About the Financial Reporting System Companies

Changes in the Financial Reporting System Companies for the 2007 Reporting Year

For the 2007 reporting year, 25 major energy companies (**Table 20**) reported their financial and operating data to the Energy Information Administration's (EIA) Financial Reporting System (FRS) on Form EIA-28. The number of companies (referred to as the FRS companies in this report) decreased by two from 2006 with the addition of Alenco, and the departure of Burlington Resources, Dominion Resources, and Kerr McGee.

Table 20. The FRS Companies in 2007

Alenco Inc.	Exxon Mobil Corporation
Amerada Hess Corporation	Lyondell Chemical Corporation
Anadarko Petroleum Corporation	Marathon Oil Corporation
Apache Corporation	Motiva Enterprises, L.L.C.
BP America, Inc.	Occidental Petroleum Corporation
Chesapeake Energy Corporation	Shell Oil Company
Chevron Corporation	Sunoco, Inc.
CITGO Petroleum Corporation	Tesoro Petroleum Corporation
ConocoPhillips Company	The Williams Companies, Inc.
Devon Energy Corporation	Total Holdings USA, Inc.
El Paso Corporation	Valero Energy Corp.
EOG Resources, Inc.	XTO Energy, Inc.
Equitable Resources, Inc.	

Note: Five of the FRS companies are owned by foreign companies: Alenco—owned by Encana Corporation; BP America—owned by BP plc; CITGO—owned by Petroleos de Venezuela, S.A.; Shell Oil—owned by Royal Dutch Shell plc.; and Total Holdings USA—owned by Total S.A.

Alenco Inc., the U.S. affiliate of the Canadian-based EnCana Corporation, was added due to incremental growth in its U.S. natural gas production. Burlington Resources and Kerr McGee were acquired by ConocoPhillips and Anadarko Petroleum, respectively, in 2006. They provided partial-year submissions in 2006 and continue in the FRS as part of the acquiring FRS company. Dominion Resources sold most of its oil and natural gas production assets and no longer met the selection criteria for the FRS.

Additionally, Basell acquired the FRS respondent Lyondell Chemical late in 2007, creating LyondellBasell Industries.[84] However, the transaction had a negligible effect on the reporting by Lyondell Chemical Corporation for 2007 (the effect of the transaction is anticipated to be more tangible for the 2008 reporting year).

Although the composition of the FRS group of companies changes over time, the changes usually are incremental, as evident from the above discussion. A company is added to the survey when, through growth or acquisition, it meets the criteria classifying it as a major energy company. Typically, no more than two companies are added to the survey in any given year. The new companies usually are relatively small compared to the existing FRS group, so the effect on the aggregate totals is marginal. The year 1998 was an exception. Because of a change in the FRS criteria, 11 companies were added to the FRS group. Companies rarely exit unless through merger, in which case the assets of the exiting company are absorbed into the surviving company. Thus, despite occasional year-to-year changes in the FRS group composition, comparisons are still meaningful and informative.

[84] See, "Basell and Lyondell Complete Merger Creating LyondellBasell Industries" (December 20, 2007), available at http://lyondellbasell.mediaroom.com/index.php?s=43&item=370 (as of October 7, 2008).

The FRS Companies' Importance in the U.S. Economy

The FRS companies occupy a significant position in the U.S.[85] economy. In 2007, operating revenues of the FRS companies totaled $1.444 trillion, which is equal to 14 percent of the $10.601 trillion in revenues of the Fortune 500 corporations.[86,87]

The reporting companies engage in a wide range of business activities, but their most important activities are in the energy sector. They derived about 93 percent, or $1,517 billion, of allocated operating revenues[88] from energy lines of business and derived nearly all of these revenues from their core petroleum operations (**Figure 31**). A majority of these companies are multinational, with 42 percent of the majors' net investment located abroad. Worldwide petroleum and natural gas market developments are of primary importance to these companies' financial performance.

