

Upstream M&A Quarterly Report

Deal Advisory
Q2 2024



→ September 2024

O&G deals in Q2 2024: key highlights



The US leads in deal volume (96) and value (USD 44 bln), as US shale assets continue to attract investors. In addition to ConocoPhillips's acquisition of Marathon Oil, there were six deals involving E&P assets in the Uinta, Eagle Ford, Delaware, Midland, Marcellus, and Utica basins worth more than USD 500 mln each



In Europe, investment activity has been concentrated in the North Sea offshore the UK and Norway. The largest deal was the acquisition of Eni's North Sea assets by Ithaca Energy (USD 933 mln), while the most active buyer was Norwegian supermajor Equinor, which farmed in or acquired stakes in five assets



In the MENA region, investors were driven by strategic considerations to expand their businesses. For example, Chinese companies were actively acquiring license areas in Iraq, while international supermajors (Chevron, ExxonMobil, TotalEnergies) signed strategic agreements to develop E&P projects in Algeria



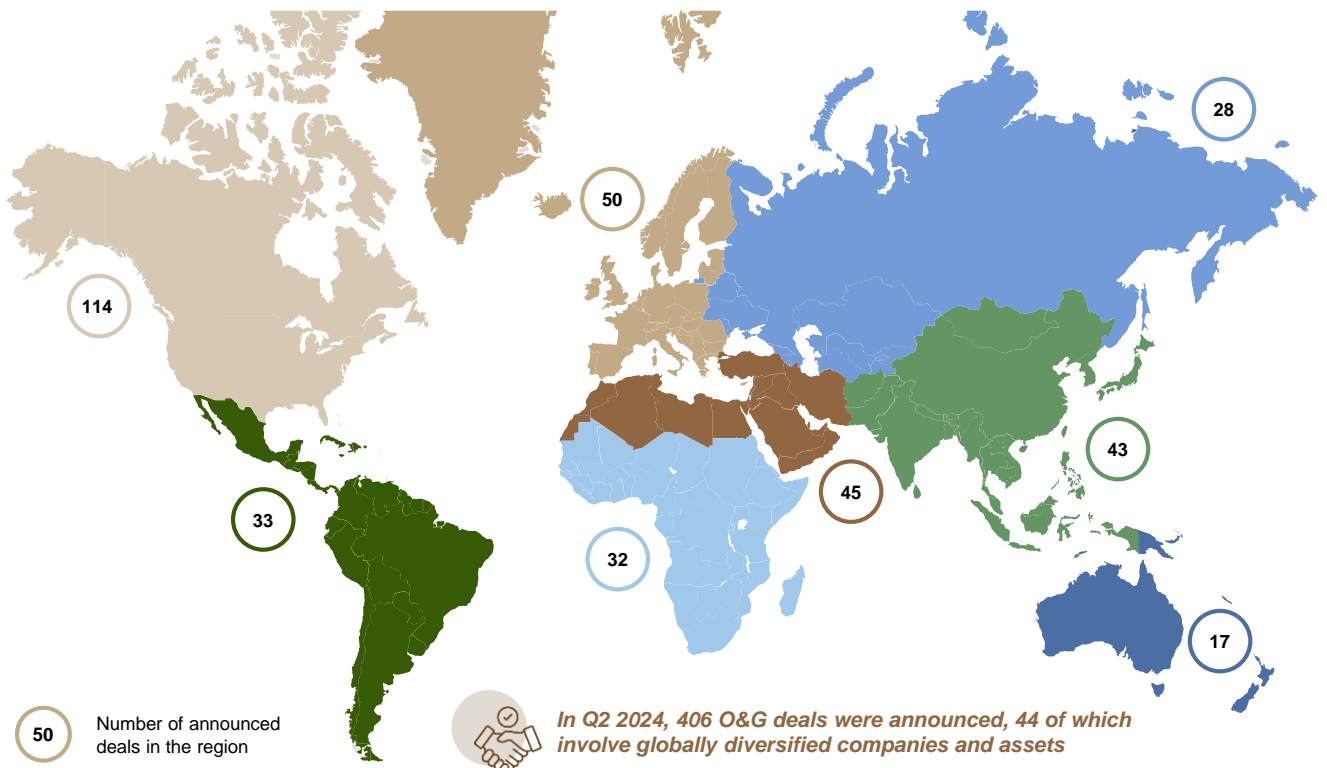
In Sub-Saharan Africa, international supermajors are entering new promising offshore upstream projects and divesting downstream assets. Africa-focused independent companies (Africa Oil, New Age) are also active in expanding their businesses through asset acquisitions and attracting partners



