Chevron 2Q Profit Slips 7 Percent

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NEW YORK (AP) — Chevron's net income fell nearly 7 percent in the second quarter as oil prices and production declined.

The oil giant said Friday it earned $7.21 billion, or $3.66 per share, last quarter. That compared with $7.73 billion, or $3.85, a year earlier. Revenue fell by 9 percent in the quarter to $62.6 billion.

Those results beat Wall Street estimates of $3.23 on revenue of $71.4 billion, according to FactSet. Shares rose by 24 cents to $108.51 in premarket trading.

Chevron Corp., the second-largest U.S. petroleum company behind Exxon Mobil, said production from its global network of oil and natural gas wells fell 2.6 percent in the second quarter. It also sold oil for lower prices in the U.S. and overseas. Natural gas fetched only half as much in the U.S. as it did a year earlier, though gas prices rose internationally.

The fall in production and prices was tempered by a surge in profits at Chevron's refining and marketing operations. Profits rose 80 percent as the company sold about $200 million in assets, including its stake in a South Korean energy business. Chevron's refineries were more profitable because the cost of oil fell and they sold gasoline and other fuels at higher prices on the West coast.

Like many of its peers, the San Ramon, Calif.-based company has increased spending on exploration this year, even though lower oil and gas prices are generating lower returns.

"Despite current weakness in the global economy, we continue to invest in our long-term growth projects to help deliver affordable energy to meet future demand," Chairman and CEO John Watson said.

A slump in oil and natural gas prices also weakened quarterly profits at Exxon Mobil, Royal Dutch Shell, Occidental Petroleum Corp. and ConocoPhillips. BP reports its second-quarter financial results next week.

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