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(907) 465-3991 phone
(907) 465-3908 fax
research@akleg.gov

ConocoPhillips: Adjusted Net Income in Selected Jurisdictions per Barrel of Oil Equivalent, 2012-2018 Year-to-Date

Chuck Burnham, Manager

What are the adjusted net earnings for ConocoPhillips per barrel of oil equivalent among its broad geographic areas of operation?

The merger of Conoco, Inc., and Phillips Petroleum was completed in 2002. As part of its early filings with the U.S. Securities and Exchange Commission (SEC), ConocoPhillips (COP) reported financial figures that included a pre-merger “look-back” period to the year 2000.¹ In recent years, this office used those data and figures from quarterly and annual SEC filings to periodically calculate the company’s earnings, delineated by geographical areas of operation, on a “barrel of oil equivalent” (BOE) basis, in response to inquiries from Alaska legislators.² Until this year, those calculations were based on simple net earnings.

“Adjusted net earnings,” differ from simple net earnings by including special and after-tax items such as costs for cancelled projects, asset sales, tax loss carry-forward realization, pending claims and settlements, and related items, and have at times, varied sharply from simple net earnings in recent years. To ensure we provide the most complete and accurate comparison possible among geographic areas, our calculations in this and future reports will be based on adjusted net earnings.

The attached table provides BOE adjusted net earnings for the broadly defined geographic areas of COP’s exploration and production operations from 2012—the first year for which COP reported adjusted net earnings in Alaska—to 2018 year-to-date.³ As the table illustrates, Alaska’s adjusted income per BOE compares favorably to that of other areas.

We hope this is helpful. If you have questions or need additional information, please let us know.

¹ Filings to the SEC can be retrieved at <https://www.sec.gov/edgar/searchedgar/companysearch.html>.

² “Barrel of oil equivalent” expresses the amount of a given petroleum product required to equal the amount of energy contained in one standard U.S. barrel of crude oil (42 gallons). For instance, a generally accepted BOE approximation for natural gas is 5,800 cubic feet (5.8 Mcf). Please note, the BOE measure is primarily useful as a means of comparing the total hydrocarbon energy produced among geographic locations. Because it does not capture widely varying economic factors underlying that production, drawing conclusions on profitability based solely on this measure is problematic. Further, please note that the amount of energy provided by a given volume of crude oil (or any fuel) varies by production location or, more precisely, by the grade of oil produced and the results of its ultimate refinement.

³ “International” includes operations reported separately to the SEC in the regions of Asia Pacific/Middle East, Europe/North Africa, Other International, and in Canada. Latin American operations, for years in which the company generated production in that region, are included in “Lower 48” reporting.

**ConocoPhillips: Adjusted Net Income in Selected Geographical Areas
per Barrel of Oil Equivalent, 2012-2018 Year-to-Date**

Year	Alaska	Lower 48	International	Global Total
2012	\$29.60	\$4.27	\$18.82	\$11.69
2013	\$29.82	\$4.37	\$21.96	\$12.52
2014	\$31.10	\$4.43	\$15.21	\$11.60
2015	\$7.42	(\$8.86)	\$0.91	(\$2.97)
2016	\$3.57	(\$10.67)	(\$1.69)	(\$5.78)
2017	\$9.81	(\$3.05)	\$5.06	\$1.47
2018 YTD	\$26.25	\$12.17	\$11.34	\$11.68

Notes: Negative results in parenthesis. This table is based on adjusted net earnings in ConocoPhillips (COP) broad geographical areas of operation, including after-tax items such as costs for cancelled projects, asset sales, tax loss carry-forward realization, pending claims and settlements, and related items, where applicable. These adjustments vary widely by geography and over time, and can increase or decrease simple net earnings from zero to hundreds of millions of dollars. "Global Total" includes the "Corporate and Other" line item in COP's earnings reports with which no hydrocarbon production is associated.

"Barrel of oil equivalent" expresses the amount of a given petroleum product required to equal the amount of energy contained in one standard U.S. barrel of crude oil (42 gallons). For instance, a generally accepted BOE approximation for natural gas is 5,800 cubic feet (5.8 Mcf). Please note, the BOE measure is primarily useful as a means of comparing the total hydrocarbon energy produced among geographic locations. Because it does not capture widely varying economic factors underlying that production, drawing conclusions on profitability based solely on this table is problematic. Further, please note that the amount of energy provided by a given volume of crude oil (or any fuel) varies by production location or, more precisely, by the grade of oil produced and the results of its ultimate refinement.

Adjusted net income per BOE is found by dividing adjusted annual earnings by the result of multiplying daily BOE production by the number of days in a given year. The data in this table may differ from those previously reported by this agency due to amendments to Securities and Exchange Commission filings.

Source: Legislative Research calculations based on filings by ConocoPhillips with the U.S. Securities and Exchange Commission (SEC), <https://www.sec.gov/edgar/searchedgar/companysearch.html>.