TAXPAYERS for COMMON SENSE

O&G REPORT

February 2023

Big Oil Doubled Profits in 2022

Photo credit: Paul Lowry via Flickr

The top 6 international oil and gas companies reported combined annual profits of nearly $200 billion, more than double what they reported last year, while taxpayers continue to lose on broken and outdated big oil giveaways.

Over the past two weeks, the world's six largest publicly traded oil and gas companies – ExxonMobil, Chevron, Shell, Total Energies SE, ConocoPhillips, and BP – have reported their 2022 annual earnings. These oil supermajors have completed a year of record-breaking profits primarily due to sustained high oil and gas prices. In total, these six companies reported *$198 billion* in profits, more than double their earnings in 2021. Big Oil continues to bring in record profits while raking in billions of taxpayer dollars in needless subsidies and passing environmental and climate liabilities onto taxpayers.

2022 Earnings Results

- ExxonMobil reported earning $55.7 billion, 142% over 2021 earnings, and **the highest profits the company has ever made**. Additionally, ExxonMobil increased its stock buyback program from its original plan of $30 billion to a massive $50 billion.

- Chevron also **reported record profits this year**, taking in $35.5 billion in earnings and announcing a $75 billion stock buyback program.
- Shell posted $39.9 billion in earnings, **the highest profits the company has ever brought in**, more than double the $19.3 billion it made in 2021.
- TotalEnergies SE increased its profits by 28% yearly, posting profits of $21 billion, up from $16 billion in 2021.
- ConocoPhillips took $18.7 billion in profits, a 131% increase from their 2021 earnings totaling $8.1 billion.
- BP improved its profits by 116% to $27.7 billion.

Top 6 Publicly Traded Oil & Gas Companies Profits in 2022 vs 2021 ($, billions)

	2022	2021	% Change
ExxonMobil[1]	55.7	23	142%
Chevron	35.5	15.6	128%
Shell p.l.c.[2]	39.9	19.3	107%
Total Energies SE[3]	20.5	16	28%
ConocoPhillips	18.7	8.1	131%
BP[4]	27.7	12.8	116%
Total	**198**	**94.8**	**109%**

Oil and gas companies have once again proven resilient, mature, and highly profitable with their record-shattering profits in 2022. However, despite bringing in record profits, they have continued to fleece taxpayers by padding their pockets with tax subsidies and taking advantage of federal oil and gas leasing policies that have failed to protect taxpayer interest.

Taxpayers lose while big oil gets wealthier. Big Oil benefits from:

An Outdated Leasing System. TCS has repeatedly called for the Bureau of Land Management to reform the federal oil and gas leasing system. Though Congress has recently taken steps to improve the oil and gas leasing system, there are loopholes for Big Oil to exploit, like lower than market rate royalty.

Insufficient Bonding rates. One of the most egregious is outdated oil and gas bonding requirements. Companies are required to post bonds to cover potential cleanup costs for the oil and gas wells they drill on public lands. However, the minimum required bond amounts are significantly lower than the average cleanup cost of these wells. This loophole allows oil companies to make massive profits off taxpayer resources while passing their cleanup costs onto taxpayers. The federal government needs to take action to reform oil and gas bonding and make sure that taxpayers aren't left to pay for the environmental liabilities oil companies leave behind.

[1] U.S. Companies (ExxonMobil, Chevron, and ConocoPhillips) earnings are net income attributable to shareholders.
[2] Shell p.l.c. earnings listed are their adjusted earnings, which is based on the income attributable to Shell plc shareholders and adjusted for the certain identified items like impairment and the cost of supplies adjustment.
[3] Total Energies SE earnings are net income attributable to TotalEnergy shareholders.
[4] BP p.l.c. earnings listed are their underlying replacement cost profits, used as a proxy for net profits.

Lax Policies on Methane Waste. Companies extracting resources from federal land are required to compensate taxpayers for using taxpayer-owned resources through a royalty. Yet historically, operators have only paid royalties on a fraction of the methane they extract and release. Regular venting and flaring practices during oil and gas operations emit natural gas – predominantly methane – into the atmosphere. Current federal policies allow millions of dollars worth of methane to be released, costing taxpayers lost revenue from royalties, keeping a valuable energy resource from American consumers, and unnecessarily polluting the environment. With modern technological improvements, mitigating these losses is feasible and cost-effective.

Despite mounting evidence that the oil and gas industry can support itself on its own, federal policies continue to subsidize the industry through various forms of subsidies., While oil and gas companies prioritize returns to their investors by announcing bigger and bigger buyback budgets, the federal government must protect taxpayers' interests by ending unnecessary and wasteful subsidies.

Photo credit: Babette Plana via flickr