

# Tourmaline Oil announces deal to buy Bonavista Energy worth \$1.45 billion

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Tourmaline Oil Corp. has signed an agreement to buy Bonavista Energy Corp. in a deal worth \$1.45 billion. The Tourmaline Oil Corp. logo is shown in this undated handout photo. THE CANADIAN PRESS/HO, Tourmaline Oil Corp. \*MANDATORY CREDIT\*

CALGARY — Tourmaline Oil Corp., Canada's largest natural gas producer, is growing again.

The Calgary-based company, headed by CEO Mike Rose, announced Monday it is buying Bonavista Energy Corp. in a deal worth \$1.45 billion.

Tourmaline will pay \$725 million in shares and \$725 million in cash, less Bonavista's net debt at closing.

Tourmaline has been undergoing a **years-long** aggressive exploration, development, production and acquisition program in the Western Canadian Sedimentary Basin — a program that has already earned the company the title of Canada's largest natural gas producer.

Tourmaline's current production in Alberta's Deep Basin is 250,000 barrels of oil equivalent per day, according to the company's website, and the company said Monday its acquisition of Bonavista will increase that to over 600,000 boe/d by the end of the year.

Bonavista is a privately held natural gas producer, also headquartered in Calgary. The company owns roughly one million acres of land in the Alberta Deep Basin, which is known for its liquids-rich gas and oil targets.

In a news release, Tourmaline said the deal represents an important component of the company's ongoing consolidation strategy, adding decades of inventory and supplementing its existing Deep Basin assets in Alberta.

"The Bonavista assets are a natural extension of Tourmaline's existing operations in the Deep Basin where the company is already the largest producer," Tourmaline said in a statement.

"I think Tourmaline is just looking at their core areas and seeing what's available there to augment those," said Tom Pavic, president of Sayer Energy Advisors, in an interview.

"The Bonavista transaction further enhances their Deep Basin portfolio."

Tourmaline said the acquisition is expected to be immediately accretive to Tourmaline's 2024 free cash flow yield.

In addition to the acquisition, Tourmaline announced it will increase its quarterly base dividend effective in the fourth quarter to \$1.12 per share on an annualized basis, up from \$1.04 per share.

The Tourmaline board also declared a special dividend of \$1.00 per share that will be paid on Nov. 1, to shareholders of record on Oct. 24.

The deal is expected to close in the second half of November, subject to customary regulatory and stock exchange approvals.

In 2021, Tourmaline acquired Black Swan Energy for \$1.1 billion.

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Companies in this story: (TSX:TOU)

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