EXXON MOBIL CORP
Form 10-K
February 24, 2016

2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-2256

EXXON MOBIL CORPORATION

(Exact name of registrant as specified in its charter)

NEW JERSEY	**13-5409005**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5959 LAS COLINAS BOULEVARD, IRVING, TEXAS 75039-2298

(Address of principal executive offices) (Zip Code)

(972) 444-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, without par value (4,152,756,609 shares outstanding at January 31, 2016)	**New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price on that date of $83.20 on the New York Stock Exchange composite tape, was in excess of $346 billion.

Documents Incorporated by Reference: Proxy Statement for the 2016 Annual Meeting of Shareholders (Part III)

EXXON MOBIL CORPORATION

FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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PART I

ITEM 1. BUSINESS

Exxon Mobil Corporation was incorporated in the State of New Jersey in 1882. Divisions and affiliated companies of ExxonMobil operate or market products in the United States and most other countries of the world. Their principal business is energy, involving exploration for, and production of, crude oil and natural gas, manufacture of petroleum products and transportation and sale of crude oil, natural gas and petroleum products. ExxonMobil is a major manufacturer and marketer of commodity petrochemicals, including olefins, aromatics, polyethylene and polypropylene plastics and a wide variety of specialty products. Affiliates of ExxonMobil conduct extensive research programs in support of these businesses.

Exxon Mobil Corporation has several divisions and hundreds of affiliates, many with names that include *ExxonMobil*, *Exxon*, *Esso, Mobil* or *XTO*. For convenience and simplicity, in this report the terms *ExxonMobil, Exxon, Esso, Mobil* and *XTO*, as well as terms like *Corporation*, *Company*, *our*, *we* and *its*, are sometimes used as abbreviated references to specific affiliates or groups of affiliates. The precise meaning depends on the context in question.

Throughout ExxonMobil's businesses, new and ongoing measures are taken to prevent and minimize the impact of our operations on air, water and ground. These include a significant investment in refining infrastructure and technology to manufacture clean fuels, as well as projects to monitor and reduce nitrogen oxide, sulfur oxide and greenhouse gas emissions, and expenditures for asset retirement obligations. Using definitions and guidelines established by the American Petroleum Institute, ExxonMobil's 2015 worldwide environmental expenditures for all such preventative and remediation steps, including ExxonMobil's share of equity company expenditures, were $5.6 billion, of which $3.8 billion were included in expenses with the remainder in capital expenditures. The total cost for such activities is expected to decrease to approximately $5 billion in 2016 and 2017, mainly reflecting lower project activity in Canada. Capital expenditures are expected to account for approximately 30 percent of the total.

The energy and petrochemical industries are highly competitive. There is competition within the industries and also with other industries in supplying the energy, fuel and chemical needs of both industrial and individual consumers. The Corporation competes with other firms in the sale or purchase of needed goods and services in many national and international markets and employs all methods of competition which are lawful and appropriate for such purposes.

Operating data and industry segment information for the Corporation are contained in the Financial Section of this report under the following: "Quarterly Information", "Note 18: Disclosures about Segments and Related Information" and "Operating Summary". Information on oil and gas reserves is contained in the "Oil and Gas Reserves" part of the "Supplemental Information on Oil and Gas Exploration and Production Activities" portion of the Financial Section of this report.

ExxonMobil has a long standing commitment to the development of proprietary technology. We have a wide array of research programs designed to meet the needs identified in each of our business segments. Information on Company sponsored research and development spending is contained in "Note 3: Miscellaneous Financial Information" of the Financial Section of this report. ExxonMobil held approximately 11 thousand active patents worldwide at the end of 2015. For technology licensed to third parties, revenues totaled approximately $158 million in 2015. Although technology is an important contributor to the overall operations and results of our Company, the profitability of each business segment is not dependent on any individual patent, trade secret, trademark, license, franchise or concession.

The number of regular employees was 73.5 thousand, 75.3 thousand, and 75.0 thousand at years ended 2015, 2014 and 2013, respectively. Regular employees are defined as active executive, management, professional, technical and wage employees who work full time or part time for the Corporation and are covered by the Corporation's benefit plans and programs. Regular employees do not include employees of the company operated retail sites (CORS). The number of CORS employees was 2.1 thousand, 8.4 thousand, and 9.8 thousand at years ended 2015, 2014 and 2013, respectively. The decrease in CORS employees reflects the multi year transition of the company operated retail network in portions of Europe to a more capital efficient Branded Wholesaler model.

Information concerning the source and availability of raw materials used in the Corporation's business, the extent of seasonality in the business, the possibility of renegotiation of profits or termination of contracts at the election of governments and risks attendant to foreign operations may be found in "Item 1A. Risk Factors" and "Item 2. Properties" in this report.

ExxonMobil maintains a website at exxonmobil.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 are made available through our website as soon as reasonably practical after we electronically file or furnish the reports to the Securities and Exchange Commission. Also available on the Corporation's website are the Company's Corporate Governance Guidelines and Code of Ethics and Business Conduct, as well as the charters of the audit, compensation and nominating committees of the Board of Directors. Information on our website is not incorporated into this report.

ITEM 1A. RISK FACTORS

ExxonMobil’s financial and operating results are subject to a variety of risks inherent in the global oil, gas, and petrochemical businesses. Many of these risk factors are not within the Company’s control and could adversely affect our business, our financial and operating results, or our financial condition. These risk factors include:

Supply and Demand

The oil, gas, and petrochemical businesses are fundamentally commodity businesses. This means ExxonMobil’s operations and earnings may be significantly affected by changes in oil, gas, and petrochemical prices and by changes in margins on refined products. Oil, gas, petrochemical, and product prices and margins in turn depend on local, regional, and global events or conditions that affect supply and demand for the relevant commodity. Any material decline in oil or natural gas prices could have a material adverse effect on certain of the Company’s operations, especially in the Upstream segment, financial condition and proved reserves. On the other hand, a material increase in oil or natural gas prices could have a material adverse effect on certain of the Company’s operations, especially in the Downstream and Chemical segments.

Economic conditions. The demand for energy and petrochemicals correlates closely with general economic growth rates. The occurrence of recessions or other periods of low or negative economic growth will typically have a direct adverse impact on our results. Other factors that affect general economic conditions in the world or in a major region, such as changes in population growth rates, periods of civil unrest, government austerity programs, or currency exchange rate fluctuations, can also impact the demand for energy and petrochemicals. Sovereign debt downgrades, defaults, inability to access debt markets due to credit or legal constraints, liquidity crises, the breakup or restructuring of fiscal, monetary, or political systems such as the European Union, and other events or conditions that impair the functioning of financial markets and institutions also pose risks to ExxonMobil, including risks to the safety of our financial assets and to the ability of our partners and customers to fulfill their commitments to ExxonMobil.

Other demand-related factors. Other factors that may affect the demand for oil, gas, and petrochemicals, and therefore impact our results, include technological improvements in energy efficiency; seasonal weather patterns, which affect the demand for energy associated with heating and cooling; increased competitiveness of alternative energy sources that have so far generally not been competitive with oil and gas without the benefit of government subsidies or mandates; and changes in technology or consumer preferences that alter fuel choices, such as toward alternative fueled or electric vehicles.

