

FINANCIAL NEWS FOR INDEPENDENT ENERGY COMPANIES

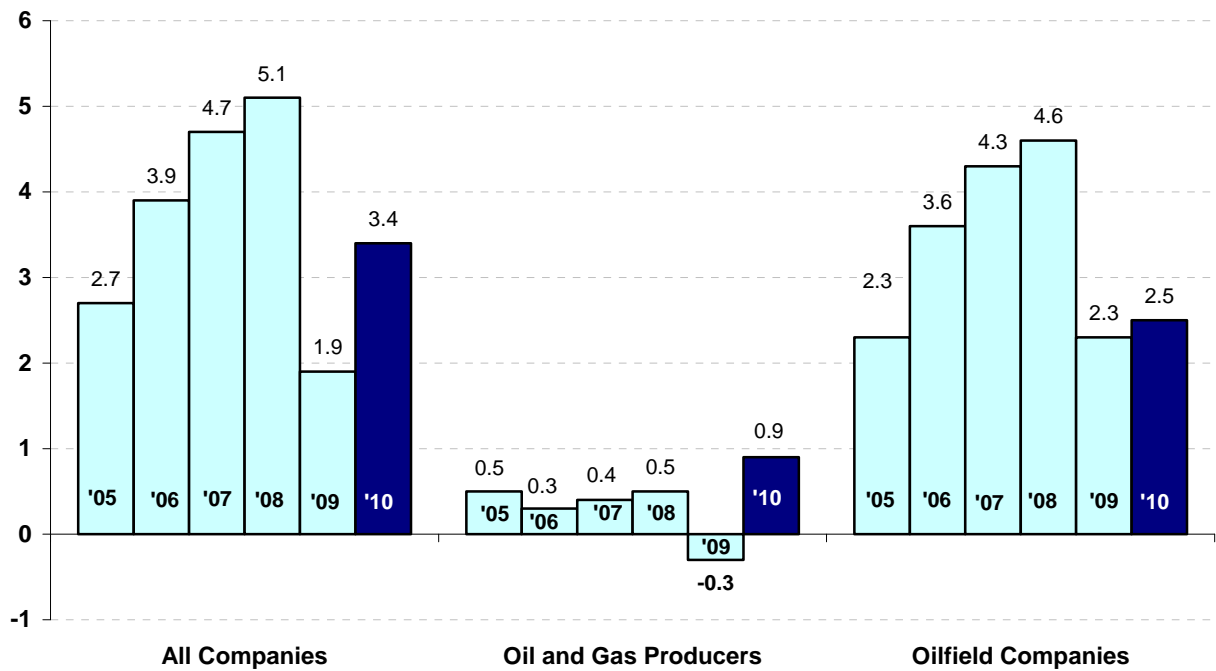
SECOND QUARTER 2010

Second Quarter 2010 Key Findings	
Net Income	\$3.4 billion
Revenues	\$28.4 billion
Highlights	<p>Independent energy companies (including oil and gas producers in addition to oilfield companies) reported a 77 percent increase in income in the second quarter of 2010 (Q210) to \$3.4 billion.</p> <p>Oil and gas producer revenues increased sharply along with crude and natural gas prices, and earnings rebounded from losses in Q209 to their highest second-quarter level in the 2005-2010 period.</p> <p>Oilfield company revenue and earnings increased modestly in Q209 but remained well below the Q2 average over 2005-2010.</p> <p>Ethanol producer revenues increased and earnings crossed into the black after losses in Q209.</p>

- The “Financial News for Independent Energy Companies” reviews the financial performance of companies that are typically smaller than the majors and do not have integrated production/refining operations.
- While the composition of the companies in this report changes over time, the changes are usually incremental, and don’t significantly affect comparisons across time periods.
- All dollar figures and comparisons are in constant second-quarter 2010 dollars unless specified otherwise.
- Ethanol producers were added to this report last quarter for the first time, and refiners have been dropped as they are covered in “Financial News for Major Energy Companies.”

