

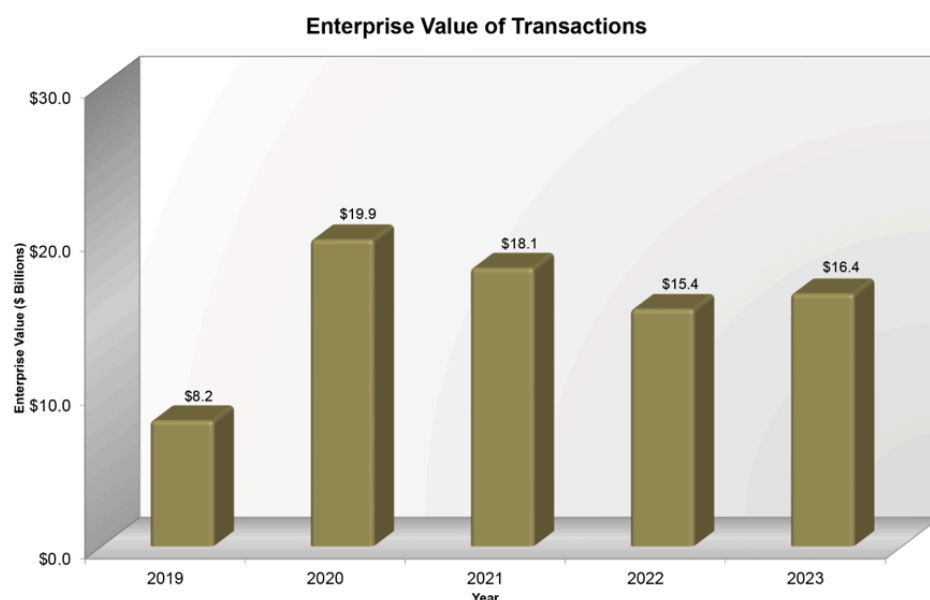
M&A Value Increases Slightly Year-Over-Year

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The total enterprise value of merger and acquisition (“M&A”) transactions in the Canadian oil and natural gas industry increased 7% in 2023 to \$16.4 billion from the \$15.4 billion recorded in 2022.



There were five deals valued at over \$1.0 billion in 2023, which accounted for 71% of the year’s total M&A value. The largest transaction in 2023 was **ConocoPhillips’** purchase of **TotalEnergies EP Canada Ltd.’s** 50% non-operated working interest in the Surmont Oil Sands Project for \$4.4 billion, consisting 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% working interest in the Surmont Oil Sands Project.

On April 26, 2023, **Suncor Energy Inc.** initially announced it had entered into an agreement with TotalEnergies for the sale of all of the shares of TotalEnergies EP Canada 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. On May 26, 2023, ConocoPhillips exercised its preemption right to acquire the interest from TotalEnergies. On November 20, 2023, Suncor completed the acquisition of TotalEnergies EP Canada for approximately \$1.5 billion. TotalEnergies EP Canada's main producing property was its 31.23% working interest in the Fort Hills Oil Sands Project operated by Suncor.

The second largest transaction was **Crescent Point Energy Corp.**'s acquisition of publicly-held **Hammerhead Energy Inc.** for approximately \$2.7 billion. Hammerhead's main producing properties were located in the Gold Creek and Karr areas of Alberta. Crescent Point has identified 800 net Montney drilling locations on the Hammerhead lands. With this acquisition, Crescent Point became the seventh largest exploration and production company in Canada with over 200,000 boe/d (65% oil and liquids) of production.

The third largest transaction of 2023 also involved Crescent Point with its purchase of assets from **Spartan Delta Corp.** for \$1.7 billion. The acquired assets are Montney interests located in the Gold Creek and Karr areas of Alberta.

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 **Logan Energy Corp.**, a newly-formed subsidiary that was spun-out of Spartan Delta, which is being led by certain other members of Spartan Delta's former 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 at any time on or before the close of business on July 17, 2023.

The \$16.2 billion in total enterprise value of large deals (over \$5 million in value) in 2023 consisted of \$8.7 billion in property transactions and \$7.4 billion of corporate transactions. This year breaks a three-year period where corporate transactions outweighed property deals. There were only 16 corporate transactions in contrast to 41 property deals in 2023.

The value of oil-weighted transactions decreased 7% to \$9.8 billion in 2023 compared to \$10.5 billion in 2022, while the total value of natural gas-weighted transactions rose 37% in 2023, increasing to \$6.4 billion from \$4.7 billion in 2022.

In 2023, oil-weighted transactions accounted for approximately 60% of the total M&A value and natural gas-weighted transactions accounted for the remaining 40%. The average transaction size for oil-weighted transactions decreased to \$257.1 million in 2023 from \$309.1 million in 2022, while the average value of natural gas-weighted deals rose to \$336.2 million from \$245.4 million. The number of oil-weighted transactions increased 12% to 38 deals in 2023 from 34 deals in 2022. There were 19 natural gas transactions in 2023, the same as in the previous year.

Lower commodity prices combined with the continued lack of investment capital were dominating factors which drove the M&A market in 2023. These factors led to slightly higher M&A activity year over year. We continue to have an optimistic view that strong oil prices will bring back the return of investor interest along with some possible equity into the Canadian upstream oil and natural gas industry.

The M&A market thus far in 2024 has been relatively quiet. The most significant transaction announced so far in the first quarter of 2024 was privately-held **Astara Energy Corp.** acquiring **Blackspur Oil Corp.** for approximately \$75.0 million. If natural gas prices continue to remain soft, this could be a catalyst to more consolidation and increased M&A activity for the remainder of 2024.

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