Other supply-related factors. Commodity prices and margins also vary depending on a number of factors affecting supply. For example, increased supply from the development of new oil and gas supply sources and technologies to enhance recovery from existing sources tend to reduce commodity prices to the extent such supply increases are not offset by commensurate growth in demand. Similarly, increases in industry refining or petrochemical manufacturing capacity tend to reduce margins on the affected products. World oil, gas, and petrochemical supply levels can also be affected by factors that reduce available supplies, such as adherence by member countries to OPEC production quotas and the occurrence of wars, hostile actions, natural disasters, disruptions in competitors’ operations, or unexpected unavailability of distribution channels that may disrupt supplies. Technological change can also alter the relative costs for competitors to find, produce, and refine oil and gas and to manufacture petrochemicals.

Other market factors. ExxonMobil’s business results are also exposed to potential negative impacts due to changes in interest rates, inflation, currency exchange rates, and other local or regional market conditions. We generally do not use financial instruments to hedge market exposures.

Government and Political Factors

ExxonMobil's results can be adversely affected by political or regulatory developments affecting our operations.

Access limitations. A number of countries limit access to their oil and gas resources, or may place resources off-limits from development altogether. Restrictions on foreign investment in the oil and gas sector tend to increase in times of high commodity prices, when national governments may have less need of outside sources of private capital. Many countries also restrict the import or export of certain products based on point of origin.

Restrictions on doing business. ExxonMobil is subject to laws and sanctions imposed by the U.S. or by other jurisdictions where we do business that may prohibit ExxonMobil or certain of its affiliates from doing business in certain countries, or restricting the kind of business that may be conducted. Such restrictions may provide a competitive advantage to competitors who may not be subject to comparable restrictions.

Lack of legal certainty. Some countries in which we do business lack well-developed legal systems, or have not yet adopted clear regulatory frameworks for oil and gas development. Lack of legal certainty exposes our operations to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce our contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce an award.

Regulatory and litigation risks. Even in countries with well-developed legal systems where ExxonMobil does business, we remain exposed to changes in law (including changes that result from international treaties and accords) that could adversely affect our results, such as:

•	increases in taxes or government royalty rates (including retroactive claims);
•	price controls;
•	changes in environmental regulations or other laws that increase our cost of compliance or reduce or delay available business opportunities (including changes in laws related to offshore drilling operations, water use, or hydraulic fracturing);
•	adoption of regulations mandating the use of alternative fuels or uncompetitive fuel components;
•	adoption of government payment transparency regulations that could require us to disclose competitively sensitive commercial information, or that could cause us to violate the non-disclosure laws of other countries; and
•	government actions to cancel contracts, re-denominate the official currency, renounce or default on obligations, renegotiate terms unilaterally, or expropriate assets.

Legal remedies available to compensate us for expropriation or other takings may be inadequate.

We also may be adversely affected by the outcome of litigation, especially in countries such as the United States in which very large and unpredictable punitive damage awards may occur, or by government enforcement proceedings alleging non-compliance with applicable laws or regulations.

Security concerns. Successful operation of particular facilities or projects may be disrupted by civil unrest, acts of sabotage or terrorism, and other local security concerns. Such concerns may require us to incur greater costs for security or to shut down operations for a period of time.

Climate change and greenhouse gas restrictions. Due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. These requirements could make our products more expensive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon sources such as natural gas. Current and pending greenhouse gas regulations may also increase our compliance costs, such as for monitoring or sequestering emissions.

Government sponsorship of alternative energy. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. We are conducting our own research efforts into alternative energy, such as through sponsorship of the Global Climate and Energy Project at Stanford University and research into liquid products from algae and biomass that can be further converted to transportation fuels. Our future results may depend in part on the success of our research efforts and on our ability to adapt and apply the strengths of our current business model to providing the energy products of the future in a cost-competitive manner. See “Management Effectiveness” below.

Management Effectiveness

In addition to external economic and political factors, our future business results also depend on our ability to manage successfully those factors that are at least in part within our control. The extent to which we manage these factors will impact our performance relative to competition. For projects in which we are not the operator, we depend on the management effectiveness of one or more co-venturers whom we do not control.

Exploration and development program. Our ability to maintain and grow our oil and gas production depends on the success of our exploration and development efforts. Among other factors, we must continuously improve our ability to identify the most promising resource prospects and apply our project management expertise to bring discovered resources on line as scheduled and within budget.

Project management. The success of ExxonMobil's Upstream, Downstream, and Chemical businesses depends on complex, long-term, capital intensive projects. These projects in turn require a high degree of project management expertise to maximize efficiency. Specific factors that can affect the performance of major projects include our ability to: negotiate successfully with joint venturers, partners, governments, suppliers, customers, or others; model and optimize reservoir performance; develop markets for project outputs, whether through long-term contracts or the development of effective spot markets; manage changes in operating conditions and costs, including costs of third party equipment or services such as drilling rigs and shipping; prevent, to the extent possible, and respond effectively to unforeseen technical difficulties that could delay project startup or cause unscheduled project downtime; and influence the performance of project operators where ExxonMobil does not perform that role.

The term “project” as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

Operational efficiency. An important component of ExxonMobil’s competitive performance, especially given the commodity-based nature of many of our businesses, is our ability to operate efficiently, including our ability to manage expenses and improve production yields on an ongoing basis. This requires continuous management focus, including technology improvements, cost control, productivity enhancements, regular reappraisal of our asset portfolio, and the recruitment, development, and retention of high caliber employees.

Research and development. To maintain our competitive position, especially in light of the technological nature of our businesses and the need for continuous efficiency improvement, ExxonMobil’s research and development organizations must be successful and able to adapt to a changing market and policy environment, including developing technologies to help reduce greenhouse gas emissions.

Safety, business controls, and environmental risk management. Our results depend on management’s ability to minimize the inherent risks of oil, gas, and petrochemical operations, to control effectively our business activities, and to minimize the potential for human error. We apply rigorous management systems and continuous focus to workplace safety and to avoiding spills or other adverse environmental events. For example, we work to minimize spills through a combined program of effective operations integrity management, ongoing upgrades, key equipment replacements, and comprehensive inspection and surveillance. Similarly, we are implementing cost-effective new technologies and adopting new operating practices to reduce air emissions, not only in response to government requirements but also to address community priorities. We also maintain a disciplined framework of internal controls and apply a controls management system for monitoring compliance with this framework. Substantial liabilities and other adverse impacts could result if our management systems and controls do not function as intended. The ability to insure against such risks is limited by the capacity of the applicable insurance markets, which may not be sufficient.

Business risks also include the risk of cybersecurity breaches. If our systems for protecting against cybersecurity risks prove not to be sufficient, ExxonMobil could be adversely affected such as by having its business systems compromised, its proprietary information altered, lost or stolen, or its business operations disrupted.

Preparedness. Our operations may be disrupted by severe weather events, natural disasters, human error, and similar events. For example, hurricanes may damage our offshore production facilities or coastal refining and petrochemical plants in vulnerable areas. Our facilities are designed, constructed, and operated to withstand a variety of extreme climatic and other conditions, with safety factors built in to cover a number of engineering uncertainties, including those associated with wave, wind, and current intensity, marine ice flow patterns, permafrost stability, storm surge magnitude, temperature extremes, extreme rain fall events, and earthquakes. Our consideration of changing weather conditions and inclusion of safety factors in design covers the engineering uncertainties that climate change and other events may potentially introduce. Our ability to mitigate the adverse impacts of these events depends in part upon the effectiveness of our robust facility engineering as well as our rigorous disaster preparedness and response and business continuity planning.

