

## Aspects of Anadarko's Acquisition of Kerr-McGee Corp. and Western Gas Resources

### Background

On June 23, 2006, the *Wall Street Journal* (*WSJ*) reported that Anadarko Petroleum Corp had agreed to acquire Kerr-McGee Corp. and Western Gas Resources Inc. for \$21.1 billion of cash (see "Anadarko to Buy Kerr-McGee, Western Gas for \$21.1 Billion" (June 23, 2006)). Anadarko also will assume \$2.2 billion of debt from the two companies. Anadarko will pay \$16.4 billion (\$70.50 per share) and assume \$1.6 billion of debt to acquire Kerr-McGee and pay \$4.7 billion (\$61 per share) and assume \$600 million of debt to acquire Western Gas. Additional information is available on Anadarko's web site.

According to the *WSJ*, Anadarko's president and chief executive officer Jim Hacket noted that the resulting company will have "... industry-leading positions in the deepwater Gulf of Mexico and the Rockies, two of the fastest-growing oil and natural gas producing regions in North America."

Based on 2004 filings<sup>1</sup> of U.S. Securities and Exchange Commission Form 10-K, the post-transaction Anadarko would have been the second-largest producer of natural gas and the seventh-largest producer of crude oil and natural gas liquids in the United States.

The following tables provide company-level data from various public sources to inform discussions of Anadarko's acquisition of Kerr-McGee and Western Gas Resources. 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.

<sup>1</sup> Rankings are based on John S. Herold, Inc. Reserves Disclosure Database, in which 2004 is the most recent year.

**Anadarko, Kerr-McGee, and Western Gas U.S. Crude Oil and Natural Gas Reserves and Production, 2005**

	Anadarko	Kerr-McGee	Western Gas Resources	Anadarko/Kerr-McGee/Western Gas Total	U.S. Total	Share of U.S. Total			
						Anadarko	Kerr-McGee	Western Gas Resources	Anadarko/Kerr-McGee/Western Gas Total
<b>Oil and Natural Gas Liquids</b> (million barrels)						(percent)			
Production	37	33	0	70	2,493	1.5	1.3	0.0	2.8
Reserves	708	322	4	1,034	29,300	2.4	1.1	0.0	3.5
<b>Dry Natural Gas</b> (billion cubic feet)						(percent)			
Production	414	351	62	827	18,565	2.2	1.9	0.3	4.4
Reserves	6,578	3,633	896	11,107	192,467	3.4	1.9	0.5	5.8

Note: Reserves are at year-end.

Sources: Company information: Anadarko Petroleum Corp, 2005 report to the Securities and Exchange Commission on Form 10-K (March 3, 2006); Kerr-McGee Corp. 2005 report to the Securities and Exchange Commission on Form 10-K (March 3, 2006); and Western Gas Resources Inc., 2005 report to the Securities and Exchange Commission on Form 10-K (February 28, 2006); and U.S. totals: BP p.l.c., *BP Statistical Review of World Energy 2006* (June 2006), pp. 6, 8, 22, and 24 (Natural gas production is converted from cubic meters to cubic feet at the rate of 1 cubic meter equals 35.315 cubic feet).

**Anadarko, Kerr-McGee, and Western Gas Foreign Crude Oil and Natural Gas Reserves and Production, 2005**

	Anadarko	Kerr-McGee	Western Gas Resources	Anadarko/Kerr-McGee/Western Gas Total	Foreign Total	Share of Foreign Total			
						Anadarko	Kerr-McGee	Western Gas Resources	Anadarko/Kerr-McGee/Western Gas Total
<b>Oil and Natural Gas Liquids Production</b> (million barrels)						(percent)			
Canada	3	0	0	3	3,047	0	0	0	0
Algeria	24	0	0	24	2,015	1.2	0	0	1.2
China	0	40	0	40	3,627	0	1.1	0	1.1
<b>Oil and Natural Gas Liquids Reserves</b> (million barrels)						(percent)			
Canada	40	0	0	40	16,500	0.2	0	0	0.2
Algeria	324	0	0	324	12,200	2.7	0	0	2.7
China	0	362	0	362	16,000	0	0.8	0	0.8
<b>Dry Natural Gas Production</b> (billion cubic feet)						(percent)			
Canada	102	0	0	102	6,550	1.6	0	0	1.6
<b>Dry Natural Gas Reserves</b> (billion cubic feet)						(percent)			
Canada	1,332	0	0	1,332	56,150	2.4	0	0	2.4

Anadarko also reported 8 million barrels of crude oil and natural gas liquids production with reserves of 58 million barrels in "other foreign" locations.

Note: Reserves are at year-end.

Sources: Company information: Anadarko Petroleum Corp, 2005 report to the Securities and Exchange Commission on Form 10-K (March 3, 2006); Kerr-McGee Corp. 2005 report to the Securities and Exchange Commission on Form 10-K (March 3, 2006); and Western Gas Resources Inc., 2005 report to the Securities and Exchange Commission on Form 10-K (February 28, 2006); and Foreign totals: BP p.l.c., *BP Statistical Review of World Energy 2006* (June 2006), pp. 4, 6, 20, and 22 (Natural gas production is converted from cubic meters to cubic feet at the rate of 1 cubic meter equals 35.315 cubic feet).

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