Second Quarter Net Income, 2005-2010

Billions of Q210 Dollars

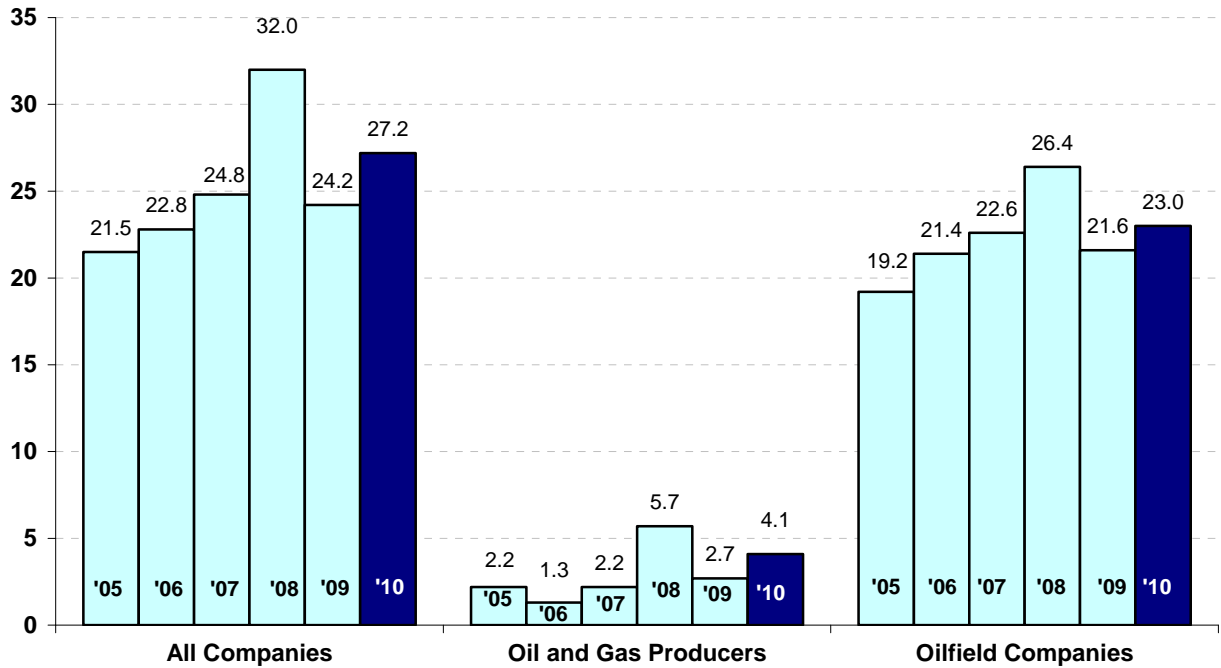


Source: Compiled from companies' quarterly reports to stockholders

- Net income for oil and gas producers and oilfield companies combined, rebounded to \$3.4 billion in the second quarter of 2010 (Q210) compared to \$1.9 billion in Q209. This was driven by the large turnaround in oil and gas producer earnings, which reached their highest Q2 level over 2005-2010; this in turn was largely a result of the price increases in crude oil (28 percent) and natural gas (17 percent).
- Oilfield company net income increased 12 percent from Q209, to \$2.5 billion, but remained below the Q2 average over 2005-2009.

