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**ConocoPhillips Net Income per Barrel of Oil Equivalent (BOE) in Selected Provinces: Full-Year 2015, Third and Fourth Quarters, and Full-Year 2016**

Susan Haymes, Manager

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*You asked for an account of ConocoPhillips Corporation's net income from exploration and production activities per barrel of oil equivalent in selected provinces for 2015; third and fourth quarters, 2016; and the year 2016.*

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Global exploration and production activities of ConocoPhillips (COP) generated an unadjusted *net loss* in the fourth quarter of 2016 (Q4 2016) of approximately \$318 million; however, Alaska operations in the quarter accounted for *net income* of roughly \$116 million—an increase of \$51 million from \$65 million in the previous quarter. Substantial net losses, related largely to persistent low oil and gas prices, occurred in the Lower 48 states (-\$219 million) and Canada (-\$101 million) in Q4 2016. Among the jurisdictions we reviewed, only Alaska, the Asia/Pacific Middle East region (\$182 million), and Europe (\$82 million) generated profits in the most recent quarter.<sup>1</sup>

Figures for 2016 reflect continuing steep declines in global revenues. The company reported a loss in net income of about—\$3.3 billion—compared to the nearly \$1.8 billion loss reported in 2015. Although Alaska, Europe, and Asia Pacific / Middle East continue to generate profits, they are significantly decreased from 2015 levels and aren't sufficient to counter losses elsewhere. The Lower 48 (-\$1.9 billion) and Canada (-\$854 million) combined to generate nearly \$2.8 billion in losses in 2016.

Of the 2016 total net income, about \$233 million is from activities in Alaska compared to \$482 million in 2015 and \$2 billion in 2014. Despite lower earnings from Alaska in 2016, operations in the state continued to represent nearly 34 percent of company-wide net income. During the same period, Alaska operations generated a significant portion of COP net earnings, despite representing about 27 percent of the company's production on a "barrel of oil equivalency" (BOE) basis.<sup>2</sup>

The attached Table 1 compares income from Alaska to that of COP's other primary geographic jurisdictions of operation, and shows those results per BOE. As you can see, the BOE income from Alaska fell sharply, from \$8.36 to \$1.09, when comparing 2015 to 2016. Global BOE earnings over the same time remained negative but increased from -\$7.81 to -\$3.78.

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

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<sup>1</sup> It's important to emphasize that in order to remain consistent with previous reports in this series, we report unadjusted net income, which excludes after tax adjustments to income that can total hundreds of millions of dollars. Were those adjustments included, income results would be substantially different than those discussed in this report.

<sup>2</sup> "Barrel of oil equivalent" expresses the amount of a given fuel 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, however, that the amount of energy provided by a given amount of crude oil (or any fuel) varies by production location or, more precisely, by the grade of oil produced.

**Table 1: ConocoPhillips Production and Net Income, per Barrel of Oil Equivalent (BOE), in Selected Provinces: Full-Year 2015, Third and Fourth Quarter, and Full-Year 2016**

Province	Daily BOE Production (in thousands)				Total BOE Production (millions of barrels)				Net Income (millions)				Net Income per BOE			
	2015	Q3 2016	Q4 2016	2016	2015	Q3 2016	Q4 2016	2016	2015	Q3 2016	Q4 2016	2016	2015	Q3 2015	Q4 2016	2016
Alaska	158	148	170	163	57.7	13.5	15.5	59.5	\$482	\$65	\$116	\$233	\$8.36	\$4.83	\$7.50	\$1.09
Lower 48	206	195	176	195	75.2	17.7	16.0	71.2	-\$1,763	-\$403	-\$219	-\$1,893	-\$23.45	-\$22.71	-\$13.67	-\$5.66
Canada	12	7	6	7	4.4	0.64	0.55	2.6	-\$696	-\$284	-\$101	-\$854	-\$158.9	-\$445.84	-\$184.98	-\$111.15
Europe	120	98	99	93	43.8	8.9	9.0	33.9	\$174	\$3	\$82	\$114	\$3.97	\$0.34	\$9.10	\$0.09
Asia Pacific / Middle East	105	121	137	122	38.3	11.0	12.5	44.5	\$1,085	\$87	\$182	\$336	\$28.31	\$7.90	\$14.60	\$1.95
Other Int'l.	4	0	0	0	1.5	0.0	0.0	0.0	-\$274	-\$47	-\$54	-\$154	-\$187.67	\$0.00	\$0.00	\$0.00
Total Int'l.	241	226	242	222	88.0	20.6	22.0	81.0	\$289	-\$241	\$109	-\$558	\$3.29	-\$11.72	\$4.90	-\$2.97
Total Global	605	586	596	598	220.8	53.3	54.2	218.3	-\$1,724	-\$826	-\$318	-\$3,308	-\$7.81	-\$15.49	-\$5.80	-\$3.78

