

‘BPCL offers first gasoil cargo in over a year’



Singapore: Bharat Petroleum Corp Limited (BPCL) has offered its first spot gasoil cargo, via a sales tender, in more than a year, three industry sources familiar with the matter said on Monday.

, REUTERS

● US OIL FIRM'S BIGGEST TAKEOVER SINCE 1998

Exxon in talks for \$60-bn acquisition of Pioneer

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EXXON MOBIL IS in advanced talks to acquire Pioneer Natural Resources in a deal that could value the Permian shale basin producer at about \$60 billion, people familiar with the matter said on Thursday.

The acquisition would be Exxon's biggest since its \$81 billion deal for Mobil in 1998 and would expand its footprint in one of the most lucrative regions of the US oil patch. Pioneer's shares rose nearly 12% to \$240.47 in premarket trading on Friday while Exxon slipped 1.7%. Pioneer, which had a market value as of Thursday of \$50 billion, is the third-largest producer of oil in the Permian basin after Chevron Corp and ConocoPhillips. That basin, which stretches across parts of Texas and New Mexico, is the US energy industry's most coveted because of its relatively low cost to extract oil and gas.

If the negotiations conclude successfully, an agreement between Exxon and Pioneer could be reached in the coming days, the three sources said, asking not to be identified because the matter is confidential. Spokespeople for Exxon and Pioneer declined to comment. *The Wall Street Journal* first reported on Thursday that a deal between the two companies was approaching.

RECORD DEAL

■ The deal would expand Exxon's footprint in one of the most lucrative regions of the US oil patch

■ Exxon, which has a market value of **\$436 billion**, is the largest US oil producer



■ Pioneer is the third-largest producer of oil in the Permian basin after Chevron Corp and ConocoPhillips

■ Other oil majors have also been turning to dealmaking because they find it risky to drill new acreage

Exxon, which has a market value of \$436 billion, is the largest US oil producer with an average 3.8 million barrels of oil equivalent per day (boed) from its global operations.

Last year it earned a record \$55.7 billion thanks to high oil and gas prices and ended the year with \$29.6 billion in cash.

Some of those profits have tapered off this year as energy prices, which surged after Russia's invasion of Ukraine, have fallen over concerns about a global economic slowdown weighing on fuel demand. Acquiring Pioneer would give Exxon more established oil-producing land it can rely on to increase production when needed, rather than risk its cash on the

development of unproven acreage. "It makes complete sense," said Bill Smead, chief investment officer of Smead Capital Management, an investment firm which manages \$5.2 billion in funds. "You replenish your reserves without poking holes in the ground."

Exxon produced about 620,000 boed in the Permian basin in the second quarter, a record for the company. Still, this was dwarfed by Pioneer's output in the basin, which averaged 711,000 boed in the same period. The potential deal is set to attract political and regulatory scrutiny, after the White House accused Exxon in February of achieving bumper profits at the expense of consumers. **REUTERS**



Exxon in talks to buy shale driller pioneer Natural for \$60 b

Bloomberg

Exxon Mobil Corp is in talks to acquire shale-focused Pioneer Natural Resources Co, according to a person familiar with the matter.

The Wall Street Journal reported the deal earlier Thursday, citing unidentified people. An agreement could be worth as much as \$60 billion and may be completed in the coming days provided there are no complications, according to the Journal.

BIGGEST DEAL

At that size, the deal would potentially be the largest this year, surpassing pharmaceutical giant Pfizer Inc's \$43 billion acquisition of cancer-drug maker



BIG TICKET. The acquisition would be Exxon's biggest deal since merging with Mobil Corp in 1999 REUTERS

Seagen Inc announced in March. It would also be Exxon's biggest acquisition since merging with Mobil Corp in 1999, and would make the energy giant the top producer in the most prolific US oil basin.

Pioneer shares closed at \$214.96 each on Thursday, valuing the company at \$50.1 billion.

Though advanced, the transaction could still fall

apart, the person said. Responding to requests for comment from Bloomberg, both Exxon and Pioneer said they don't comment on "market rumors."

A deal with Pioneer would unite two of the biggest acreage holders in the Permian Basin of Texas and New Mexico, making Exxon far and away the oil field's biggest producer with an output of about 1.2

million barrels a day — more than many OPEC nations.

It would also extend Exxon's inventory of top-tier drilling locations in the basin by decades, providing low-cost, low risk crude well beyond 2050 to feed its giant refinery network on the Gulf Coast.

CEO TO RETIRE

Attention has been focused on the future of Pioneer since founder and Chief Executive Officer Scott Sheffield said in April he planned to retire at year's end. Sheffield has worked in the Permian since the 1970s and is credited as an architect of the shale boom that made the US an oil powerhouse.

Exxon has been on the lookout for acquisitions in the Permian for years but

has struggled with timing.

