U.S. Energy Information Administration
Independent Statistics and Analysis

Financial News for Major Energy Producers, Third Quarter 2010

Third Quarter 2010 Key Findings	
Net Income	$17.4 billion
Revenues	$285.0 billion
Highlights	Twenty major energy producers reported a 32-percent increase in third-quarter net income relative to the third quarter of 2009 (Q309). This percentage increase in the third quarter of 2010 (Q310) was primarily because net income in Q309 was unusually low. Q310 income was 41-percent lower than the third-quarter average for 2005-2009. The effects of higher crude oil and natural gas prices, higher foreign oil and worldwide natural gas production, higher U.S. refining margins, and higher U.S. refinery throughput overwhelmed the effects of lower U.S. crude oil production and lower foreign refinery throughput and led to higher net income. Upstream capital expenditures by these companies increased despite more than a year of consistently lower-than-average (relative to the 5-year average for the particular quarter) net income. Meanwhile, capital expenditures for refining/marketing decreased, continuing a 21-month trend, after 2 years of exclusively lower-than-average net income. BP recorded a pre-tax special charge of $7.7 billion related to the Gulf of Mexico oil spill for Q310 and a pre-tax special charge of $39.9 billion for the year to date. Such a charge is considered an unusual item and excluded in making the quarter-to-quarter and year-to-year comparisons that follow. Inclusion of the special charge would have increased Q310 operating expense by $7.7 billion and reduced net income by $5.0 billion. The year-to-date special charge of $39.9 billion is equal to BP's expenses incurred through September 30, 2010.

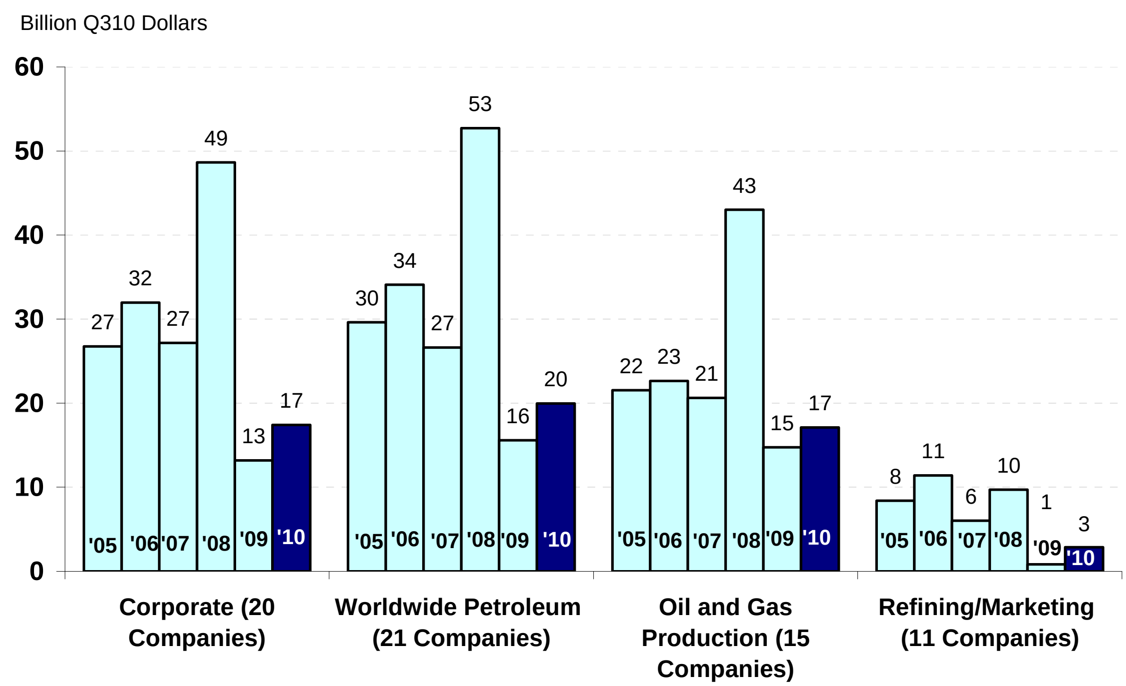
NOTES:

The "Financial News for Major Energy Producers" is issued quarterly to report recent trends in the financial performance of the major energy producers. “Major energy producers” are respondents to Form EIA-28 (Financial Reporting System). All U.S.-based respondent companies that issue quarterly earnings releases and all foreign-based respondent companies that provide separate information for the company's U.S. operations are included here.

The Financial Reporting System reporting criteria are 1 percent, or more, of U.S. crude oil and natural gas liquids, or natural gas production, or 1 percent, or more, of U.S. refinery crude oil distillation capacity.

All dollar figures and comparisons are in constant third-quarter 2010 (Q310) dollars unless stated otherwise. Further, all company information presented here pertains to a consistent set of companies, i.e., all companies are present for all time periods.

Third Quarter Corporate and Petroleum Net Income, 2005-2010



Sources: Company quarterly earnings releases.

