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Exxon Mobil To Buy XTO Energy

Exxon Mobil Corp plans to buy XTO Energy Inc for about \$30 billion in stock, in a move that thrusts the U.S. energy giant to the forefront of North America's fast-growing natural gas industry.

With the buy, Exxon, the largest publicly traded energy company, will become the top U.S. natural gas producer as it bets on natural gas expanding its share in the world's largest energy market.

The bid, announced on Monday, spurred expectation of a wave of consolidation in the energy industry as cash-rich companies such as Exxon move to snap up smaller players with attractive assets.

The deal, which is subject to XTO shareholder approval and expected to close in the second quarter, would be Exxon's biggest since it purchased Mobil Corp in 1999, and the eighth-largest ever in the energy and power sector.

Exxon will issue 0.7098 common share for each share of XTO, representing a premium of about 25 percent over XTO's closing price on Friday of \$41.49.

Exxon's shares fell 4.3 percent to \$69.69 on Monday, while XTO shares jumped more than 15 percent to \$47.86 on the New York Stock Exchange.

The American Stock Exchange index of natural gas companies jumped nearly 5 percent, with Chesapeake Energy Corp up 5.8 percent at \$24.37 and Devon Energy Corp up 4.6 percent at \$66.80 on the New York Stock Exchange.

The deal is valued at \$41 billion, including about \$10 billion in XTO debt, and is based on the December 11 closing share prices of the two companies.

XTO, based in Fort Worth, Texas, is one of the leading developers of unconventional resources including shale oil and gas or gas trapped in sands with low permeability that require advanced drilling techniques to recover.

These resources have emerged as a potentially huge new resource play in North America, and their development has so far been dominated by independent U.S. exploration and production companies. But now, big oil companies like Exxon are starting to look for reserves around the world.

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