Projections, estimates, and descriptions of ExxonMobil’s plans and objectives included or incorporated in Items 1, 1A, 2, 7 and 7A of this report are forward-looking statements. Actual future results, including project completion dates, production rates, capital expenditures, costs, and business plans could differ materially due to, among other things, the factors discussed above and elsewhere in this report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. Properties

Information with regard to oil and gas producing activities follows:

1. Disclosure of Reserves

A. Summary of Oil and Gas Reserves at Year-End 2015

The table below summarizes the oil-equivalent proved reserves in each geographic area and by product type for consolidated subsidiaries and equity companies. Gas is converted to an oil-equivalent basis at six million cubic feet per one thousand barrels. The Corporation has reported proved reserves on the basis of the average of the first-day-of-the-month price for each month during the last 12-month period. When crude oil and natural gas prices are in the range seen in early 2016 for an extended period of time, under the Securities and Exchange Commission's (SEC) definition of proved reserves, certain quantities of oil and natural gas could temporarily not qualify as proved reserves. Under the terms of certain contractual arrangements or government royalty regimes, lower prices can also increase proved reserves attributable to ExxonMobil. Otherwise, no major discovery or other favorable or adverse event has occurred since December 31, 2015, that would cause a significant change in the estimated proved reserves as of that date.

	Crude Oil	**Natural Gas Liquids**	**Bitumen**	**Synthetic Oil**	**Natural Gas**	**Oil-Equivalent Basis**
	(million bbls)	*(million bbls)*	*(million bbls)*	*(million bbls)*	*(billion cubic ft)*	*(million bbls)*
Proved Reserves						
Developed						
Consolidated Subsidiaries						
United States	1,155	272	-	-	13,353	3,652
Canada/South America *(1)*	92	9	4,108	581	552	4,882
Europe	158	34	-	-	1,593	458
Africa	738	162	-	-	750	1,025
Asia	1,586	121	-	-	4,917	2,526
Australia/Oceania	73	34	-	-	1,962	434
Total Consolidated	3,802	632	4,108	581	23,127	12,977
Equity Companies						
United States	221	7	-	-	156	254
Europe	25	-	-	-	6,146	1,049
Asia	802	349	-	-	15,233	3,690
Total Equity Company	1,048	356	-	-	21,535	4,993
Total Developed	4,850	988	4,108	581	44,662	17,970
Undeveloped						
Consolidated Subsidiaries						

United States	1,223	396	-	-	6,027	2,624
Canada/South America *(1)*	168	6	452	-	575	722
Europe	26	8	-	-	363	95
Africa	225	5	-	-	43	237
Asia	1,239	-	-	-	412	1,308
Australia/Oceania	52	31	-	-	5,079	929
Total Consolidated	2,933	446	452	-	12,499	5,915
Equity Companies						
United States	33	6	-	-	64	50
Europe	-	-	-	-	1,757	293
Asia	275	52	-	-	1,228	531
Total Equity Company	308	58	-	-	3,049	874
Total Undeveloped	3,241	504	452	-	15,548	6,789
Total Proved Reserves	8,091	1,492	4,560	581	60,210	24,759

(1) South America includes proved developed reserves of 0.1 million barrels of crude oil and natural gas liquids and 23 billion cubic feet of natural gas.

In the preceding reserves information, consolidated subsidiary and equity company reserves are reported separately. However, the Corporation operates its business with the same view of equity company reserves as it has for reserves from consolidated subsidiaries.

The Corporation anticipates several projects will come online over the next few years providing additional production capacity. However, actual volumes will vary from year to year due to the timing of individual project start-ups; operational outages; reservoir performance; performance of enhanced oil recovery projects; regulatory changes; the impact of fiscal and commercial terms; asset sales; weather events; price effects on production sharing contracts; changes in the amount and timing of capital investments that may vary depending on the oil and gas price environment; and other factors described in Item 1A. Risk Factors.

The estimation of proved reserves, which is based on the requirement of reasonable certainty, is an ongoing process based on rigorous technical evaluations, commercial and market assessments and detailed analysis of well and reservoir information such as flow rates and reservoir pressure declines. Furthermore, the Corporation only records proved reserves for projects which have received significant funding commitments by management made toward the development of the reserves. Although the Corporation is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals and significant changes in projections of long-term oil and natural gas price levels. In addition, proved reserves could be affected by an extended period of low prices which could reduce the level of the Corporation’s capital spending and also impact our partners’ capacity to fund their share of joint projects.

When crude oil and natural gas prices are in the range seen in late 2015 and early 2016 for an extended period of time, under the SEC definition of proved reserves, certain quantities of oil and natural gas, such as oil sands operations in Canada and natural gas operations in North America could temporarily not qualify as proved reserves. Amounts that could be required to be de-booked as proved reserves on an SEC basis are subject to being re-booked as proved reserves at some point in the future when price levels recover, costs decline, or operating efficiencies occur. Under the terms of certain contractual arrangements or government royalty regimes, lower prices can also increase proved reserves attributable to ExxonMobil. We do not expect any temporary changes in reported proved reserves under SEC definitions to affect the operation of the underlying projects or to alter our outlook for future production volumes.

B. Technologies Used in Establishing Proved Reserves Additions in 2015

Additions to ExxonMobil’s proved reserves in 2015 were based on estimates generated through the integration of available and appropriate geological, engineering and production data, utilizing well-established technologies that have been demonstrated in the field to yield repeatable and consistent results.

Data used in these integrated assessments included information obtained directly from the subsurface via wellbores, such as well logs, reservoir core samples, fluid samples, static and dynamic pressure information, production test data, and surveillance and performance information. The data utilized also included subsurface information obtained through indirect measurements including high-quality 3-D and 4-D seismic data, calibrated with available well control information. The tools used to interpret the data included proprietary seismic processing software, proprietary reservoir modeling and simulation software, and commercially available data analysis packages.

In some circumstances, where appropriate analog reservoirs were available, reservoir parameters from these analogs were used to increase the quality of and confidence in the reserves estimates.

C. Qualifications of Reserves Technical Oversight Group and Internal Controls over Proved Reserves

ExxonMobil has a dedicated Global Reserves group that provides technical oversight and is separate from the operating organization. Primary responsibilities of this group include oversight of the reserves estimation process for compliance with Securities and Exchange Commission (SEC) rules and regulations, review of annual changes in reserves estimates, and the reporting of ExxonMobil's proved reserves. This group also maintains the official company reserves estimates for ExxonMobil's proved reserves of crude and natural gas liquids, bitumen, synthetic oil and natural gas. In addition, the group provides training to personnel involved in the reserves estimation and reporting process within ExxonMobil and its affiliates. The Manager of the Global Reserves group has more than 30 years of experience in reservoir engineering and reserves assessment and has a degree in Engineering. He is an active member of the Society of Petroleum Engineers (SPE) and previously served on the SPE Oil and Gas Reserves Committee. The group is staffed with individuals that have an average of more than 20 years of technical experience in the petroleum industry, including expertise in the classification and categorization of reserves under the SEC guidelines. This group includes individuals who hold advanced degrees in either Engineering or Geology. Several members of the group hold professional registrations in their field of expertise, and a member currently serves on the SPE Oil and Gas Reserves Committee.