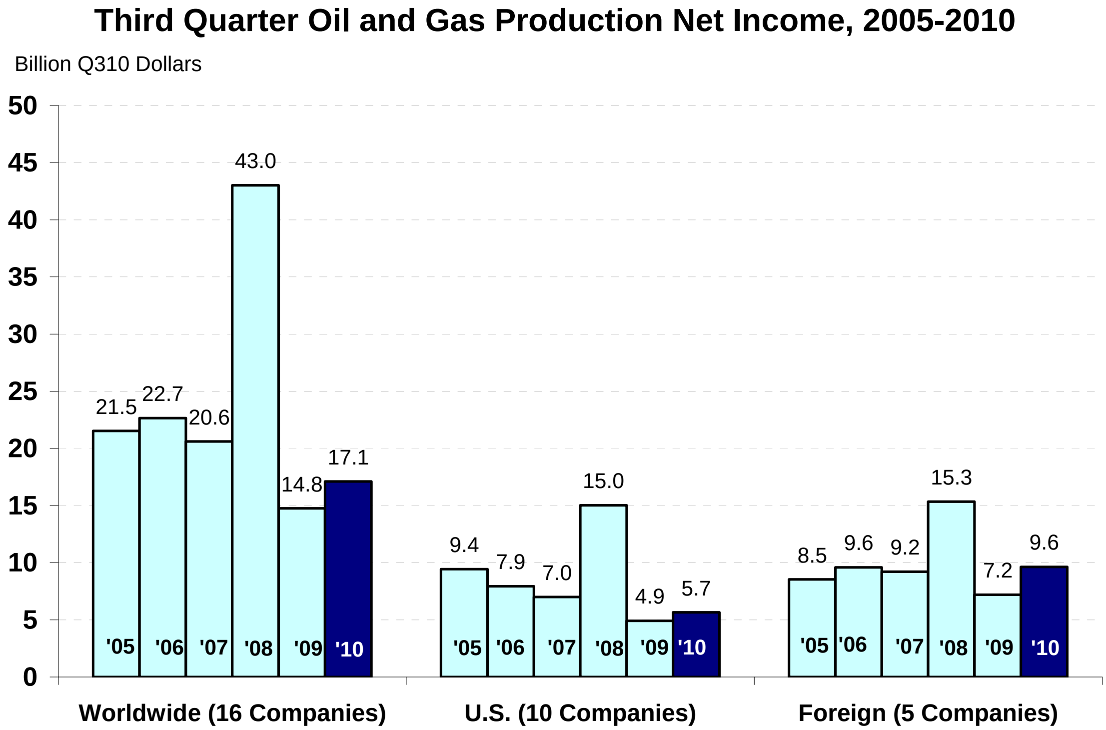
- Twenty major energy producers[1] reported a 32-percent increase in net income relative to Q309. However, net income during Q310 represents a 41-percent decrease relative to the third-quarter average for 2005-2009 of $29.5 billion.

- Overall, the petroleum line of business (which includes both oil and natural gas production and petroleum refining/marketing) in Q310 saw a similar net income increase of 28 percent from the level of Q309, increasing almost $4.4 billion.

- A $2.3-billion (16 percent) increase in worldwide oil and natural gas production net income augmented a $2.0-billion increase in worldwide refining/marketing net income, which was $0.8 billion in Q309.

- All lines of business (i.e., U.S. and foreign oil and gas production, U.S. and foreign refining/marketing, worldwide gas and power, and worldwide chemical operations) generated higher earnings in Q310 than in Q309.

  Note: corporate net income and the total net income of the lines of business differ because (1) some items in corporate net income are nontraceable, such as interest expense, and are not allocated to lines of business, and (2) the number of companies reporting line-of-business net income varies.



Note: Worldwide earnings/net income considerably exceed the sum of U.S. and foreign because some companies do not provide a breakdown of U.S. and foreign.
Sources: Company quarterly earnings releases.

Worldwide

- Worldwide oil and gas production income increased 16 percent ($2.3 billion) relative to Q309, as a small increase in U.S. income was magnified by a larger increase in returns from foreign operations. However, relative to the third-quarter average for 2005-2009 of $24.5 billion, Q310 was 30 percent lower.

U.S.

- U.S. oil and gas production operations generated 15 percent more income than a year earlier, but 36 percent less than the average for the third quarter of 2005-2009 of $8.8 billion.

