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Cenovus-ConocoPhillips Deal Among Biggest In Canadian Oilpatch History



BY [PAT ROCHE \(/AUTHOR/PAT-ROCHE/\)](#) – MARCH 30, 2017 – [VIEW ISSUE \(/HEADLINES/2017-03-30/\)](#)

Cenovus Energy Inc.'s deal to buy oilsands and Deep Basin assets from **ConocoPhillips Company** ranks as one of the biggest transactions in Canadian oil and gas history.

Calgary-based Cenovus has agreed to pay for \$17.7 billion for the Houston-based producer's 50 per cent stake in the Foster Creek/Christina Lake oilsands assets and the majority of ConocoPhillips's Deep Basin properties in Alberta and British Columbia ([see separate story](#)).
(<http://www.dailyoilbulletin.com/article/2017/3/30/cenovus-buys-conocophillipss-fccl-stake-and-deep-b/>)

To put this deal in perspective, the 2002 merger of **PanCanadian Petroleum Limited** and **AlbertaEnergy Company Ltd.** that created **Encana Corporation** (from which Cenovus was later spun off) was only \$15.9 billion, according to **Sayer Energy Advisors** data.

Only three merger and acquisition transactions were bigger in the nearly 30 years Sayer Energy Advisors has been compiling statistics, said Sayer president **Alan Tambosso**.

The three bigger deals are the 2009 **Suncor Energy Inc.** acquisition of **Petro-Canada** (\$27.7 billion), **CNOOC Limited's** 2012 takeover of **Nexen Inc.** (\$22.8 billion) and **Repsol S.A.'s** 2014 purchase of **Talisman Energy Inc.** (\$18.1 billion).

The deal comes on the heels of another huge vote of confidence in the oilsands by a Canadian producer.

On March 9, **Canadian Natural Resources Limited** agreed to pay \$12.7 billion to buy oilsands assets and related infrastructure from **Royal Dutch Shell plc** and **Marathon Oil Corporation**.

CNRL's blockbuster deal is expected to close in mid-2017. It will push CNRL, already the biggest oil and gas producer in Canada by boe, over the million-boe-a-day threshold. No other Canadian producer has even come close to that major milestone.

The ConocoPhillips assets being acquired are expected to produce 298,000 boe a day in 2017, which will more than double Cenovus's production to 588,000 boe a day, Cenovus said.

The purchase is expected to close in the second quarter, and has an effective date of Jan. 1, 2017.

This will make Cenovus Canada's biggest thermal oil operator by a wide margin. In second place is **Imperial Oil Limited** whose Cold Lake thermal bitumen production averaged 159,000 bbls a day in the fourth quarter of 2016. (Imperial may also have some thermal production from small-scale projects.)

Acquiring full interest in FCCL will transform Canada's largest SAGD operator into the country's largest SAGD owner.

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