The Global Reserves group maintains a central database containing the official company reserves estimates. Appropriate controls, including limitations on database access and update capabilities, are in place to ensure data integrity within this central database. An annual review of the system's controls is performed by internal audit. Key components of the reserves estimation process include technical evaluations and analysis of well and field performance and a rigorous peer review. No changes may be made to the reserves estimates in the central database, including additions of any new initial reserves estimates or subsequent revisions, unless these changes have been thoroughly reviewed and evaluated by duly authorized personnel within the operating organization. In addition, changes to reserves estimates that exceed certain thresholds require further review and approval of the appropriate level of management within the operating organization before the changes may be made in the central database. Endorsement by the Global Reserves group for all proved reserves changes is a mandatory component of this review process. After all changes are made, reviews are held with senior management for final endorsement.

2. Proved Undeveloped Reserves

At year-end 2015, approximately 6.8 billion oil-equivalent barrels (GOEB) of ExxonMobil's proved reserves were classified as proved undeveloped. This represents 27 percent of the 24.8 GOEB reported in proved reserves. This compares to the 8.8 GOEB of proved undeveloped reserves reported at the end of 2014. During the year, ExxonMobil conducted development activities in over 100 fields that resulted in the transfer of approximately 2.7 GOEB from proved undeveloped to proved developed reserves by year-end. The largest transfers were related to Kearl Expansion project start-up and drilling activity in the United States. Mainly due to low prices during 2015, the Corporation reclassified approximately 1 GOEB of proved undeveloped reserves, primarily natural gas reserves in the United States, which no longer meet the SEC definition of proved reserves.

One of ExxonMobil's requirements for reporting proved reserves is that management has made significant funding commitments toward the development of the reserves. ExxonMobil has a disciplined investment strategy and many major fields require long lead-time in order to be developed. Development projects typically take two to four years from the time of recording proved undeveloped reserves to the start of production. However, the development time for large and complex projects can exceed five years. During 2015, extensions and purchases primarily related to United States unconventional and Abu Dhabi drilling added approximately 1.7 GOEB of proved undeveloped reserves. Overall, investments of $19.4 billion were made by the Corporation during 2015 to progress the development of reported proved undeveloped reserves, including $17 billion for oil and gas producing activities and an additional $2.4 billion for other non-oil and gas producing activities such as the construction of support infrastructure and other related facilities. These investments represented 76 percent of the $25.4 billion in total reported Upstream capital and exploration expenditures.

Proved undeveloped reserves in Australia, the United States, Kazakhstan, the Netherlands, Qatar, and Nigeria have remained undeveloped for five years or more primarily due to constraints on the capacity of infrastructure, the pace of co-venturer/government funding, as well as the time required to complete development for very large projects. The Corporation is reasonably certain that these proved reserves will be produced; however, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals, and significant changes in long-term oil and natural gas price levels. Of the proved undeveloped reserves that have been reported for five or more years, 84 percent are contained in the aforementioned countries. The largest of these is related to LNG/Gas projects in Australia, where construction of the Gorgon LNG project is under way. In Kazakhstan, the proved undeveloped reserves are related to the remainder of the initial development of the offshore Kashagan field which is included in the North Caspian Production Sharing Agreement and the Tengizchevroil joint venture which includes a production license in the Tengiz – Korolev field complex. The Tengizchevroil joint venture is producing, and proved undeveloped reserves will continue to move to proved developed as approved development phases progress. In the Netherlands, the Groningen gas field has proved undeveloped reserves related to installation of future stages of compression. These reserves will move to proved developed when the additional stages of compression are installed to maintain field delivery pressure.

3. Oil and Gas Production, Production Prices and Production Costs

A. Oil and Gas Production

The table below summarizes production by final product sold and by geographic area for the last three years.

	2015		2014		2013	
	(thousands of barrels daily)					
Crude oil and natural gas liquids production	Crude Oil	NGL	Crude Oil	NGL	Crude Oil	NGL
Consolidated Subsidiaries						
United States	326	86	304	85	283	85
Canada/South America	47	8	52	9	57	10
Europe	173	28	151	28	157	27
Africa	511	18	469	20	451	18
Asia	346	29	293	26	313	30
Australia/Oceania	33	17	39	20	29	19
Total Consolidated Subsidiaries	1,436	186	1,308	188	1,290	189
Equity Companies						
United States	61	3	63	2	61	2
Europe	3	-	5	-	6	-
Asia	241	68	236	69	373	68
Total Equity Companies	305	71	304	71	440	70
Total crude oil and natural gas liquids production	1,741	257	1,612	259	1,730	259
Bitumen production						
Consolidated Subsidiaries						
Canada/South America	289		180		148	
Synthetic oil production						
Consolidated Subsidiaries						
Canada/South America	58		60		65	
Total liquids production	2,345		2,111		2,202	
	(millions of cubic feet daily)					
Natural gas production available for sale						
Consolidated Subsidiaries						
United States	3,116		3,374		3,530	
Canada/South America *(1)*	261		310		354	
Europe	1,110		1,226		1,294	
Africa	5		4		6	
Asia	1,080		1,067		1,180	
Australia/Oceania	677		512		351	
Total Consolidated Subsidiaries	6,249		6,493		6,715	

Equity Companies			
United States	31	30	15
Europe	1,176	1,590	1,957
Asia	3,059	3,032	3,149
Total Equity Companies	4,266	4,652	5,121
Total natural gas production available for sale	10,515	11,145	11,836
	(thousands of oil-equivalent barrels daily)		
Oil-equivalent production	4,097	3,969	4,175

(1) South America includes natural gas production available for sale for 2015, 2014 and 2013 of 21 million, 21 million, and 28 million cubic feet daily, respectively.

B. Production Prices and Production Costs

The table below summarizes average production prices and average production costs by geographic area and by product type for the last three years.

	United States	Canada/ S. America	Europe	Africa	Asia	Australia/ Oceania	Total
During 2015			*(dollars per unit)*				
Consolidated Subsidiaries							
Average production prices							
Crude oil, per barrel	41.87	44.30	49.04	51.01	48.30	49.56	47.75
NGL, per barrel	16.96	21.91	27.50	33.41	21.14	29.75	22.16
Natural gas, per thousand cubic feet	1.65	1.78	6.47	1.57	2.02	5.13	2.95
Bitumen, per barrel	-	25.07	-	-	-	-	25.07
Synthetic oil, per barrel	-	48.15	-	-	-	-	48.15
Average production costs, per oil-equivalent barrel - total	12.50	22.68	15.86	10.31	7.71	8.86	12.97
Average production costs, per barrel - bitumen	-	19.20	-	-	-	-	19.20
Average production costs, per barrel - synthetic oil	-	41.83	-	-	-	-	41.83
Equity Companies							
Average production prices							
Crude oil, per barrel	46.34	-	46.05	-	48.44	-	47.99
NGL, per barrel	15.37	-	-	-	32.36	-	31.75
Natural gas, per thousand cubic feet	2.05	-	6.27	-	5.83	-	5.92
Average production costs, per oil-equivalent barrel - total	22.15	-	7.75	-	1.41	-	3.89
Total							
Average production prices							
Crude oil, per barrel	42.58	44.30	48.97	51.01	48.36	49.56	47.79
NGL, per barrel	16.92	21.91	27.50	33.41	28.94	29.75	24.77
Natural gas, per thousand cubic feet	1.65	1.78	6.37	1.57	4.84	5.13	4.16
Bitumen, per barrel	-	25.07	-	-	-	-	25.07
Synthetic oil, per barrel	-	48.15	-	-	-	-	48.15
Average production costs, per oil-equivalent barrel - total	13.16	22.68	13.09	10.31	3.96	8.86	10.56
Average production costs, per barrel - bitumen	-	19.20	-	-	-	-	19.20
Average production costs, per barrel - synthetic oil	-	41.83	-	-	-	-	41.83
During 2014							
Consolidated Subsidiaries							
Average production prices							