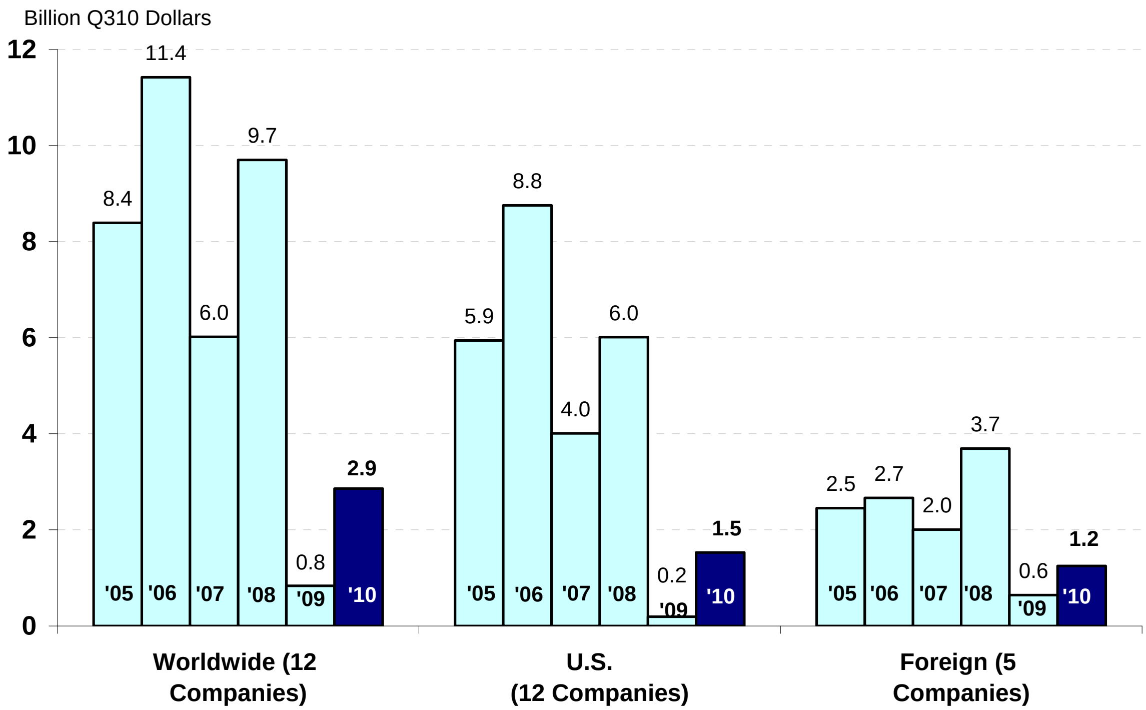
- Seven of the 10 included companies reported higher earnings than a year ago, noting in their press releases that this resulted from the effects of higher prices received and, in some cases of higher production levels (e.g., bringing new fields on-line), and lower exploration costs. Companies reporting lower earnings cited reduced production because of asset sales.

Foreign

- Income from foreign oil and gas production increased 34 percent compared with Q309, but was 3 percent lower than the third-quarter average for 2005-2009 of $9.9 billion.

- Four of the five included companies issuing foreign production financial results reported higher earnings than a year ago. According to company press releases, higher received prices and production levels (partly because new fields were brought on-line) were somewhat offset by currency effects and natural field declines. Lower earnings for the fifth company were attributed to tax effects, despite higher prices and production levels, according to the press release.

Third Quarter Refining/Marketing Net Income, 2005-2010



Note: Worldwide earnings/net income equal the sum of U.S. and Foreign.
Sources: Company quarterly earnings releases.

<u>Worldwide</u>

- Net income from worldwide refining/marketing operations more than tripled, increasing from $0.8 billion in Q309 to $2.9 billion. U.S. returns increased by $1.3 billion while foreign operations increased by $0.6 billion. However, relative to the third-quarter average of $7.2 billion over 2005-2009, earnings from worldwide refining/marketing operations were 60 percent lower.

<u>U.S.</u>

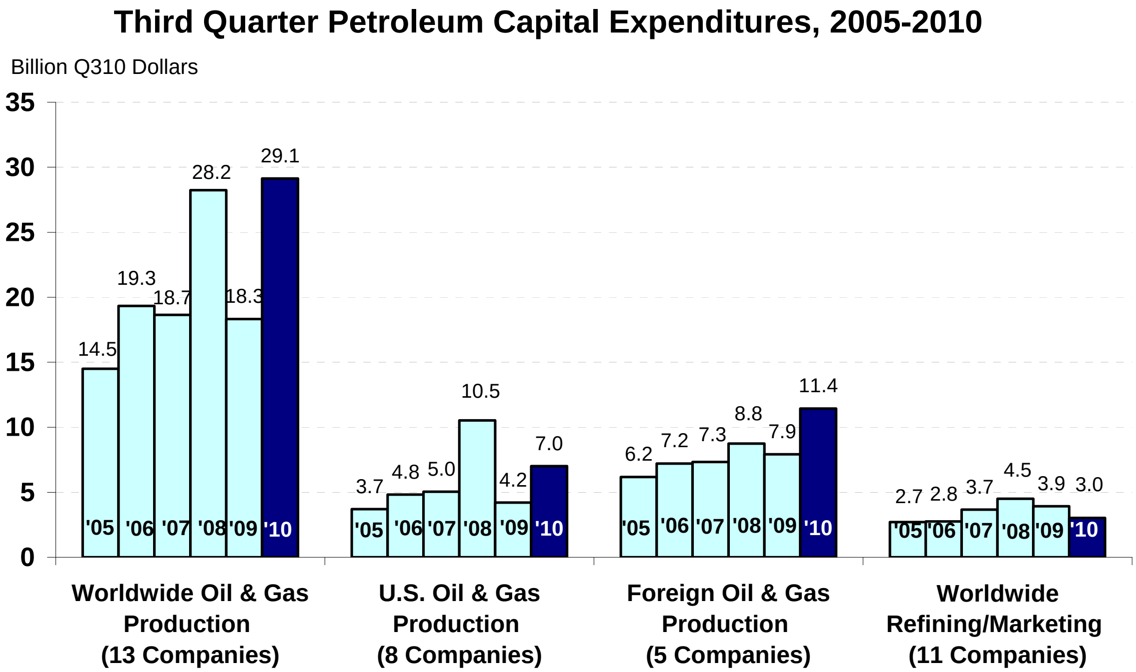
- U.S. refining/marketing operations generated earnings of $1.5 billion, compared with $0.2 billion in Q309, but earnings still were 69 percent less than the average for the third quarter of 2005-2009 of $4.9 billion.

