

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)

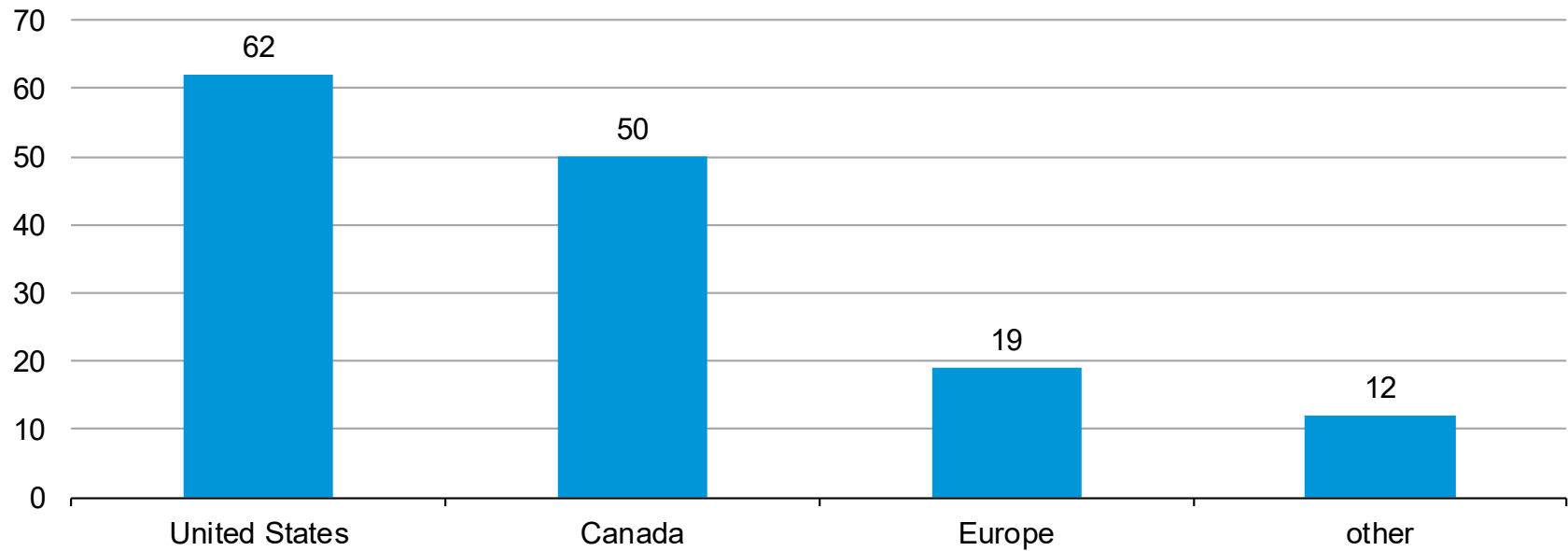
- Brent crude oil daily average prices were 62% higher in 2Q22 than in 2Q21 and averaged \$112 per barrel. Henry Hub daily average prices were 152% higher over the same period and averaged \$7.50 per million British thermal units.
- For these 143 energy companies, combined petroleum liquids production 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