Second Quarter Revenue, 2005-2010

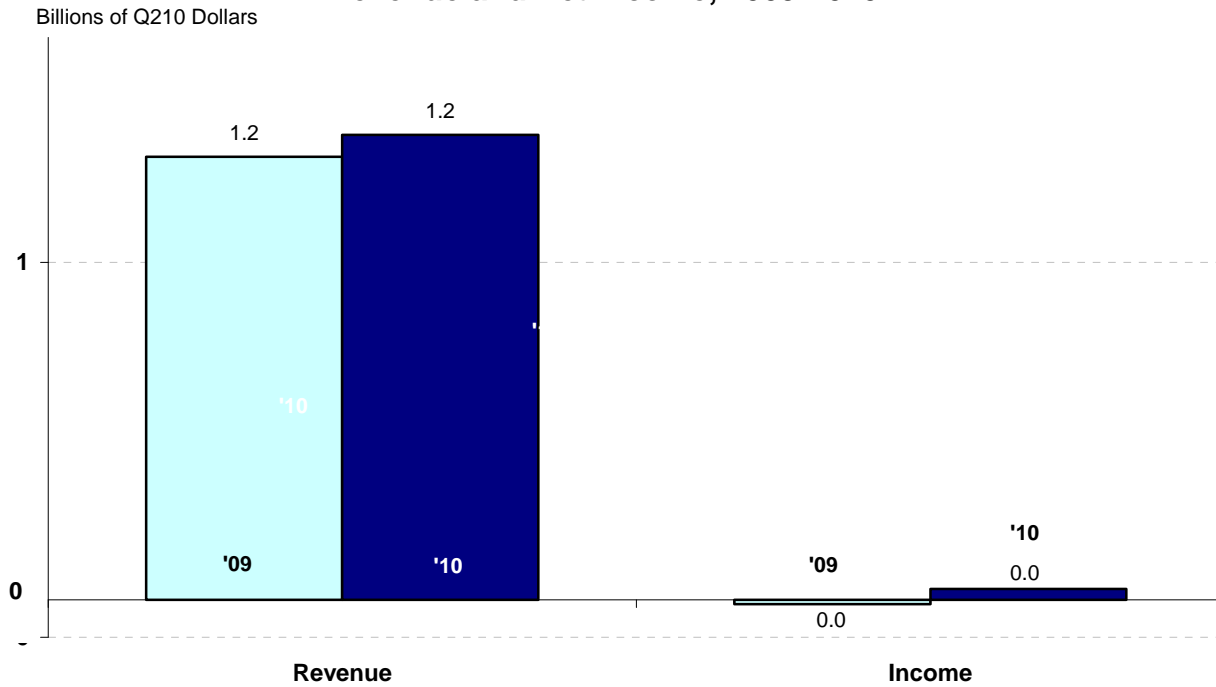
Billions of Q210 Dollars



Source: Compiled from companies' quarterly reports to stockholders

- Q210 revenue for oil and gas producers and oilfield companies combined increased by 12.0 percent above year ago levels and was 8.3 percent above the second-quarter average over 2005-2009.
- Oil and gas producer revenue increased 55 percent in Q210 from the year-ago quarter, to a level 47 percent above the second-quarter average over 2005-2009.
- Oilfield company revenue increased 6.7 percent in Q210 to a level 3.5 percent above the second-quarter average over 2005-2009.

