

# ConocoPhillips

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## ConocoPhillips sells Australia gas fields, processing plant for \$1.4B to Santos

ConocoPhillips (NYSE:COP) said it will sell most of its Australia business, including gas fields, and processing plant in north Australia for \$1.4 billion to the Australian firm Santos Ltd (OTCMKTS:SSLZY) as the Houston oil and gas producer continues to shift its focus back to North America.

In a statement, ConocoPhillips Chief Operating Officer Matt Fox said: "While we believe the Darwin LNG backfill project remains among the lower cost of supply options for new global LNG supply, this transaction allows us to allocate capital to other projects."

Reuters reported that the deal, was not unexpected, and "marks the second major acquisition by Santos in less than a year, following a sharp turnaround in its fortunes under Managing Director Kevin Gallagher."

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As a part of the turnaround strategy, ConocoPhillips, which has been focusing on its US shale assets, will quit the Darwin LNG plant, which it opened in 2006, and gas fields off northern Australia.

However, ConocoPhillips is also the operator of the Australia Pacific LNG export facility in Queensland and will hold onto its stake.

Meanwhile, Santos has been expanding its position in the Australian oil and gas market, having acquired Quadrant Energy for about \$2.15 billion in 2018. According to experts, the deal could help Santos become Australia's top independent energy producer.

Bloomberg reported that Santos and Conoco's northern Australia assets produced about 94 million barrels of oil equivalent last year, compared to Woodside Petroleum Ltd's (OTCMKTS:WOPEY) 91.4 million.

"The acquisition of these assets fully aligns with Santos' growth strategy to build on existing infrastructure positions, while advancing our aim to be a leading regional LNG supplier," Santos Chief Executive Officer Kevin Gallagher said in a statement.

### Shedding Darwin stake

The acquisition gives Santos control over the future of Darwin LNG, the second oldest of Australia's 10 LNG plants. Santos will acquire ConocoPhillips' majority stakes in Darwin LNG and Bayu-Undan, as well as a 37.5% stake in Barossa, but will aim to cut its stakes in Darwin LNG and Barossa to about 40%-50%.

According to Bloomberg, Santos plans to sell 25% of Conoco's interest in the Darwin LNG export plant to South Korean firm SK E&S as part of the deal.

**Price:** 39.69

**Market Cap:** \$42.56 billion

### 1 Year Share Price Graph



### Share Information

**Code:** COP

**Listing:** NYSE

**52 week High Low**  
67.12 20.85

**Sector:** Oil & Gas Services

**Website:** [www.conocophillips.com](http://www.conocophillips.com)

### Company Synopsis:

Houston-based ConocoPhillips is an international, integrated global energy company operating in more than 40 countries. The company has four core activities worldwide: Petroleum exploration and production; Petroleum refining, marketing, supply and transportation; Natural gas gathering, processing and marketing; and Chemicals and plastics production and distribution.

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The company is also in talks with the facility's joint venture partners, which include Inpex Corp, Tokyo Gas Co. Ltd., Jera Co. and Italy's Eni SpA, to sell equity in the Barossa field, which has been earmarked to back-fill the Darwin plant once Bayu-Undan reserves run dry around the end of 2022, reported Bloomberg.

Gallagher said the company is in advanced discussions with LNG buyers for gas off-take from Barossa, including with an existing partner in Darwin LNG, and was looking to contract 60%-80% of gas volumes for the project.

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