

## The Oil and Gas Industry: *Raking in Record-Breaking Profits*

Big Oil has made Big Money over the last decade. In fact, the last five years proved to be some of the most profitable for any U.S. industry ever. Within the last decade the price per barrel of oil has gone from roughly \$23 to \$80, with prices gushing as high as \$140, causing the already lucrative oil industry to rake in even more cash.<sup>i</sup>



In 2008, Exxon posted the largest annual corporate profit in U.S. history at \$45.2 billion; a 155% increase in profit from the decade's start.<sup>ii</sup> In the same year, international oil giants Shell and BP raked in \$31 billion,<sup>iii</sup> and \$25 billion respectively,<sup>iv</sup> and Chevron became the second most profitable company in the U.S. with \$24 billion in profits; a 360% increase from 2000.<sup>v</sup> Overall, **the top five oil companies recorded cumulative profits of nearly \$560 billion** from 2005 to 2009. (See table below)

### *2010 Outlook—Profits Already Skyrocketing*

Coming off substantial profits in 2009, oil companies have rung in the New Year with exponential-sized profits, once again. The top five oil companies all reported net profits for the first quarter increased between 23% and 135% from a year earlier. BP, the company now tasked with cleaning up and compensating those suffering economic losses in the Gulf of Mexico, saw its first quarter profits rise an astounding 135%, to \$6.1 billion.

Top Oil and Gas Company Profits 2005-2009 (in Billions)					
Company	Exxon	Shell	BP	Chevron	Total SA
Profits	180.7	116.9	98.4	84.3	78.8
<b>Total Profits</b>					<b>\$559 Billion</b>

### *Time to End the Flow of Subsidies*

While Big Oil has been shattering financial records, the industry has continued to drill into generous taxpayer-funded subsidies. Since 1940, more than \$360 billion worth of taxpayer subsidies and loopholes have lined the pockets of oil and gas corporations, with an additional \$23 billion projected over the next five years. These preferences have only padded the high returns enjoyed by the industry. According to the Office of Management and Budget: “Domestic oil and gas production subsidies generally do not significantly reduce the prices that consumers pay for products such as gasoline or home heating oil, resulting primarily in higher returns to the industry.”<sup>vi</sup> Now, more than ever, it's clear these companies do not need taxpayer handouts.

<sup>i</sup> U.S. Energy Information Administration. “Weekly All Countries Spot Price FOB Weighted by Estimated Export Volume (Dollars per Barrel),” <http://www.eia.doe.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WTOTWORLD&f=W>, 2010.

<sup>ii</sup> CNN. “Exxon 2008 profit: A record \$45 billion,” January, 2009. [http://money.cnn.com/2009/01/30/news/companies/exxon\\_earnings/index.htm](http://money.cnn.com/2009/01/30/news/companies/exxon_earnings/index.htm)

<sup>iii</sup> Times Online. “Shell Racks Up Record Profit at £60m a day,” [http://business.timesonline.co.uk/tol/business/industry\\_sectors/natural\\_resources/article5609802.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article5609802.ece), 2009.

<sup>iv</sup> Telegraph. “BP Makes Record £17 billion Profits in 2008 on Back of Oil Surge,” <http://www.telegraph.co.uk/finance/newsbysector/energy/4443902/BP-makes-record-17bn-profits-in-2008-on-back-of-oil-surge.html>, 2009.

<sup>v</sup> Global Research. “Economic Duplicity: Recession and Record Profits,” Center for Research on Globalization. <http://www.globalresearch.ca/index.php?context=va&aid=15273>, 2009.

<sup>vi</sup> Office of Management and Budget, “Terminations, Reductions and Savings: Budget of the U.S. Government, Fiscal Year 2010,” <http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf>, February 26, 2009.