Crude oil, per barrel	84.00	86.46	96.43	97.46	95.27	95.56	93.21
NGL, per barrel	39.70	51.86	53.68	65.21	40.81	56.77	47.07
Natural gas, per thousand cubic feet	3.61	3.96	8.18	2.61	3.71	5.87	4.68
Bitumen, per barrel	-	62.68	-	-	-	-	62.68
Synthetic oil, per barrel	-	89.76	-	-	-	-	89.76
Average production costs, per oil-equivalent barrel - total	13.35	33.03	22.29	12.58	8.64	11.05	15.94
Average production costs, per barrel - bitumen	-	32.66	-	-	-	-	32.66
Average production costs, per barrel - synthetic oil	-	55.32	-	-	-	-	55.32
Equity Companies							
Average production prices							
Crude oil, per barrel	91.24	-	88.68	-	93.42	-	92.89
NGL, per barrel	38.77	-	-	-	65.31	-	64.41
Natural gas, per thousand cubic feet	4.54	-	8.28	-	10.00	-	9.38
Average production costs, per oil-equivalent barrel - total	24.34	-	6.10	-	1.85	-	4.22
Total							
Average production prices							
Crude oil, per barrel	85.23	86.46	96.17	97.46	94.44	95.56	93.15
NGL, per barrel	39.68	51.86	53.68	65.21	58.52	56.77	51.84
Natural gas, per thousand cubic feet	3.62	3.96	8.23	2.61	8.36	5.87	6.64
Bitumen, per barrel	-	62.68	-	-	-	-	62.68
Synthetic oil, per barrel	-	89.76	-	-	-	-	89.76
Average production costs, per oil-equivalent barrel - total	14.10	33.03	15.59	12.58	4.44	11.05	12.55
Average production costs, per barrel - bitumen	-	32.66	-	-	-	-	32.66
Average production costs, per barrel - synthetic oil	-	55.32	-	-	-	-	55.32

	United States	Canada/ S. America	Europe	Africa	Asia	Australia/ Oceania	Total
During 2013			*(dollars per unit)*				
Consolidated Subsidiaries							
Average production prices							
Crude oil, per barrel	93.56	98.91	106.75	108.73	106.18	107.92	104.13
NGL, per barrel	44.30	44.96	65.36	75.24	40.83	59.55	51.12
Natural gas, per thousand cubic feet	2.99	2.80	10.07	2.79	4.10	4.20	4.60
Bitumen, per barrel	-	59.63	-	-	-	-	59.63
Synthetic oil, per barrel	-	93.96	-	-	-	-	93.96
Average production costs, per oil-equivalent barrel - total	12.02	32.02	19.57	13.95	8.95	16.81	15.42
Average production costs, per barrel - bitumen	-	34.30	-	-	-	-	34.30
Average production costs, per barrel - synthetic oil	-	50.94	-	-	-	-	50.94
Equity Companies							
Average production prices							
Crude oil, per barrel	102.24	-	99.26	-	103.96	-	103.66
NGL, per barrel	42.02	-	-	-	70.90	-	69.96
Natural gas, per thousand cubic feet	4.37	-	9.28	-	10.19	-	9.82
Average production costs, per oil-equivalent barrel - total	22.77	-	3.79	-	1.87	-	3.36
Total							
Average production prices							
Crude oil, per barrel	95.11	98.91	106.49	108.73	104.98	107.92	104.01
NGL, per barrel	44.24	44.96	65.36	75.24	61.64	59.55	56.26
Natural gas, per thousand cubic feet	3.00	2.80	9.59	2.79	8.53	4.20	6.86
Bitumen, per barrel	-	59.63	-	-	-	-	59.63
Synthetic oil, per barrel	-	93.96	-	-	-	-	93.96
Average production costs, per oil-equivalent barrel - total	12.72	32.02	12.42	13.95	4.41	16.81	11.48
Average production costs, per barrel - bitumen	-	34.30	-	-	-	-	34.30
Average production costs, per barrel - synthetic oil	-	50.94	-	-	-	-	50.94

Average production prices have been calculated by using sales quantities from the Corporation's own production as the divisor. Average production costs have been computed by using net production quantities for the divisor. The volumes of crude oil and natural gas liquids (NGL) production used for this computation are shown in the oil and gas production table in section 3.A. The volumes of natural gas used in the calculation are the production volumes of natural gas available for sale and are also shown in section 3.A. The natural gas available for sale volumes are different from those shown in the reserves table in the "Oil and Gas Reserves" part of the "Supplemental Information on Oil and Gas Exploration and Production Activities" portion of the Financial Section of this report due to volumes consumed or flared. Gas is converted to an oil-equivalent basis at six million cubic feet per one thousand barrels.

4. Drilling and Other Exploratory and Development Activities

A. Number of Net Productive and Dry Wells Drilled

	2015	2014	2013
Net Productive Exploratory Wells Drilled			
Consolidated Subsidiaries			
United States	-	3	8
Canada/South America	1	3	4
Europe	1	1	-
Africa	1	2	2
Asia	2	-	-
Australia/Oceania	1	-	-
Total Consolidated Subsidiaries	6	9	14
Equity Companies			
United States	-	-	-
Europe	1	2	1
Asia	-	-	1
Total Equity Companies	1	2	2
Total productive exploratory wells drilled	7	11	16
Net Dry Exploratory Wells Drilled			
Consolidated Subsidiaries			
United States	1	2	2
Canada/South America	-	1	4
Europe	2	1	1
Africa	-	1	-
Asia	-	-	-
Australia/Oceania	-	-	-
Total Consolidated Subsidiaries	3	5	7
Equity Companies			
United States	1	2	1
Europe	1	-	-
Asia	-	-	-
Total Equity Companies	2	2	1
Total dry exploratory wells drilled	5	7	8

	2015	2014	2013
Net Productive Development Wells Drilled			
Consolidated Subsidiaries			
United States	692	721	755
Canada/South America	53	178	201
Europe	10	8	13
Africa	23	41	33
Asia	14	19	30
Australia/Oceania	4	5	3
Total Consolidated Subsidiaries	796	972	1,035
Equity Companies			
United States	390	340	328
Europe	1	2	2
Asia	2	1	8
Total Equity Companies	393	343	338
Total productive development wells drilled	1,189	1,315	1,373
Net Dry Development Wells Drilled			
Consolidated Subsidiaries			
United States	5	6	5
Canada/South America	-	3	-
Europe	3	1	2
Africa	1	-	-
Asia	-	-	-
Australia/Oceania	-	-	-
Total Consolidated Subsidiaries	9	10	7
Equity Companies			
United States	-	-	-
Europe	-	1	1
Asia	-	-	-
Total Equity Companies	-	1	1
Total dry development wells drilled	9	11	8
Total number of net wells drilled	1,210	1,344	1,405

B. Exploratory and Development Activities Regarding Oil and Gas Resources Extracted by Mining Technologies

Syncrude Operations. Syncrude is a joint venture established to recover shallow deposits of oil sands using open-pit mining methods to extract the crude bitumen, and then upgrade it to produce a high-quality, light (32 degrees API), sweet, synthetic crude oil. Imperial Oil Limited is the owner of a 25 percent interest in the joint venture. Exxon Mobil Corporation has a 69.6 percent interest in Imperial Oil Limited. In 2015, the company’s share of net production of synthetic crude oil was 58 thousand barrels per day and share of net acreage was 63 thousand acres in the Athabasca oil sands deposit.