Notes: This table shows unadjusted earnings by geographical segment, which may not include special after-tax items such as costs for cancelled projects, asset sales, tax loss carry-forward realization, pending claims and settlements, or related items. Geographic results presented do not sum to global totals due to the exclusion of corporate losses and discontinued operations. "Barrel of oil equivalent" expresses the amount of a given fuel 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, however, that the amount of energy provided by a given amount of crude oil (or any fuel) varies by production location or, more precisely, by the grade of oil produced. The BOE production figures in this table are estimates produced by ConocoPhillips. The data in this table may differ from that previously reported by this agency due to updated Securities and Exchange Commission filings made by ConocoPhillips. It's important to emphasize that in order to remain consistent with previous reports in this series, we report unadjusted net income, which excludes after-tax adjustments to income. Such adjustments can total hundreds of millions of dollars in a given geographic segment and, therefore, can substantially impact the figures in this table should they be included.

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

# LEGISLATIVE RESEARCH SERVICES

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## ConocoPhillips Net Income per Barrel of Oil Equivalent (BOE) in Selected Provinces: Full-Year 2014, Second and Third Quarter and Year-to-Date, 2015

Chuck Burnham, Legislative Analyst

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*You asked for an account of ConocoPhillips Corporation's net income from exploration and production activities per barrel of oil equivalent in selected provinces for the year 2014, second and third quarters, 2015, and 2015 year-to-date.*

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Global exploration and production activities of ConocoPhillips (COP) generated an unadjusted *net loss* in the third quarter of 2015 (Q3 2015) of approximately \$1.07 billion; however, Alaska operations in the quarter accounted for *net income* of roughly \$53 million—a decrease of \$142 million from \$198 million in the previous quarter. Substantial net losses, related largely to persistent low oil and gas prices, occurred in the Lower 48 states (-\$852 million) and Canada (-\$145 million) in Q3 2015. Among the jurisdictions we reviewed, only Alaska and the Asia/Pacific Middle East region (\$258 million) generated profits in the most recent quarter.<sup>1</sup>

For the full-year 2014, the company reported net income of nearly \$6.9 billion—substantially lower than the approximately \$9.2 billion it earned in 2013. Of the 2014 total, about \$2 billion is from activities in Alaska compared to \$2.27 billion in 2013. Despite somewhat lower earnings from Alaska in 2014, operations in the state represented a higher portion of company-wide profits (30 percent) than in 2013 (25 percent). In 2015, Alaska operations continued to generate a large portion of COP net earnings despite representing less than 12 percent of the company's production on a "barrel of oil equivalency" (BOE) basis.<sup>2</sup>

Year-to-date (YTD) 2015 figures reflect continuing steep declines in revenues. Although Alaska, Europe, and Asia Pacific / Middle East continue to generate profits, they are significantly decreased from 2014 levels and aren't sufficient to counter losses elsewhere. The Lower 48 (-\$1.55 billion) and Canada (-\$469 million) combined have generated over \$2 billion in losses so far this year.

