Chevron Income Triples on Higher Energy Prices

CHRIS KAHN, AP Energy Writer

NEW YORK (AP) — Chevron's second-quarter earnings tripled on better refining margins and higher prices for oil and natural gas, the company said Friday.

Chevron reported income of $5.4 billion, or $2.70 per share, for the three months ended June 30. That compares with $1.7 billion, or 87 cents per share, in the same part of last year. Revenue jumped 32 percent to $53 billion.

Chevron easily beat most Wall Street expectations.

Analysts had expected earnings of $2.44 per share on revenue of $52.5 billion.

Chevron's results mirror other major petroleum companies including Exxon Mobil and ConocoPhillips, which also reported big gains in second-quarter income this week.

The only oil major that didn't boost profits was BP PLC, which is reeling from the massive oil spill in the Gulf of Mexico. The British oil giant reported a record $17 billion quarterly loss as it set aside $32.2 billion to pay for the widening environmental calamity in the Gulf.

BP's runaway well, which pumped as much as 184 million gallons of oil into the sea, has tainted the entire oil industry. Market values slumped for Big Oil as President Obama temporarily closed U.S. waters to deep-sea oil exploration.

Service companies and rig owners spent the summer moving staff and equipment onshore and out of the Gulf.

The U.S. moratorium didn't target oil and gas production, however, and oil majors continued to reap billions of dollars in profits from drilling operations around the world.

As the U.S. and other countries pull themselves from recession, world demand for petroleum products has been on the rise. Oil prices jumped 31 percent and natural gas prices rose 14 percent in the quarter. Retail gasoline prices also increased 20 percent to an average of $2.86 per gallon in the second quarter, according to data from the Energy Information Administration.

Oil companies cranked up production to take advantage. Chevron, based in San Ramon, Calif., increased oil and gas production 3 percent to 2.04 million barrels per day.

The refining business also rebounded from a woeful 2009, when companies struggled to pass higher oil prices along at the pump. A rise in consumer demand

pushed profit margins higher for refineries. During the quarter, Chevron's downstream business, which includes refineries, reported earnings of $975 million, up from $131 million in the year-ago period.

Shares in Chevron Corp. fell 68 cents to $75.34 in morning trading as oil prices dipped more than 1 percent.

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