- Nine of the 12 included companies reported higher net income than a year ago and two of those reporting lower earnings also reported losses. Higher refining margins, throughput, product sales, and crude oil differentials were cited in press releases of companies reporting higher earnings. Trading losses overwhelmed higher marketing margins, according to companies reporting lower earnings.

<u>Foreign</u>

- Net income from foreign refining/marketing increased 94 percent compared with Q309, reaching $1.2 billion, but was 45 percent lower than the $2.3 billion third-quarter average for 2005-2009.

- Four of the five included companies reported higher earnings than a year ago despite lower throughput. The lower throughput primarily was because output at the Wilhelmshaven, Germany, refinery was reduced for economic reasons. The four companies' higher earnings were attributed in company press releases to higher product margins and higher utilization rates that were somewhat offset by currency effects. The lower earnings for the fifth company, whose operations are much more narrowly focused than its peers, were attributed in the company press release to reduced refining margins.



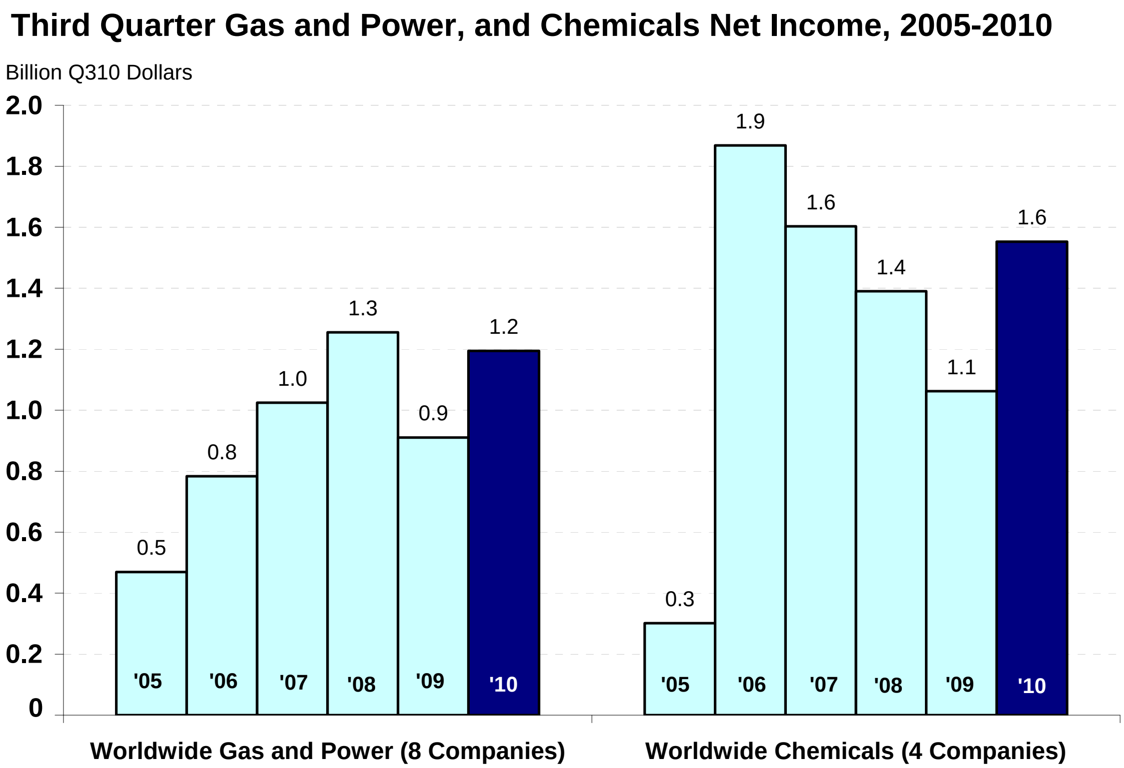
Note: Worldwide expenditures considerably exceed the sum of U.S. and foreign because some companies do not separate their overall spending into U.S. and foreign categories.
Sources: Company quarterly earnings releases.

