



# LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature  
Division of Legal and Research Services  
State Capitol, Juneau, AK 99801

(907) 465-3991 phone  
(907) 465-3908 fax  
research@legis.state.ak.us

---

## Research Brief

TO: Senator Bill Wielechowski  
FROM: Chuck Burnham, Legislative Analyst  
DATE: January 29, 2015  
RE: ConocoPhillips Net Income per Barrel of Oil Equivalent in Selected Provinces: Fourth Quarter 2014 and Full Year 2013-2014  
*LRS Report 15.189*

---

*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 fourth quarter of 2014 and full years 2013-2014.*

---

Global exploration and production activities of ConocoPhillips (COP) generated unadjusted losses for the fourth quarter 2014 of approximately \$39 million; however, Alaska operations in the quarter accounted for net income of roughly \$343 million. For the full-year 2014, the company reports 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). Alaska operations continue to generate a large portion of COP earnings despite representing less than 12 percent of the company's production on a "barrel of oil equivalency" (BOE) basis.<sup>1</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 (between \$20.04 and \$31.15) for each of the time periods in question generally exceeded that of all other jurisdictions, although it was roughly matched for the full-year 2013 and 4<sup>th</sup> quarter 2014 by operations in the Asia Pacific / Middle East. Alaska's BOE income continues to exceed by a wide margin that of the Lower-48 states where a number of factors, prominently including the recent sharp decline in oil prices, created a net loss of \$0.11 per BOE.

Tables 2 and 3, attached, show net income by selected jurisdiction and per BOE for the years 2000 through 2014. As you can see in Table 2, earnings fell in 2014 in both domestic and overall international operations; however, the decrease from 2013 in Alaska (10.2 percent) was much less than in the Lower 48, and was half of the year-over year decrease seen overseas (20.4 percent). As Table 3 illustrates, decreases in earnings on a BOE basis in the Lower 48, international operations, and globally nearly matched the year-over-year reductions in aggregate profits in those jurisdictions. In Alaska, however, earnings per BOE fell just under two percent in 2014 as compared to 2013.

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

---

<sup>1</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 Exploration and Production Net Income per Barrel of Oil Equivalent (BOE) in Selected Provinces: Full-Year 2013, and Third-Quarter and Full-Year 2014**

Province	Net Income (millions)			Production BOE Daily in thousands			BOE Production (millions of barrels)			Net Income per BOE		
	2013	Q4 2014	2014	2013	Q4 2014	2014	2013	Q4 2014	2014	2013	Q4 2014	2014
Alaska	\$2,274	\$343	\$2,041	200	186	183	73.0	17.1	66.8	\$31.15	\$20.04	\$30.56
Lower 48	\$754	-\$643	-\$22	491	541	533	179.2	49.8	194.5	\$4.21	-\$12.92	-\$0.11
Canada	\$718	\$95	\$940	276	296	284	100.7	27.2	103.7	\$7.13	\$3.49	\$9.07
Europe	\$1,229	-\$15	\$804	189	215	211	69.0	19.8	77.0	\$17.82	-\$0.76	\$10.44
Asia Pacific / Middle East	\$3,532	\$603	\$2,939	312	325	317	113.9	29.9	115.7	\$31.02	\$20.17	\$25.40
Other International	\$291	-\$164	-\$90	34	26	12	12.4	2.4	4.4	\$23.45	-\$68.56	-\$20.55
<b>Total International</b>	<b>\$5,770</b>	<b>\$519</b>	<b>\$4,593</b>	<b>845</b>	<b>862</b>	<b>824</b>	<b>308.4</b>	<b>79.3</b>	<b>300.8</b>	<b>\$18.71</b>	<b>\$6.54</b>	<b>\$15.27</b>
<b>Total Global</b>	<b>\$9,156</b>	<b>-\$39</b>	<b>\$6,869</b>	<b>1,545</b>	<b>1,589</b>	<b>1,561</b>	<b>563.9</b>	<b>146.2</b>	<b>569.8</b>	<b>\$16.24</b>	<b>-\$0.27</b>	<b>\$12.06</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. 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>. We extracted these data from the company's SEC 8-K filing dated January 29, 2015.

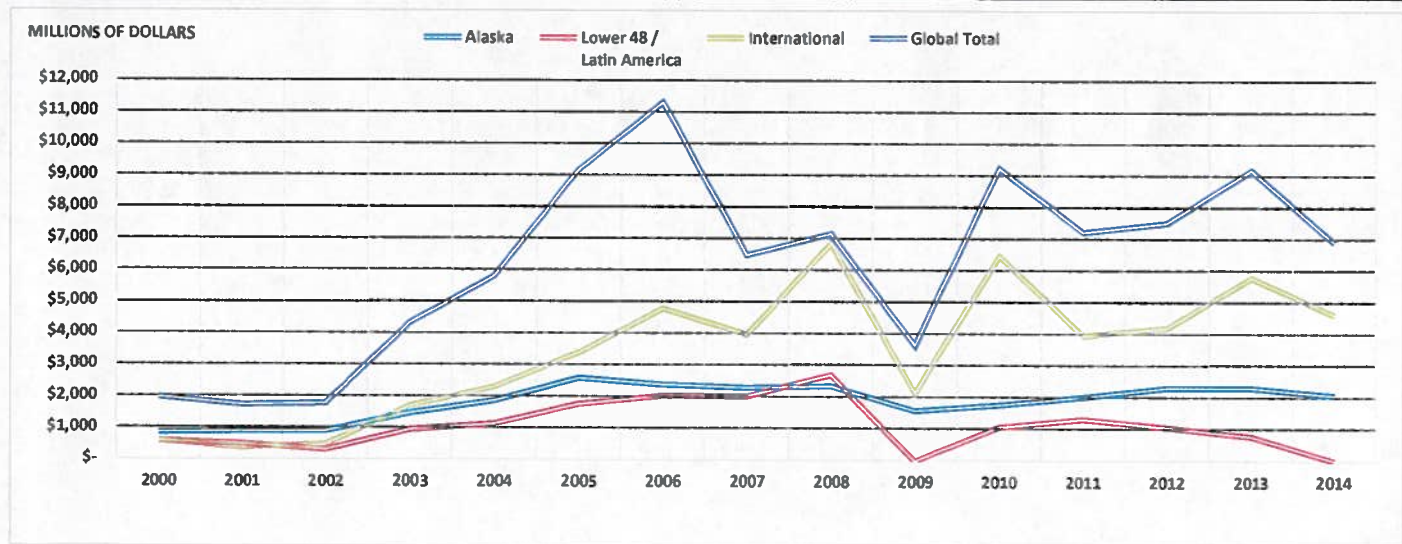
**Table 2: ConocoPhillips Exploration and Production Net Income by Selected Jurisdictions**

