Financial Review of the Global Oil and Natural Gas Industry: Second-Quarter 2022

Petroleum and Liquid Fuels Markets Team

September 2022
Key findings for second-quarter 2022 (2Q22)

• Brent crude oil daily average prices were 62% higher in 2Q22 than in 2Q21 and averaged $112 per barrel. Henry Hub daily average prices were 152% higher over the same period and averaged $7.50 per million British thermal units.

• For these 143 energy companies, combined petroleum liquids production decreased 3.6% in 2Q22 from 2Q21, with divestment from assets in Russia contributing to lower production. Natural gas production increased 4.8% during the same period.

• Cash from operations in 2Q22 totaled $203 billion, the highest in the 2017–22 period.

• The return on equity for the energy companies increased to 22% on a four-quarter average basis ending in 2Q22, surpassed U.S. manufacturing companies’ returns for the first time in the 2017–22 period.

Note: The 143 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 22.
Most company headquarters included in our study were located in the United States

**Geographic distribution of global oil and natural gas company headquarters, second-quarter 2022**

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Companies</th>
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<tbody>
<tr>
<td>United States</td>
<td>62</td>
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<tr>
<td>Canada</td>
<td>50</td>
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<td>Europe</td>
<td>19</td>
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<td>Other</td>
<td>12</td>
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Data source: Evaluate Energy

Note: Other includes Argentina, Brazil, Chile, China, Colombia, Malaysia, Pakistan, Thailand, and Nigeria.
About 60% of the companies we included produced less than 50,000 barrels per day in second-quarter 2022.

**Distribution of companies by volume of petroleum liquids produced, second-quarter 2022**

Number of companies:

- Less than 50: 84
- 50–99: 16
- 100–499: 25
- 500–999: 10
- 1,000 or greater: 8

Data source: Evaluate Energy
Petroleum liquid production of 27.6 million barrels per day in second-quarter 2022 was the lowest level for these companies since 2017.

**petroleum liquids and natural gas production, 2017–22**

Million barrels of oil equivalent per day

![Graph showing petroleum liquids and natural gas production from 2017 to 2022.](image)

Data source: Evaluate Energy
In second-quarter 2022, global petroleum liquids production decreased 3.6% and natural gas production increased 4.8% year-over-year.

Data source: Evaluate Energy
Oil production declines were driven by larger producers divesting from assets in Russia starting in the first quarter of 2022.
Second-quarter 2022 crude oil prices were 62% higher than in second-quarter 2021, and natural gas prices were 152% higher over the same period.

Brent crude oil front-month futures prices, 2017–22

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<td>Price</td>
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Henry Hub natural gas front-month futures prices, 2017–22

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Data source: Bloomberg L.P.
Cash from operations in second-quarter 2022 totaled $203 billion, 55% higher than in second-quarter 2021.

Data source: Evaluate Energy
Capital expenditure in second-quarter 2022 totaled $59 billion, 8% higher than in second-quarter 2021.

Data source: Evaluate Energy
About 88% of companies had positive free cash flow, and 95% of companies reported positive upstream earnings in second-quarter 2022.

Data source: Evaluate Energy
Note: free cash flow = cash from operations minus capital expenditures.
Net losses from hedging derivatives were $9 billion in second-quarter 2022

**Net gain or loss from hedging derivatives, 2017–22**

|       | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
|-------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 2017  | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2018  | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2019  | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2020  | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2021  | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2022  | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |

Data source: Evaluate Energy

Note: Includes realized and unrealized gain or loss.
Distributions to shareholders via dividends and share repurchases reached $45 billion, the highest four-quarter average in the 2017–22 period.

Data source: Evaluate Energy
The companies decreased debt by $33 billion in second-quarter 2022, and the long-term debt-to-equity ratio decreased to 40%.

Data source: Evaluate Energy
In second-quarter 2022, the long-term debt-to-equity ratio was 40% for energy companies and 53% for U.S. manufacturing companies.