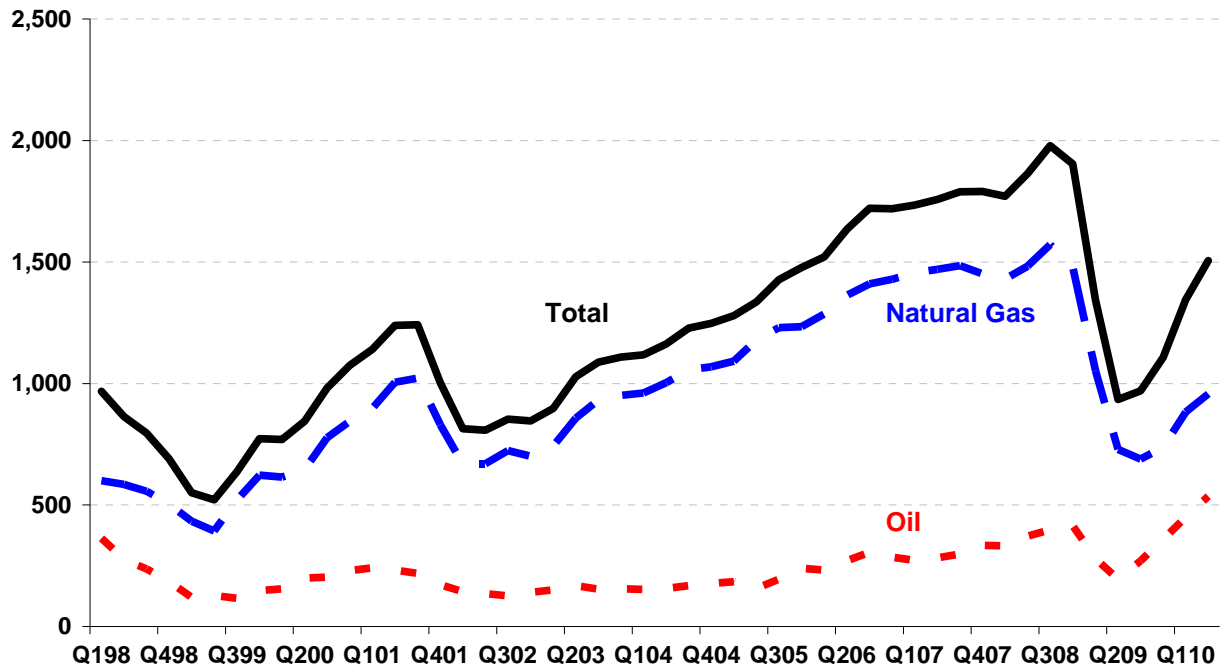
Ethanol Producer Second Quarter Revenue and Net Income, 2009-2010



Source: Compiled from companies' quarterly reports to stockholders

- Revenue and income for ethanol producers in this report both increased in Q210 from the year-ago quarter: revenue was up 4.9 percent to \$1.2 billion in Q210, while net income went from losses of \$12 million to earnings of \$29 million in Q210.
- This occurred despite a modest drop in ethanol prices in Q210 to \$1.57 per gallon, as initial losses from start-up costs for many new ethanol companies began to diminish.

