

Energy XXI Buys EPL Oil & Gas For \$1.53B

Associated Press

HOUSTON (AP) — Energy XXI is buying EPL Oil & Gas Inc. for about \$1.53 billion in a deal that the companies say will create the biggest publicly owned independent oil producer on the Gulf of Mexico shelf.

Energy XXI Executive Vice President of Exploration and Production Ben Marchive said in a statement that once the acquisition closes the combined company will own and operate 10 oil fields on the shelf with cumulative production each exceeding 80 million barrels of oil.

"EPL's assets and operations closely resemble our own, predominantly oil, with some of the highest margins in the industry and extraordinary opportunities for reserves and production growth through development and exploration activities," Energy XXI Chairman and CEO John Schiller said.

Schiller will serve as chairman and CEO of the combined company, which will be based in Houston where EPL has headquarters.

The transaction is a cash-and-stock deal. EPL stockholders can choose to receive \$39 per EPL share, a 34 percent premium to the company's Tuesday closing price of \$29.11. They can also elect to receive 1.669 common shares of Energy XXI, or a combination of cash and stock.

The companies said that the deal is expected to be paid with 65 percent in cash and 35 percent in Energy XXI common shares. That works out to approximately \$1 billion in cash and about 23.4 million shares of Energy XXI.

The companies put the deal's total value at about \$2.3 billion. That includes the assumption of \$707 million in debt.

EPL owns working interests in 37 producing fields.

Energy XXI (Bermuda) Ltd. shareholders are expected to own about 77 percent of the combined company, with EPL stockholders owning the remaining 23 percent.

One of EPL's directors will join Energy XXI's board when the deal closes.

The transaction still needs approval from both companies' shareholders.

Shares of EPL surged \$8.89, or 30.5 percent, to \$38 in Wednesday premarket trading, while Energy XXI's stock fell 87 cents, or 3.7 percent, to \$22.50.

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Published on Chem.Info (<http://www.chem.info>)

Source URL (retrieved on 04/01/2015 - 9:37am):

http://www.chem.info/news/2014/03/energy-xxi-buys-epl-oil-gas-153b?cmpid=related_content