

## Oilsands company files injunction against private-equity firm to block takeover bid

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Waterous Energy Fund has been acquiring companies through share purchase agreements and takeover bids

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Waterous has been hailed in the Canadian oilpatch for creating the country's fifth-largest oil producer, Strathcona Resources Ltd. Photo by AP Photo/Charlie Riedel, File

Oilsands intermediate Greenfire Resources Ltd. has filed a court injunction to block private-equity firm Waterous Energy Fund from acquiring 43 per cent of shares in a bid for control.

The injunction is just the latest salvo in an increasingly hostile scrap that began with Waterous Energy Fund (WEF) announcing on Sept. 16 that it intended to purchase a \$328-million stake in the company from Greenfire's former chairman and another director, among others.

WEF, the energy-focused private-equity firm led by former investment banker Adam Waterous, has a reputation for acquiring control of companies through share purchase agreements and unsolicited takeover bids.

Waterous has been hailed in the Canadian oilpatch for creating the country's fifth-largest oil producer, Strathcona Resources Ltd., by moving aggressively to snap up a number of mid-sized oil and gas companies during last decade's downturn in oil prices.

But Greenfire's current management and board are actively resisting WEF's overtures. The Calgary-based oilsands company has now tried to ward off WEF's advances twice by adopting "poison pill" shareholder rights plans to deter the acquisition, the first of which was slapped down Wednesday by an order of the Alberta Securities Commission following an application by WEF.

Greenfire has said it is exploring a corporate sale, but is keeping its options open and working to complete a strategic review of growth opportunities, including an evaluation of its reserves.

“We respect the ASC’s decisions, but we believe WEF’s 43 per cent ownership of Greenfire will present challenges for our strategic review process and our goal of maximizing value for all shareholders,” Matthew Perkal, interim chair of Greenfire, said in a statement on Wednesday.

He said the company is aware of “several interested parties” whose interest in a deal with Greenfire could be diminished if WEF succeeds in its bid for control of the company.

“(Greenfire) recognizes the presence of a single shareholder with outsized influence and a track record of creeping takeovers is likely to negatively impact (the company’s strategic review) process and the company’s ability to deliver the most favourable results for all stakeholders,” Perkal said.

“The injunction application has been filed by the company because the board of directors believes it is in the best interests of the company.”

Following the decision by the ASC, Greenfire announced on Wednesday a second poison pill shareholder rights agreement intended to block WEF from increasing its stake above 44.3 per cent of shares.

Waterous Energy Fund said it planned to comment on the matter in the near future, but had not by time of publication.

Greenfire is an asset that fits with what WEF is looking for, said Tom Pavic, president of Sayer Energy Advisors, which tracks deal activity in upstream oil and gas.

He pointed to WEF’s previous acquisition of another oilsands company, Osum Oil Sands Corp., in which WEF bought 45 per cent of Osum’s shares in 2020 and then initiated an unsolicited takeover bid that was ultimately successful.

“The way they acquired Osum is similar to how they’re pursuing Greenfire, too,” Pavic said. “They’re shrewd businesspeople.”

Similar to Strathcona, Greenfire’s origins lie in a decade-long trend of Canadian consolidation in the sector as international oil companies exited the oilsands. The company was created when a Japan Petroleum Exploration Co. Ltd. subsidiary exited the oilsands and Canada and sold its assets in 2021.

Greenfire now owns the Hangingstone Demonstration plant and a 75 per cent stake in the Hangingstone Expansion plant near Fort McMurray, Alta., which have a combined capacity to produce around 34,000 barrels per day (bbl/d), but which produced around 19,000 bbl/d in the second quarter of 2024.

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