- Worldwide upstream capital expenditures by these companies increased 59 percent despite 2 years of consistently lower-than-average (relative to the 5-year average for the particular quarter) net income. Relative to the third-quarter average for 2005-2009 of $19.7 billion, capital expenditures for Q310 were 48 percent higher.

- The majors' investment in their U.S. oil and gas production operations increased 67 percent relative to Q309, and was 24 percent higher than the $5.6 billion third-quarter average for the last 5 years (i.e., 2005-2009).

- Capital expenditures in foreign oil and gas production operations increased 45 percent in Q310 compared with Q309. Further, the value for Q310 was 53 percent higher than the third-quarter average for 2005-2009 of $7.5 billion.

- Meanwhile, capital expenditures for refining/marketing decreased 23 percent in Q310 (compared with Q309). This continued a 21-month trend of capital expenditure reductions in reaction to 24 months of exclusively lower-than-average net income (based on the 5-year average for the particular quarter). Compared with the third-quarter average for 2005-2009 of $3.5 billion, capital expenditures in Q310 were 14 percent lower.



Sources: Company quarterly earnings releases.

Gas and Power

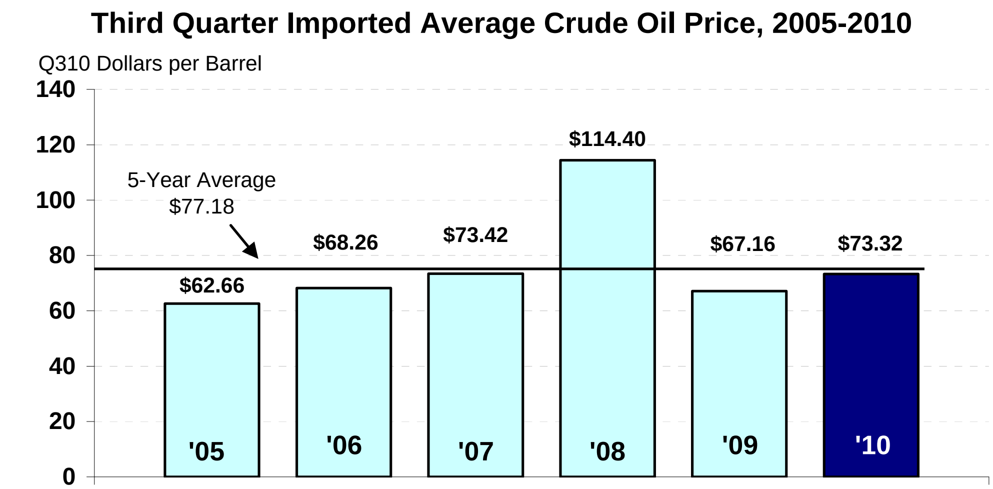
- Net income from the majors' gas and power operations increased 31 percent relative to Q309 and was 35 percent higher than the of $0.9 billion third-quarter average for 2005-2009.

- Six of the seven companies reporting earnings generated higher earnings. Reasons for higher earnings cited in company press releases include higher NGL sales prices, higher margins, greater pipeline reservation revenue, and increased gathering fees.

Chemicals

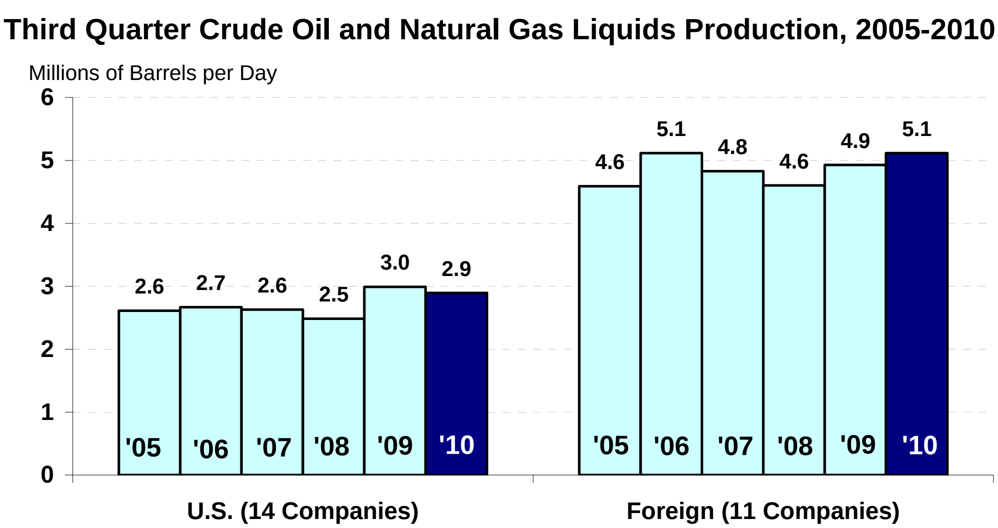
- Worldwide chemical operations generated 46 percent higher earnings for the majors in Q310 than in Q309, but earnings only were 25 percent higher than the $1.2 billion third-quarter average for 2005-2009.

