

Total Debt Financings Up Significantly In The First Half Of 2023

By [Tom Pavic, Sayer Energy Advisors \(/author/tom-pavic-sayer-energy-advisors/\)](#)

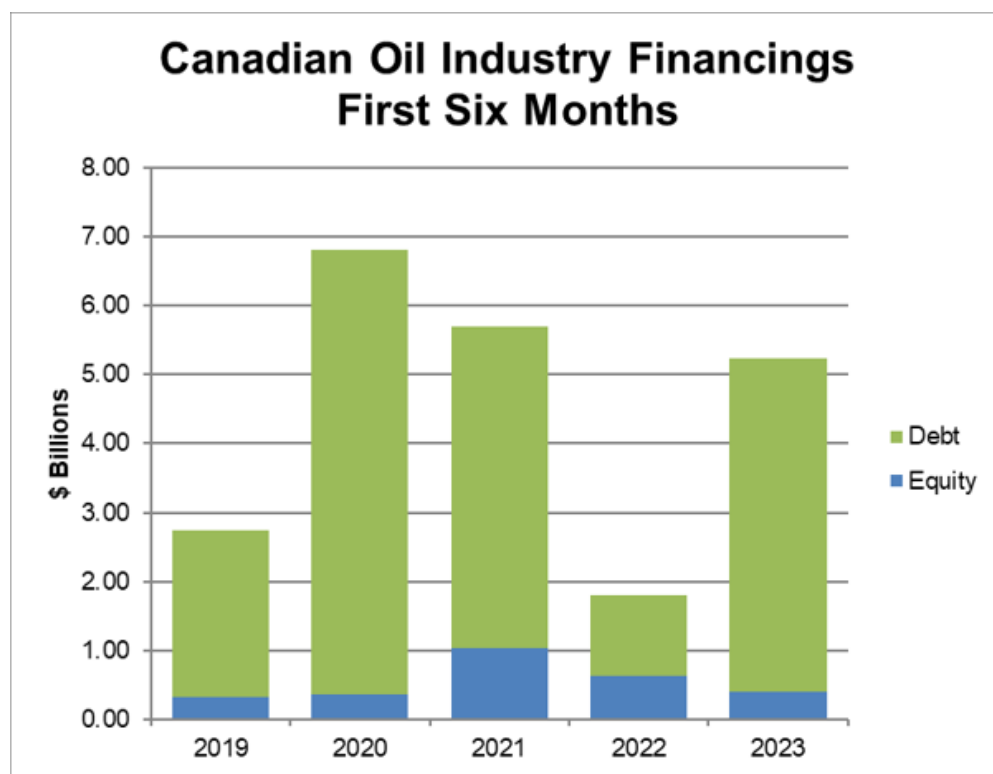
Wednesday, September 27, 2023, 6 AM MDT



[Print](#)

A total of \$5.2 billion in equity and debt was raised by the Canadian oil and natural gas industry in the first six months of 2023, up 191 per cent from the \$1.8 billion recorded over the same time period in 2022. Debt financings were up significantly year-over-year while the total amount of equity raised declined.

The amount of debt raised increased 313 per cent to \$4.8 billion from \$1.2 billion in the first half of 2022, while equity financings decreased 36 per cent to approximately \$398.0 million from the \$625.2 million raised in the first six months of 2022.



(<https://www.dailyoilbulletin.com/filer/canonical/1695754178/15144/>)

Of the \$4.8 billion of debt that was raised in the first half of 2023, the majority of the debt issues consisted of straight debt. Convertible debt accounted for only approximately \$16.0 million of the total debt financings in the first half of the year. Debt financings accounted for 92 per cent of the total capital raised in the first half of 2023. The three debt issuances detailed below accounted for approximately 95 per cent of the total debt raised in the first half of 2023, or approximately \$4.6 billion.