Data source: Evaluate Energy and U.S. Census Bureau
The energy companies’ combined market capitalization in second-quarter 2022 decreased 7% from first-quarter 2022

combined market capitalization, 2017–22
billion dollars

Data source: Evaluate Energy
The energy companies’ return on equity was 22% in second-quarter 2022, the highest level in the 2017–22 period.

Data source: Evaluate Energy
The return on equity for the energy companies surpassed U.S. manufacturing companies’ returns in second-quarter 2022

Data source: Evaluate Energy and U.S. Census Bureau
Upstream capital expenditures on a per-barrel basis averaged $11/BOE in second-quarter 2022

Data source: Evaluate Energy

Note: BOE = barrel of oil equivalent
Upstream capital expenditures per barrel of oil equivalent were 11% of crude oil prices in second-quarter 2022.

ratio of upstream capital expenditure per BOE to Brent price, 2017–22

percentage

Data source: Evaluate Energy

Note: BOE = barrel of oil equivalent
Crude oil prices increased year over year through third-quarter 2022, indicating increases in cash from operations and capital expenditure.

**Cash flow items and Brent prices, 2017–22**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tbody>
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<td>2017</td>
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<td>2021</td>
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<tr>
<td>2022</td>
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</tr>
</tbody>
</table>

**Year-over-year change**

- Cash from operations
- Brent crude oil price
- Capital expenditure

Data source: Evaluate Energy and Bloomberg L.P.
Appendix: List of companies

Abraax Petroleum Corporation
Advantage Energy Ltd.
Aker BP ASA
Amplify Energy Corp.
Anadarko Petroleum Corp.
Antero Resources Corporation
APA Corporation
Approach Resources Inc.
ARC Resources Ltd.
Athabasca Oil Corporation
Australia Oil & Gas Limited
Bankers Petroleum Ltd.
Barnwell Industries Inc.
Baton Rouge Oil Corporation
Baytex Energy Corp.
Berry Corporation
Birch Oil Ltd.
Black Stone Minerals LP
Bonterra Energy Corp.
BP Plc.
Brazos Valley Longhorn, L.L.C.
California Resources Corporation
Callon Petroleum
Camber Energy, Inc.
Canacol Energy Ltd.
Canadian Natural Resources Limited
Canadian Overseas Petroleum Limited
Cardinal Energy Ltd.
Carizzo Oil & Gas, Inc
Centenario Inc.
Cheyenne Energy Corp.
Chesapeake Energy Corp.
Chevron Corporation
Chord Energy Corporation
Cimarex Energy Co.
Citas Resources, Inc.
Clayton Williams Energy, Inc.
CNX Resources Corporation
Comstock Resources, Inc.
Concho Resources Inc.
ConocoPhillips
Contango Oil and Gas Company
Continental Resources, Inc.
Coterra Energy Inc.
Crescent Energy Company
Crescent Point Energy Corp.
Crew Energy Inc.
Denbury Inc.
Devon Energy Corporation
Diamondback Energy Inc.
DNO ASA
Domino Energia S.A.
Earthstone Energy Inc.
Ecopetrol S.A.
Enausta Participaciones SA
Enercon Corp
Enerplus Corporation
ENN S.P.A.
EOG Resources, Inc.
EP Energy Corporation
Epsilon Energy Ltd.
EQT Corporation
Equinor ASA
Erin Energy Corporation
Evolution Petroleum Corporation
Extraction Oil & Gas, Inc.
ExxonMobil
FieldPoint Petroleum Corporation
Forza Petroleum Limited
Frontier Energy Corporation
Gaap Energy
Gazstar Exploration Inc.
Gear Energy Ltd.
GeoPark Limited
Gran Tierra Energy Inc.
Grizzly Energy LLC