Kearl Operations. Kearl is a joint venture established to recover shallow deposits of oil sands using open-pit mining methods to extract the crude bitumen. Imperial Oil Limited holds a 70.96 percent interest in the joint venture and ExxonMobil Canada Properties holds the other 29.04 percent. Exxon Mobil Corporation has a 69.6 percent interest in Imperial Oil Limited and a 100 percent interest in ExxonMobil Canada Properties. Kearl is comprised of six oil sands leases covering 49 thousand acres in the Athabasca oil sands deposit.

The Kearl project is located approximately 40 miles north of Fort McMurray, Alberta, Canada. Bitumen is extracted from oil sands produced from open-pit mining operations, and processed through bitumen extraction and froth treatment trains. The product, a blend of bitumen and diluent, is shipped to our refineries and to other third parties. Diluent is natural gas condensate or other light hydrocarbons added to the crude bitumen to facilitate transportation by pipeline and rail. During 2015, average net production at Kearl was 149 thousand barrels per day. The Kearl Expansion project was completed and started up in 2015, adding additional capacity of 110 thousand barrels of bitumen per day.

5. Present Activities

A. Wells Drilling

	Year-End 2015		Year-End 2014	
	Gross	**Net**	**Gross**	**Net**
Wells Drilling				
Consolidated Subsidiaries				
United States	860	379	1,120	442
Canada/South America	15	10	35	29
Europe	14	6	18	8
Africa	23	7	33	12
Asia	65	18	90	26
Australia/Oceania	3	1	10	4
Total Consolidated Subsidiaries	980	421	1,306	521
Equity Companies				
United States	18	3	31	6
Europe	9	3	4	1
Asia	1	-	1	-
Total Equity Companies	28	6	36	7
Total gross and net wells drilling	1,008	427	1,342	528

B. Review of Principal Ongoing Activities

UNITED STATES

ExxonMobil's year-end 2015 acreage holdings totaled 14.0 million net acres, of which 1.3 million net acres were offshore. ExxonMobil was active in areas onshore and offshore in the lower 48 states and in Alaska.

During the year, 1,063.2 net exploration and development wells were completed in the inland lower 48 states. Development activities focused on liquids-rich opportunities in the onshore U.S., primarily in the Permian Basin of West Texas and New Mexico and the Bakken oil play in North Dakota and Montana. In addition, gas development activities continued in the Marcellus Shale of Pennsylvania and West Virginia and the Utica Shale of Ohio.

ExxonMobil's net acreage in the Gulf of Mexico at year-end 2015 was 1.2 million acres. A total of 3.5 net development wells were completed during the year. The deepwater Hadrian South project and the non-operated Lucius project started up in 2015. ExxonMobil continued development activities on the Heidelberg and Julia Phase 1 projects. Offshore California 1.0 net development well was completed.

Participation in Alaska production and development continued with a total of 20.9 net development wells completed. Development activities continued on the Point Thomson project.

CANADA / SOUTH AMERICA

Canada

Oil and Gas Operations: ExxonMobil's year-end 2015 acreage holdings totaled 6.2 million net acres, of which 1.9 million net acres were offshore. A total of 11.1 net exploration and development wells were completed during the year. Development activities continued on the Hebron project during 2015.

In Situ Bitumen Operations: ExxonMobil's year-end 2015 in situ bitumen acreage holdings totaled 0.7 million net onshore acres. A total of 41.0 net development wells were completed during the year. The Cold Lake Nabiye Expansion project started up in 2015.

Argentina

ExxonMobil's net acreage totaled 0.9 million onshore acres at year-end 2015, and there were 1.0 net development wells completed during the year.

EUROPE

Germany

A total of 4.8 million net onshore acres were held by ExxonMobil at year-end 2015, with 0.7 net development wells completed during the year.

Netherlands

ExxonMobil's net interest in licenses totaled approximately 1.5 million acres at year-end 2015, of which 1.2 million acres were onshore. A total of 3.5 net exploration and development wells were completed during the year.

Norway

ExxonMobil's net interest in licenses at year-end 2015 totaled approximately 0.2 million acres, all offshore. A total of 6.8 net exploration and development wells were completed in 2015. The non-operated Aasgard Subsea Compression project started up in 2015.

United Kingdom

ExxonMobil's net interest in licenses at year-end 2015 totaled approximately 0.5 million acres, all offshore. A total of 5.1 net development wells were completed during the year.

AFRICA

Angola

ExxonMobil's net acreage totaled 0.4 million offshore acres at year-end 2015, with 3.6 net development wells completed during the year. On Block 15, the Kizomba Satellites Phase 2 project started up in 2015. On Block 32, development activities continued on the Kaombo Split Hub project.

Chad

ExxonMobil's net year-end 2015 acreage holdings consisted of 46 thousand onshore acres, with 15.6 net development wells completed during the year.

Equatorial Guinea

ExxonMobil's acreage totaled 0.3 million net offshore acres at year-end 2015, with 2.3 net development wells completed during the year. In 2015, ExxonMobil acquired deepwater acreage in Block EG 06.

Nigeria

ExxonMobil's net acreage totaled 1.1 million offshore acres at year-end 2015, with 2.9 net exploration and development wells completed during the year. In 2015, ExxonMobil acquired deepwater acreage in Block OPL 247. The deepwater Erha North Phase 2 project started up, and development drilling continued on the deepwater Usan project in 2015.

ASIA

Azerbaijan

At year-end 2015, ExxonMobil’s net acreage totaled 9 thousand offshore acres. A total of 0.9 net development wells were completed during the year.

Indonesia

At year-end 2015, ExxonMobil had 0.5 million net acres, 0.4 million net acres offshore and 0.1 million net acres onshore, with 3.2 net development wells completed during the year. In 2015, acreage was relinquished in the North Sumatra and Arun fields. The Banyu Urip onshore central processing facility started up in 2015.

Iraq

At year-end 2015, ExxonMobil’s onshore acreage was 0.6 million net acres. West Qurna Phase 1 oil field rehabilitation activities continued during 2015 and across the life of this project will include drilling of new wells, working over of existing wells, and optimization and debottlenecking of existing facilities. In the Kurdistan Region of Iraq, after operations were temporarily suspended due to security concerns in the region during 2014, ExxonMobil resumed its seismic program and exploration drilling in 2015, with 1.6 net exploration wells completed during the year.

Kazakhstan

ExxonMobil’s net acreage totaled 0.1 million acres onshore and 0.2 million acres offshore at year-end 2015. A total of 3.7 net development wells were completed during 2015. Following a brief production period in 2013, Kashagan operations were suspended due to a leak in the onshore section of the gas pipeline. Working with our partners, activities are under way to replace both the oil and gas pipelines.

Malaysia

ExxonMobil has interests in production sharing contracts covering 0.2 million net acres offshore at year-end 2015. During the year, a total of 4.0 net development wells were completed.

Qatar

Through our joint ventures with Qatar Petroleum, ExxonMobil’s net acreage totaled 65 thousand acres offshore at year-end 2015. ExxonMobil participated in 62.2 million tonnes per year gross liquefied natural gas capacity and 2.0 billion cubic feet per day of flowing gas capacity at year end. Development activities continued on the Barzan project.

Republic of Yemen

ExxonMobil’s net acreage in the Republic of Yemen production sharing areas totaled 10 thousand acres onshore at year-end 2015.