- All four of the companies issuing chemical results reported higher earnings. These companies attributed higher earnings to higher margins and higher sales in their press releases.



Source: Energy Information Administration, *Short-Term Energy Outlook* , (December 7, 2010), Table 2.

- Crude oil prices in Q310 were 9 percent higher than in Q309, but 5 percent lower than the $77.18 per barrel average for the third quarter of 2005-2009 (in Q310 dollars).

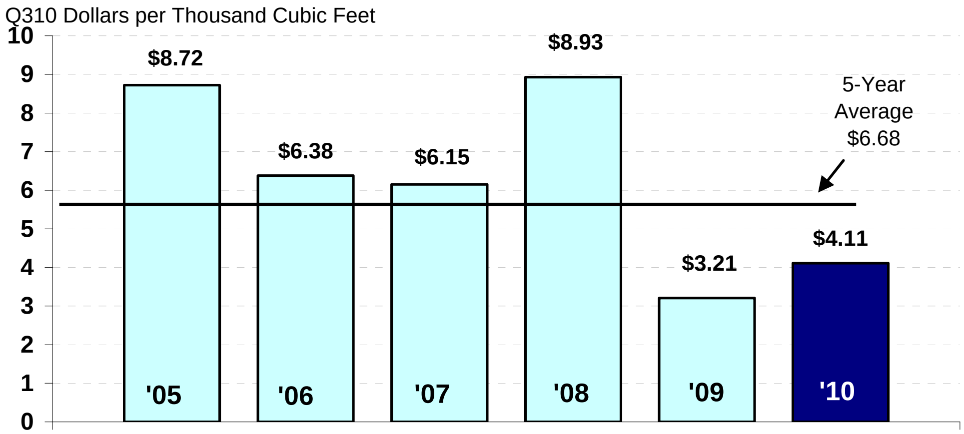


Sources: Company quarterly earnings releases.

- U.S. crude and NGL production decreased 3 percent compared with Q309 because the effects of natural field declines and asset divestitures offset the effects of new fields starting operations. However, the level of Q310 was 8 percent higher than the third-quarter average for 2005-2009 of 2.7 million barrels per day.

- Foreign crude oil and NGL production increased 4 percent compared with Q309 largely because of newly operational fields, which offset natural field declines. Similarly, the level of Q310 was higher (6 percent) than the 4.8 million barrels per day third-quarter average for 2005-2009.

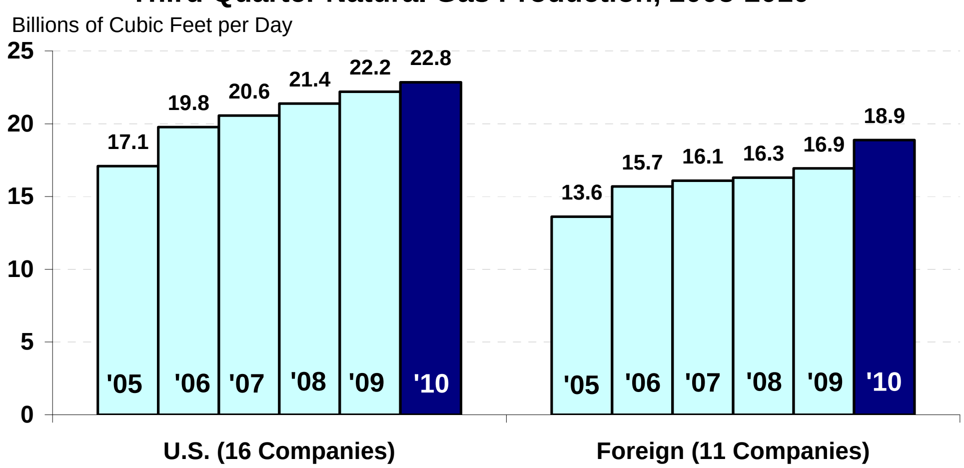
Third Quarter Average Wellhead Natural Gas Price, 2005-2010



Source: Energy Information Administration, *Short-Term Energy Outlook*, (December 7, 2010), Table 2.

- Natural gas prices of Q310 were 28 percent higher than in Q309, but 39 percent lower than the $6.68 per thousand cubic feet third-quarter average for 2005-2009 (measured in Q310 dollars).

