

Is ConocoPhillips' Eagle Ford Success Emblematic?

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Summary

- Since 2012, ConocoPhillips has remade itself from a collection of medium-term projects with inflexible capital requirements to a highly-focused E&P operating successfully internationally and in top U.S. unconventional basins.
- This success is epitomized by the improvement in the company's Eagle Ford operations.
- ConocoPhillips has prioritized returns to investors through asset sales, share repurchases, dividend increases, and careful project selection. The company's next earnings call is July 26th.
- *This idea was discussed in more depth with members of my private investing community, Econ-Based Energy Investing.*

With the Permian Basin at takeaway limits, investors are reviewing other basins. As a key producer in the U.S. and abroad, ConocoPhillips (COP) has gained notice for its leadership, along with EOG (EOG), in south Texas' Eagle Ford field. ConocoPhillips' Eagle Ford success through operational focus and technological innovation is representative of its successful turnaround overall.

Brief Company Profile

ConocoPhillips is headquartered in Houston, Texas, and has 11,200 full-time employees worldwide. Its long-ago predecessor companies, Marland Oil/Conoco and Phillips Petroleum were both founded in Oklahoma in 1917. ConocoPhillips explores for and produces oil, natural gas, and natural gas liquids in the U.S., Canada, Europe, Asia, and Australia. It very recently won a \$2 billion judgment against the Venezuelan national oil company, PDVSA after PDVSA expropriated ConocoPhillips' Venezuelan assets.

In the U.S., the company produces from the majority of the country's unconventional-reserve basins.





Credit: markets.businessinsider.com

Oil Prices and Production

The July 9th closing oil price was \$74.04 per barrel for West Texas Intermediate (WTI) crude oil.

(As a side note, in March 2018, the Energy Information Administration (EIA) forecasted a 5-95 confidence interval of \$52-\$78/barrel for July 2018 WTI oil prices. The July 9th, 2018 price is indeed just within that range.)



COP data by YCharts