number of companies



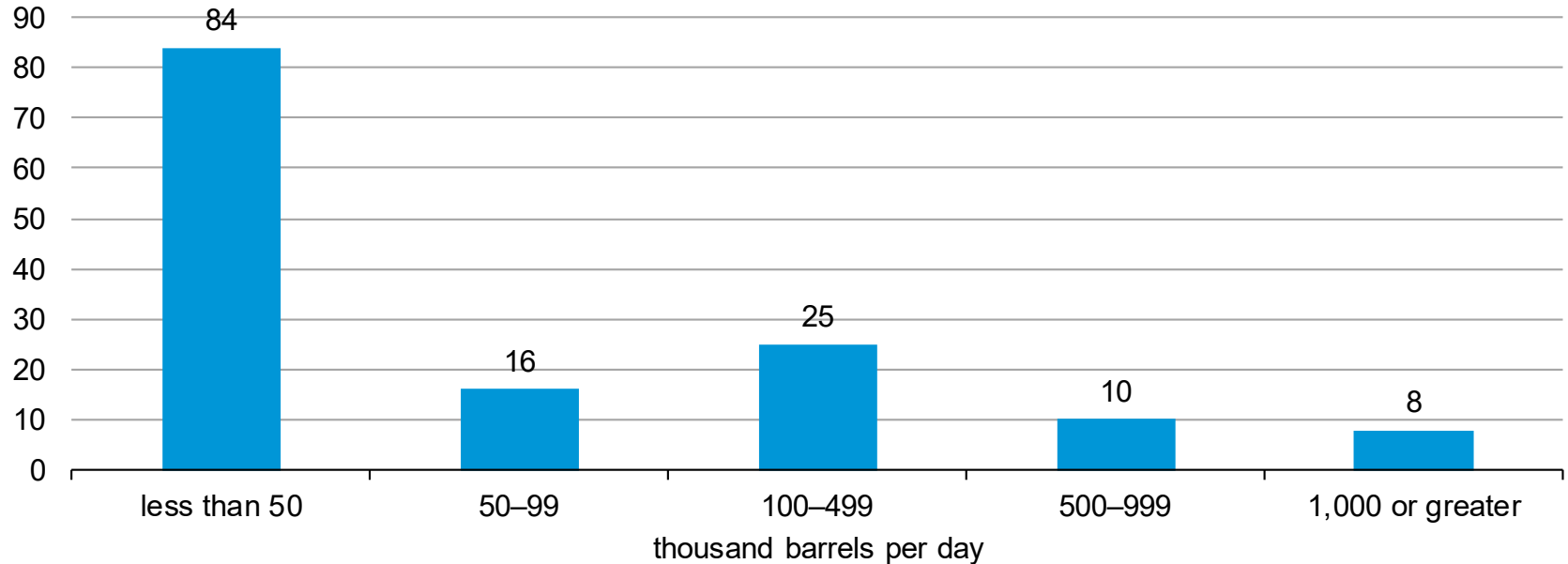
Data source: Evaluate Energy

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

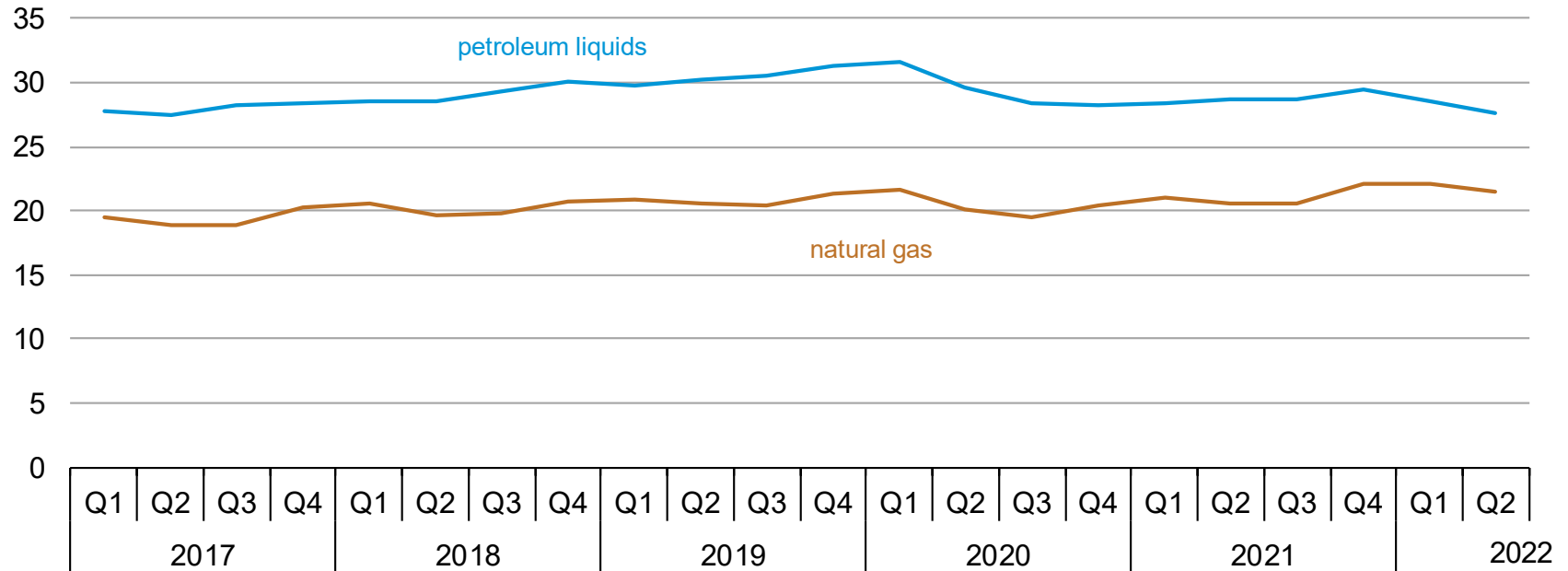


Data source: Evaluate Energy

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

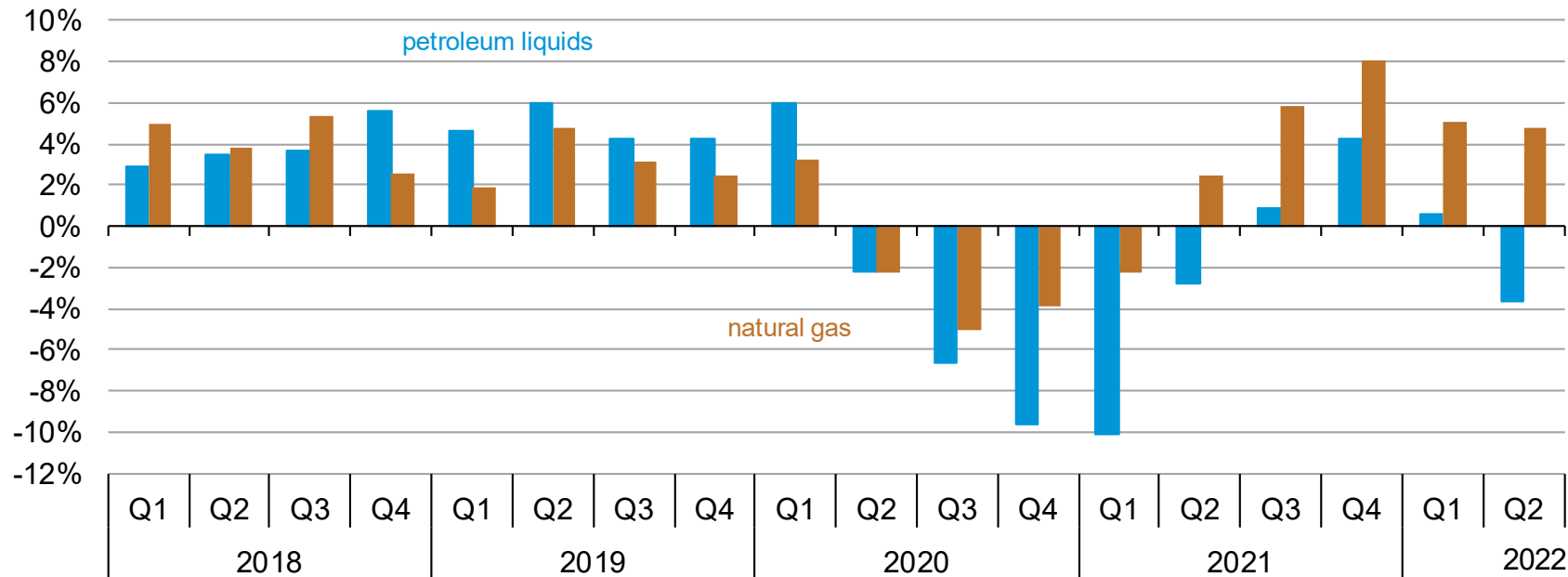


Data source: Evaluate Energy

In second-quarter 2022, global petroleum liquids production decreased 3.6% and natural gas production increased 4.8% year-over-year

petroleum liquids and natural gas production, 2018–22

year-over-year change

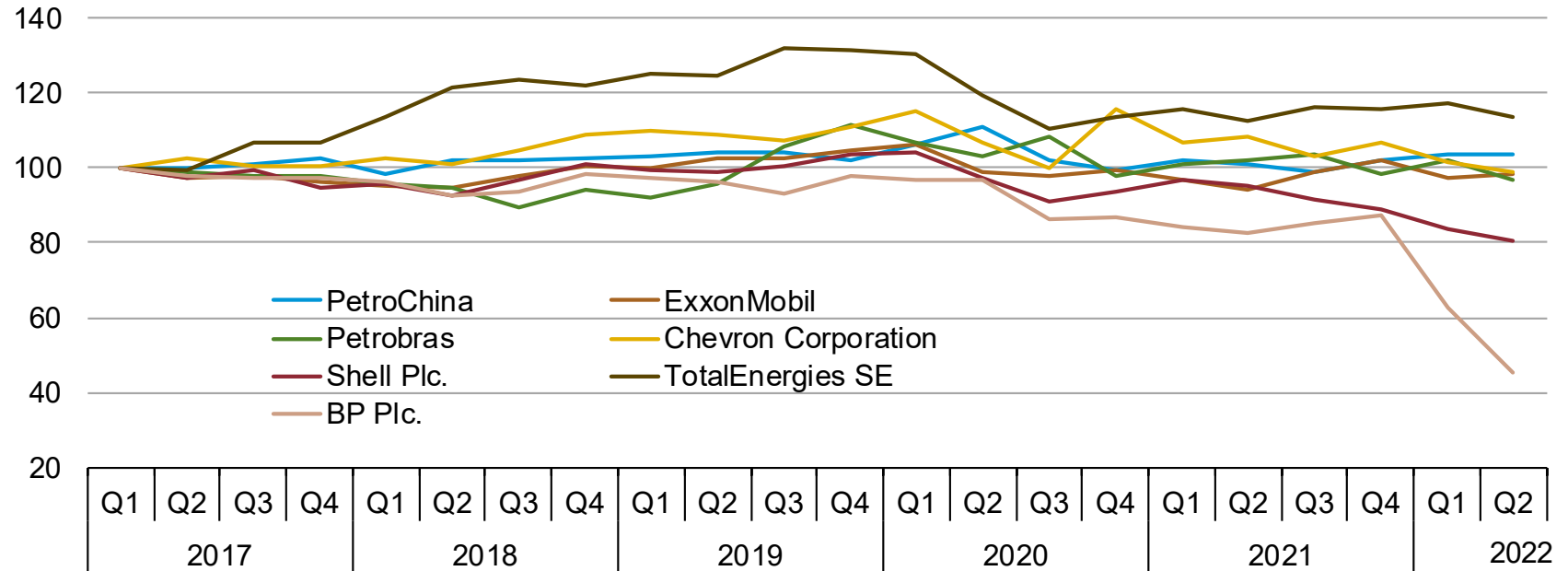


Data source: Evaluate Energy

Oil production declines were driven by larger producers divesting from assets in Russia starting in the first quarter of 2022

petroleum liquids production, 2017–22

index (2017Q1 = 100)



