

# About the Financial Reporting System Companies

## Changes in the Financial Reporting System Companies for the 2006 Reporting Year

For the 2006 reporting year, 27 major energy companies (**Table 20**) reported their financial and operating data to the Energy Information Administration's (EIA) Financial Reporting System (FRS) on Form EIA-28. These companies (referred to as the FRS companies in this report) were two fewer in number than in 2005 with the departure of Premcor (acquired by Valero) and Unocal (acquired by Chevron). Although both Premcor and Unocal were acquired during 2005, both submitted partial-year submissions for 2005, which covered the period January 1 through the date that each was acquired. Similarly, Burlington Resources was acquired by ConocoPhillips on March 31, but submitted a partial-year submission for 2006. Lastly, Kerr-McGee was acquired by Anadarko Petroleum on August 10, but also submitted a partial-year submission for 2006.<sup>72</sup>

**Table 20. The FRS Companies in 2006**

Amerada Hess Corporation	Exxon Mobil Corporation
Anadarko Petroleum Corporation	Kerr-McGee Corporation
Apache Corporation	Lyondell Chemical Corporation
BP America, Inc.	Marathon Oil Corporation
Burlington Resources, Inc.	Motiva Enterprises, L.L.C.
Chesapeake Energy Corporation	Occidental Petroleum Corporation
Chevron Corporation	Shell Oil Company
CITGO Petroleum Corporation	Sunoco, Inc.
ConocoPhillips	Tesoro Petroleum Corporation
Devon Energy Corporation	The Williams Companies, Inc.
Dominion Resources	Total Holdings USA, Inc.
El Paso Corporation	Valero Energy Corp.
EOG Resources, Inc.	XTO Energy, Inc.
Equitable Resources, Inc.	

Note: See Appendix A for a link to the list of FRS respondents from 1974 forward. Three of the FRS companies are owned by foreign companies: BP America—owned by BP plc; Total Holdings USA—owned by Total S.A.; and Shell Oil—owned by Royal Dutch Shell plc..

These changes basically represent the movement of assets within the group of FRS companies and, by including the partial-year submissions, EIA is able to maximize the amount of information that is collected for the assets involved in such mid-year transactions and thereby improve the ability of the FRS to reflect complete financial results achieved with FRS assets during each reporting year.

The last change in the FRS group for 2006 resulted from Lyondell Chemical buying out its partner's (CITGO) ownership in the LYONDELL-CITGO Refining L.P. (effective July 31, 2006). Thus, Lyondell Chemical has supplanted LYONDELL-CITGO Refining L.P. as the FRS respondent beginning with the 2006 reporting year. Although this change may appear to be purely one of semantics, it also expands the nonenergy assets of the FRS companies.

Although the composition of the FRS group of companies changes over time, the changes are usually incremental. 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 are usually relatively small compared to 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

<sup>72</sup> More information about mergers and acquisitions is available on the EIA website at <http://www.eia.doe.gov/emeu/finance/mergers.html>.

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.<sup>73</sup> economy. In 2006, operating revenues of the FRS companies totaled \$1,389 billion, which is equal to 14 percent of the \$9.897 billion in revenues of the Fortune 500 corporations.<sup>74, 75</sup>

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 \$1,499.3 billion, of allocated operating revenues<sup>76</sup> from energy lines of business and derived nearly all of these revenues from their core petroleum operations (**Figure 28**). 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.

The FRS collects financial and operating information for the combined corporate entity, as well as by lines of business within the company. The lines of business consist of petroleum, downstream natural gas (including NGL processing and natural gas pipelines), electric power, nonenergy, and other energy (including coal, nuclear, renewable fuels, and nonconventional fuels). The petroleum line of business is further segmented into production (including oil and natural gas exploration, development, and production), refining/marketing, crude and petroleum product pipelines (for domestic petroleum), and international marine transport (for foreign petroleum). Generally accepted accounting principles for the United States do not require that energy companies account separately for costs of oil production and natural gas production in company financial records. Various exploration and development costs cannot easily or separately be assigned to either oil production or natural gas production.

