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Revisiting Our Price Estimates For Large Independents Amid Lower Crude Prices Page 1 of 4


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Revisiting Our Price Estimates
 For Large Independents Amid
 Lower Crude Prices

 **Trefis Team (<http://blogs.forbes.com/people/trefis/>)**, Contributor

2020. (See: [Where Are Crude Oil Prices Headed In The Long Run](#)
(<http://www.trefis.com/stock/xom/articles/270141/where-are-oil-prices-headed-in-the-long-run/2014-12-17>)

Oil and Gas Exploration and Production Select Industry Index has declined by almost 4% since the WTI crude oil prices peaked at around \$100 per barrel in June, while the NYSE Arca Oil & Gas Index, which includes both integrated and independent players, has declined by just 2% over the same period. This is because, unlike the integrated players, these companies do not have a relatively stable stream of cash flows from refining and chemical production operation. This means that in a commodity down cycle, such as this one, these companies see a sharp decline in their operating cash flows, which lowers their capacity to invest in future production growth. Therefore, capital expenditures (which is the biggest single cash expense item in this business and

<http://www.forbes.com/sites/gratspeculations/2014/12/26/revisiting-our-price-estimates-for-1/7/2015>
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