Data source: Evaluate Energy

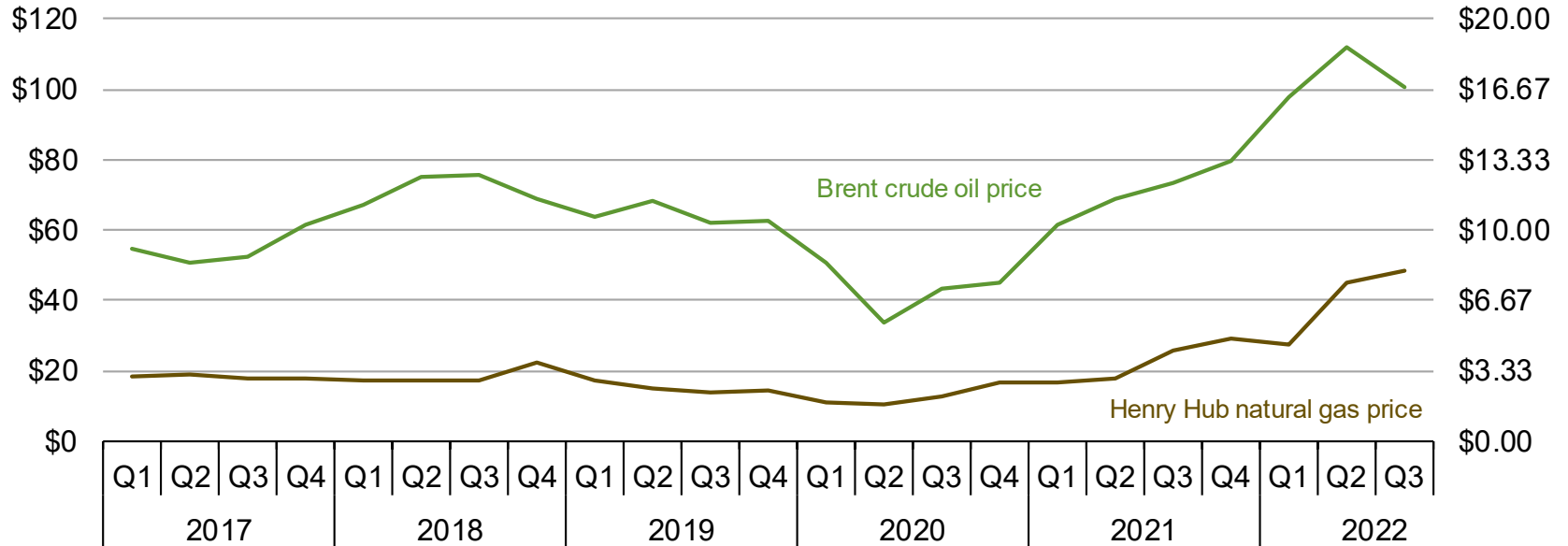
Second-quarter 2022 crude oil prices were 62% higher than in second-quarter 2021, and natural gas prices were 152% higher over the same period

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

dollars per barrel (b)

Henry Hub natural gas front-month futures prices, 2017–22

dollars per million British thermal units

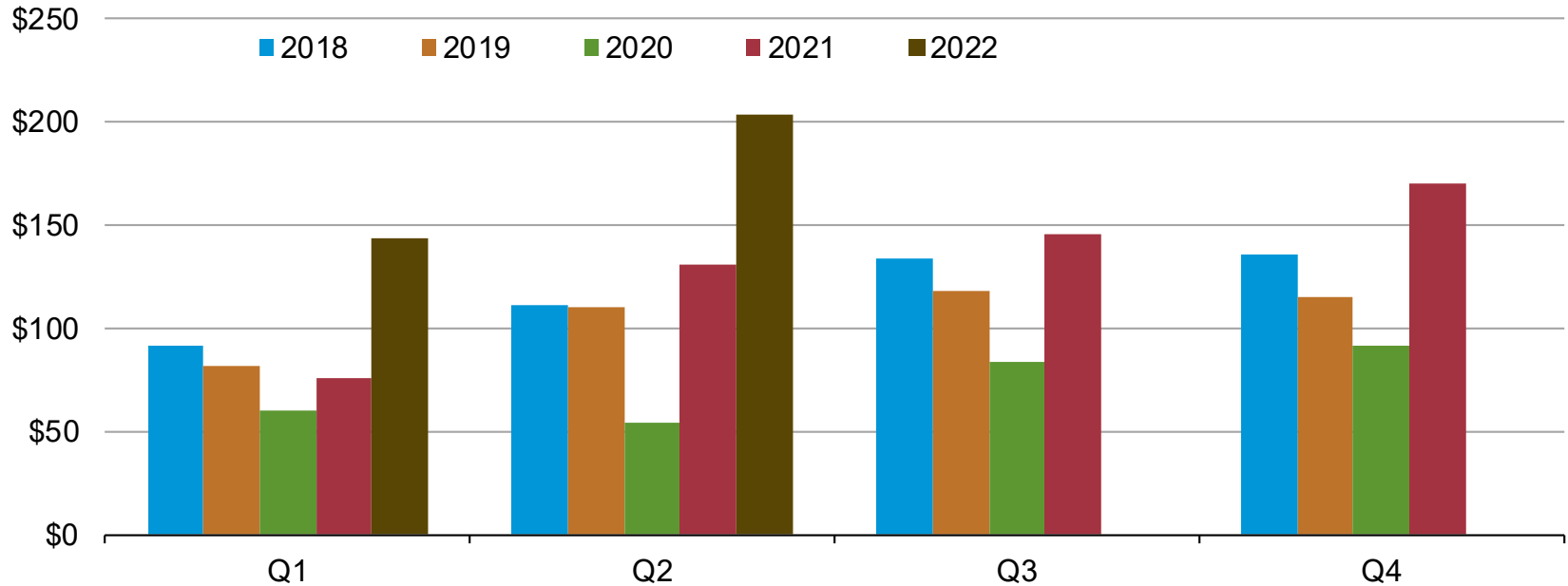


Data source: Bloomberg L.P.

Cash from operations in second-quarter 2022 totaled \$203 billion, 55% higher than in second-quarter 2021

cash from operations, 2018–22

billion dollars

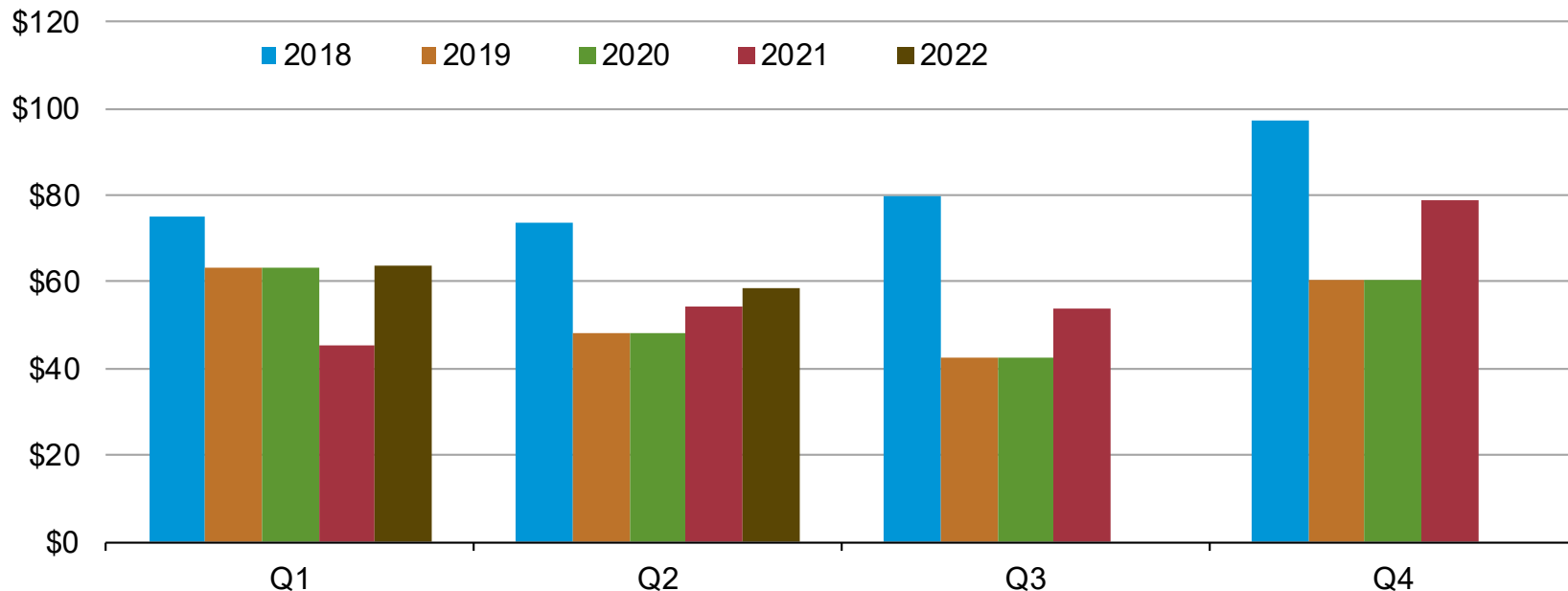


Data source: Evaluate Energy

Capital expenditure in second-quarter 2022 totaled \$59 billion, 8% higher than in second-quarter 2021

