

Total Oil & Natural Gas Financings More Than Tripled In 2023

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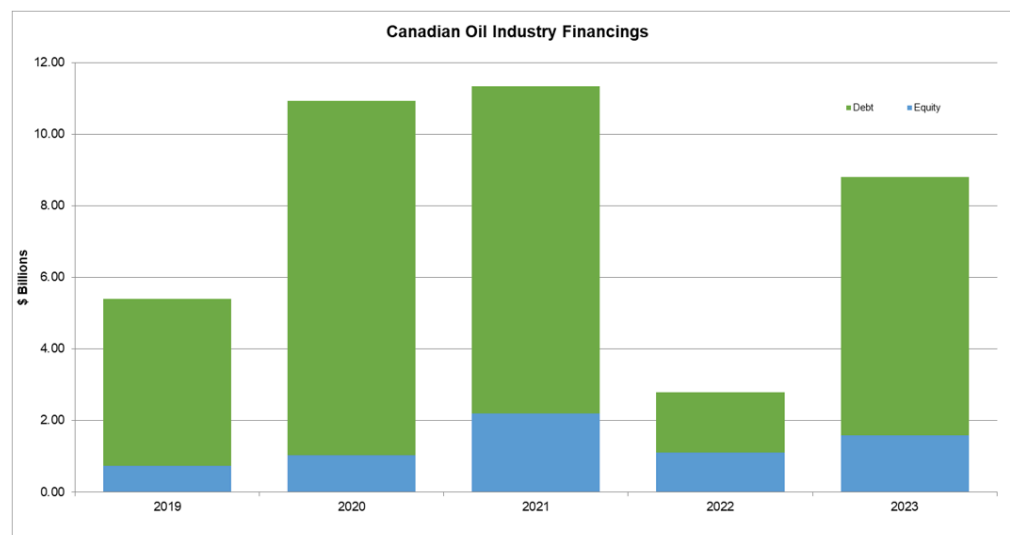
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The total amount of capital raised in the Canadian oil and natural gas industry in 2023 more than tripled from the previous year.

In 2023, there was a total of \$8.8 billion in capital raised, compared to \$2.8 billion in 2022, which was the lowest amount of capital raised since Sayer Energy Advisors began publishing financing statistics in 1994. In 2023, debt financings accounted for a majority of the capital raised at 82%, with equity financings making up the remainder.

The largest contributing factor for the surge in capital raised in 2023 was the upswing in the total amount of debt financings year-over-year. In 2023, debt financings rose 330% to \$7.2 billion from \$1.7 billion in 2022.



The debt category described herein is comprised of straight and convertible debt. There were 30 debt financings in 2023, up 15% from the 26 in 2022. The amount of straight debt issues was \$7.1 billion, up 350% from the \$1.6 billion in 2022. Convertible debt also increased year-over-year, up 16% to \$113.5 million from the \$97.8 million recorded in 2022.

In 2023, all of the top ten debt issues were straight debt, as was the case in 2022.

Ovintiv Inc. completed four debt issuances in May for total proceeds of approximately \$3.1 billion. Ovintiv completed a senior note offering for \$816.2 million with a two-year term and a coupon rate of 5.65%, a senior note offering for \$952.2 million with a five-year term and a coupon rate of 5.65%, a senior note offering for \$816.2 million with a 10-year term and a coupon rate of 6.25% and a senior note offering for \$544.1 million with a 20-year term and a coupon rate of 7.1%.

Ovintiv used the proceeds towards its acquisition of assets in the United States from **Black Swan Oil & Gas, LLC, PetroLegacy Energy II** and **Piedra Resources LLC**.

Suncor Energy Inc. raised \$1.5 billion in November through two separate debt offerings. Suncor completed a senior unsecured note offering of \$1.0 billion with a two-year term and a coupon rate of 5.60% and a senior unsecured note offering of \$500.0 million with a three-year term and a coupon rate of 5.40%. Proceeds from the financing were used towards the acquisition of **TotalEnergies EP Canada Ltd.** for approximately \$1.5 billion.

In May, **Baytex Energy Corp.** issued approximately \$1.1 billion of 8.5% senior unsecured notes due April 30, 2030. The proceeds of the offering were used towards Baytex's purchase of **Ranger Oil Corporation** in June.

The total amount of equity raised in 2023 was \$1.6 billion, a 44% increase from the \$1.1 billion in equity raised in 2022. While the total amount of equity raised increased in 2023, the number of equity issues decreased to 117 from 158 in 2022. The average

size of issues in 2023 increased to \$13.5 million from \$7.0 million in 2022.

The largest equity offering in 2023 was **Crescent Point Energy Corp.**'s bought deal equity financing in November. Crescent Point issued 48,550,000 common shares at a price of \$10.30 per common share for gross proceeds of approximately \$500.0 million. Proceeds of the offering were used towards the acquisition of **Hammerhead Energy Inc.** for approximately \$2.7 billion.

The second largest equity offering in 2023 was **Peyto Exploration & Development Corp.**'s bought-deal equity financing in September for \$201.3 million. Peyto issued a total of 16,916,500 shares at a price of \$11.90 per share which included the over-allotment option in full. Proceeds from the offering were used towards the acquisition of substantially all of **Repsol S.A.**'s Canadian assets for \$636.0 million.

Storm Development Corp. completed multiple equity financings, raising total proceeds of approximately \$162.7 million. Concurrent with the financings, it was publicly disclosed that Storm acquired Montney interests in the Pouce Coupe area of Alberta from **ARC Resources Ltd.**

Saturn Oil & Gas Inc. completed a bought deal equity financing through the issuance of 59,242,000 common shares at a price of \$2.11 per share for approximately \$125.0 million in January. Saturn used the proceeds towards the purchase of **Ridgeback Resources Inc.** for \$524.7 million.

There were no IPOs recorded in 2023.

Included in the equity category is the amount of flow-through equity raised during 2023, which totalled \$77.9 million. The most significant flow-through financing in 2023 was done by **Journey Energy Inc.**, which completed a \$20.1 million flow-through financing in March 2023 at a price of \$6.62 per common share. The \$77.9 million total represents a 226% increase from the \$23.9 million in flow-through-equity raised in 2022.

We expect capital markets to remain restricted and selective by primarily supporting larger publicly-traded exploration and production companies in 2024. Shareholder returns through share buy-backs and dividends will continue to be a common occurrence in 2024 as they were in 2023. We also believe there will be more debt financings versus equity financings in 2024. With higher interest rates at present, we don't believe we will see as many debt financings as we did in 2023.

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