Russia

ExxonMobil's net acreage holdings in Sakhalin at year-end 2015 were 85 thousand acres, all offshore. A total of 1.5 net development wells were completed. The Arkutun-Dagi project started up, and development activities continued on the Odoptu Stage 2 project in 2015.

At year-end 2015, ExxonMobil's net acreage in the Rosneft joint venture agreements for the Kara, Laptev, Chukchi and Black Seas was 63.6 million acres, all offshore. ExxonMobil and Rosneft formed a joint venture to evaluate the development of tight-oil reserves in western Siberia in 2013. Refer to the relevant portion of "Note 7: Equity Company Information" of the Financial Section of this report for additional information on the Corporation's participation in Rosneft joint venture activities.

Thailand

ExxonMobil's net onshore acreage in Thailand concessions totaled 21 thousand acres at year-end 2015.

United Arab Emirates

ExxonMobil's net acreage in the Abu Dhabi offshore Upper Zakum oil concession was 81 thousand acres at year-end 2015. During the year, a total of 3.6 net development wells were completed. Development activities continued on the Upper Zakum 750 project.

AUSTRALIA / OCEANIA

Australia

ExxonMobil's year-end 2015 acreage holdings totaled 1.5 million net offshore acres. During the year, a total of 3.1 net exploration and development wells were completed. Construction activities continued on the Gas Conditioning Plant at Longford.

Project construction and commissioning activity for the co-venturer operated Gorgon liquefied natural gas (LNG) project progressed in 2015. The project consists of a subsea infrastructure for offshore production and transportation of the gas, a 15.6 million tonnes per year LNG facility and a 280 million cubic feet per day domestic gas plant located on Barrow Island, Western Australia.

Papua New Guinea

A total of 1.1 million net onshore acres were held by ExxonMobil at year-end 2015, with 1.5 net development wells completed during the year. The Papua New Guinea (PNG) LNG integrated development includes gas production and processing facilities in the southern PNG Highlands, onshore and offshore pipelines, and a 6.9 million tonnes per year LNG facility near Port Moresby.

WORLDWIDE EXPLORATION

At year-end 2015, exploration activities were under way in several areas in which ExxonMobil has no established production operations and thus are not included above. A total of 12.6 million net acres were held at year-end 2015 and 4.4 net exploration wells were completed during the year in these countries.

6. Delivery Commitments

ExxonMobil sells crude oil and natural gas from its producing operations under a variety of contractual obligations, some of which may specify the delivery of a fixed and determinable quantity for periods longer than one year. ExxonMobil also enters into natural gas sales contracts where the source of the natural gas used to fulfill the contract can be a combination of our own production and the spot market. Worldwide, we are contractually committed to deliver approximately 43 million barrels of oil and 2,800 billion cubic feet of natural gas for the period from 2016 through 2018. We expect to fulfill the majority of these delivery commitments with production from our proved developed reserves. Any remaining commitments will be fulfilled with production from our proved undeveloped reserves and spot market purchases as necessary.

7. Oil and Gas Properties, Wells, Operations and Acreage

A. Gross and Net Productive Wells

	Year-End 2015				**Year-End 2014**			
	Oil		**Gas**		**Oil**		**Gas**	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Gross and Net Productive Wells								
Consolidated Subsidiaries								
United States	20,662	8,334	33,657	20,307	18,424	7,939	33,149	20,398
Canada/South America	5,045	4,741	4,559	1,769	5,012	4,659	4,577	1,782
Europe	1,195	345	644	255	1,215	347	642	259
Africa	1,315	517	20	8	1,299	513	19	8
Asia	818	280	149	87	804	267	207	150
Australia/Oceania	630	138	49	23	669	157	43	21
Total Consolidated Subsidiaries	29,665	14,355	39,078	22,449	27,423	13,882	38,637	22,618
Equity Companies								
United States	14,555	5,594	4,301	493	14,571	5,605	4,365	494
Europe	13	6	570	180	57	20	567	179
Asia	121	30	125	30	110	27	125	30
Total Equity Companies	14,689	5,630	4,996	703	14,738	5,652	5,057	703
Total gross and net productive wells	44,354	19,985	44,074	23,152	42,161	19,534	43,694	23,321

There were 35,909 gross and 30,114 net operated wells at year-end 2015 and 35,446 gross and 29,870 net operated wells at year-end 2014. The number of wells with multiple completions was 1,266 gross in 2015 and 1,219 gross in 2014.

Note: Year-end 2014 consolidated subsidiaries well counts for gross and net wells in the United States were restated in regards to non-operated wells.

B. Gross and Net Developed Acreage

	Year-End 2015		Year-End 2014	
	Gross	Net	Gross	Net
	(thousands of acres)			
Gross and Net Developed Acreage				
Consolidated Subsidiaries				
United States	14,827	9,327	14,777	9,367
Canada/South America *(1)*	3,335	2,122	3,515	2,242
Europe	3,275	1,473	3,337	1,506
Africa	2,493	866	2,286	815
Asia	1,934	562	1,817	551
Australia/Oceania	2,123	781	2,123	758
Total Consolidated Subsidiaries	27,987	15,131	27,855	15,239
Equity Companies				
United States	939	209	949	208
Europe	4,278	1,335	4,342	1,356
Asia	628	155	628	156
Total Equity Companies	5,845	1,699	5,919	1,720
Total gross and net developed acreage	33,832	16,830	33,774	16,959

(1) Includes developed acreage in South America of 213 gross and 109 net thousands of acres for 2015 and 213 gross and 109 net thousands of acres for 2014.

Separate acreage data for oil and gas are not maintained because, in many instances, both are produced from the same acreage.

C. Gross and Net Undeveloped Acreage

	Year-End 2015		Year-End 2014	
	Gross	Net	Gross	Net
	(thousands of acres)			
Gross and Net Undeveloped Acreage				
Consolidated Subsidiaries				
United States	9,353	4,358	10,262	4,894
Canada/South America *(1)*	19,328	10,113	16,100	12,250
Europe	10,073	5,444	10,601	5,636
Africa	10,586	5,306	22,143	15,020
Asia	6,888	3,959	17,437	13,016
Australia/Oceania	5,629	1,902	6,653	2,013
Total Consolidated Subsidiaries	61,857	31,082	83,196	52,829
Equity Companies				
United States	259	92	350	118
Europe	-	-	-	-
Asia	191,147	63,633	191,146	63,632
Total Equity Companies	191,406	63,725	191,496	63,750

Total gross and net undeveloped acreage	253,263	94,807	274,692	116,579

(1) Includes undeveloped acreage in South America of 10,634 gross and 4,970 net thousands of acres for 2015 and 9,056 gross and 8,083 net thousands of acres for 2014.

ExxonMobil's investment in developed and undeveloped acreage is comprised of numerous concessions, blocks and leases. The terms and conditions under which the Corporation maintains exploration and/or production rights to the acreage are property-specific, contractually defined and vary significantly from property to property. Work programs are designed to ensure that the exploration potential of any property is fully evaluated before expiration. In some instances, the Corporation may elect to relinquish acreage in advance of the contractual expiration date if the evaluation process is complete and there is not a business basis for extension. In cases where additional time may be required to fully evaluate acreage, the Corporation has generally been successful in obtaining extensions. The scheduled expiration of leases and concessions for undeveloped acreage over the next three years is not expected to have a material adverse impact on the Corporation.

