

HD Apache goes on the warpath

CR The Australian

WC 523 words

PD 28 August 2014

ET 00:00

SN theAustralian.com.au

SC NLAUSW

LA English

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SEVEN Group Holdings is being sued over the \$US63.7 **million purchase** of some of Apache Corp's best Texas ground.

The Kerry Stokes-controlled media and resources conglomerate yesterday revealed it had broadened the **oil** and gas push that began with its controversial takeover of Nexus **Energy**.

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But the previously undisclosed **acquisition** of a non-operating **stake** in the booming US onshore **oil** sector has been clouded by a legal challenge from Apache, the field's operator.

Seven Group, which is still in the process of buying Nexus, now has its first **energy** asset, after buying an 11 per cent **stake** in Apache's onshore Bivins Ranch ground from a minority partner in June.

"We have acquired a direct interest in an operated oilfield in the United States to supplement the long-dated reserves we hope to gain via the **acquisition** of Nexus," said Mr Stokes, who owns 68 per cent and is executive chairman of Seven.

Apache is seeking damages from Seven Group, which it claims "wilfully and intentionally interfered" with Apache's rights to pre-emptively acquire the **stake** at a higher price of \$US65m, and the seller NextEra **Energy**, according to a report by US legal news service Law360.

In its annual report, Seven Group said the suit was for "tortious interference" by Seven and breach of contract by NextEra **Energy**.

"The group believes the action to be without merit and is defending its position," Seven Group said.

Seven Group could be dealing with legal action on both of its attempted moves into **oil** and gas if legal threats from Nexus shareholders flagged in an administrator's report this month translate into action.

Seven Group's \$191m **purchase** of Nexus from administrators is expected to take up to three months as it waits for Australian Securities & Investments Commission approval, court approval and settlement of a Nexus legal claim.

"We look forward to a resolution of the situation," Seven Group chief operating officer Ryan Stokes said yesterday.

Seven Group, whose assets include the WesTrac **mining** equipment business and a 35 per cent **stake** in Seven West Media, said full-year net profit slumped 37 per cent to \$251.8m as the **mining** sector continued to cut costs, production and expansions.

"As commodity prices like **iron ore** remain under pressure, the miners are very focused on reducing or deferring costs," Mr Voelte said.

"There is very limited demand for new equipment at this time, even though record **coal** and **iron ore** export volumes will have to support service, parts, and ultimately **lead** to capital replacements."

The **company** paid a 20c-a-share final dividend, unchanged from last year and representing a \$41m payout to Kerry Stokes.

The full-year dividend was double this.

Seven Group said the outlook for its WesTrac business in Australia and **China** was flat or declining while its Coates Hire business was expected to strengthen slightly.

Group underlying earnings before interest and tax were expected to be flat at about \$374.4m (down 40 per cent from 2012-13), subject to no further deterioration in market conditions.

CO apache : Apache Corp | entity : Nexus Energy Ltd

IN i1 : Energy | i13 : Crude Oil/Natural Gas | i1300003 : Crude Petroleum Extraction | iextra : Natural Gas/Oil Extraction

NS gcat : Political/General News

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

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AN Document NLAUSW0020140827ea8r000jq