

ANADARKO PETROLEUM CORP

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The following is a transcript of an interview of Mike Wirth, Chairman and CEO of Chevron Corporation, on CNBC's "Mad Money" on April 15, 2019.

Jim Cramer:

All right I've been waiting and waiting for some consolidation from the oil industry. There are simply too many independent operators out there -- and the good ones by the way. And the stocks are so cheap that I figured something has to be inevitable. Finally on Friday we got the big one. Chevron told us that its buying Anadarko Petroleum, a holding in my Charitable Trust, which is a major exploration production company, for \$33 billion. I think it is a very smart deal. It's a game changer. Do not take it from me. Let's get a closer look with Mike Wirth, the Chairman and CEO of Chevron, who's taking some time during a very busy period to tell us about this Anadarko acquisition. Mr. Wirth welcome to Mad Money. Good to see you sir. Have a seat.

Michael Wirth – Chairman & CEO of Chevron:

Good to see you.

Jim Cramer:

All right. Thank you Mike. I have long loved the Anadarko even from the days of Mr. Hackett, because I [inaudible] unbelievable properties. I was shocked that it never recovered, even from when they won the Colorado ballot for heaven's sake! How come it was so, so cheap and how did you know that was the right time to go?

Michael Wirth – Chairman & CEO of Chevron:

Well I'm not sure I can tell you exactly why it was the right time and why they have traded the way they have. They're a very good company. They've done a nice job high grading their portfolio. They've got good management. And we like everything about it. It's a good company, good assets, good people, and a good deal.

Jim Cramer:

And you're now number one in the best area of the country, if not the world.

Michael Wirth – Chairman & CEO of Chevron:

In the Permian Basin?

Jim Cramer:
Yes.

Michael Wirth – Chairman & CEO of Chevron:

We really like our position in the Permian. We like it even better now that we've been able to combine with -- or when we combine with -- with Anadarko. And it is it is a great resource for our country and a great one for our company.

Jim Cramer:

Some people been telling me that look the Permian is almost tapped out. Others have told me, "Are you kidding, with the new techniques we have, the new science we have -- there's years to play."

Michael Wirth – Chairman & CEO of Chevron:

Years or decades.

Jim Cramer:

Decades.

Michael Wirth – Chairman & CEO of Chevron:

We have, you know, we're right now drilling hundreds of wells we see thousands and thousands of well locations and multiple benches that we'll be able to drill. And the technology does continue to get better, the practices get better and we see a lot of running room in the Permian.

Jim Cramer:

Before I turn to Permian, international has always been your specialty with Gulf Mexico. But you're all over the world. This Mozambique facility. I love it. But there are insurgents there. There is worry. How can you make it so that that's safe? Because that is one of the great -- you're getting a gift.

Michael Wirth – Chairman & CEO of Chevron:

Well it's a beautiful gas resource. And we've operated in Africa for 100 years. So we're not unfamiliar with some of the challenges that go with working in that part of the world. We've been in Nigeria, we've been in Angola, Republic of the Congo, South Africa. So we know Africa we know the precautions that we need to take to keep our people safe and our operations safe. And Anadarko has done a really nice job developing this project and we are highly supportive of their advancing it here prior to the merger and we look forward to a very successful project.

Jim Cramer:

Now you were able to get this -- some people are saying look, I mean my colleague David Faber said there was a mid 70s bid by Occidental. You can't tell me why Anadarko chose you because they chose you. You didn't. But your offer was one that they seemed to think was more compelling than another offer that was higher price. Why did they like Chevron? If you give me any hint at all about why.

Michael Wirth – Chairman & CEO of Chevron:

Well I can't really speak on behalf of their Board. I can tell you that we put together what we think is a full and compelling offer. There's a beautiful strategic fit between our two companies. We've got a very complementary position in the Permian, in the deep water, Mozambique, their people. It's baseball season Jim. It's a Grand Slam. Permian Basin, deep water Gulf of Mexico, Mozambique, people. It's a grand slam. It doesn't get any better than that.

Jim Cramer:

You show people how contiguous you are. It's rather amazing how contiguous you are in Permian.

Michael Wirth – Chairman & CEO of Chevron:

We've got about 75 miles where we've got a very contiguous blocked up area that we can develop in with great efficiency and create real value for the shareholders of both companies.

Jim Cramer:

Now I was surprised to hear you're talking about maybe shedding 20 billion of assets. I mean do you really have that much that you're willing to sell?

Michael Wirth – Chairman & CEO of Chevron:

We've got a global portfolio and we've got a lot of value in really good assets from Chevron, really good assets that will come in from Anadarko. And we're going to operate in a disciplined capital regime. And we won't be able to fund everything that we have. What we've learned is there are projects that meet our economic thresholds, but they're not as strong as others in our inventory. And oftentimes those projects are a better fit for someone else. So we'll move assets out that are not the strongest assets in our portfolio that might be very good for others to operate and invest in.

Jim Cramer:

Did you know that Occidental was on the verge of making a bid the same day?

Michael Wirth – Chairman & CEO of Chevron:

You know we didn't know anything other than our negotiations and discussions with Anadarko.

Jim Cramer:

Were you surprised of subsequent to know that Vicki Hollub was about to make a move?

Michael Wirth – Chairman & CEO of Chevron:

You know I can't comment on that. I'll said we've put together a compelling offer. It's a certain offer and we intend to close.

Jim Cramer:

Okay. Now Pascagoula. That is the gigantic -- third largest U.S. processor heavy sulfur. Venezuelan crude. Now it looks like Venezuelan crude is not coming. So will would you do with that facility?

Michael Wirth – Chairman & CEO of Chevron:

Well we've got -- you can run a variety of crudes –

Jim Cramer:

But not yours from the Permian because it's light sweet.

Michael Wirth – Chairman & CEO of Chevron:

It's light sweet. So that's one of the challenges with all the light oil coming out of the U.S. is more of it will be exported. The U.S. refining system is built to run in different grades but those grades are available in the world and we're pretty efficient at optimizing feedstocks with shipping into refineries around the world to create value.

Jim Cramer:

One last question. Anadarko's last quarter was not up to snuff according to stock market. I thought was okay. It had a lot -- had some natural gas, had some little mishaps, but that ultimately did create the ultimate value. Was there anything about that quarter that gave you any sort of trepidation about this?

Michael Wirth – Chairman & CEO of Chevron:

No we look through any quarterly or transient kinds of effects. This is a long term business.

Jim Cramer:

Well I want people to listen to that, see because this is what happens. They had one bad quarter. You and I both know that's a great company. I was in shock that it was hit so hard, given the reputation, how good they are, how good the properties are. That was a fabulous opportunity for you.

Michael Wirth – Chairman & CEO of Chevron:

It's a long-term business. They've got great assets, great people. We're really looking forward to bringing these together and creating value for the shareholders.

Jim Cramer:

Well I want to congratulate you. I thought it was great. And you upped the buyback the same day you did it. That is just fantastic. That's Mike Wirth, Chairman, CEO of Chevron. They bought one of my longtime favorites Anadarko and I think its going to be great for them. Mad Money's back after the break.

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