(Millions of Nominal Dollars)

Jurisdiction	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Alaska	\$ 829	\$ 866	\$ 870	\$ 1,445	\$ 1,832	\$ 2,552	\$ 2,347	\$ 2,255	\$ 2,315	\$ 1,540	\$ 1,735	\$ 1,984	\$ 2,276	\$ 2,274	\$ 2,041
Lower 48 / Latin America	\$ 559	\$ 476	\$ 286	\$ 929	\$ 1,110	\$ 1,736	\$ 2,001	\$ 1,993	\$ 2,673	\$ (37)	\$ 1,033	\$ 1,288	\$ 1,029	\$ 754	\$ (22)
International	\$ 557	\$ 354	\$ 452	\$ 1,675	\$ 2,273	\$ 3,366	\$ 4,761	\$ 3,944	\$ 6,833	\$ 2,101	\$ 6,430	\$ 3,916	\$ 4,176	\$ 5,770	\$ 4,593
<b>Global Total</b>	<b>\$ 1,945</b>	<b>\$ 1,699</b>	<b>\$ 1,749</b>	<b>\$ 4,302</b>	<b>\$ 5,776</b>	<b>\$ 9,144</b>	<b>\$ 11,273</b>	<b>\$ 6,449</b>	<b>\$ 7,125</b>	<b>\$ 3,604</b>	<b>\$ 9,198</b>	<b>\$ 7,188</b>	<b>\$ 7,481</b>	<b>\$ 9,156</b>	<b>\$ 6,869</b>

Notes: Global Total typically includes "Equity affiliates," which are companies that ConocoPhillips owns or in which it holds an equity interest. It is our understanding that the company conducts operations through these affiliates in order to comply with regulatory requirements. These entities exist across a number of geographic jurisdictions and vary in location from year to year. Global Totals further include claimed corporate income and losses spanning operations.

Source: Forms 8-K and 10-K filings with the U.S. Securities and Exchange Commission posted to the EDGAR online database, <http://www.sec.gov/edgar/searchedgar/webusers.htm>.



**Table 3: ConocoPhillips Exploration and Production Net Income per Barrel of Oil Equivalent by Selected Jurisdictions**  
(Nominal Dollars)

Jurisdiction	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Annual Average
Alaska	\$ 8.97	\$ 6.01	\$ 6.19	\$ 10.43	\$ 14.36	\$ 20.38	\$ 21.08	\$ 20.66	\$ 22.84	\$ 15.73	\$ 19.47	\$ 24.16	\$ 29.20	\$ 31.15	\$ 30.56	\$ 18.75
Lower 48 / Latin America	\$ 9.13	\$ 8.02	\$ 3.77	\$ 8.42	\$ 10.56	\$ 15.96	\$ 10.63	\$ 9.80	\$ 14.39	\$ (0.20)	\$ 6.26	\$ 8.24	\$ 6.15	\$ 4.21	\$ (0.11)	\$ 7.68
International	\$ 5.35	\$ 3.60	\$ 2.74	\$ 5.57	\$ 7.64	\$ 11.55	\$ 12.70	\$ 11.43	\$ 18.57	\$ 5.63	\$ 19.56	\$ 11.82	\$ 21.12	\$ 19.42	\$ 15.65	\$ 11.49
Global Total	\$ 7.54	\$ 5.62	\$ 4.43	\$ 7.32	\$ 9.88	\$ 13.85	\$ 13.05	\$ 7.58	\$ 8.61	\$ 5.88	\$ 15.75	\$ 12.62	\$ 12.95	\$ 16.24	\$ 12.06	\$ 10.23

Notes: Global Total includes results from "equity affiliates," which are companies that ConocoPhillips owns or in which it holds an equity interest. It is our understanding that the company conducts operations through these affiliates in order to comply with regulatory requirements. These entities exist across a number of geographic jurisdictions and vary in location from year to year. Global Totals further include claimed corporate income and losses spanning 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, the grade of oil produced. Therefore, BOE figures should be viewed as estimates. The figures in this table are the results of dividing net income by the aggregate BOE production of oil, natural gas, and natural gas liquids. Figures are imprecise due to the impact of rounding production figures to the nearest 1,000 barrels.

Source: Legislative Research calculations based on forms 8-K and 10-K filings with the U.S. Securities and Exchange Commission posted to the EDGAR online database, <http://www.sec.gov/edgar/searchedgar/webusers.htm>.