M&A activity in Asia also tallies with the trend of supermajors divesting downstream assets and focusing on large upstream or integrated assets. Unlike in Sub-Saharan Africa, supermajors in Asia have not only acquired offshore E&P assets, but have also shown interest in the LNG segment



The largest cross-border deal in the CIS was the purchase of a stake in Azerbaijan's Shah Deniz offshore gas condensate field, by Hungarian MVM, from the Southern Gas Corridor. Deal activity in the region was also driven by the distribution of E&P licenses in Russia, Kazakhstan, and Kyrgyzstan

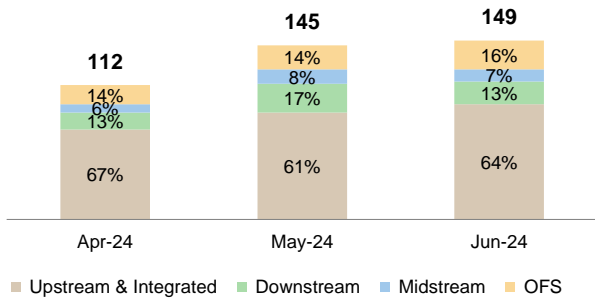


Source: (1) S&P Global, (2) Open sources, (3) Tenet analysis

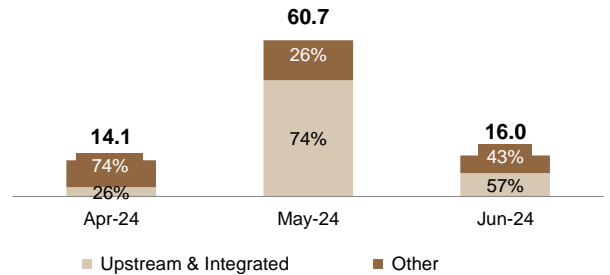
Global deals in the O&G sector

- The US and Canada continue to dominate the global O&G M&A landscape, accounting for around 30% of global deals and 50% of total deal value worldwide
- The wave of consolidation in the US upstream sector that began in late 2023 (with Exxonmobil's acquisition of Pioneer Natural Resources) has continued in 2024, leaving fewer attractive Permian Basin assets available for transactions
- Gaining momentum against a background of record industry profits, ConocoPhillips, which aims to bolster its positions in the US onshore O&G sector and deepen its portfolio, agreed to acquire multi-basin operator Marathon Oil for USD 23.6 bln
- Energy Transfer, one of the largest and most diversified midstream companies in North America, acquired a 100% stake in WTG Midstream for USD 3.1 bln
- Saudi Aramco carried out an SPO of 0.64% of its ordinary shares, for USD 11.7, bln to institutional investors in Saudi Arabia and overseas
- Schlumberger agreed to acquire ChampionX, a global leader in chemical solutions, artificial lift systems, and high-tech equipment, for USD 8.1 bln
- The Italian Government sold a 2.8% stake in Eni to institutional investors for USD 2.7 bln, with a view to easing the country's heavy debt burden
- Brazilian company 3R Petroleum agreed to acquire Enautia, an E&P company that holds stakes in two producing fields offshore Brazil, for USD 1.6 bln
- Ithaca Energy, an E&P company focused on the North Sea, agreed to combine with the majority of Eni UK upstream operations for USD 933 mln

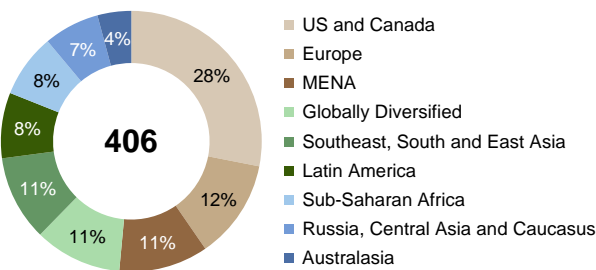
Number of deals



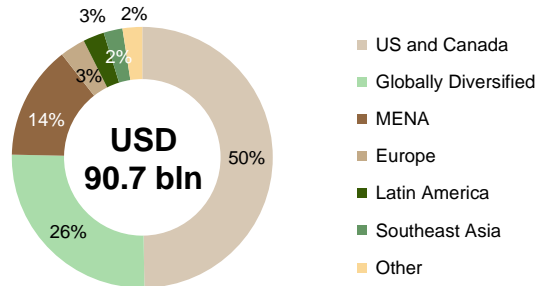
Deal value (USD bln)