capital expenditure, 2018–22

billion dollars

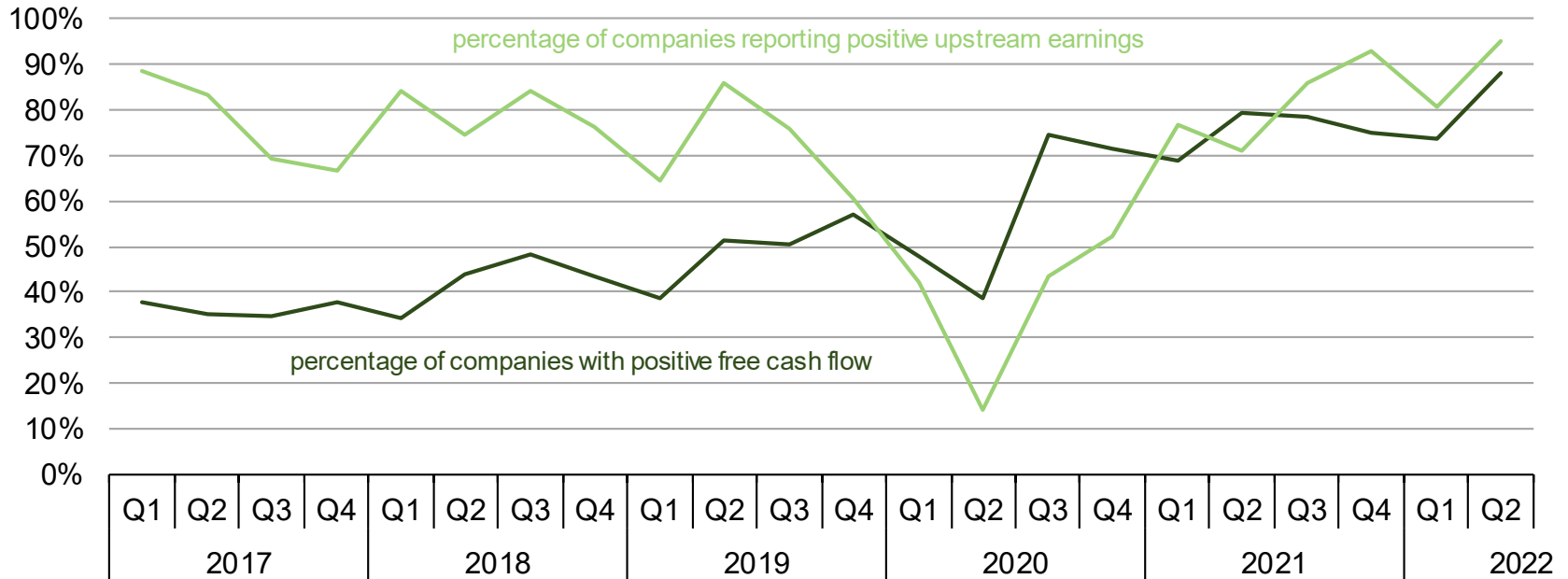


Data source: Evaluate Energy

About 88% of companies had positive free cash flow, and 95% of companies reported positive upstream earnings in second-quarter 2022

percentage of companies with positive free cash flow and with positive upstream earnings, 2017–22

