energy Inc.	Repsol	TransGlobe Energy Corporation	
Canadian Natural Resources Limited	Enplus Corporation	International Petroleum Corporation	Northern Oil & Gas, Inc	Resolute Energy Corporation	T-Rex Oil, Inc.	
Carrizo Oil & Gas, Inc	ENI	Jagged Peak Energy Inc.	Oasis Petroleum Inc.	Ring Energy Inc	Triangle Petroleum Corporation	
Cenovus Energy Inc.	EOG Resources	Jones Energy, Inc.	Obsidian Energy Ltd.	Rosehill Operating Company, LLC	Unit Corporation	

Source: U.S. Energy Information Administration, Evaluate Energy

Note: Some companies merged, closed, or delisted before third-quarter 2021. A total of 87 companies existed in third-quarter 2021.

Background

- This analysis focuses on the financial and operating trends of 87 global oil and natural gas companies (called the *energy companies*).
- The data come from the public financial statements each company publishes, which a data service (Evaluate Energy) aggregates for ease of data analysis.
- We kept an energy company's data in the analysis if it was acquired by another company in the group after first-quarter 2016.
- We collected U.S. manufacturing industry data from the U.S. Census Bureau's *Quarterly Financial Report*.

Brief description of terms

- *Cash from operations* is a measure of income from the company's regular business activities.
- *Investing activities* include capital expenditure net of asset sales. *Capital expenditure* represents cash used to purchase property, plant, and equipment.
- *Financing activities* measure inflows and outflows in debt or equity markets, including dividends, share issuances or repurchases, and debt issuances or repayments.
- *Return on equity* is a measure of the profit a company earns on money that shareholders have invested.
- *Market capitalization* is the total value of all of a company's outstanding, publicly traded shares.

Brief description of terms

- *Net income* represents profits after taxes and depreciation.
- *Asset impairments* occur when a company lowers the estimated value of a property to reflect current market value, which may result from the loss of production potential or a decline in oil prices.
- *Upstream activities* refers to crude oil exploration, production, and other operations that occur before refining.
- *Downstream activities* refers to refinery operations, product sales, and marketing at the wholesale and retail levels.