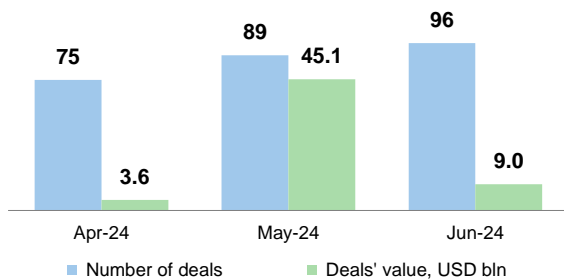
Distribution of deals by regions



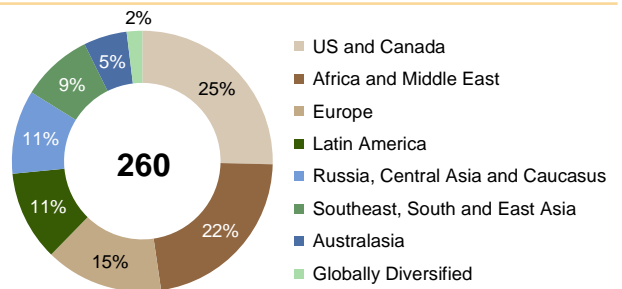
Distribution of deal value by regions



Upstream deals



Distribution of upstream deals by regions



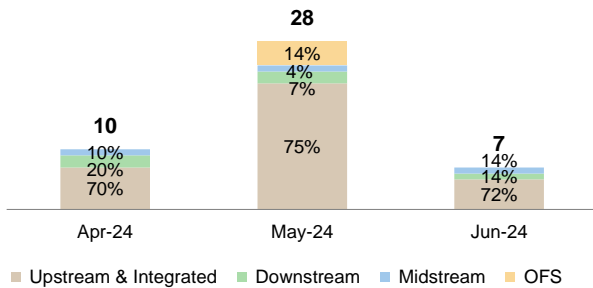
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O&G deals in the Middle East and North Africa

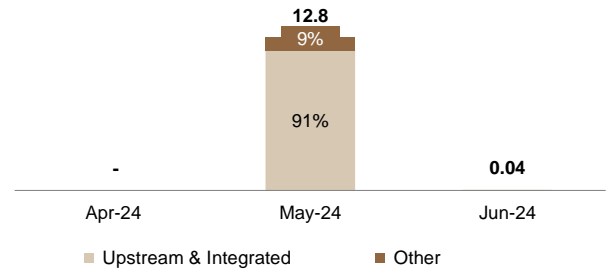
- Deal activity in the MENA region was mainly driven by strategic expansion in existing assets
- Chinese companies (CNOOC, Sinopec, Geo-Jade petroleum, ZhenHua Oil, etc.) and Kurdistan KAR Group were awarded 14 E&P licenses in Iraq
- Qatar Energy partnered with ExxonMobil in two deepwater exploration blocks offshore Egypt, Masry and Cairo, farming in for a 40% interest in each
- At the same time, BP and Chevron, along with their partners, relinquished the North El Sallum and North Sidi Barani blocks, respectively, offshore Egypt
- Chevron, ExxonMobil, TotalEnergies, OQ, and Tethys Oil entered into MoUs with the Algerian state-owned company Sonatrach, with a view to develop O&G E&P projects in the country

- In the UAE, PTTEP acquired a 10% stake in the Ghasha concession, operated by ADNOC, from Wintershall Dea
- UAE-based technology company Presight AI Holding acquired a 51% stake in AIQ, a provider of AI solutions for the energy sector, for USD 1.4 bln
- Gulf Drilling acquired for USD 338 mln three jack-up rigs and a 50% equity interest in a JV that operates the rigs offshore Qatar from Seadrill, which is seeking to focus on its core business
- Morocco-based mining company Managem agreed to acquire the onshore assets of the Tendirra concession area from UK-based Sound Energy for USD 43.7 mln
- Indonesia-based PT Medco Energi agreed to divest its holdings in Libya Contract Area 47 to the National Oil Corporation of Libya, settling a long-standing legal dispute between two companies

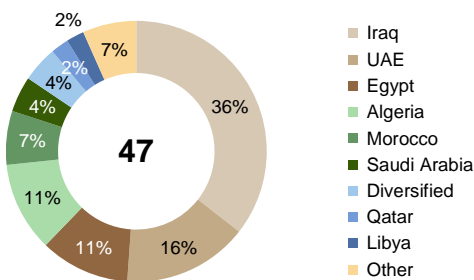
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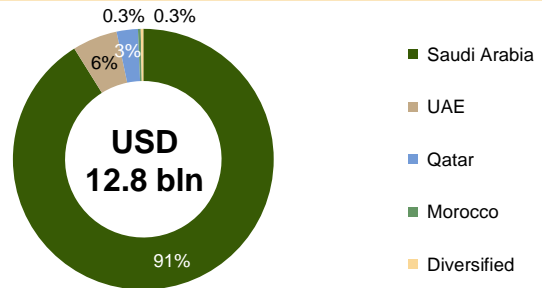
Deal value (USD bln)