percentage



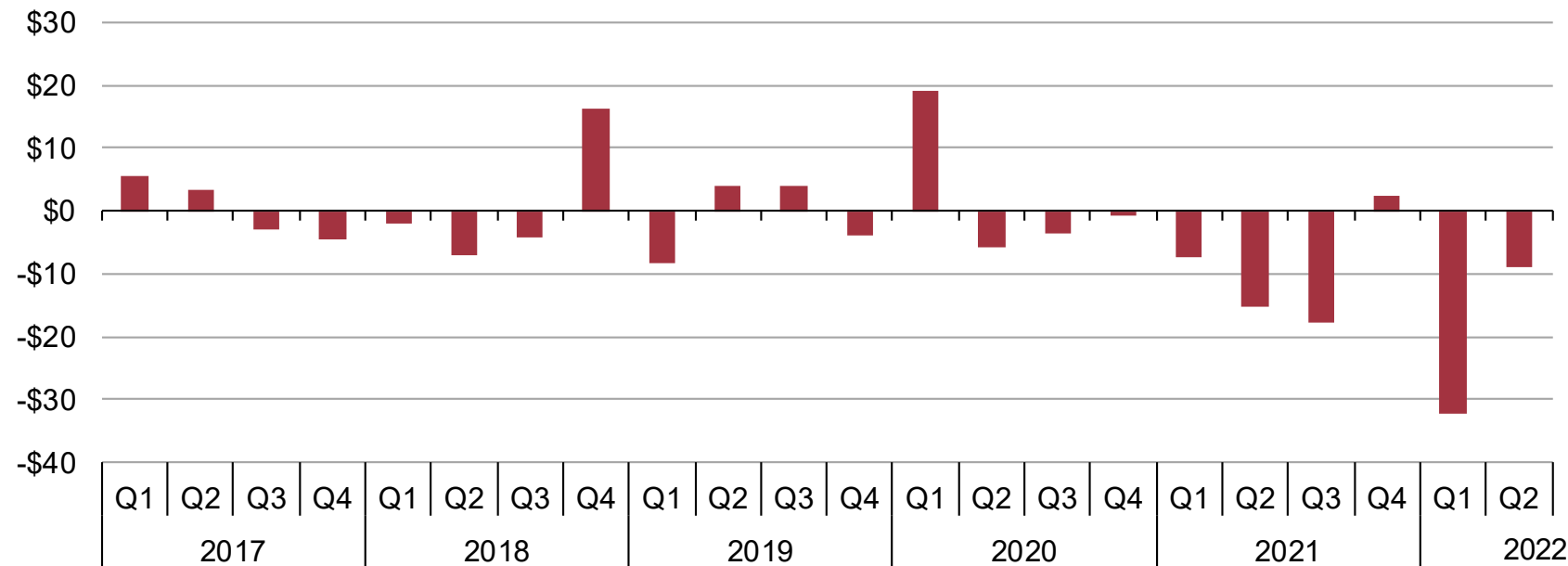
Data source: Evaluate Energy

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

billion dollars



Data source: Evaluate Energy

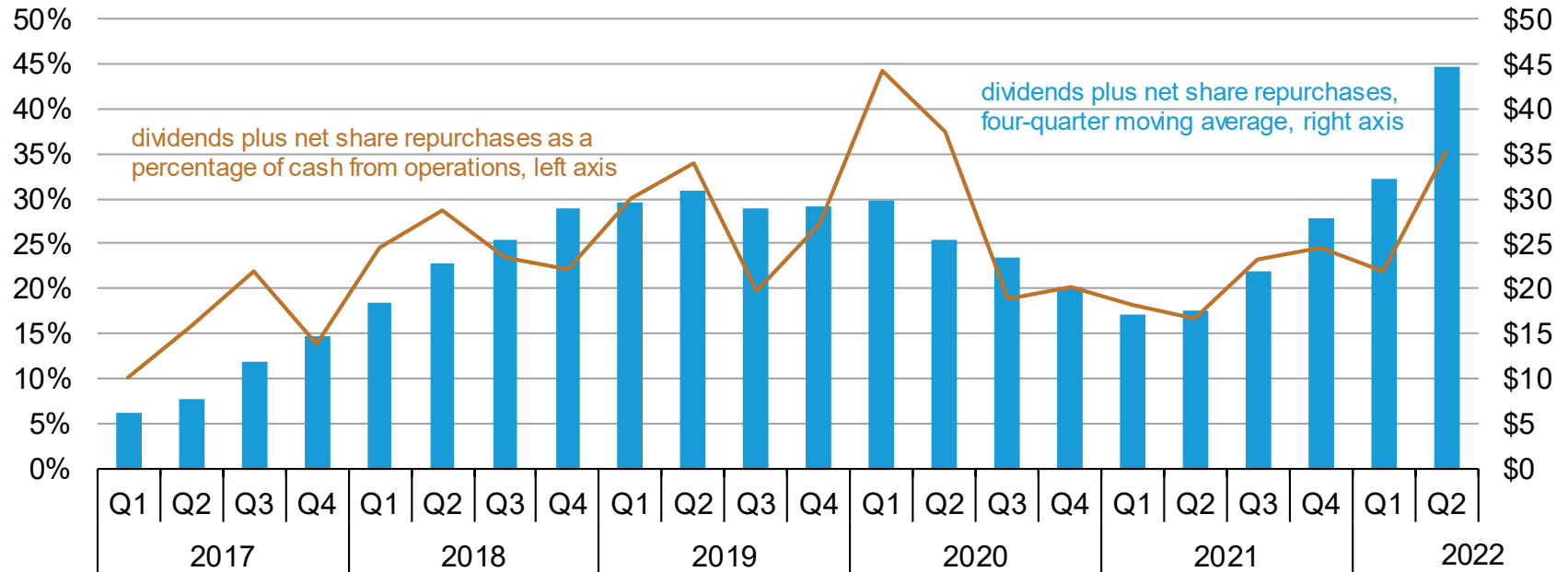
Note: Includes realized and unrealized gain or loss.

Distributions to shareholders via dividends and share repurchases reached \$45 billion, the highest four-quarter average in the 2017–22 period

dividends and net share repurchases, 2017–22

percentage of cash from operations

billion dollars



Data source: Evaluate Energy

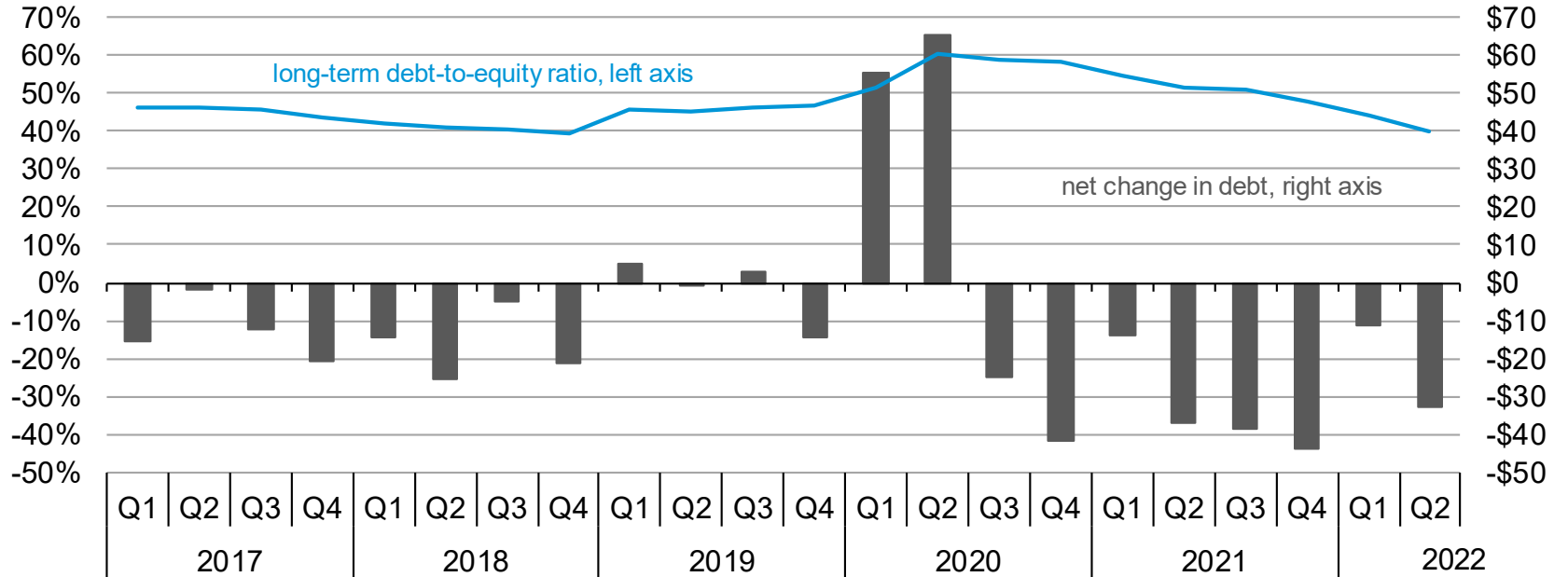
The companies decreased debt by \$33 billion in second-quarter 2022, and the long-term debt-to-equity ratio decreased to 40%

