

# LEGISLATIVE RESEARCH SERVICES

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## ConocoPhillips: Adjusted Net Earnings in Selected Jurisdictions per Barrel of Oil Equivalent, 2012 through 2022 Q1

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***What are the adjusted net earnings for ConocoPhillips per barrel of oil equivalent among its broad geographic areas of operation?<sup>1</sup>***

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The attached table provides adjusted net earnings (ANE) and ANE per barrel of oil equivalent (BOE) for broadly defined geographic areas of the exploration and production (E&P) operations of ConocoPhillips (COP) for 2012 through the first quarter (Q1) of 2022.<sup>2</sup>

In 2016, COP's worst earnings year in the period of review, the company saw Alaska ANE of \$233 million while global corporate losses exceeded \$3.3 billion. In 2019, full-year production in Alaska (79.58 million BOE) accounted for approximately 16.2 percent of COP's global 492 million BOE production, but roughly 35.7 percent of global adjusted net income. Specifically, Alaska E&P operations in 2019 generated ANE of approximately \$1.44 billion on average daily BOE production of 218,000. Average Alaska North Slope (ANS) crude oil West Coast Spot Price for the year was \$65.49 per barrel (bbl).

As the attached table shows, 2020 marked the lowest average annual pp/bbl (\$41.72) for ANS crude since 2004. As a result, COP experienced an adjusted net income loss in Alaska (-\$32 million, **-\$0.44** p/BOE) for the first time since the 2002 merger of Conoco, Inc., and Phillips Petroleum. The company's international operations were the only segment to finish the year with positive income, based largely on strong first-half earnings in the Asia-Pacific segment (\$920 million); however, global COP ANE for 2020 experienced significant losses at roughly **-\$1.04** billion (**-\$2.52** p/BOE).

In 2021, COP profits surged quarter over quarter across its broad geographical areas of operation, ending the year with global ANE of \$8 billion (\$13.99 p/BOE), the highest annual total of the years

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<sup>1</sup> "Barrel of oil equivalent" (BOE) expresses the amount of a given petroleum product required to equal the 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, BOE is primarily useful as a means of comparing the total hydrocarbon energy produced among geographic locations. Since it does not capture widely varying economic factors underlying that production, drawing conclusions on profitability based solely on these figures is problematic.

<sup>2</sup> "International" includes operations reported separately to the Securities and Exchange Commission (SEC) in the regions of Asia Pacific/Middle East, Europe/North Africa, Other International, and Canada. Latin American operations—for years in which the company generated production in that region—are included in "Lower 48" reporting. Our calculations are based on earnings and production reported by ConocoPhillips, <http://www.conocophillips.com/investor-relations/investor-presentations/earnings-archive/>.

considered in this report. Alaska generated ANE of about \$1.4 billion for COP during the year, roughly 18 percent of global ANE, despite operations in the state accounting for just 13 percent of BOE production. As has been the case each year since the formation of COP in 2002, Alaska earnings p/BOE were higher than those for the company's global operations (\$19.55 v. \$13.99).<sup>3</sup>

Global ANE continued to climb in Q1 of 2022, reaching nearly \$4.3 billion. Alaska earnings rose to \$30.60 p/BOE in the first quarter of 2022, earning the company \$561 million. The state's portion of COP global ANE dropped to approximately 13 percent for the quarter, which was uncharacteristically proportional to its share of BOE production (12 percent).

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

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<sup>3</sup> There are quarters in which certain geographical areas have had BOE adjusted net earnings that exceeded those in Alaska. In Q1 2021, for example, operations in the Lower-48 states generated \$10.94 p/BOE compared to \$9.56 in Alaska.

**Table 1: ConocoPhillips Adjusted Net Earnings (ANE) and ANE per Barrel of Oil Equivalent (BOE)  
in Selected Geographical Areas, 2012 through the First Quarter of 2022**

(ANE in Millions of \$)

Year	Alaska		Lower 48		International		Global Total	
	ANE	ANE per BOE	ANE	ANE per BOE	ANE	ANE per BOE	ANE	ANE per BOE
<b>2012</b>	\$ 2,301	\$ 29.60	\$ 713	\$ 4.27	\$ 4,533	\$ 18.82	\$ 6,734	\$ 11.69
<b>2013</b>	\$ 2,177	\$ 29.82	\$ 784	\$ 4.37	\$ 4,881	\$ 21.96	\$ 7,061	\$ 12.52
<b>2014</b>	\$ 2,077	\$ 31.10	\$ 861	\$ 4.43	\$ 4,574	\$ 15.21	\$ 6,609	\$ 11.60
<b>2015</b>	\$ 482	\$ 7.42	\$ (1,763)	\$ (8.86)	\$ 289	\$ 0.91	\$ (1,724)	\$ (2.97)
<b>2016</b>	\$ 233	\$ 3.57	\$ (1,893)	\$ (10.67)	\$ (558)	\$ (1.69)	\$ (3,308)	\$ (5.78)
<b>2017</b>	\$ 652	\$ 9.81	\$ (444)	\$ (3.05)	\$ 1,471	\$ 5.06	\$ 739	\$ 1.47
<b>2018</b>	\$ 1,637	\$ 24.11	\$ 1,686	\$ 11.64	\$ 2,994	\$ 11.72	\$ 5,331	\$ 11.38
<b>2019</b>	\$ 1,441	\$ 18.11	\$ 948	\$ 5.76	\$ 1,647	\$ 6.65	\$ 4,036	\$ 8.20
<b>2020</b>	\$ (32)	\$ (0.44)	\$ (544)	\$ (3.86)	\$ 413	\$ 2.07	\$ (1,040)	\$ (2.52)
<b>2021</b>	\$ 1,406	\$ 19.55	\$ 5,231	\$ 18.37	\$ 2,350	\$ 10.91	\$ 8,000	\$ 13.99
<b>2022 Q1</b>	\$ 561	\$ 30.60	\$ 2,774	\$ 32.23	\$ 1,129	\$ 22.10	\$ 4,289	\$ 27.59

**Notes:** 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 hydrocarbon production is not necessarily directly associated, but that is reported as part of total adjusted earnings.

"International" includes operations reported separately to the Securities and Exchange Commission (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.

"Barrel of oil equivalent" (BOE) expresses the amount of a given petroleum product required to equal the 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 the multitude of factors underlying that production, drawing comparative conclusions on profitability based solely on this table is problematic.

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 ConocoPhillips reported earnings and production, <http://www.conocophillips.com/investor-relations/investor-presentations/earnings-archive/>.