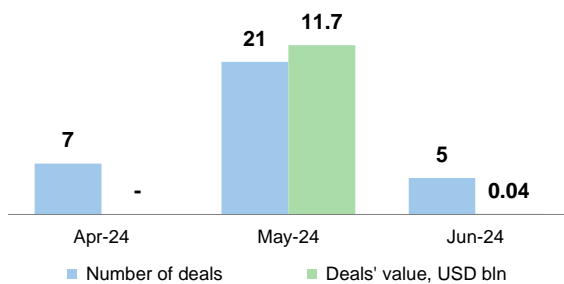
Distribution of deals by regions



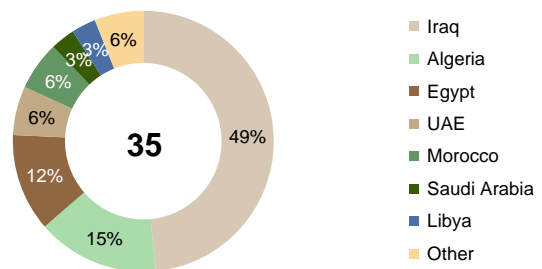
Distribution of deal value by regions



Upstream deals



Distribution of upstream deals by regions

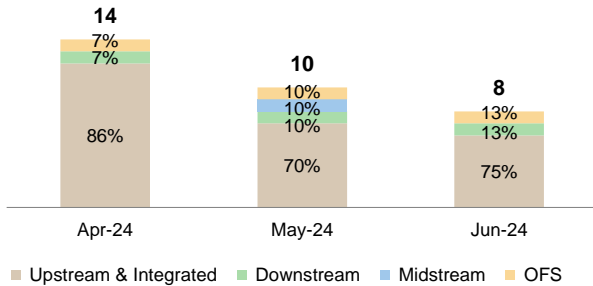


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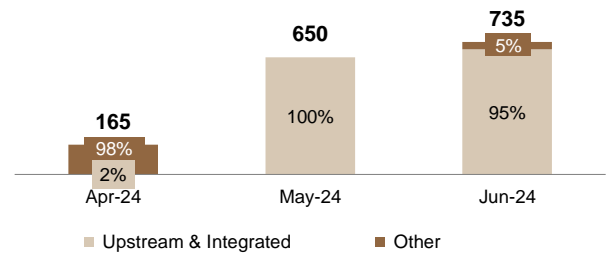
O&G deals in Sub-Saharan Africa

- M&A activity in the region was driven by ADNOC's acquisition in Mozambique and Africa Oil's bid for a 50% stake in Nigeria Prime Oil
- ADNOC agreed to acquire Galp Energia's 10% interest in the Mozambique Rovuma basin Area 4 concession, including potential future Coral North and Rovuma LNG projects, for USD 650 mln, seeking to further expand its gas portfolio
- Africa Oil agreed to acquire for USD 695 mln a 50% interest in a JV to develop the Agbami, Akpo, and Egina deepwater fields offshore Nigeria from its JV partner BTG Pactual
- Chevron entered into two PSCs for an 80% operating interest in blocks EG-06 and EG-11 offshore Equatorial Guinea and farmed in for an operating 80% interest in Block 82 offshore Namibia
- BP, along with its partner Kosmos Energy and state-owned SMH, relinquished their license for the BirAllah deepwater discovery offshore Mauritania, where they had planned to develop an LNG facility
- Shell and BP agreed to sell their respective 50% stakes in South Africa's largest oil refinery, Sapref, to state-owned energy company CEF, as the government seeks to safeguard the nation's energy security
- TotalEnergies agreed to acquire a 60% operating interest in Block STP02 offshore São Tomé and Príncipe and an additional 10% stake in the Congo Moho deepwater license offshore the Republic of Congo
- Upstream O&G operator Olive Energy agreed to farm in for an undisclosed interest in the Marine III concession offshore the Republic of Congo with New Age (African Global Energy)

