



U.S. Energy Information Administration
Independent Statistics and Analysis

Aspects of Hess Corporation's Acquisition of American Oil & Gas, Inc.

Introduction

The Energy Information Administration reviews mergers, acquisitions, and alliances by companies that are [respondents to Form EIA-28](#) (Financial Reporting System (FRS)), or that result in a company that meets the FRS reporting criteria. The review is confined to a presentation of pertinent operating data of the companies and assets involved in the transaction. The FRS reporting criteria are one percent, or more, of U.S. crude oil and natural gas liquids, or natural gas production, or one percent, or more, of U.S. refinery crude oil distillation capacity.

Background

On July 27, 2010, [Hess Corporation](#) announced that it had agreed to acquire American Oil & Gas, Inc. in a [stock-only transaction](#) worth as much as \$488 million (based on Hess' closing price of \$53.30/share, anticipated number of newly issued shares, and \$30 million credit facility extended to American Oil & Gas prior to closing).^a Each common share of American Oil and Gas may be exchanged for 0.1373 shares of Hess stock, which represents a 9 percent premium relative to the closing price of Hess and American Oil & Gas stock on July 27, 2010. Hess is expected to issue approximately 8.6 million shares of stock in order to account for all outstanding shares of American Oil & Gas stock and options. The transaction is expected to close in the fourth quarter of 2010, subject to shareholder and regulatory approval.

The transaction does not alter Hess' ranking among U.S. crude oil or natural gas producers, but the acquired assets compliment Hess' assets already in the Bakken formation, according to Hess' press release. "This acquisition builds upon our strong land position in the Bakken, leverages our nearby infrastructure and offers operational synergies," according to Hess.

Additional information is available from the websites of [Hess](#) and [American Oil & Gas](#), including the most recent annual report of [Hess](#) and [American Oil & Gas \(PDF-format\)](#). This data presentation is



similar to data presentations that have been previously requested from EIA for other significant energy company mergers and/or corporate alliances.

U.S. Crude Oil and Natural Gas Reserves and Production of Hess and American Oil & Gas (O&G), 2009

	Hess	American O&G	Hess/ American O&G Total	U.S. Total	Hess	American O&G	Hess/ American O&G Total
Oil and Natural Gas Liquids	(Million barrels)				Percent		
Production	26.0	0.02	26.0	2,626.5	1.0	0.0	1.0
Reserves	249.0	0.15	249.2	28,422.0	0.9	0.0	0.9
Natural Gas	(Billion cubic feet)				Percent		
Production	39.0	0.22	39.2	21,095.0	0.2	0.0	0.2
Reserves	306.0	0.96	307.0	253,688.0	0.1	0.0	0.1

Note: Reserves are at year-end. 2009 U.S. total reserves are estimated using 2008 reserves and applying the weighted-average annual change for 1998-2007, which are -0.02 percent for liquids and +3.7 percent for natural gas. The 2008 data were not used in the weighted-average calculation due to the unusually large number of write-downs for crude oil reserves due to U.S. Securities and Exchange Commission rules that have since been revised. The 1998-2008 weighted-averages are -0.7 percent for liquids and +3.6 percent for natural gas.

Sources: Company information: Hess Corporation, 2009 U.S. Securities and Exchange Commission Form 10-K, p. 81; American Oil & Gas Inc., 2009 U.S. Securities and Exchange Commission Form 10-K, p. F-27; **U.S. liquids production:** Energy Information Administration (EIA), *Monthly Energy Review* (March 2010), Table 3.1; U.S. natural gas production (dry): EIA, *Monthly Energy Review* (March 2010), Table 4.1; **U.S. Reserves:** Calculated using EIA, *U.S. Crude Oil, Natural Gas, and Natural Gas Liquids Reserves, 2008* (October 29, 2009), Table 3.

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URL: http://www.eia.gov/emeu/finance/mergers/hess_amer.pdf

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