The company's finances took a hit during the pandemic as oil prices plunged and as it ramped up capital spending on large global projects, forcing Exxon to borrow billions of dollars to pay shareholder dividends.

After pulling back on spending, cutting costs and reaping the benefits of pandemic-era investments, Exxon's profits surged to a record \$59 billion in 2022. The stock, meanwhile, gained more than 80 per cent last year, providing the financial firepower for a potential era-defining deal with Pioneer.

Exxon's CEO Darren Woods told investors in July the company continued to review potential M&A, but would remain "picky" and focused on creating value.

H2 crude price retained at \$85 a barrel despite global supply cuts

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New Delhi, October 6

THE RESERVE BANK of India has retained its projection for the price of Indian crude oil basket in the second half of the current financial year at \$85 a barrel despite global production cuts announced by the Organization of the Petroleum Exporting Countries (OPEC), Saudi Arabia, and Russia till the end of the year.

The central bank, in its Monetary Policy Report for October released Friday said that the baseline assumption for crude price (Indian basket) is retained at \$85 per barrel considering economic uncertainty due to geopolitical tensions. "The wedge between global petroleum product prices and crude prices – is elevated in view of demand-supply refinery mismatches," the report said.

Even though the central bank believes the Indian crude oil basket price to remain unchanged from its earlier projections, it does see some upside risks to global crude prices due to an escalation of geopolitical hostilities, further supply cuts by OPEC, and a strong demand.

"Assuming crude oil price to be 10% above the baseline, domestic inflation and growth could be higher by 30 bps and weaker by around 15 bps, respectively," the RBI said in its biannual report.

Looking forward, the markets will closely monitor OPEC's decision on whether it extends output cuts beyond December in its next meeting scheduled on November 26. "The committee will continue to closely assess market conditions," said the organisation in a statement after its

last meeting.

Conversely to the above, improved supply from non-OPEC countries, de-escalation of geopolitical tensions, and weakening of demand due to aggressive monetary policy measures by central banks may pull down crude oil prices, the report said.

"If crude oil prices fall by 10% relative to the baseline and assuming their full pass-through to domestic product prices, inflation could ease by around 30 bps with a boost of 15 bps to growth."

In the first half of the financial year 2024, crude prices first eased in

April amidst a banking crisis in the US and slow growth in the world's one of the top consumers of crude, China. However, last month, prices touched their highest level since November 2022 owing to the production cuts announced by Saudi Arabia and Russia. While OPEC has maintained its production cut in its

latest meeting held on October 4, crude prices did not register a further rise but have moderated to around \$85/bbl.

In addition to this, crude inventories in the US fell by 2.2 million barrels to 414.1 million barrels for the week ended September 29, data from the Energy Information Administration showed. Market players keep a close track of the inventory data as the US is one of the major consumers of crude and any volatility in the supply will impact crude oil prices.

The Indian crude oil basket price averaged \$90.8/bbl in October so far. In September, the average price of Indian crude oil basket was at \$93.54/bbl, data from the Petroleum Planning and Analysis Cell stated.

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40-metre tunnel leads police to underground oil theft nexus

TIMES NEWS NETWORK

New Delhi: A bizarre incident of oil theft was unearthed after police discovered a 40-metre tunnel that robbers had dug to access the pipes at an Indian Oil Corporation Limited facility in Dwarka. A man has been arrested in connection with the case.

Police said the crooks dug the tunnel, drilled holes in the pipeline and, using a valve mechanism, inserted a plastic pipe in it to draw out the oil, adding that the digging area was covered with hay to avoid any suspicion.

The incident was reported by IOCL, northern region, on October 4. On September 29, according to the complaint, an inspection was carried out and it was discovered that the theft was likely being carried out from Pochanpur village in Dwarka.

Following the complaint, a police team visited the location, excavated the spot and uncovered the elaborate work the robbers had done. A case has been registered at Dwarka Sector-23 police station under the Petroleum and



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Mineral Pipeline (Acquisition of Right of User in Land) Amendment Act, 2011, Explosive Substance Act, 1908, Prevention of Damage to Public Property Act, 1984, and Essential Commodities Act, among other sections of the Indian Penal Code.

After the digging, another police team was sent to the excavated site which found that a machine for extracting oil by drilling holes in the IOCL pipeline was installed at the spot to which two plastic pipes were connected.

“The excavated site was roughly 40 metres from the IOCL pipeline. We found that the tunnel reaching the pipeline was dug up on the plot of Rakesh alias Golu in Pochanpur village. He was subsequently arrested. We are questioning him to unearth the nexus and nab the remaining accused,” said M Harsha Vardhan, DCP (Dwarka).

Police have recovered tow pipes measuring 40 and 62 metres, blowers, ladder and other equipment used to drill and dig.