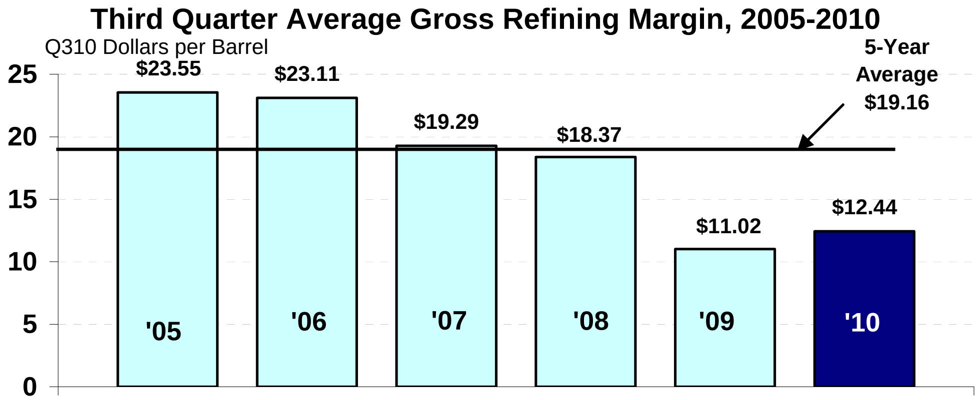
Third Quarter Natural Gas Production, 2005-2010



Sources: Company quarterly earnings releases.

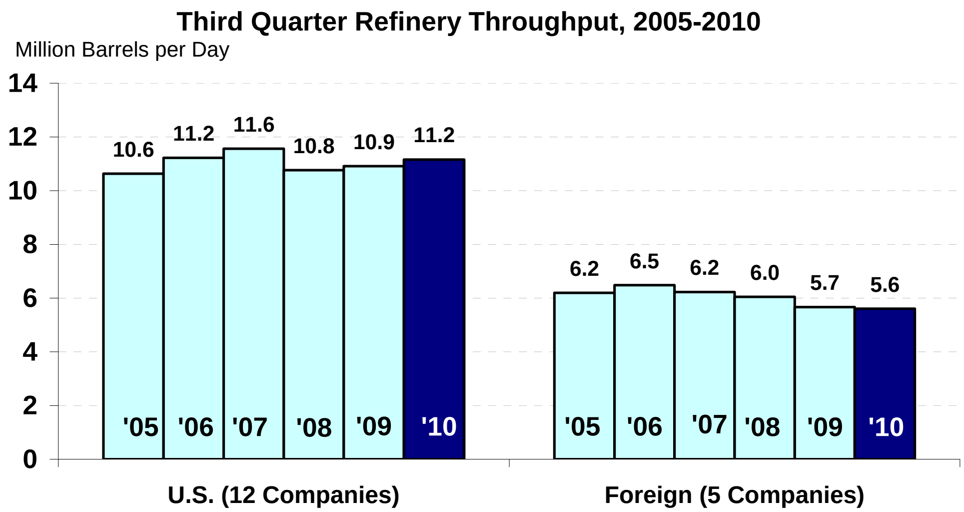
- U.S. gas production by the majors increased 3 percent compared with production a year earlier because of increased production from existing fields. Further, it was 13 percent higher than the average for the third quarter of 2005-2009 of 20.2 billion cubic feet per day.

- Foreign gas production by the majors increased 11 percent relative to a year earlier and was 20 percent higher than the third-quarter average for 2005-2009 of 15.7 billion cubic feet per day. This increase overwhelmingly was because of new projects.



Sources: Compiled from data in Energy Information Administration, *Petroleum Marketing Monthly*, DOE/EIA-380 (Washington, DC), Table 1, Table 4 and Table 5; and Energy Information Administration, *Monthly Energy Review*, DOE/EIA-0035, (Washington, DC) Table 3.2.
Note: The U.S. Gross Refining Margin is the difference between the composite wholesale product price and the composite refiner acquisition cost of crude oil.

- The gross refining margin for Q310 was 13 percent higher relative to Q309, but was 35 percent lower than the $19.16 per barrel third-quarter average for 2005-2009 (in Q310 dollars).



Sources: Company quarterly earnings releases.

- U.S. refinery throughput was 2 percent higher than in Q309, but was essentially the same (+1 percent) as the average for the third quarter over 2005-2009 (11.0 million barrels per day).

- Foreign refinery throughput decreased 1 percent relative to Q309 and was 8 percent lower than the third-quarter average for 2005-2009, 6.1 million barrels per day, primarily because of planned outages.

Corporate Revenue and Net Income[a], Net Income by Lines of Business and Functional Petroleum Segments, Capital Expenditures, and Operating Information for Major Energy Producers

(Number of companies reporting given in parentheses)

