

Aspects of Exxon Mobil Corporation's Acquisition of XTO Energy 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 December 14, 2009, Exxon Mobil Corporation announced that it had acquired XTO Energy in a \$41 billion transaction in which it will issue 0.7098 shares of common stock for each common share of XTO, which represents a 25 percent premium relative to the XTO share price on December 11, 2009. The transaction value includes \$10 billion of XTO debt. The transaction is expected to close in the second quarter of 2010, subject to XTO shareholder and regulatory approval.

According to a December 15 article by *The Wall Street Journal*,^a "... the XTO purchase signals that [Exxon Mobil] ... expects the primacy of petroleum to wane somewhat. The deal essentially will turn the smaller XTO into a new business unit focused on the development of natural gas being discovered in dense rock formations around the globe." Based on 2008 filings of U.S. Securities and Exchange Commission Form 10-K, the post-transaction Exxon Mobil would have been the largest producer of natural gas and the fourth-largest producer of crude oil and natural gas liquids in the United States.

The following table provides company-level data from various public sources to inform discussions of the Exxon Mobil-XTO transaction. Additional information is available from the websites of Exxon Mobil and XTO Energy, including the most recent annual report of Exxon Mobil (PDF-format) and of XTO (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 Exxon Mobil and XTO, 2008

	Exxon Mobil Corp.	XTO Energy Inc.	Exxon Mobil/XTO Total	U.S. Total	Exxon Mobil Corp.	XTO Energy Inc.	Exxon Mobil/XTO Total
Oil and Natural Gas Liquids	(Million barrels)				Percent		
Production	104.0	26.2	130.2	2,464.6	4.2	1.1	5.3
Reserves	1,644.0	343.3	1,987.3	28,396.0	5.8	1.2	7.0
Natural Gas	(Billion cubic feet)				Percent		
Production	555.0	697.4	1,252.4	20,377.0	2.7	3.4	6.1
Reserves	11,778.0	11,802.9	23,580.9	244,656.0	4.8	4.8	9.6

Note: Reserves are at year-end.

Sources: Company information: Exxon Mobil Corporation, 2008 report to the Securities and Exchange Commission on Form 10-K (February 27, 2009); XTO Energy Inc, 2008 report to the Securities and Exchange Commission on Form 10-K (February 25, 2009); **U.S. liquids production:** Energy Information Administration (EIA), *Petroleum Supply Annual*, Volume 1 (June 29, 2009), Table 1; **U.S. natural gas production (dry):** EIA, *Monthly Energy Review* (November 29, 2009), Table 4.1; and **U.S. Reserves:** EIA, U.S. Crude Oil, Natural Gas, and Natural Gas Liquids Proved Reserves: 2008 (October 29, 2009), Table 3.

^aGold, Russell, "Exxon Bets Big on Gas With Deal For XTO," *The Wall Street Journal* (December 15, 2008).

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