

M&A Value Up 50% In First Six Months Of 2023

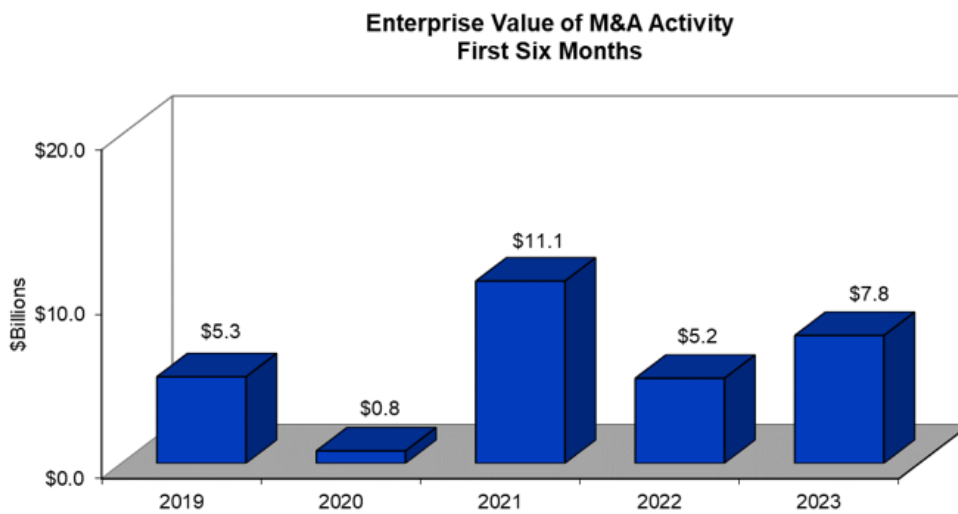
By [Tom Pavic, Sayer Energy Advisors \(/author/tom-pavic-sayer-energy-advisors/\)](#)

Wednesday, October 25, 2023, 6 AM MDT



[Print](#)

The total enterprise value of merger and acquisition (“M&A”) activity in the Canadian oil and natural gas industry in the first half of 2023 was \$7.8 billion, up 50 per cent from the \$5.2 billion recorded in the first six months of 2022.



There were two transactions valued at over \$1.0 billion in the first six months of 2023. The largest transaction was **ConocoPhillips’** purchase of **TotalEnergies EP Canada Ltd.’s** 50 per cent non-operated working interest in the Surmont Oil Sands Project for \$4.4 billion, which consisted of an upfront cash payment of \$4.0 billion and contingent payments of up to \$440.0 million. With this acquisition, ConocoPhillips now owns a 100 per cent working interest in the Surmont Oil Sands Project.

On April 26, 2023, **Suncor Energy Inc.** announced it had entered into an agreement with TotalEnergies for the sale of all of the shares of TotalEnergies EP Canada Ltd. for \$5.5 billion in cash plus a contingent payment of up to \$600.0 million. The transaction with Suncor was conditional upon ConocoPhillips waiving its right of first refusal with respect to the Surmont Oil Sands Project. ConocoPhillips exercised its preemption right to acquire the interest from TotalEnergies and, as a result, both Suncor and TotalEnergies had the right to terminate the agreement under which Suncor would acquire TotalEnergies’ Canadian operations. In light of this change, Suncor announced it would assess the proposed transaction with TotalEnergies.

On October 4, 2023, Suncor announced it was acquiring TotalEnergies EP Canada Ltd. for \$1.5 billion. TotalEnergies Canada holds a 31.23 per cent working interest in the Fort Hills Oil Sands Project, which is operated by Suncor. It is interesting to note that in the first quarter of 2023, TotalEnergies exercised its preemption right to acquire an interest in the Fort Hills Oil Sands Project for \$312.0 million after Suncor coincidentally announced its intention to acquire all of **Teck Resources Limited’s** interest in the Fort Hills Oil Sands Project in the fourth quarter of 2022 for a net purchase price of \$688.0 million.

The second-largest transaction in the first half was **Crescent Point Energy Corp.**'s acquisition of certain of **Spartan Delta Corp.**'s assets for \$1.7 billion. The acquired assets are Montney interests located in the Gold Creek and Karr areas of Alberta, which added 600 net Montney locations adjacent to Crescent Point's Kaybob Duvernay assets. In conjunction with the transaction, Spartan Delta transferred 4,000 boe/d of production in the Pouce Coupe and Simonette areas of Alberta, 500 boe/d of northeastern British Columbia production and 55,769 net undeveloped acres in the Flatrock area of northeastern B.C. to a newly-formed company named **Logan Energy Corp.**, led by certain other members of Spartan Delta's executive team. In addition, Spartan Delta retained and will continue to develop its Deep Basin assets. As part of the transactions, Spartan Delta shareholders received \$9.50 in cash for each Spartan Delta share held, one common share of Logan for each Spartan Delta share held as well as one Logan share purchase warrant for each Spartan Delta share held. Each warrant entitled the holder to acquire one Logan share at an exercise price equal to Logan's defined net asset value of \$0.35 per Logan share.

Of the \$7.7 billion in large transactions (valued at over \$5.0 billion) in the first six months of 2023, approximately \$7.1 billion were property transactions while approximately \$600.0 million were corporate deals. Of the 19 large transactions during the first half of this year, 16 were property deals and three were corporate deals. This compares to the first half of 2022, when the split between large corporate and property transactions was 11 corporate deals totalling approximately \$3.0 billion in enterprise value and 12 property deals with an aggregate value of \$2.1 billion.

During the first half of 2023, 12 large oil-weighted transactions accounted for approximately \$7.5 billion in aggregate value and seven large natural gas-weighted transactions made up approximately \$200.0 million compared to 2022 when 12 of the 23 large transactions in the first six months were oil-weighted, with a total enterprise value of approximately \$2.5 billion, and 11 deals were weighted towards natural gas, with a total enterprise value of \$2.6 billion.

M&A activity to date in the second half of 2023 has reached approximately \$5.2 billion. In addition to the aforementioned planned acquisition by Suncor of TotalEnergies Canada for approximately \$1.5 billion, other notable transactions announced since Canada Day were **Tourmaline Oil Corp.**'s planned takeover of privately-held **Bonavista Energy Corporation** for approximately \$1.5 billion, **Strathcona Resources Ltd.**'s amalgamation with **Pipestone Energy Corp.** for approximately \$843.0 million and **Peyto Exploration & Development Corp.** acquiring substantially all of **Repsol S.A.**'s Canadian assets for \$636.0 million. With strong oil prices forecasted to remain for the foreseeable future, we will likely continue to see strong M&A activity for the remainder of 2023 and into early 2024.

Sections: [M&A \(/mergers-and-acquisitions/\)](#)

Categories: [Analysis \(/category/analysis/\)](#) /

[Asset Sales and Acquisitions \(/category/asset-sales-and-acquisitions/\)](#) /

[Corporate Announcement \(/category/corporate-announcement/\)](#)