

Energy companies investing in Oklahoma

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Energy companies continue to spend hundreds of millions of dollars to buy a stake in emerging Oklahoma resource plays.

The latest deal is Apache Corp.'s \$2.85 billion acquisition of privately held Cordillera Energy Partners III LLC.

The deal gives Houston-based Apache access to land with potential oil and gas fields the Western Anadarko Basin in Oklahoma and Texas.

Apache also gets oil wells that are already producing in the region.

Investors come from faraway

International investors have gotten into the act as well, with South Korea's Atinum Partners Co. Limited pledging \$500 million for a share of SandRidge Energy Inc.'s holdings in the Mississippian oil play in northern Oklahoma and southern Kansas.

That came on the heels of a \$340 million initial public offering in a royalty trust bearing some of SandRidge's holdings in the play.

SandRidge CEO Tom L. Ward has compared the Mississippian play to the Bakken Shale in North Dakota, which quickly is becoming one of the most prolific North American oil plays.

Ward has predicted development of the Mississippian could bring more than 100,000 jobs to Oklahoma and Kansas over the next five years, with Oklahoma City being the hub for that growth.

Devon Energy Corp. recently announced a \$2.5 billion deal with China's Sinopec International Petroleum Exploration & Production Corp. that included a stake in the Oklahoma City company's holdings in new five resource plays, including the Mississippian.

Devon, Chesapeake Energy Corp. and Continental Resources Inc. also have invested substantially in their operations in western Oklahoma's Cana Woodford Shale.

Chesapeake went public last year with the Chesapeake Granite Wash Trust, which is entitled to royalties from the company's 45,000 gross acres in Washita County.

Bonanza in oil

Apache's cash-and-stock acquisition of Cordillera Energy Partners III will give the Houston-based company opportunities to drill new wells in underground shale rock that's estimated to contain 71.5 million barrels of oil equivalent per day. Existing wells already produce 18,000 barrels of oil equivalent per day.

The move underscores Apache's shift in focus to land-based drilling in North America.

Its horizontal wells drilled in the last three years now make up about half of Apache's Central Region production.

Cordillera's owners, including EnCap Investments, other institutional investors and Cordillera management, will receive about \$600 million in Apache stock.

The rest of the acquisition will be paid in cash.

The deal is expected to close in the second quarter. Apache said it is expected to add to its earnings and cash flow starting this year.

Apache has operations in the U.S., Canada, Egypt, the North Sea, Australia and Argentina.

Its shares finished at \$96.80 on Friday. They are up 32 percent from their 52-week low of \$73.04 in early October. They traded as high as \$134.13 in late April.

CONTRIBUTING: The Associated Press



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