In 2007, the FRS companies accounted for 42 percent of total U.S. crude oil and natural gas liquids (NGL) production,[89] 43 percent of natural gas production, 78 percent of U.S. refining capacity, and 0.5 percent of U.S. electricity net generation (**Figure 32**). During 2007, these companies devoted about 83 percent of their assets and 85 percent of new investments to sustaining various aspects of petroleum production, processing, transportation, and marketing.

Energy production, other than petroleum, has been a relatively small but growing part of the FRS companies' operations since 1994. During 2007, the combined operating revenues of the downstream natural gas, electricity, and other energy operations[90] of the FRS companies totaled $250 billion, or 15 percent of allocated revenues. The importance of electric power operations to the FRS companies substantially declined with the exit of Dominion Resources for the 2007 reporting year as the FRS share of U.S. electricity generation capacity fell from 3 percent in 2006 to 0.5 percent for 2007.

Nonenergy businesses, mainly chemicals, accounted for 7 percent, or $109 billion, of the FRS companies' allocated revenues in 2007. During the 1980s, the FRS companies were major producers of domestic uranium. However, no FRS company has produced uranium oxide domestically since 1991.

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[85] For the purposes of this report, the term "United States" includes the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

[86] Unless otherwise indicated, all dollar values and percentage changes in this report are based in constant 2007 dollars, adjusted using the Gross Domestic Product implicit price deflator.

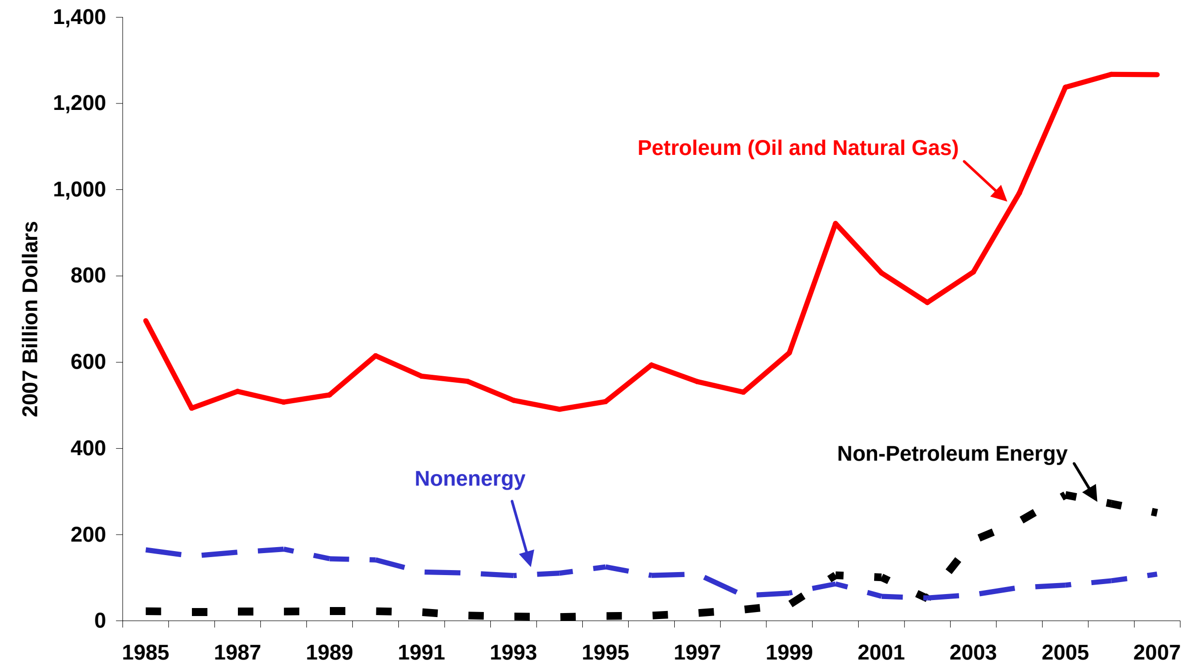
[87] The Fortune 500 is a list of the 500 largest U.S. corporations, ranked by revenues, published annually by *Fortune* magazine (http://money.cnn.com/magazines/fortune/fortune500/2008/full_list/ [as of September 25, 2008]).