long-term debt-to-equity ratio, 2017–22

percentage

net change in debt, 2017–22

billion dollars

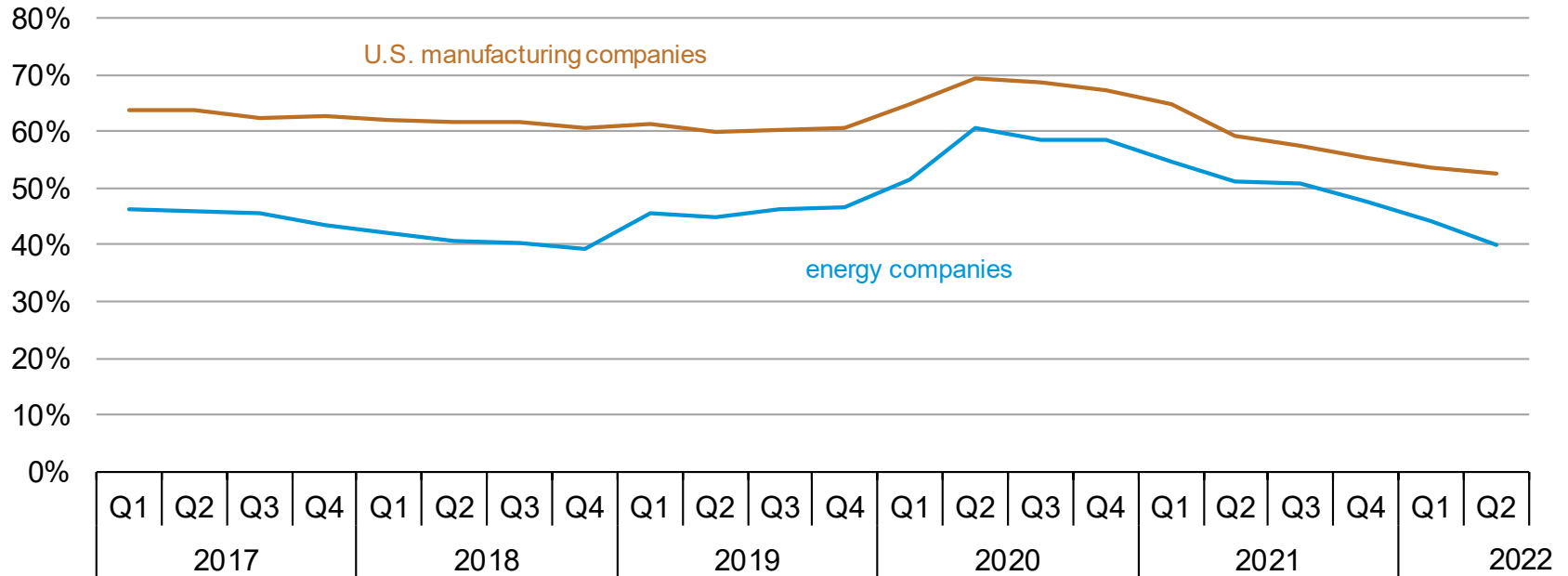


Data source: Evaluate Energy

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

long-term debt-to-equity ratio, 2017–22

percentage

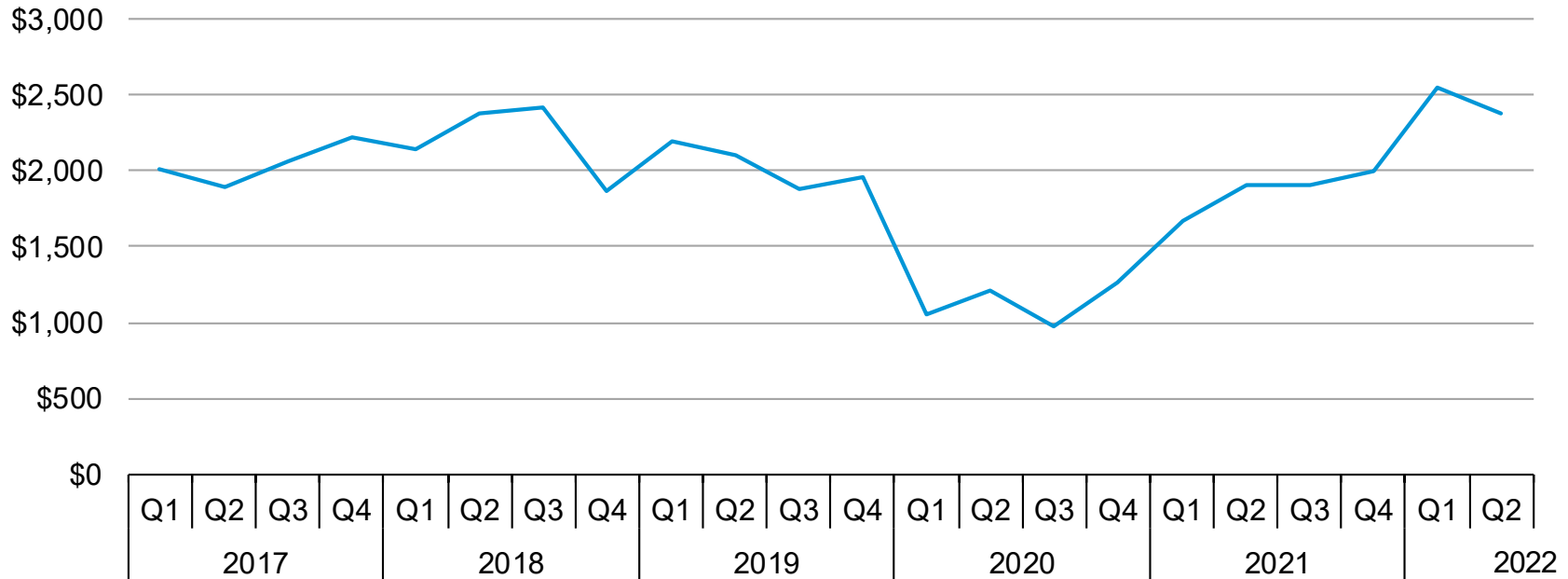


Data source: Evaluate Energy and U.S. Census Bureau

The energy companies' combined market capitalization in second-quarter 2022 decreased 7% from first-quarter 2022

combined market capitalization, 2017–22

billion dollars

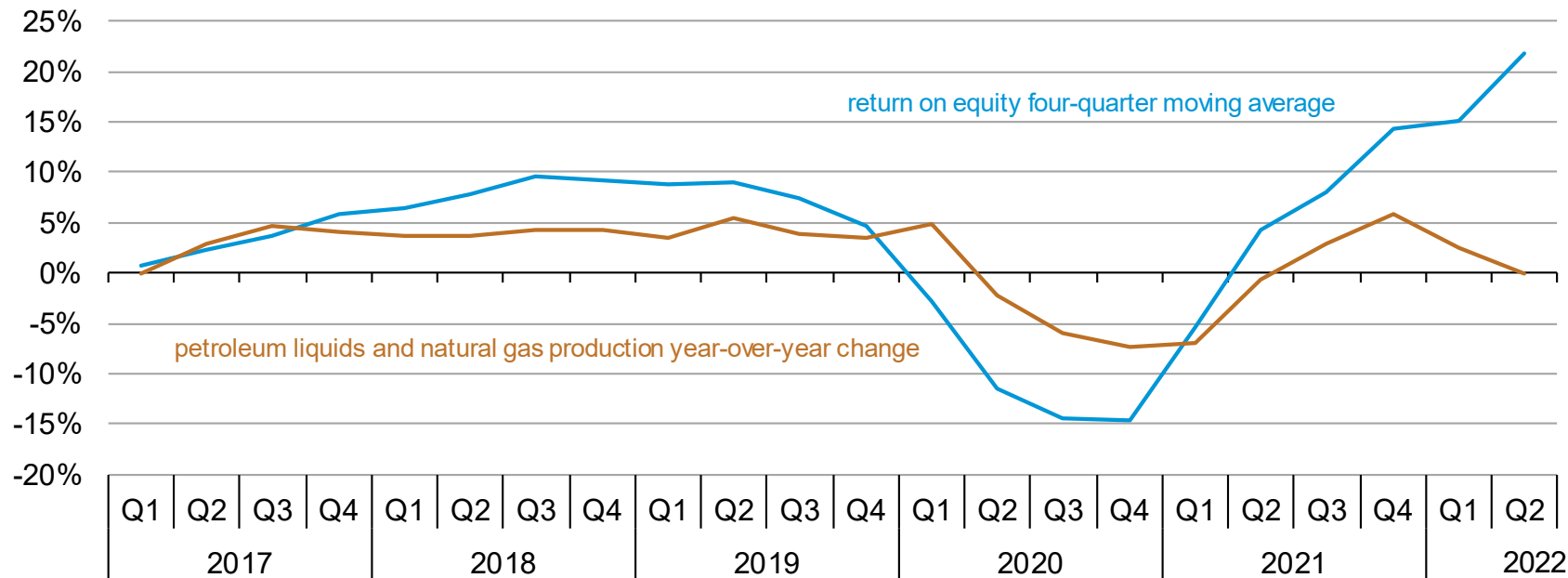


Data source: Evaluate Energy

The energy companies' return on equity was 22% in second-quarter 2022, the highest level in the 2017–22 period

return on equity and production, 2017–22

percentage

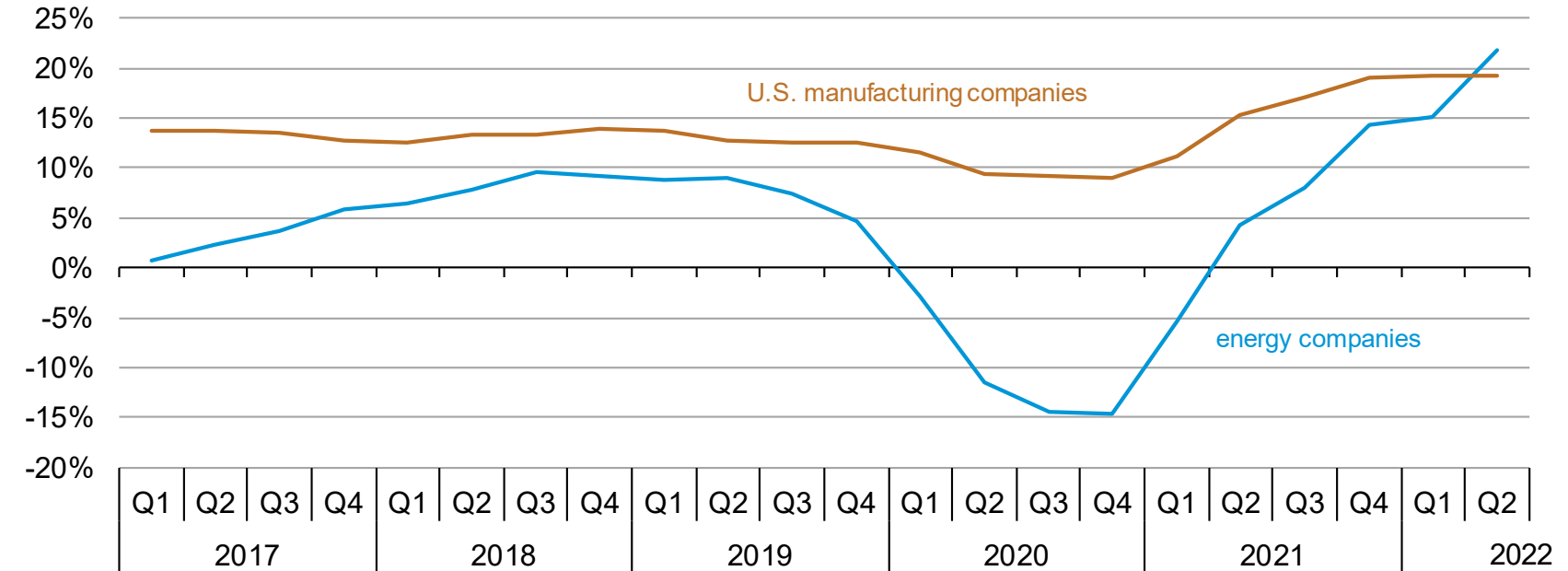


Data source: Evaluate Energy

The return on equity for the energy companies surpassed U.S. manufacturing companies' returns in second-quarter 2022