The attached Table 1 compares income from Alaska to that of COP's other primary geographic jurisdictions of operation, and shows those results per BOE. As you can see, the BOE income from Alaska fell sharply, from \$30.56 to \$4.13, when comparing full-year 2014 to YTD 2015. Global BOE earnings over the same time period have gone negative, from \$12.06 to -\$0.41.

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

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<sup>1</sup> It's important to emphasize that in order to remain consistent with previous reports in this series, we report unadjusted net income, which excludes after tax adjustments to income that can total hundreds of millions of dollars. Were those adjustments included, income results would be substantially different than those discussed in this report.

<sup>2</sup> "Barrel of oil equivalent" expresses the amount of a given fuel 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, however, that the amount of energy provided by a given amount of crude oil (or any fuel) varies by production location or, more precisely, by the grade of oil produced.

**Table 1: ConocoPhillips Production and Net Income, per Barrel of Oil Equivalent (BOE), in Selected Provinces: Full-Year 2014, Second and Third Quarter and Year-to-Date, 2015**

Province	Daily BOE Production (in thousands)				Total BOE Production (millions of barrels)				Net Income (millions)				Net Income per BOE			
	2014	Q2 2015	Q3 2015	YTD 2015	2014	Q2 2015	Q3 2015	YTD 2015	2014	Q2 2015	Q3 2015	YTD 2015	2014	Q2 2015	Q3 2015	YTD 2015
Alaska	183	174	160	173	66.8	15.8	14.7	47.2	\$2,041	\$195	\$53	\$393	\$30.56	\$12.32	\$3.60	\$4.13
Lower 48	533	556	551	550	194.5	50.6	50.7	150.2	-\$22	-\$293	-\$852	-\$1,550	-\$0.11	-\$5.79	-\$16.81	-\$1.95
Canada	284	306	315	312	103.7	27.8	29.0	85.2	\$940	-\$166	-\$145	-\$469	\$9.07	-\$5.96	-\$5.00	-\$1.95
Europe	211	206	192	203	77.0	18.7	17.7	55.4	\$804	\$37	-\$4	\$670	\$10.44	\$1.97	-\$0.23	\$0.67
Asia Pacific / Middle East	317	349	332	334	115.7	31.8	30.5	91.2	\$2,939	\$328	\$258	\$981	\$25.40	\$10.33	\$8.45	\$3.60
Other Int'l.	12	4	4	4	4.4	0.4	0.4	1.1	-\$90	-\$148	-\$43	-\$284	-\$20.55	-\$406.59	-\$116.85	-\$135.53
<b>Total Int'l.</b>	<b>824</b>	<b>865</b>	<b>843</b>	<b>853</b>	<b>300.8</b>	<b>78.7</b>	<b>77.6</b>	<b>232.9</b>	<b>\$4,593</b>	<b>\$51</b>	<b>\$66</b>	<b>\$898</b>	<b>\$15.27</b>	<b>\$0.65</b>	<b>\$0.85</b>	<b>\$0.22</b>
<b>Total Global</b>	<b>1,561</b>	<b>1,595</b>	<b>1,554</b>	<b>1,586</b>	<b>569.8</b>	<b>145.1</b>	<b>143.0</b>	<b>433.0</b>	<b>\$6,869</b>	<b>-\$179</b>	<b>-\$1,071</b>	<b>-\$978</b>	<b>\$12.06</b>	<b>-\$1.23</b>	<b>-\$7.49</b>	<b>-\$0.41</b>

Notes: This table shows unadjusted earnings by geographical segment, which may not include special after-tax items such as costs for cancelled projects, asset sales, tax loss carry-forward realization, pending claims and settlements, or related items. Geographic results presented do not sum to global totals due to the exclusion of corporate losses and discontinued operations. "Barrel of oil equivalent" expresses the amount of a given fuel 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, however, that the amount of energy provided by a given amount of crude oil (or any fuel) varies by production location or, more precisely, by the grade of oil produced. The BOE production figures in this table are estimates produced by ConocoPhillips. The data in this table may differ from that previously reported by this agency due to updated Securities and Exchange Commission filings made by ConocoPhillips.

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