Ovintiv Inc. raised approximately \$3.1 billion through four separate debt issues. In May, Ovintiv raised \$816.2 million in senior notes with a two-year term, which bear interest at 5.65 per cent, \$952.2 million in senior notes with a five-year term, which bear interest at 5.65 per cent, \$816.2 million in senior notes with a 10-year term, which bear interest at 6.25 per cent, and \$544.1 million in senior notes with a 30-year term, which bear interest at 7.1 per cent. Ovintiv used the proceeds towards its acquisition of assets in the United States from **Black Swan Oil & Gas**, **PetroLegacy Energy** and **Piedra Resources**.

The largest single debt issue in the first half of 2023 was done by **Baytex Energy Corp.** ([/company/baytex-energy-corp/](#)) which had initially announced an offering of US\$750.0 million which was subsequently increased to US\$800.0 million (approximately \$1.1 billion). The offering was comprised of senior unsecured notes due in 2030 with a coupon rate of 8.5 per cent. Baytex used the proceeds of the offering toward the cash consideration of its transaction with **Ranger Oil Corporation**. Ranger's oil and natural gas operations were located in the Eagle Ford shale basin in Texas.

Saturn Oil & Gas Inc. ([/company/saturn-oil-gas-inc/](#)) raised \$375.0 million with its U.S. based institutional lender for a senior secured loan which was used towards the payment of the cash consideration of the acquisition of privately-held **Ridgeback Resources Inc.** The loan will amortize over three years, with 50 per cent repayable in the first year, 30 per cent in the second year and 20 per cent in the final year, with other terms, including interest being the same as Saturn's existing senior secured loan. Ridgeback's main producing properties were located in the Kaybob, Pembina and Swan Hills areas of Alberta and in the Viewfield area of Saskatchewan.

The \$398.0 million in equity raised in the first half of 2023 accounted for only eight per cent of the total capital raised. In the first half of 2022, \$625.2 million in equity was raised, accounting for 35 per cent of the total capital raised. In the first six months of 2023, there was a total of \$77.5 million in flow-through equity financings compared to \$15.6 million in the first half of 2022.

Privately-held **Storm Development Corp.** raised a total of \$162.3 million of equity in the first six months of 2023 through brokered and non-brokered offerings. Storm issued 28,265,000 Class A common shares and 4,200,000 Class B common shares priced at \$5.00 per common share. Concurrent with the financings, it was publicly disclosed that Storm acquired Montney interests in the Pouce Coupe area of Alberta from **ARC Resources Ltd.** ([/company/arc-resources-ltd/](#))

The largest single equity issue recorded in the first six months of 2023 was Saturn's bought deal offering of 59,242,000 shares at a price of \$2.11 per share for total proceeds of approximately \$125.0 million. Saturn completed the equity financing concurrent with the previously-mentioned acquisition of Ridgeback.

The third largest equity offering in the first half of 2023 was completed by **Journey Energy Inc.** Journey initially announced a \$15.0 million bought deal offering of flow-through common shares, which was subsequently increased to \$20.1 million. **Rubellite Energy Inc.** ([/company/rubellite-energy-inc/](#)) also completed a significant flow-through financing in the first six months of 2023 raising approximately \$20.0 million.

In the third quarter of 2023, to date, a total of approximately \$860.0 million in capital has been raised consisting of approximately \$450.0 million in debt and \$410.0 million in equity. With increasing oil prices, coupled with interest rate increases "on pause," we forecast the total amount of capital raised in 2023 to be in line with the \$7.9 billion raised in 1997.

Sections: [Markets \(/markets\)](#) / [Upstream \(/upstream\)](#)

Categories: [Analysis \(/category/analysis/\)](#) / [Oil & Gas Finance - Investment \(/category/finance-investment/\)](#)

Companies: [ARC Resources Ltd. \(/company/arc-resources-ltd/\)](#) /

[Baytex Energy Corp. \(/company/baytex-energy-corp/\)](#) /

[Rubellite Energy Inc. \(/company/rubellite-energy-inc/\)](#) /

[Saturn Oil & Gas Inc. \(/company/saturn-oil-gas-inc/\)](#)