In 2006, the FRS companies accounted for 44 percent of total U.S. crude oil and natural gas liquids (NGL) production,<sup>77</sup> 43 percent of natural gas production, 81 percent of U.S. refining capacity, and 3 percent of U.S. electricity net generation (**Figure 29**). During 2006, these companies devoted about 80 percent of their assets and 90 percent of new investments to sustaining various aspects of petroleum production, processing, transportation, and marketing.

Energy production other than petroleum has been a relatively small, but growing, part of the FRS companies' operations since 1994. During 2006, the combined operating revenues of the downstream natural gas, electricity, and other energy operations<sup>78</sup> of the FRS companies totaled \$266 billion, or 17 percent of allocated revenues. Increased activity in downstream natural gas and electricity more than offset the continued decline in coal activity by the FRS companies, which began in 1994, continued through the 2004 reporting year, and for which data are

---

<sup>73</sup> 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.

<sup>74</sup> Unless otherwise indicated, all dollar values and percentage changes in this report are based in constant 2006 dollars, adjusted using the Gross Domestic Product implicit price deflator.

<sup>75</sup> The Fortune 500 is a list of the 500 largest U.S. corporations, ranked by revenues, published annually by *Fortune* magazine (<http://money.cnn.com/magazines/fortune/fortune500/2007/> as of October 10, 2007).

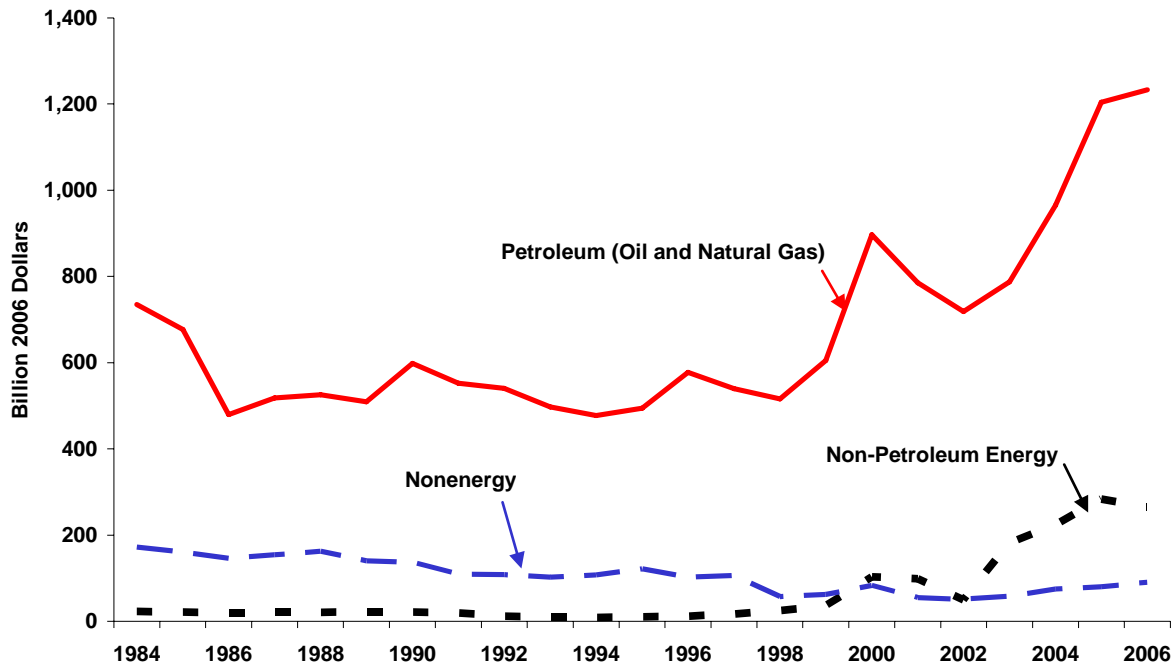
<sup>76</sup> The sum of allocated operating revenue (\$1,590 billion) exceeds corporate operating revenue (\$1,389 billion) because allocated revenues include revenues from sales within the company and between different lines of business, in addition to the revenue from sales by the company to third parties (i.e., those outside the company). However, revenues from inter-segment sales are eliminated in calculating corporate operating revenue, which includes only sales by the company to third parties.

