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Canadian oil producer Strathcona to buy Serafina for C\$2.3 bln -sources

By Shariq Khan and Rod Nickel

Aug 3 (Reuters) - Strathcona Resources has agreed to buy private equity-backed Serafina Energy for C\$2.3 billion (\$1.8 billion), sources with direct knowledge of the matter said on Wednesday, the largest acquisition yet by the Canadian private oil and gas producer.

Serafina produces 40,000 barrels of oil equivalent (boe) per day in the province of Saskatchewan. Strathcona is focused on the Montney basin in Alberta and British Columbia, Cold Lake oil sands and the Lloydminster heavy oil region. Strathcona produces 110,000 to 115,000 boe per day, mainly liquids.

Strathcona and Serafina did not respond to requests for comment on the deal, which the sources told Reuters is scheduled to close on Aug. 29.

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Reuters reported in March that Pine Brook Partners and Camcor Partners were considering selling Serafina. [read more](#)

Calgary, Alberta-based Strathcona -- owned by Waterous Energy Fund -- has been among the top buyers of oil and gas assets in Canada since it formed in 2020, hoping to profit

from oil at near or above \$100 per barrel since Russia's invasion of Ukraine.

Serafina commanded a "strong price," justified by the long life of its assets and good fit geographically for Strathcona, said Tom Pavic, president of Sayer Energy Advisors, which advises on deals for oil and gas producers.

But Canada's upstream industry overall represents a buyers' market as small producers struggle to access capital to make acquisitions, Pavic added.

Moody's Investors Service said it affirmed Strathcona's credit ratings and positive outlook, citing a large production and reserve base. It said Strathcona would fund the deal through borrowings on its revolving credit facility.

Oil and gas companies are generating high cash flow as prices of both commodities trade at high levels due to sanctions against major producer Russia that have constrained supplies. Many companies are focusing on share buybacks and dividend increases instead of spending on higher production, however.

U.S. crude oil futures settled at \$90.66 a barrel, down 4% on Wednesday, but up about 21% this year.

Strathcona announced its purchase of Caltex Resources in March and said it had also acquired Alberta's Tucker thermal oil field assets in January.

The company has previously said its strategy is to purchase assets with options to add production organically.

The latest deal in the sector follows Whitecap Resources Inc's ([WCP.TO](#)) C\$1.9 billion purchase of Montney and Duvernay oil and gas assets from U.S. oil major Exxon Mobil Corp ([XOM.N](#)) and Imperial Oil Ltd ([IMO.TO](#)), which was announced in June. [read more](#)

(\$1 = 1.2881 Canadian dollars)

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Covers energy, agriculture and politics in Western Canada with the energy transition a key area of focus. Has done short reporting stints in Afghanistan, Pakistan, France and Brazil and covered Hurricane Michael in Florida, Tropical Storm Nate in New Orleans and the 2016 Alberta wildfires and the campaign trails of political leaders during two Canadian election campaigns.

