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Santos cheap but only for the brave SANTOS has become the obvious takeover target in the oil and gas sector, given that shares in the $10 billion producer are now trading at $10.10 — two thirds of their September level.

France's Total has been named as the most likely suitor, given its GLNG joint venture with Santos, although it has not yet made any move.

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Weighing against the argument of any deal in the space, however, is that the global giants do not believe that coal-seam gas or Cooper shale gas would work as a strong investment proposition at the current prices.

Millions of dollars were wiped from the share prices of Australia's listed oil and gas companies on Friday, as West Texas Intermediate crude fell to $US66.15 per barrel and Brent crude to $US70.15 per barrel, almost halving from about two months ago.

Last week, Santos announced plans to slash costs, rein in investment, and embark on a hybrid fundraising in the face of slumping oil prices.

The valuation of Santos has slipped to a point where it would be in reach of an acquirer, but it is suggested that any buyer would need to carry out a cash bid and have a bullish view of supply into liquefied natural gas story.

It's thought that a takeover would be a brave move, given the suitor would effectively be buying into low capital expenditure LNG projects with a soft LNG price.

Should oil prices fall further, it could be that even a private equity group could enter the frame, throwing a low-ball bid into the ring. Other suitors could also emerge out of China, although any industry players would likely face the same industry challenges.

Gas bids in pipeline ADVISERS at Goldman Sachs were likely working through the bids received for British Gas's Queensland pipeline at the weekend, in what will potentially reap the investment banking house a lucrative fee, given that the deal size could be more than $4 billion.

But capitalising on the pipeline sale won't just be Goldman's, BG and the other advisers involved, but financial lenders as well.

They are thought to include Australia's top four banks and financiers from Japan.

Bids closed on Friday for prospective buyers, who have been flat out working on the deal for the past six weeks and should know whether they are successful within a fortnight.

Listed resource infrastructure companyAPA Group , advised by Morgan Stanley and Macquarie, is seen as the party with the most financial firepower, but some question whether a purchase is the best use of shareholder funds, given APA is more of an operator, and the pipeline won't start operating for several years.

AMP has China Investment Corp in its corner and there's talk that while the Chinese backing could offer more financial strength for the Citi-advised consortium, having the foreign partner could also create a level of complexity.

IFM and the Queensland Investment Corp are also bidding and have drafted in Barclays as adviser, but Hong Kong-based CKI, advised by Bank of America Merrill Lynch , is thought to have abandoned its pursuit.

BG owns the gas in the Surat Basin and the liquefaction units on Curtis Island and selling the pipeline will offer a major cash injection for the resources giant.

It will also provide a stable source of cashflow for the new owners through a 20-year "take or pay" contract with BG to use it.

The 500km pipe delivers gas from the Surat Basin to Curtis Island, near Gladstone, to be liquefied and sent to China.

Arrium rescue bid QUESTIONS surround what adviser Fort Street's involvement is with the challenged mining and materials company Arrium, which has seen its market capitalisation crash from about $2.4 billion at the beginning of the year to just $700 million.

It is thought the boutique banking house could be examining Arrium's balance sheet in the context of the falling iron ore price and be helping the company decide what to do to better position itself.

Some believe Arrium, which had debt levels of 31 per cent, or $1.7bn at June, is still overgeared. Following an investor tour last week, analysts have suggested it sells its Moly-Cop consumables division, which it picked up from Anglo American in 2010 for $US930m.

Offloading a stake in the operation could see Arrium reap several hundred million dollars.

Buyers could include private equity firms or strategic investors such as Japanese trading houses.

Arrium's consumables business has been growing strongly, but its steel operation is facing challenging conditions and mining is suffering from iron ore prices reaching five-year lows.

It's understood that should the iron ore price move lower and steel not recover, a partial selldown of the consumables operation could be on the cards in addition to the $100m of assets earmarked for sale in 2015.

The miner tapped the public market in September for $754m through its long-time adviser UBS , but it was badly received by the market, and about 20 per cent of the company's register is now in the hands of the deal's underwriters and sub-underwriters.

Arrium last financial year made a net profit of $205m.

CEOs strike gold THIS year's flurry of corporate mergers may not pay off for shareholders in the long run, but one thing is for sure — the executives who are selling their companies will do just fine.

The chief executives who have decided to sell in the 10 biggest US deals this year are set to rake in an estimated $US430 million ($505m) in "golden parachute" payments, according to a study by pay-tracking firmEquilar at the request of Associated Press.

It would take the average American household 830 years of work to get what the average CEO will receive in one fell swoop.

The pay-offs are often negotiated when CEOs are hired. They're designed to compensate chief executives for losing their jobs and years of big pay so they won't stand in the way of a sale that is good for shareholders.

But some critics say the packages are so lavish, they can be an incentive to strike iffy deals.

Among the grab-bag of goodies in some packages are selling bonuses, cash for agreeing not to join a rival, severance, cash to help pay taxes and lump-sum compensation for giving up corporate cars and other office perquisites.

The biggest haul is in the form of stock that the chief executives arguably could have been awarded if they didn't sell. But they would have had to run their companies for several more years and, in many cases, hit certain performance goals.Numerous studies have shown that many merger and **acquisition** deals end up being bad for shareholders of the combined companies in the long run. So far this year, about $3.2 trillion worth of deals have been announced globally, the most since 2007, according to data provider Dealogic.

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