<sup>77</sup> 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.

<sup>78</sup> Beginning with the 2003-reporting year, "other energy" operations include coal operations. Prior to 2003, coal was a separate line of business. Financial information for coal operations now is merged with that of the alternative energy operations.

no longer collected separately. The growing importance of downstream natural gas and electric power operations to the FRS companies resulted in the addition of each as a separate line of business beginning with the 2003 reporting year.

**Figure 28. Operating Revenues by Line of Business for FRS Companies, 1984-2006**



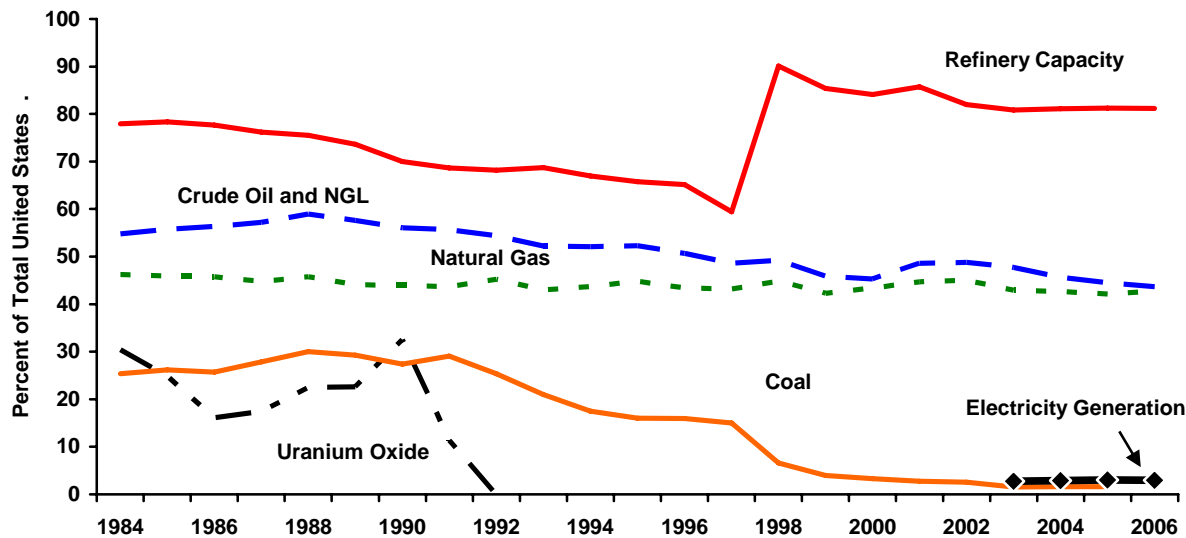
Source: Energy Information Administration, Form EIA-28 (Financial Reporting System).

Nonenergy businesses, mainly chemicals, accounted for 6 percent, or \$91 billion, of the FRS companies' allocated revenues in 2006. During the 1980s, the FRS companies were major producers of domestic uranium. However, no FRS company has produced uranium oxide domestically since 1991.

### About *Performance Profiles* and the Financial Reporting System

The Energy Information Administration (EIA)'s *Performance Profiles of Major Energy Producers* is a comprehensive annual financial review and analysis of the domestic and worldwide activities and operations of the major U.S.-based energy-producing companies. *Performance Profiles* primarily examines companies' operations on a consolidated corporate level, by individual lines of business, by major functions within each line of business, and by various geographic regions. The review focuses on annual aggregate changes in profits, cash flow, and investment in the United States and international energy industry resulting from major energy companies' current operations. *Performance Profiles* also explores changes in the majors' exploration and development expenditures and their success in finding and developing oil and natural gas reserves. The analysis in this report is based on detailed financial and operating data and information submitted each year to the EIA on Form EIA-28, the FRS. The FRS companies derive the bulk of their revenues and income from petroleum operations, which includes natural gas production. EIA supplements the FRS data with additional information from the companies' annual reports and press releases, disclosures to the U.S. Securities and Exchange Commission, news reports and articles, and various complementary energy industry data sets.

