

Chesapeake to buy oil producer WildHorse in \$4bn deal



Chesapeake Energy Corp is buying oil producer WildHorse Resource Development Corp in a nearly \$4bn deal, it said yesterday, as it looks to increase oil production capacity during a period of rising crude prices. The Oklahoma-based oil and natural gas producer said each WildHorse shareholder will get either 5.989 shares of Chesapeake common stock, or a combination of 5.336 shares of Chesapeake stock and \$3 in cash, for each share they hold. WildHorse's shares surged 13.5% to \$20.50 in premarket trading, while Chesapeake shares slumped 8% to \$3.42. The acquisition is expected to give Chesapeake about 420,000 high-margin net acres in the Eagle Ford shale and Austin Chalk formations in Southeast Texas, and help it save between \$200mn and \$280mn in annual costs. Chesapeake has been directing its capital toward oil production and shifting away from natural gas amid a rise in crude prices and a slump in natural gas prices. "We plan to focus the vast majority of our projected 2019 activity on our high-margin, higher-return oil opportunities in the PRB and Eagle Ford Shale, while decreasing capital and activity directed toward our natural gas portfolio," Chesapeake Chief Executive Officer Doug Lawler said in a statement. Chesapeake also reported third-quarter results yesterday, which showed a

net profit of \$60mn for the three months ended September 30, compared with a loss of \$41mn a year earlier. Excluding one-time items, the company earned 19 cents per share. Wall Street analysts on average had expected 15 cents, according to Refinitiv data. It was not immediately clear if the figures were comparable. Revenue jumped to \$2.42bn from \$1.94bn.