Halliburton Rides Oil Boom to 4Q Profit

NEW YORK (AP) — Halliburton's net income spiked 50 percent in the final three months of 2011 as the world's biggest oilfield services company shifted its focus from natural gas to oil, with a barrel of crude again trading near the triple digit mark yet again.

Energy companies are capitalizing on new technology to reach crude that was once prohibitively expensive to pump, especially in the United States, and Halliburton has benefited immensely.

The Houston company posted earnings of $906 million, or 98 cents per share, for the fourth quarter. That compares with $605 million, or 66 cents per share, for the same part of 2010.

Excluding a $15 million charge for an "environmental-related matter," Halliburton Co. earned $1 per share in the quarter. Revenue increased 36.9 percent to $7.06 billion.

The boom in shale drilling across regions of North America boosted Halliburton's 2011 earnings to

$2.84 billion, or $3.08 per share, compared with $1.84 billion, or $2.02 per share, in 2010. Annual revenue increased 38.1 percent to $24.8 billion.

Hydraulic fracturing, still a relatively new technology, has allowed energy

companies to get to oil in fields that had been left behind with most of the remaining resources trapped in rock. Halliburton and others use a mix of highly pressurized water and chemicals to break apart those shale formations and free the resources contained within.

That has reshaped the industry enormously in recent years and those changes continued Monday with the announcement that oil and gas producer Apache Corp. would buy privately held Cordillera Energy Partners III LLC in a deal valued at $2.85 billion. Apache wanted access to Cordillera's approximately 254,000 net acres in the Oklahoma and the Texas Panhandle, areas rich with potential for shale drilling.

Those companies need Halliburton to service wells, increasingly oil wells rather than natural gas.

"In 2012, we expect revenue growth in excess of rig count growth in both the Eastern and Western Hemispheres," said CEO Dave Lesar. "We are proactively moving equipment from dry natural gas to liquids plays in North America in response to recent rig moves. We believe strongly that we will not experience a collapse of margins in North America and, as a result, we expect revenue and operating income will increase in 2012 in North America."

Oil prices increased more than 10 percent in the fourth quarter while natural gas prices dropped by 13 percent.

Halliburton also saw an increase in drilling in Gulf of Mexico during the fourth quarter. Operating income also grew in Latin America, while falling in Europe and North Africa and holding steady in the Middle East.

Overall, the company's completion and production business increased profits 58 percent while its drilling and evaluation business increased profits by 35.6 percent.

Schlumberger Ltd., another major oil services firm, reported a 36 percent jump in fourth-quarter profits last week.

Halliburton shares fell by 20 cents to $36 in premarket trading.

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