

## **Total Said to Consider Chesapeake's \$2.14 Billion Ohio Shale (3)**

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(Updates with closing Total shares in fifth paragraph.) By Eduard Gismatullin and Brian Swint

Dec. 7 (Bloomberg) -- Total SA, France's largest oil and gas producer, may buy a stake in Chesapeake Energy Corp.'s holdings in Ohio's Utica shale, a person with knowledge of the matter said.

Total is considering the acquisition, the person said, declining to be named before a final decision is made. Chesapeake said on Nov. 3 it had signed a letter of intent with an unidentified international oil company for a \$2.14 billion deal to sell 25 percent of 570,000 acres of Ohio's Utica shale.

Pumping gas trapped in shale rocks has made the U.S. into the world's largest gas producer, attracting investment from international oil companies such as BHP Billiton Ltd. and Royal Dutch Shell Plc. The Utica shale contains oil as well as natural gas, which may boost the fields' profitability after gas prices fell 75 percent from their 2008 peak.

"The shale gas revolution has played out so successfully that it's killed prices, so majors are looking for more oil plays," said Jason Gammel, an analyst at Macquarie Capital Europe Ltd. in London. "It's a big move for Total into the U.S."

Total rose 0.4 percent in Paris trading. Chesapeake fell 1.3 percent as of 11:36 a.m. in New York.

Total spokesman Florent Segura said the company is looking at opportunities in shale worldwide, declining to comment on particular areas. Jim Gipson, a spokesman for Chesapeake, said in an e-mail that the company wouldn't comment. The Chesapeake CEO last month declined to rule out Total as the buyer.

### Future Drilling

A transaction would give Oklahoma-City based Chesapeake \$640 million in cash and \$1.5 billion toward the cost of future drilling. The company sold \$750 million worth of preferred shares in its Utica subsidiary to private investors this week.

The deal would add to Total's shale assets after buying a stake in Chesapeake's Barnett Shale field in Texas last year and advancing unconventional gas projects in Algeria, Argentina, Australia, Canada, Denmark and Poland. Total said in October it may work with China Petrochemical Corp. to explore shale in the

country consuming the most energy in the world.

Chesapeake, based in Oklahoma City, owns drilling rights for a total of about 1.5 million net acres in the Utica, which stretches from Ohio to Canada. The formation may hold as much as 5.5 billion barrels of oil and 15.7 trillion cubic feet of gas in Ohio, according to the state's Department of Natural Resources.

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