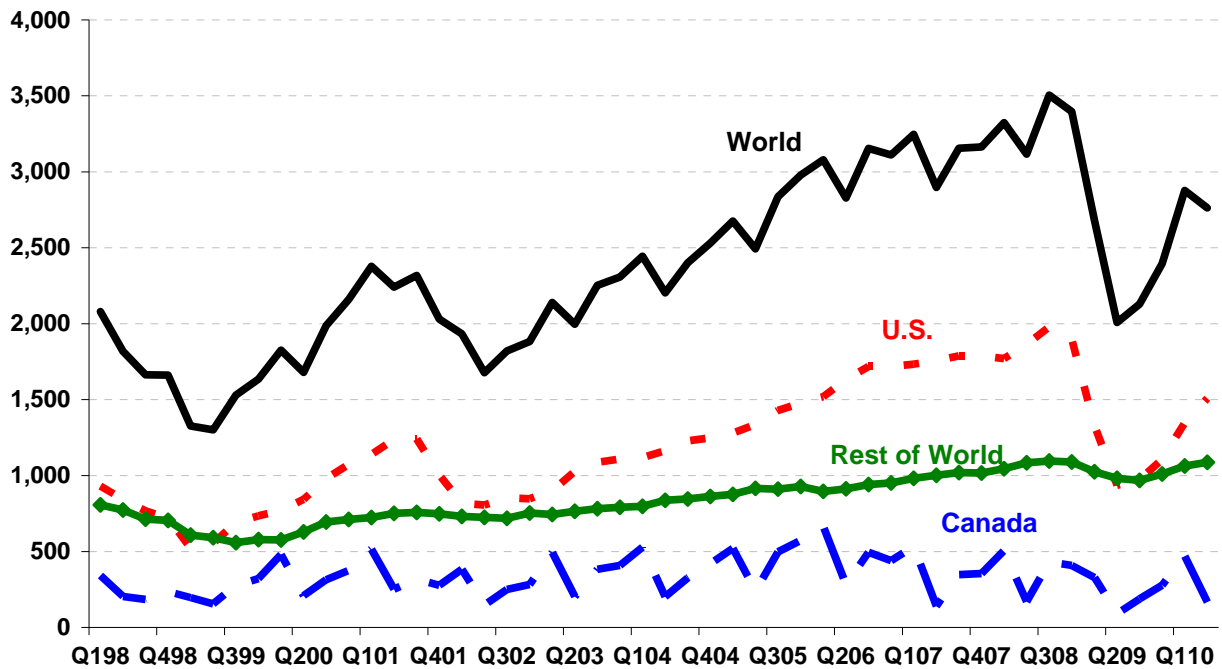
U.S. Oil, Natural Gas Rig Count Both Up



Source: Baker Hughes.

- U.S. oil rig counts increased by 174 percent in Q210 over the year-ago quarter to an average of 536 rigs, while U.S. gas rig counts increased 31 percent to an average of 957 rigs.

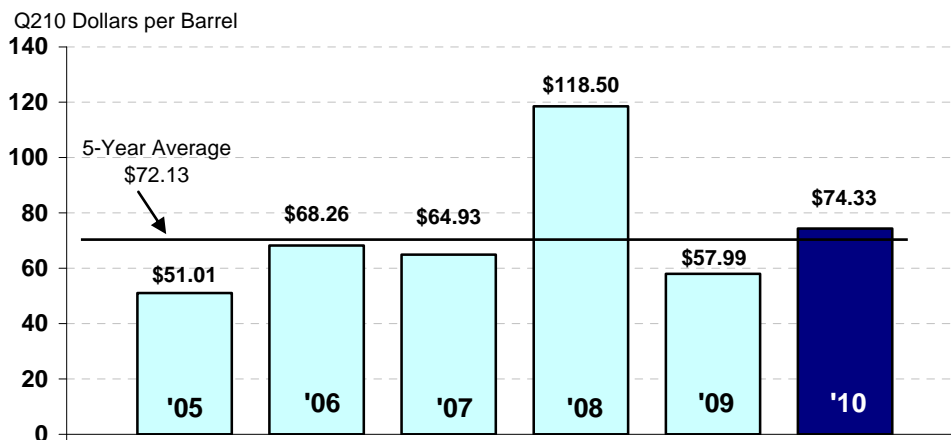
U.S., Canada, World Rig Counts Up From Q209



Source: Baker Hughes.

- The U.S. total rig count increased by 61 percent to 1,508 in Q210, pushing world totals to increase 38 percent.

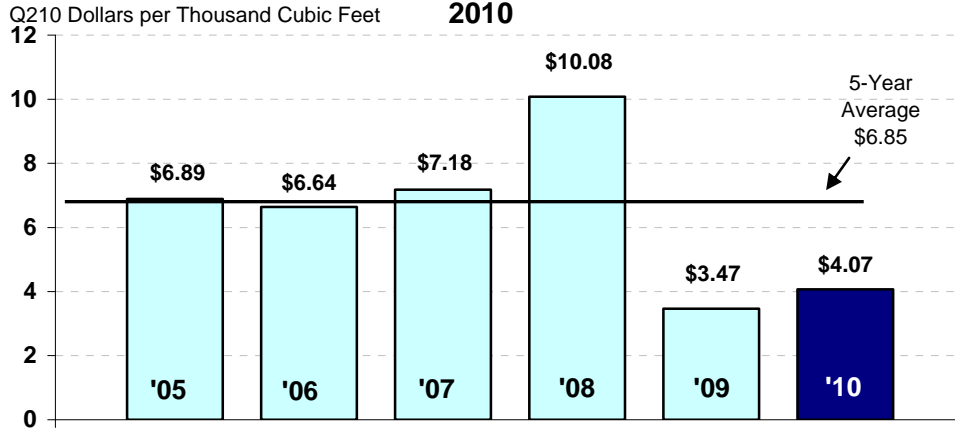
Second Quarter Imported Average Crude Oil Price, 2005-2010



Source: Energy Information Administration, *Short-Term Energy Outlook*, (September 8, 2010), Table 2.

