

# How Smart Acquisitions Are Fueling Growth in the Energy Sector

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The oil and gas industry saw some major changes in 2023 that reshaped the market and paved the way for major growth. Companies like **ExxonMobil** ([XOM](#) - [Free Report](#)) , **Chevron** ([CVX](#) - [Free Report](#)) , **Occidental Petroleum** ([OXY](#) - [Free Report](#)) , **Harbour Energy plc** ([HBRIY](#) - [Free Report](#)) , **Eni S.p.A.** ([E](#) - [Free Report](#)) and Woodside were at the forefront, making multi-billion-dollar deals that showed not only their strategic plans but also how well the industry can adapt to global changes. That's exactly what happened in 2023, and it's something that you, as an investor, need to understand.

## ExxonMobil Expands in the Permian Basin

ExxonMobil, a giant player in the energy sector, led the way with a groundbreaking move to buy Pioneer Natural Resources for a whopping \$59.5 billion. This deal allows ExxonMobil to grow in the United States, especially in the Permian Basin, a region rich in shale oil in the southern United States. XOM currently carries a Zacks Rank #3 (Hold). You can see **the complete list of today's Zacks #1 Rank (Strong Buy) stocks here.**

The merger with Pioneer signifies a massive estimated 16 billion barrels of oil equivalent resources in the Permian Basin. The combination of Pioneer's 850,000 net acres in the Midland Basin and ExxonMobil's 570,000 net acres in the Delaware and Midland basins makes a total enterprise value of around \$64.5 billion, including debt.

ExxonMobil isn't just making big acquisitions, it's also committed to being environmentally friendly. The company aims to achieve net-zero greenhouse gas emissions from its Permian operations by 2030. It's even accelerating Pioneer's plan to be net zero by 2035. XOM is set to invest more than \$20 billion in lower-emission opportunities by 2027, showing a strong commitment to environmental sustainability.

### **Chevron's Smart Move: Diversifying and Growing**

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Chevron, another big U.S. oil company, is making smart moves with a \$53-billion all-stock deal to acquire Hess Corporation. This move, set to finish in the first half of 2024, shows Chevron's dedication to diversifying and growing its portfolio. CVX currently carries a Zacks Rank #3.

After the acquisition, Chevron's annual budget for capital expenses is expected to be between \$19 and \$22 billion. Adding assets from Hess, especially in Guyana's Stabroek block and more shale assets, makes Chevron's portfolio even richer. This doesn't just mean more oil and gas for Chevron, but also more options for investors. The Permian Basin remains a key focus, highlighting its importance in the industry.

### **OXY's Brave Move: Bringing It Together in the Permian**

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Occidental joined the consolidation trend by acquiring CrownRock in December 2023, a deal worth about \$12 billion. This strategic move strengthens OXY's Permian portfolio, adding around 170,000 barrels of oil equivalent per day of high-margin, lower-decline unconventional production in 2024.

According to Wood Mackenzie's Robert Clarke, OXY's move, along with other big deals in 2023, solidifies the Permian scale as a 'must-have' for U.S. majors and super-independents. Completing the CrownRock merger will establish OXY as a top-three producer in the Permian, reinforcing its importance in the industry.

### **Harbour Energy's Global Expansion: Getting Wintershall Dea**

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Harbour Energy joined the consolidation story with an \$11.2-billion deal to acquire Wintershall Dea's entire non-Russian oil and gas portfolio, including carbon capture and storage assets in Europe. This move makes Harbour Energy one of the world's biggest

independent oil and gas companies, with operations in Norway, Argentina, Germany, Mexico, Algeria, Libya, Egypt and Denmark.

The acquisition boosts HBRIY's production to more than 500 thousand barrels of oil equivalent per day and aligns with its goals for energy transition. The company currently carries a Zacks Rank #3. Harbour Energy isn't just interested in oil, it's also into natural gas and carbon dioxide capturing. This makes the company a responsible choice for environmentally conscious investors.

## **Woodside Energy and Santos: A Potential Merger**

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In Australia, there's talk of a potential \$79.09 billion merger between Woodside Energy and Santos. This consolidation could unlock growth opportunities and create a strong force in the Australian gas market.

Apart from focusing on shale oil, U.S. companies are also moving into liquefied natural gas (LNG), presenting a \$100 billion opportunity. Despite challenges, Sean Harrison, Research Analyst, Gas & LNG believes that U.S. LNG projects secured more than \$40 billion in financing in 2023, showing continued interest from investors and major industry players.

## **Global View: Neptune Energy Joins the Club**

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Highlighting the global nature of recent deals, European oil major Eni acquired Neptune Energy's entire portfolio (excluding operations in Germany and Norway) in a deal valued at \$4.9 billion with Vår Energi AS, a Norwegian oil and gas company. The transactions are expected to be completed by the end of the first quarter of 2024. This deal shows that gas is still a hot commodity, even in a world moving toward renewables. E currently carries a Zacks Rank #3.

## **What Does This Mean for Investors?**

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This means that the oil and gas industry is far from dead. Companies are getting bigger, smarter and greener. They're adapting to changing markets and embracing new technologies, which means there are still plenty of opportunities for investors who know where to look.

## **2023 - A Year of Change for Oil and Gas**

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2023 was undoubtedly a transformative year for the oil and gas industry, marked by big deals and smart moves. The Permian Basin stood out as a central stage for consolidation, with U.S. majors and global players reshaping their portfolios to align with sustainable practices and evolving market demands. As the industry faces challenges and embraces change, these acquisitions set the tone for a future where resilience and adaptability will be the keys to success.