D. Summary of Acreage Terms

UNITED STATES

Oil and gas exploration and production rights are acquired from mineral interest owners through a lease. Mineral interest owners include the Federal and State governments, as well as private mineral interest owners. Leases typically have an exploration period ranging from one to ten years, and a production period that normally remains in effect until production ceases. Under certain circumstances, a lease may be held beyond its exploration term even if production has not commenced. In some instances regarding private property, a “fee interest” is acquired where both the surface and the underlying mineral interests are owned outright.

CANADA / SOUTH AMERICA

Canada

Exploration licenses or leases in onshore areas are acquired for varying periods of time with renewals or extensions possible. These licenses or leases entitle the holder to continue existing licenses or leases upon completing specified work. In general, these license and lease agreements are held as long as there is production on the licenses and leases. Exploration licenses in offshore eastern Canada and the Beaufort Sea are held by work commitments of various amounts and rentals. They are valid for a maximum term of nine years. Production licenses in the offshore are valid for 25 years, with rights of extension for continued production. Significant discovery licenses in the offshore, relating to currently undeveloped discoveries, do not have a definite term.

Argentina

The Federal Hydrocarbon Law was amended in December 2014. The onshore concession terms granted prior to the amendment are up to six years, divided into three potential exploration periods, with an optional extension for up to one year depending on the classification of the area. Pursuant to the amended law, the production term for a conventional production concession would be 25 years, and 35 years for an unconventional concession, with unlimited ten-year extensions possible, once a field has been developed.

EUROPE

Germany

Exploration concessions are granted for an initial maximum period of five years, with an unlimited number of extensions of up to three years each. Extensions are subject to specific, minimum work commitments. Production licenses are normally granted for 20 to 25 years with multiple possible extensions as long as there is production on the license.

Netherlands

Under the Mining Law, effective January 1, 2003, exploration and production licenses for both onshore and offshore areas are issued for a period as explicitly defined in the license. The term is based on the period of time necessary to perform the activities for which the license is issued. License conditions are stipulated in the license and are based on the Mining Law.

Production rights granted prior to January 1, 2003, remain subject to their existing terms, and differ slightly for onshore and offshore areas. Onshore production licenses issued prior to 1988 were indefinite; from 1988 they were issued for a period as explicitly defined in the license, ranging from 35 to 45 years. Offshore production licenses issued before 1976 were issued for a fixed period of 40 years; from 1976 they were again issued for a period as explicitly defined in the license, ranging from 15 to 40 years.

Norway

Licenses issued prior to 1972 were for an initial period of six years and an extension period of 40 years, with relinquishment of at least one-fourth of the original area required at the end of the sixth year and another one-fourth at the end of the ninth year. Licenses issued between 1972 and 1997 were for an initial period of up to six years (with extension of the initial period of one year at a time up to ten years after 1985), and an extension period of up to 30 years, with relinquishment of at least one-half of the original area required at the end of the initial period. Licenses issued after July 1, 1997, have an initial period of up to ten years and a normal extension period of up to 30 years or in special cases of up to 50 years, and with relinquishment of at least one-half of the original area required at the end of the initial period.

United Kingdom

Acreage terms are fixed by the government and are periodically changed. For example, many of the early licenses issued under the first four licensing rounds provided for an initial term of six years with relinquishment of at least one-half of the original area at the end of the initial term, subject to extension for a further 40 years. At the end of any such 40-year term, licenses may continue in producing areas until cessation of production; or licenses may continue in development areas for periods agreed on a case-by-case basis until they become producing areas; or licenses terminate in all other areas. The licensing regime was last updated in 2002, and the majority of licenses issued have an initial term of four years with a second term extension of four years and a final term of 18 years with a mandatory relinquishment of 50 percent of the acreage after the initial term and of all acreage that is not covered by a development plan at the end of the second term.

AFRICA

Angola

Exploration and production activities are governed by production sharing agreements with an initial exploration term of four years and an optional second phase of two to three years. The production period is for 25 years, and agreements generally provide for a negotiated extension.

Chad

Exploration permits are issued for a period of five years, and are renewable for one or two further five-year periods. The terms and conditions of the permits, including relinquishment obligations, are specified in a negotiated convention. The production term is for 30 years and may be extended up to 50 years at the discretion of the government.

Equatorial Guinea

Exploration, development and production activities are governed by production sharing contracts (PSCs) negotiated with the State Ministry of Mines, Industry and Energy. A new PSC was signed in 2015; the initial exploration period is five years for oil and gas, with multi-year extensions available at the discretion of the Ministry and limited relinquishments in the absence of commercial discoveries. The production period for crude oil ranges from 25 to 30 years, while the production period for natural gas ranges from 25 to 50 years.

Nigeria

Exploration and production activities in the deepwater offshore areas are typically governed by production sharing contracts (PSCs) with the national oil company, the Nigerian National Petroleum Corporation (NNPC). NNPC typically holds the underlying Oil Prospecting License (OPL) and any resulting Oil Mining Lease (OML). The terms of the PSCs are generally 30 years, including a ten-year exploration period (an initial exploration phase that can be divided into multiple optional periods) covered by an OPL. Upon commercial discovery, an OPL may be converted to an OML. Partial relinquishment is required under the PSC at the end of the ten-year exploration period, and OMLs have a 20-year production period that may be extended.

Some exploration activities are carried out in deepwater by joint ventures with local companies holding interests in an OPL. OPLs in deepwater offshore areas are valid for ten years, while in all other areas the licenses are for five years. Demonstrating a commercial discovery is the basis for conversion of an OPL to an OML.

OMLs granted prior to the 1969 Petroleum Act (i.e., under the Mineral Oils Act 1914, repealed by the 1969 Petroleum Act) were for 30 years onshore and 40 years in offshore areas and have been renewed, effective December 1, 2008, for a further period of 20 years, with a further renewal option of 20 years. Operations under these pre-1969 OMLs are conducted under a joint venture agreement with NNPC rather than a PSC. Commercial terms applicable to the existing joint venture oil production are defined by the Petroleum Profits Tax Act.

OMLs granted under the 1969 Petroleum Act, which include all deepwater OMLs, have a maximum term of 20 years without distinction for onshore or offshore location and are renewable, upon 12 months' written notice, for another period of 20 years. OMLs not held by NNPC are also subject to a mandatory 50-percent relinquishment after the first ten years of their duration.

ASIA

Azerbaijan

The production sharing agreement (PSA) for the development of the Azeri-Chirag-Gunashli field is established for an initial period of 30 years starting from the PSA execution date in 1994.

Other exploration and production activities are governed by PSAs negotiated with the national oil company of Azerbaijan. The exploration period consists of three or four years with the possibility of a one to three-year extension. The production period, which includes development, is for 25 years or 35 years with the possibility of one or two five-year extensions.

Indonesia

Exploration and production activities in Indonesia are generally governed by cooperation contracts, usually in the form of a production sharing contract (PSC), negotiated with BPMIGAS, a government agency established in 2002 to manage upstream oil and gas activities. In 2012, Indonesia’s Constitutional Court ruled certain articles of law relating to BPMIGAS to be unconstitutional, but stated that all existing PSCs signed with BPMIGAS should remain in force until their expiry, and the functions and duties previously performed by BPMIGAS are to be carried out by the relevant Ministry of the Government of Indonesia until the promulgation of a new oil and gas law. By presidential decree, SKKMIGAS became the interim successor to BPMIGAS. The current PSCs have an exploration period of six years, which can be extended up to 10 years, and an exploitation period of 20 years. PSCs generally require the contractor