	Q309	Q310	Percent Change[b]	Year to Date 2009	Year to Date 2010	Percent Change
Financial Data						
	(Millions of Q310 Dollars)		(%)	(Millions of Q310 Dollars)		(%)
Corporate						
Revenue (20)[c]	249,862	285,023	14.1	665,953	819,284	23.0
Net Income (20)	13,198	17,413	31.9	17,539	55,131	214.3
Worldwide Net Income						
Petroleum (21)	15,591	19,960	28.0	25,702	66,061	157.0
Oil and Natural Gas Production (16)	14,757	17,100	15.9	21,191	58,378	175.5
Refining/Marketing (12)	835	2,860	242.6	4,511	7,669	70.0
Natural Gas and Power (8)	911	1,195	31.2	2,776	3,360	21.1
Chemicals (4)	1,062	1,553	46.2	2,161	4,586	112.2
U.S. Net Income						
Oil and Natural Gas Production (10)	4,923	5,664	15.0	5,054	18,553	267.1
Refining/Marketing (12)	193	1,529	691.6	1,988	4,694	136.1
Foreign Net Income						
Oil and Natural Gas Production (5)	7,193	9,649	34.1	18,030	29,607	64.2
Refining/Marketing (5)	641	1,248	94.5	2,524	2,886	14.4
Worldwide Capital Expenditures						
U.S. Oil and Natural Gas Production (8)	4,206	7,005	66.6	14,410	18,683	29.7
Foreign Oil and Natural Gas Production (5)	7,918	11,445	44.5	25,386	30,114	18.6
Worldwide[d] Oil and Natural Gas Production (13)	18,330	29,136	59.0	59,652	74,208	24.4
Worldwide Refining/Marketing (11)	3,929	3,037	-22.7	11,877	8,181	-31.1
Operating Data						
Oil Production	(Thousands of Barrels/Day)		(%)	(Thousands of Barrels/Day)		(%)
U.S. (14)	2,990	2,895	-3.2	2,896	2,906	0.4
Foreign (11)	4,930	5,117	3.8	5,061	5,104	0.9
Natural Gas Production	(Million Cubic Feet/Day)		(%)	(Million Cubic Feet/Day)		(%)
U.S. (16)	22,203	22,846	2.9	21,729	21,942	1.0
Foreign (11)	16,929	18,873	11.5	17,809	19,449	9.2
Refinery Throughput	(Thousands of Barrels/Day)		(%)	(Thousands of Barrels/Day)		(%)
U.S. (12)	10,909	11,159	2.3	10,830	10,867	0.3
Foreign (5)	5,668	5,606	-1.1	5,662	5,386	-4.9

[a] Net income excludes unusual items. Because consolidated net income includes corporate nontraceables and eliminations, it is not equal to the sum of the lines of business net income.

[b] Percent changes are calculated from unrounded data.

[c] The number of companies reporting net income from petroleum operations is greater than the number reporting corporate revenue and corporate net income because the U.S. operations of BP are included in the results of the U.S. lines of business, but not in the foreign or corporate results because the companies are foreign based. The reporting practices of Royal Dutch Shell changed effective Q309, precluding continued inclusion of the company in this compilation (and removal of their historic data to maintain comparability).

[d] U.S. and foreign oil and natural gas capital expenditures do not necessarily sum to the worldwide total due to the manner in which these data are disclosed (i.e., some companies fail to separate their capital spending into domestic and foreign, but simply provide a worldwide total).

Note: Both the worldwide oil and natural gas production and refining/marketing lines of business include companies that reported domestic and foreign operations separately and those that do not separate domestic and foreign results. Thus, the number of companies with worldwide oil and natural gas production operations is greater than the sum of the companies reporting domestic results and those reporting foreign results. The same is also true for refining/marketing operations.

Sources: Compiled from companies' quarterly reports to stockholders.

U.S. Energy Prices and the U.S. Gross Refining Margin

	Q309	Q310	Percent Change
U.S. Energy Prices[a]	**Q310 Dollars**		
Imported Average Crude Oil Price ($/barrel)	67.16	73.32	9.2
Natural Gas Wellhead Price ($/thousand cubic feet)	3.21	4.11	28.1
U.S. Gross Refining Margin ($/barrel)[b]	11.02	12.44	12.9

[a] Energy Information Administration, *Short-Term Energy Outlook* , (December 7, 2010), Table 2.

[b] Compiled from data in Energy Information Administration, *Petroleum Marketing Monthly* , DOE/EIA-380 (Washington, DC), Table 1, Table 4, and Table 5; and Energy Information Administration, *Monthly Energy Review* , DOE/EIA-0035, (Washington, DC) Table 3.2.

Note: The U.S. Gross Refining Margin is the difference between the composite wholesale product price and the composite refiner acquisition cost of crude oil.

About this Report

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[1]Note that “producers” includes non-vertically integrated refiners and energy companies such as El Paso, EQT, and Williams, in addition to oil and gas production companies. The producers included here are Alon USA, Anadarko Petroleum Corporation, Apache Corporation, Cenovus Energy (U.S. operations only, formerly part of EnCana), Chesapeake Energy Corporation, Chevron Corporation, ConocoPhillips Inc., Devon Energy Corporation, El Paso Corporation, EnCana Corporation (U.S. operations only), EOG Resources, Inc., EQT Corporation (formerly Equitable Resources Inc.), Exxon Mobil Corporation, Hess Corporation, Marathon Oil Corporation, Occidental Petroleum Corporation, Sunoco, Inc., Tesoro Corporation, Valero Energy Corporation, Western Refining Inc., and Williams Companies. Cenovus and EnCana are treated as a single company. Additionally, the results from the U.S. lines of business (e.g., U.S. oil and gas exploration and production) of BP, plc is included. Hence, the number of companies reporting petroleum operations is 21, rather than 20.

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