GuarEnergy Corporation
Hewett Natural Resources Inc.
Hess Corporation
Hibiscus Petroleum Berhad
HighPoint Resources Corporation
Houston American Energy Corp.
Hasky Energy Inc.
INA Group
IntPlay Oil Corp.
International Petroleum Corporation
Jagged Peak Energy Inc.
Jennys Energy, Inc.
Journey Energy Inc.
JX Energy Ltd.
Keel Exploration Ltd.
Kiewit Oilfield Equipment Corp.
Kolibri Global Energy Inc.
Kosmos Energy Ltd.
Laredo Petroleum Inc.
Legacy Reserves Inc.
Lilis Energy Inc.
Linn Energy
Lonestar Resources US, Inc.
Lucero Energy Corp.
Magnolia Oil & Gas Corporation
Marathon Oil Corp.
Matador Resources Company
Maverick Natural Resources, LLC
MEG Energy Corp.
Mesquite Energy, Inc.
Mid-Con Energy Partners, LP
Midstates Petroleum Company, Inc.
MOC Group
Murphy Oil Corporation
National Fuel Gas Company
Neptune Energy Group
Newfield Exploration Company
Noble Energy Inc.
Norske ASA
Northern Oil & Gas Inc.
Norstream Oil & Gas Plc
NuVista Energy Ltd.
Noble Energy Inc.
Occidental Petroleum Corporation
Oil and Gas Development Co Ltd
OMV Group
Orrin Energy AB
Ovintiv Inc.
Parex Resources Inc.
Paxus Resources Inc.
Parsley Energy Inc.
PDC Energy, Inc.
PESDEC Corp.
Pengrowth Energy Corporation
Perpetual Energy Inc.
Petrobras (IFRS US$ Current)
PetroChina
PetroleumQuest Inc.
Petrolus Resources Ltd.
Peyto Exploration & Development Corp.
PENN SA
PHX Minerals Inc.
Pine Cliff Energy Ltd.
Pioneer Natural Resources Company
Piperstone Energy Corp.
Prairie Provident Resources Inc.
PrimeEnergy Resources Corporation
PTT Exploration and Production (PTTEP)
QEP Resources Inc
Questerre Energy Corporation
Range Resources Corporation
Ranger Oil Corporation
Respoel
Resolve Energy Corporation
Riley Exploration Permian, Inc.
Ring Energy Inc.
Rosehill Operating Company, LLC
Royale Energy Inc.
RSP Permian Inc
Rubellite Energy Inc.
Sabine Oil & Gas Corporation
SandRidge Energy, Inc.
Seaplat Energy Plc
Seven Generations Energy Ltd.
Shalimar Petroleum Corp.
Shell Plc
SilverBow Resources, Inc.
Sinpec
SM Energy Company
Southwestern Energy Co.
Spartan Delta Corp.
SRA Energy Inc
Stone Energy Corporation
Suncor Energy Inc.
Surge Energy Inc.
Talis Energy Inc.
Tamarack Valley Energy Ltd.
Tethys Oil AB
Topaz Energy Corp.
TotalEnergies SE
Tourmaline Oil Corp.
TransAtlantic Petroleum Ltd.
TransGlobe Energy Corporation
T-Rex Oil, Inc.
Triumph Petroleum Corporation
U.S. Energy Corp.
Unit Corporation
Vailco Energy Inc.
Valent Energy ASA
Verisk Energy Inc.
W & T Offshore
Whitecap Resources Inc.
Whiting Petroleum Corporation
WIP Energy, Inc.
Yanarra Resources Ltd.
YPF Sociedad Anonima
Yuima Energy, Inc.
Yuma Energy, Inc.
(Cro Davis)

Data source: Evaluate Energy

Note: Some companies merged, closed, or delisted before second-quarter 2022. A total of 143 companies existed in second-quarter 2022. This analysis includes 55 companies with publicly available financial statements not previously covered by this report.

Petroleum and Liquid Fuels Markets Team | Financial Review Second-Quarter 2022
September 2022
Background

• This analysis focuses on the financial and operating trends of 143 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 2017.

• 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 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 losing production potential or declining 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.