[88] The sum of allocated operating revenue ($1,626 billion) exceeds corporate operating revenue ($1,444 billion) because allocated revenues include revenues from sales within the company and between different lines of business, in addition to the revenue from sales by the company to third parties (i.e., those outside the company). However, revenues from intersegment sales are eliminated in calculating corporate operating revenue, which includes only sales by the company to third parties.

[89] Note that U.S. totals include royalty production, while the FRS companies' production levels do not. Thus, these calculations understate the FRS companies' share of crude oil and NGL production and natural gas production.

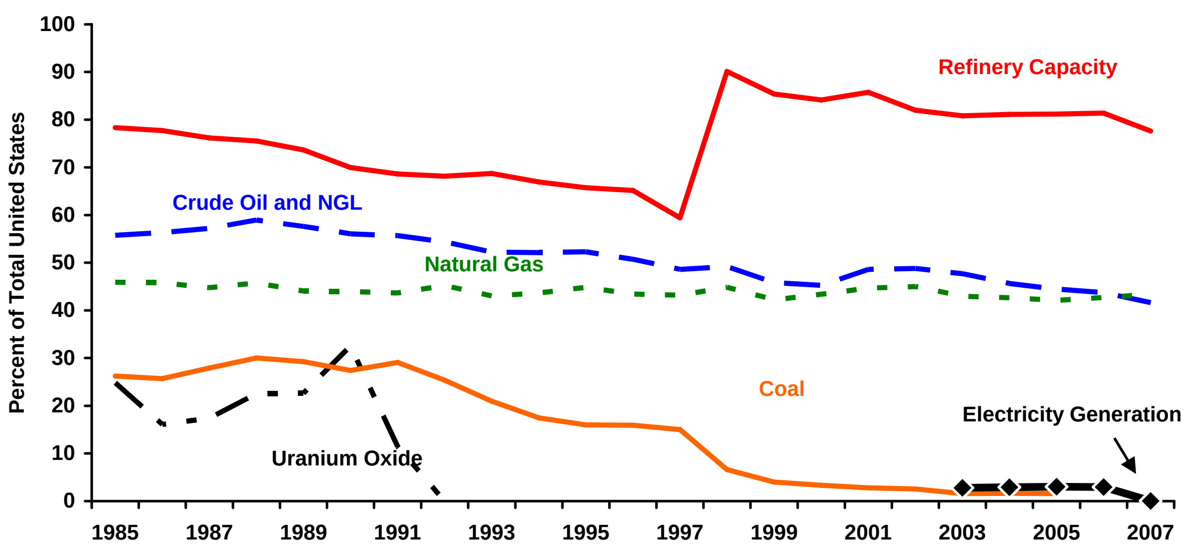
[90] Beginning with the 2003 reporting year, "other energy" operations include coal operations. Before 2003, coal was a separate line of business. Financial information for coal operations now is merged with that of the other energy operations.

Figure 31. Operating Revenues by Line of Business for FRS Companies, 1985-2007



Source: Energy Information Administration, Form EIA-28 (Financial Reporting System).

Figure 32. Shares of U.S. Energy Production[a] and Refinery Capacity for FRS Companies, 1985-2007



[a]Oil and natural gas production for the FRS companies includes only the production that is owned by the FRS companies; it does not include any interests not owned by the FRS companies (e.g., royalty interests owned by others). Total production for the United States includes the interests of all owners.

Note: The FRS companies last produced uranium in 1991 and coal production data were last collected in 2005. A change in the FRS criteria brought several additional refiners into the survey in 1998.

Sources: Detailed Statistical Table TS6; Total industry uranium oxide production is from Energy Information Administration, *Uranium Industry Annual 1992,* DOE/EIA-0478(92) (Washington, DC, October 1993).