return on equity four-quarter moving average, 2017–22

percentage

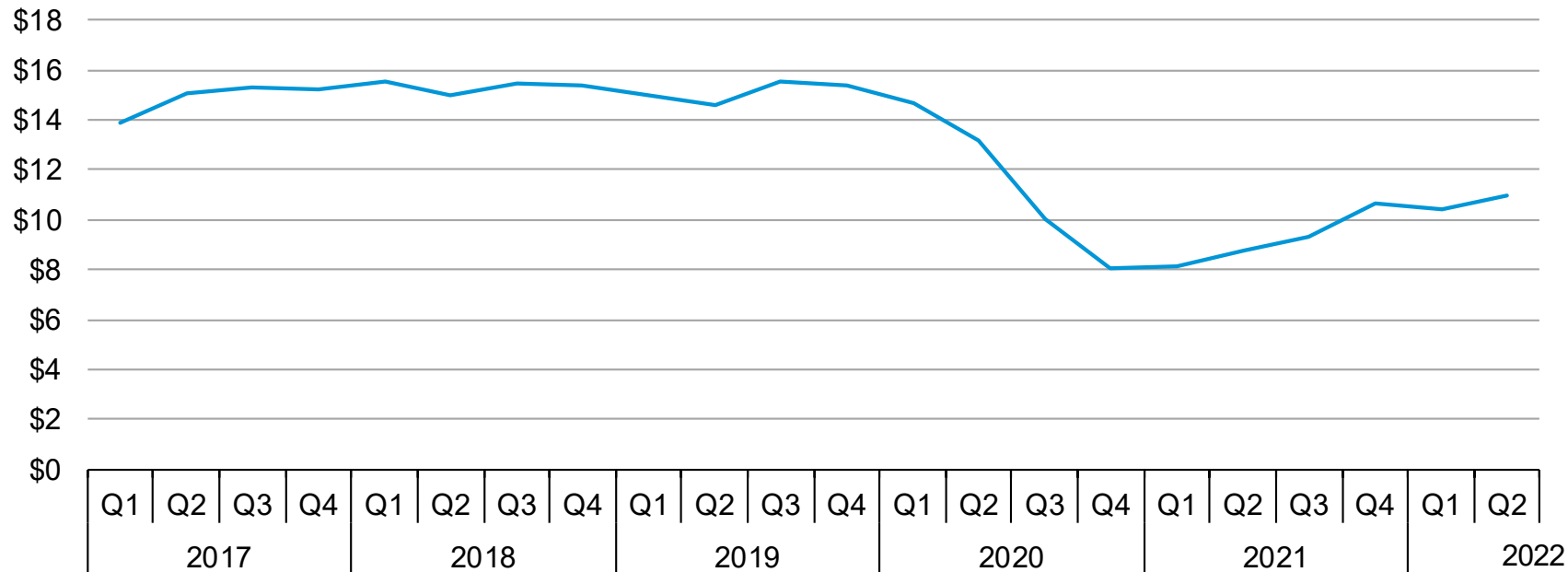


Data source: Evaluate Energy and U.S. Census Bureau

Upstream capital expenditures on a per-barrel basis averaged \$11/BOE in second-quarter 2022