- Crude oil prices in Q210 were 28 percent higher than in Q209 and 3 percent higher than the average for the second quarter of 2005-2009 (in Q210 dollars).

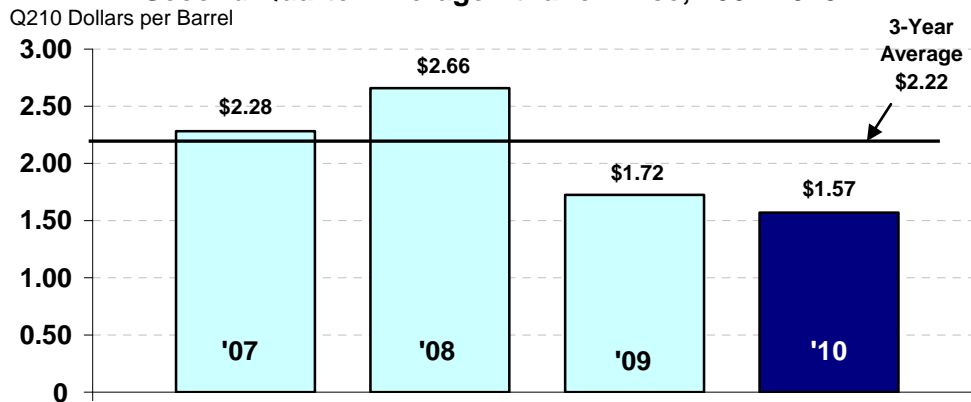
Second Quarter Average Wellhead Natural Gas Price, 2005-2010



Source: Energy Information Administration, *Short-Term Energy Outlook*, (September 8, 2010), Table 2.

- Natural gas prices of Q210 were 17 percent higher than in Q209, but 41 percent lower than the second-quarter average for 2005-2009 (measured in Q210 dollars).

Second Quarter Average Ethanol Price, 2007-2010



Source: Compiled from Reuters data.

Note: Ethanol price is midcontinent spot price.

- Ethanol prices dropped slightly in Q210 to their lowest second-quarter level over 2007-2010.

SUPPLEMENTAL TABLES

Table 1. Revenue and Net Income Summaries for Independent Energy Companies
(Million Q210 Dollars)^a

Companies	Q209	Q210	Percent Change	First Half 2009	First Half 2010	Percent Change
Revenue						
Oil and Gas Producers (15) ^b	2,664	4,130	55.1	5,488	8,553	55.9
Oilfield Companies (17)	21,583	23,021	6.7	45,233	44,237	-2.2
Ethanol Producers (13)	1,182	1,240	4.9	2,372	2,591	9.2
Total Revenue (45)	25,428	28,392	11.7	53,094	55,381	4.3
Net Income						
Oil and Gas Producers (15)	-313	869	377.4	-2,996	2,103	170.2
Oilfield Companies (17)	2,251	2,516	11.8	5,763	5,008	-13.1
Ethanol Producers (13)	-12	29	354.2	-77	93	221.0
Total Income (45)	1,927	3,415	77.2	2,690	7,204	167.8

^aValues have been converted to constant Q210 dollars using the GDP price deflator series.

^bThe number of companies reporting revenue and net income is in parentheses.

Note: Percentages are calculated from unrounded data.

Sources: Compiled from companies' quarterly reports to stockholders.

U.S. Energy Prices

	Q209	Q210	Percent Change
U.S. Energy Prices	Q210 Dollars		
Imported Average Crude Oil Price (\$/barrel) ^a	57.99	74.33	28.2
Natural Gas Wellhead Price (\$/thousand cubic feet) ^a	3.47	4.07	17.3
Ethanol Midcontinent Spot Price (\$/gallon) ^b	1.72	1.57	-9.0

^a Energy Information Administration, *Short-Term Energy Outlook*, (September 8, 2010), Table 2.

^b Compiled from Reuters data.