**Figure 29. Shares of U.S. Energy Production<sup>a</sup> and Refinery Capacity for FRS Companies, 1984-2006**



<sup>a</sup>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 were last collected in 2005.

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

**Authorities.** The information in *Performance Profiles* responds to the requirements of the FRS, which are set forth in Public Law (P.L.) 95-91, the Department of Energy Organization Act of 1977. The EIA considers the U.S.-based energy companies that respond to FRS Form EIA-28 to be U.S. majors. Per the requirements of P.L. 95-91, the EIA Administrator designates major energy-producing companies, selecting them from publicly available data as respondents to the FRS. Currently, the EIA Administrator uses the following selection criteria: U.S.-based publicly owned companies or U.S.-based subsidiaries of publicly owned foreign companies that have at least 1 percent of either production or reserves of oil (crude oil and natural gas liquids) or natural gas in the United States, or 1 percent of either refining capacity or petroleum product sales in the United States.

**Confidentiality.** The EIA collects the information in accordance with the confidential information protection provisions of Title 5, Subtitle A, P.L. 107-347 and other applicable Federal laws and uses it for statistical purposes only. EIA keeps survey responses confidential and does not disclose the responses in identifiable form to anyone other than employees or agents without consent of the company. However, the EIA selects names of the companies based on publicly available information, which is not confidential and is publicly released.

**Uniqueness of FRS.** Because the EIA collects Form EIA-28 data on a uniform, segmented basis, the comparability of information across energy lines of business is unique to the FRS. For example, the FRS enables comparison of petroleum activities of the major U.S. energy companies (and financial returns attributable to these activities) to activities in other lines of energy business (such as coal and alternative energy, downstream natural gas, and electric power) or nonenergy areas (such as chemicals). Similarly, the FRS enables comparison of financial returns and operating results from domestic activities to results from foreign activities and operations.

**Related EIA Reports.** Other energy financial analysis reports are listed at <http://www.eia.doe.gov/emeu/finance/pubs.html>. Previously, *Performance Profiles* included a separate chapter on foreign investment trends and transactions in U.S. energy resources, assets, and companies. However, EIA now publishes this report, *Foreign Direct Investment in U.S. Energy*, to provide an assessment of the degree of foreign ownership of energy assets in the United States, as required under Section 657, Subpart 8, of the U.S. Department

of Energy Organization Act (P.L. 95-91), which requires an annual report to Congress that presents “a summary of activities in the United States by companies which are foreign owned or controlled and which own or control United States energy sources and supplies.”

**Additional Information.** Also see Appendix A of *Performance Profiles* for information concerning the format of Form EIA-28, important financial reporting concepts and accounting principles, and other information about the FRS. For a glossary of terms and definitions used in this report, see <http://www.eia.doe.gov/emeu/perfpro/glossary.html>. The FRS Web site (<http://www.eia.doe.gov/emeu/finance>) provides information about P.L. 95-91 and Form EIA-28 and access to other related financial information.

**Data File Information.** Historical FRS data are available from EIA’s File Transfer Protocol (FTP) site. These data cover the years 1977 through 2006 and are published in EIA’s annual editions of *Performance Profiles of Major Energy Producers*. These data are of two types: 1) aggregate data from the FRS survey form, and 2) multiyear tables from Appendix B of *Performance Profiles of Major Energy Producers*. FRS 1977–2006 data files can be downloaded from the EIA FTP site by accessing the following EIA Web site: <http://www.eia.doe.gov/emeu/finance/page2.html>. For further assistance, please contact the National Energy Information Center by telephone at 202-586-8800, by fax at 202-586-0727, by TTY at 202-586-1181, or by e-mail at [infoctr@eia.doe.gov](mailto:infoctr@eia.doe.gov). For further information on FRS data, please contact Greg Filas by telephone at 202-586-1347, by fax at 202-586-9753, or by e-mail at [greg.filas@eia.doe.gov](mailto:greg.filas@eia.doe.gov).

