

# Chevron Profit Up on Asset Exchange, Refineries

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NEW YORK (AP) — Chevron Corp. posted a 41 percent gain in net income for the fourth quarter as the company produced more oil and gas, improved the performance of its refinery business and realized a gain from swapping assets in an Australian natural gas field.

Chevron Corp. posted net income of \$7.2 billion for the quarter on revenue of \$60.6 billion. That's up from \$5.1 billion on revenue of \$60 billion a year ago.

It was the biggest fourth quarter profit in the company's history. The company's annual profit of \$26.2 billion was second only to last year's numbers.

On a per-share basis, Chevron earned \$3.70. Analysts had expected the company to earn \$3.06 per share, according to FactSet, but analysts had not factored in the \$1.4 billion gain from Chevron's asset exchange.

Stacey Hudson, an analyst at Raymond James, estimates the exchange was worth 72 cents per share, which would put Chevron's adjusted earnings 8 cents below what analysts had expected but 40 cents higher than the fourth quarter of last year. Chevron's results were also helped by the sale of the company's fuels marketing operations in the Caribbean.

Excluding the gain from the Australian asset sale Chevron's net income rose 14 percent in the quarter.

Hudson described the results as "solid." Chevron shares rose \$1.35 to close at \$116.50 Friday.

Chevron's production rose to 2.67 million barrels of oil and gas per day for the quarter, up just slightly from a year ago but up substantially from the 2.5 million the company produced in the third quarter of last year. For the year, Chevron produced an average of 2.64 million barrels per day, down from 2.67 million barrels per day in 2011.

Production has been hurt by the temporary closure of the company's Brazilian offshore project in what is known as the Frade field. It has been closed since oil was found to be seeping from the field in November 2011 and again in March 2012.

The company's production of oil and other liquid hydrocarbons in the U.S. rose 3 percent to 462,000 barrels per day in the quarter. That lagged the blistering growth of overall U.S. production which has been rising dramatically in recent years. U.S. crude production rose 14 percent in the fourth quarter of last year to 6.85 million barrels per day, up from 5.98 million barrels per day in the same period of the previous year, according to the Energy Department.

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Chevron sold oil and liquids for an average of \$91 per barrel in the fourth quarter in the U.S., down from \$101 per barrel during last year's fourth quarter. Abroad, Chevron brought in \$100 per barrel, down from \$101 last year.

Chevron's chemicals and refining operations improved, especially in the U.S., because input costs at the plants including crude oil, natural gas and natural gas liquids fell while the prices for the refined fuels and chemicals rose. Chevron's refinery output in the U.S. fell by 75,000 barrels per day, however, after an August fire at its Richmond, Calif. plant shut down a processing unit.

Larger rival Exxon Mobil Corp. reported a 6 percent increase in fourth-quarter earnings to \$9.95 billion.

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