

Total Oil & Natural Gas Financings Decline Slightly Year-Over-Year

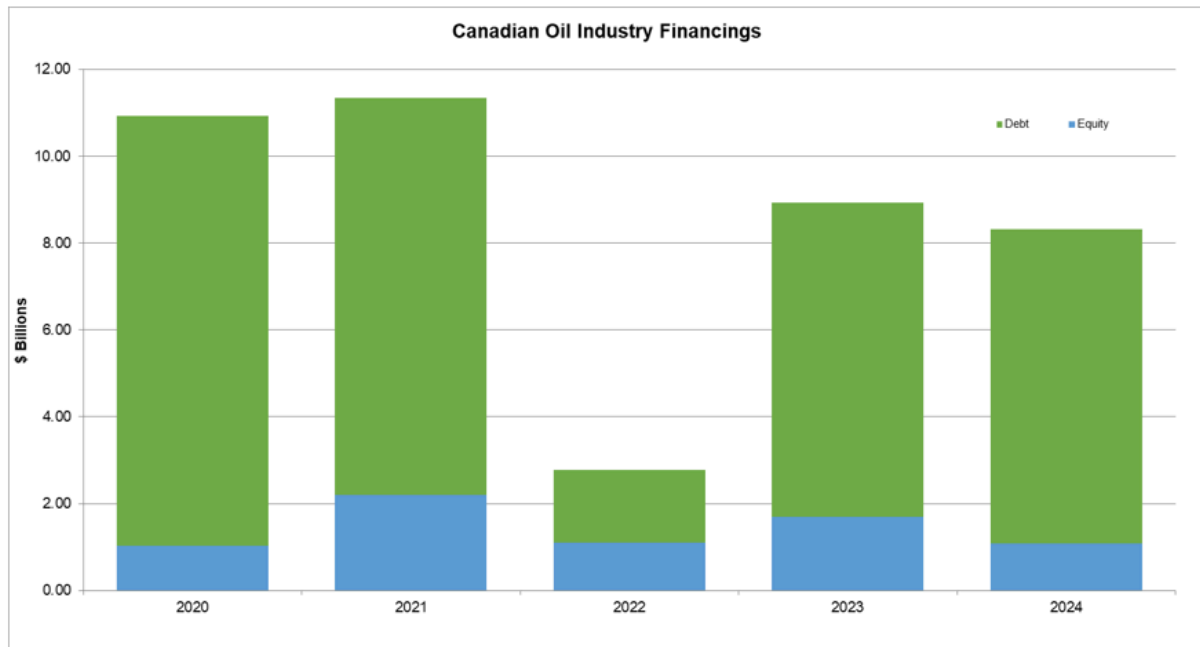
[dobenergy.com/news/headlines/2025/02/26/total-oil-natural-gas-financings-decline-slightly](https://www.dobenergy.com/news/headlines/2025/02/26/total-oil-natural-gas-financings-decline-slightly)

Tom Pavic, Sayer Energy Advisors



The total amount of capital raised in the Canadian oil and natural gas industry in 2024 decreased 7% on a year-over-year basis to \$8.3 billion from \$8.9 billion in 2023.

Similar to last year, debt financings accounted for a majority of the capital raised at 87%, with equity financings making up the remainder. In 2023 debt financings contributed to 81% of the total capital raised with equity financings accounting for the remaining 19%.



The debt category described herein is comprised of straight and convertible debt. There were 43 debt financings in 2024, up 30% from the 33 in 2023. The amount of straight debt issues was \$7.0 billion, down slightly from the \$7.1 billion in 2023. Convertible debt issues increased 80% to \$204.7 million from the \$113.5 million recorded in 2023.

In 2024, all of the top ten debt issues were straight debt, as was the case in 2023.

Canadian Natural Resources Limited completed three separate debt issues in December for total proceeds of approximately \$2.6 billion, which accounted for 36% of the total debt raised in 2024.

CNRL completed unsecured note offerings comprised of a \$1.1 billion issue with a five-year term and a coupon rate of 5.0% per annum, a \$500.0 million issue with a seven-year term and a coupon rate of 4.15% per annum, and a \$1.1 billion issue with a 10-year term and a coupon rate of 5.4% per annum.

Canadian Natural used the proceeds to partially fund its acquisition of assets from **Chevron Canada Limited** for approximately \$8.8 billion, general corporate purposes and the repayment of indebtedness. The assets acquired were Chevron's 20% interest in the Athabasca Oil Sands Project ("AOSP"), which includes 20% of the Muskeg River and Jackpine mines, the Scotford Upgrader and the Quest Carbon Capture and Storage facility. The acquisition increased Canadian Natural's total current working interest in the AOSP to 90%. As part of the transaction, Canadian Natural also acquired Chevron's 70% operated working interest in the Ante Creek and Kaybob areas of Alberta targeting the Duvernay formation.

In June, **Veren Inc.** raised \$1.0 billion through two separate debt issues. Veren completed a senior unsecured note offering of \$550.0 million with a five-year term and a coupon rate of 4.968% and a senior unsecured note offering of \$450.0 million with a 10-year term and a coupon rate of 5.503%. Veren used the proceeds to repay existing indebtedness under its bank facilities.

Saturn Oil & Gas Inc. in June completed the issuance of senior secured second lien notes by way of a private placement. Saturn raised \$893.8 million (US\$650.0 million) through the offering and the notes had a coupon rate of 9.625% and a five-year term. Saturn used the proceeds towards the acquisition of assets from Veren for \$600.0 million. The properties acquired are located in the Battrum, Butte, Cantuar, Flat Lake, Hatton and Premier areas of Saskatchewan.

The total amount of equity raised in 2024 was \$1.1 billion, a 36% decrease from the \$1.7 billion in equity raised in 2023. The number of equity issues also decreased in 2024 to 103 from 142 in 2023. The average size of issues in 2024 decreased to \$10.8 million from \$12.0 million in 2023.

The largest equity offering in 2024 was **Topaz Energy Corp.**'s bought-deal financing in October. Topaz issued 8,050,000 common shares at a price of \$25.05 per share for gross proceeds of \$201.7 million and a private placement of 209,177 common shares at a price of \$25.05 per share for gross proceeds of \$5.2 million. Topaz used the proceeds towards the acquisition of manufactured gross overriding royalty interests from **Tourmaline Oil Corp.** for \$278.2 million.

The second largest equity offering in 2024 was **Freehold Royalties Ltd.**'s bought-deal equity financing in December for \$172.5 million. Freehold issued approximately 13,300,000 shares at a price of \$13.00 per share, which included the over-allotment option in full. Freehold used the proceeds towards the acquisition of mineral title and royalty interests in the Midland Basin in Texas for approximately \$216.0 million.

Saturn completed a bought deal equity financing in May through the issuance of 42,554,000 shares at a price of \$2.35 per share for gross proceeds of approximately \$100.0 million. Saturn used the proceeds towards the previously-mentioned acquisition of assets from Veren.

There were no IPOs or flow-through equity financings recorded in 2024.

We expect capital markets to remain restricted and selective by primarily supporting larger publicly-traded exploration and production companies in 2025. Shareholder returns through share buy-backs and dividends will continue to be a common occurrence in 2025 as they have been over the last number of years. We also believe there will be more debt financings versus equity financings in 2025. With continued declining interest rates we believe we will see as many debt financings as we did in 2024.