upstream capital expenditure per BOE produced, 2017–22

dollars per BOE, four-quarter moving average



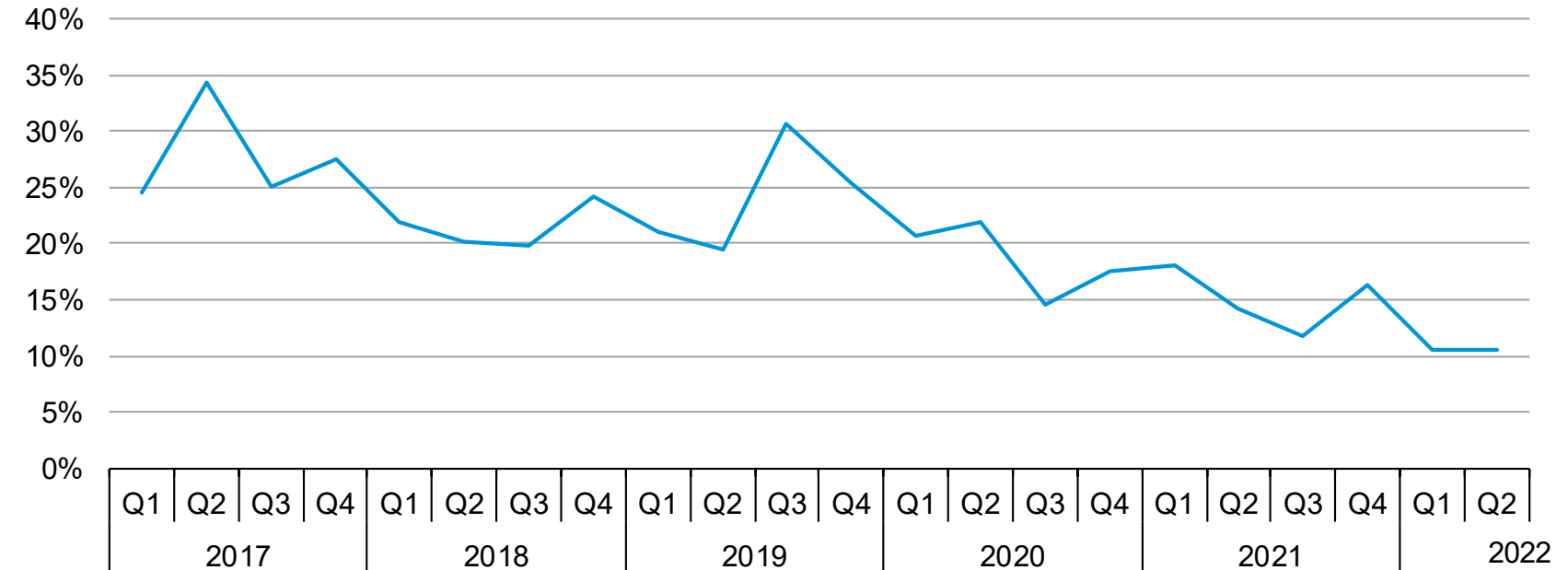
Data source: Evaluate Energy

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



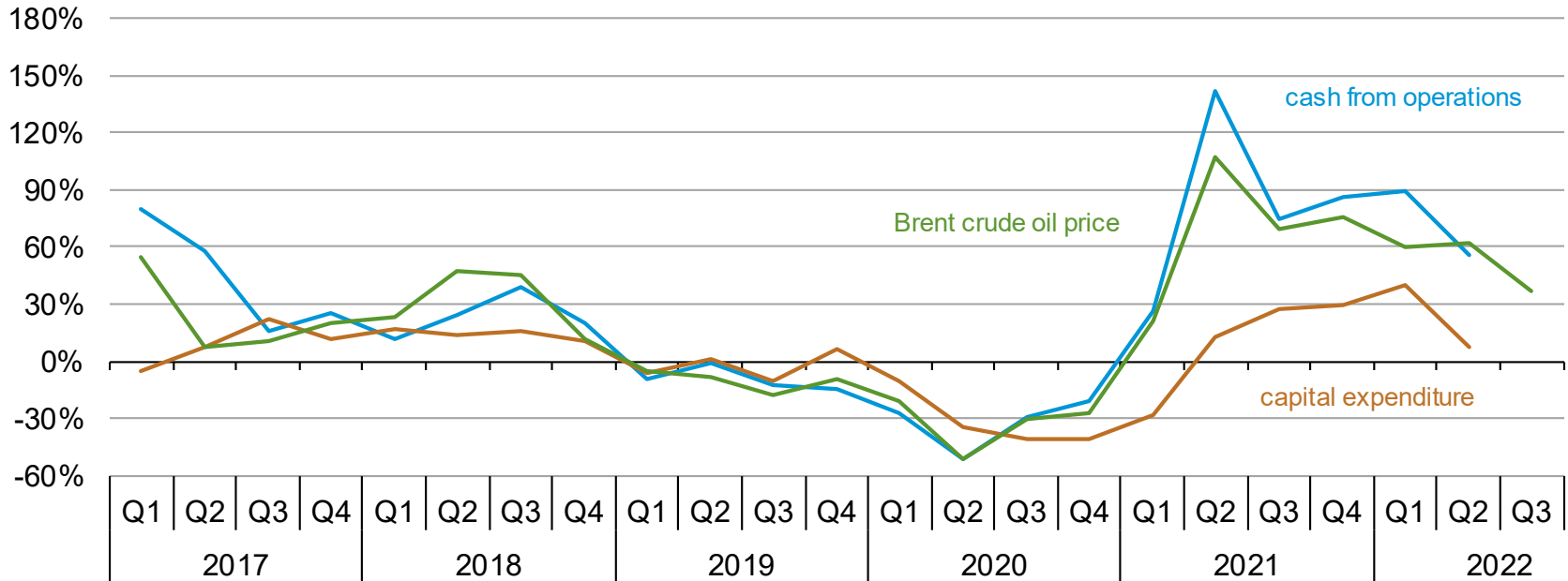
Data source: Evaluate Energy

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

year-over-year change



Data source: Evaluate Energy and Bloomberg L.P.

Appendix: List of companies

AbraXas Petroleum Corporation	Carrizo Oil & Gas, Inc	Enplus Corporation	InPlay Oil Corp.	Newfield Exploration Company	Pipestone Energy Corp.	Stone Energy Corporation
Advantage Energy Ltd.	Centonus Energy Inc.	ENI S.p.A.	International Petroleum Corporation	Noble Energy Inc.	Prairie Provident Resources Inc.	Suncor Energy Inc.
Aker BP ASA	Centennial Resource Development, Inc.	EOG Resources, Inc.	Jagged Peak Energy Inc.	Noreco ASA	PrimeEnergy Resources Corporation	Surge Energy Inc.
Amplify Energy Corp.	Chesapeake Energy Corp.	EP Energy Corporation	Jones Energy, Inc.	Northern Oil & Gas, Inc	PTT Exploration and Production (PTTEP)	Talos Energy Inc.
Anadarko Petroleum Corp.	Chevron Corporation	Epsilon Energy Ltd.	Journey Energy Inc.	Nostrum Oil & Gas Plc	QEP Resources Inc	Tamarack Valley Energy Ltd.
Antero Resources Corporation	Chord Energy Corporation	EQT Corporation	JX Energy Ltd.	NuVista Energy Ltd.	Questerre Energy Corporation	Tethys Oil AB
APA Corporation	Cimarex Energy Co.	Equinor ASA	Kelt Exploration Ltd.	Obsidian Energy Ltd.	Range Resources Corporation	Topaz Energy Corp.
Approach Resources Inc	Civitas Resources, Inc.	Erin Energy Corporation	Kiwitohok Energy Corp.	Occidental Petroleum Corporation	Ranger Oil Corporation	TotalEnergies SE
ARC Resources Ltd.	Clayton Williams Energy, Inc.	Evolution Petroleum Corporation	Kolibri Global Energy Inc.	Oil and Gas Development Co Ltd	Repsol	Tourmaline Oil Corp.
Athabasca Oil Corporation	CNX Resources Corporation	Extraction Oil & Gas, Inc.	Kosmos Energy Ltd	OMV Group	Resolute Energy Corporation	TransAtlantic Petroleum Ltd.
Australis Oil & Gas Limited	Comstock Resources, Inc.	ExxonMobil	Laredo Petroleum Inc.	Orrön Energy AB	Riley Exploration Permian, Inc.	TransGlobe Energy Corporation
Bankers Petroleum Ltd	Concho Resources Inc	FieldPoint Petroleum Corporation	Legacy Reserves Inc.	Ovintiv Inc.	Ring Energy Inc	T-Rex Oil, Inc.
Barnwell Industries Inc.	ConocoPhillips	Forza Petroleum Limited	Lilis Energy Inc.	Paramount Resources Ltd.	Rosehill Operating Company, LLC	Triangle Petroleum Corporation
Battalion Oil Corporation	Contango Oil and Gas Company	Frontera Energy Corporation	Linn Energy	Parex Resources Inc.	Royale Energy Inc.	U.S. Energy Corp.
Baytex Energy Corp.	Continental Resources, Inc.	Galp Energia	Lonestar Resources US, Inc.	Parsley Energy Inc.	RSP Permian Inc	Unit Corporation
Berry Corporation	Coterra Energy Inc.	Gastar Exploration Inc.	Lucero Energy Corp.	PDC Energy, Inc.	Rubellite Energy Inc.	Vaalco Energy Inc
Birchcliff Energy Ltd.	Crescent Energy Company	Gear Energy Ltd.	Magnolia Oil & Gas Corporation	PEDEVCO Corp.	Sabine Oil & Gas Corporation	Var Energi ASA
Black Stone Minerals LP	Crescent Point Energy Corp	GeoPark Limited	Marathon Oil Corp.	Pengrowth Energy Corporation	SandRidge Energy, Inc.	Vermilion Energy Inc.
Bonterra Energy Corp.	Crew Energy Inc.	Gran Tierra Energy Inc.	Matador Resources Company	Perpetual Energy Inc.	Seplat Energy Plc	W & T Offshore
BP Plc.	Denbury Inc.	Grizzly Energy LLC	Maverick Natural Resources, LLC	Petrobras (IFRS US\$ Current)	Seven Generations Energy Ltd.	Whitecap Resources Inc.
Brazos Valley Longhorn, L.L.C.	Devon Energy Corporation	Gulfport Energy Corporation	MEG Energy Corp.	PetroChina	Shamaran Petroleum Corp.	Whiting Petroleum Corporation
California Resources Corporation	Diamondback Energy Inc.	Harvest Natural Resources Inc.	Mesquite Energy, Inc.	PetroQuest Energy, Inc	Shell Plc	WPX Energy, Inc.
Callon Petroleum	DNO ASA	Hess Corporation	Mid-Con Energy Partners, LP	Petrus Resources Ltd.	SilverBow Resources, Inc.	Yangarra Resources Ltd.
Camber Energy, Inc.	Dommo Energia S.A.	Hibiscus Petroleum Berhad	Midstates Petroleum Company, Inc.	Peyto Exploration & Development Corp.	Sinopec	YPF Sociedad Anonima
Canacol Energy Ltd.	Earthstone Energy Inc.	HighPoint Resources Corporation	MOL Group	PGNG SA	SM Energy Company	Yuma Energy, Inc.
Canadian Natural Resources Limited	Ecopetrol S.A.	Houston American Energy Corp	Murphy Oil Corporation	PHX Minerals Inc.	Southwestern Energy Co.	Yuma Energy, Inc. (Pre Davis)
Canadian Overseas Petroleum Limited	Enauta Participacoes SA	Husky Energy Inc.	National Fuel Gas Company	Pine Cliff Energy Ltd.	Spartan Delta Corp.	
Cardinal Energy Ltd.	Energen Corp	INA Group	Neptune Energy Group	Pioneer Natural Resources Company	SRC Energy Inc	

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.

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.