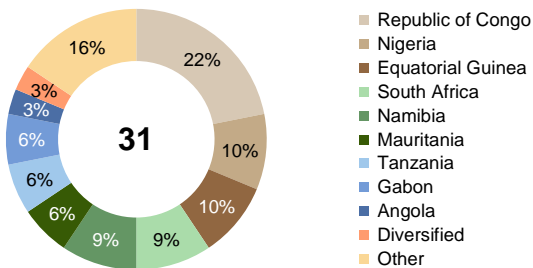
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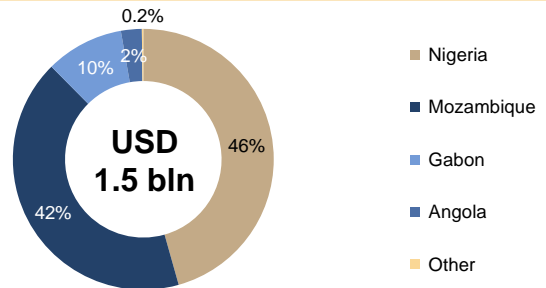
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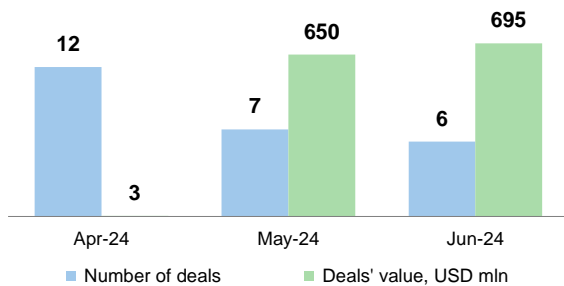
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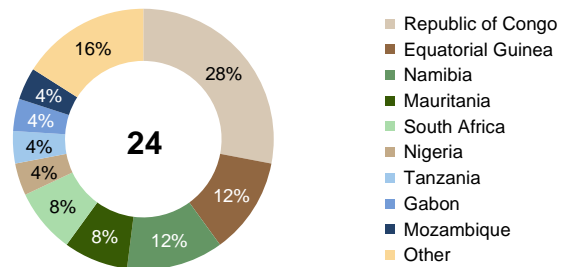
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Upstream deals



Distribution of upstream deals by regions

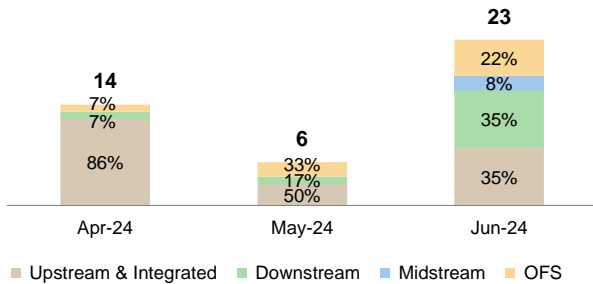


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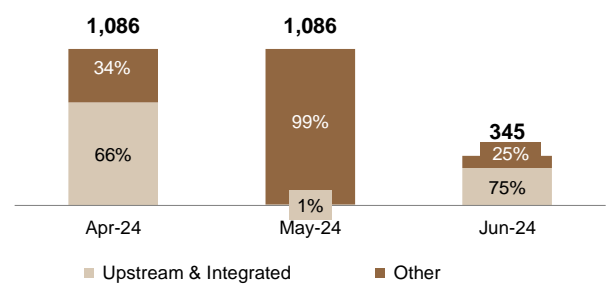
O&G deals in Southeast, South, and East Asia

- M&A activity in Asia was primarily driven by Shell divesting its interest in the Energy and Chemicals Park in Singapore and TotalEnergies acquiring the remaining 50% of Malaysia upstream JV SapuraOMV
- Shell agreed to sell its interest in Singapore Energy and Chemicals Park to Glencore and Indonesian PT Chandra JV for USD 1 bln, supporting the general trend of majors exiting the midstream business
- TotalEnergies signed an agreement to acquire for USD 705 mln the remaining 50% of SapuraOMV, a significant upstream gas operator in Malaysia, from Sapura Energy
- A consortium of Japanese companies (Osaka Gas, Sumitomo, and JOIN) entered the city gas business in India by making a primary investment of USD 370 mln in AG&P LNG
- Hibiscus Petroleum agreed to buy TotalEnergies' Brunei operations for around USD 259 mln, with the buyer seeking to boost efficiency and TotalEnergies focusing on greater growth opportunities
- Chevron withdrew from its 41.1% stake in the Yadana gas development offshore Myanmar, on account of human rights abuses in the country
- Russian state company Zarubezhneft was granted an investment license for Block 11-2 offshore Vietnam
- Shell agreed to acquire Pavilion Energy, a Singapore-based LNG trading, shipping, and natural gas supply company, from Temasek Holdings, as Shell aims to expand its LNG business by 20-30% by 2030
- Eni entered into an MOU with Pertamina to explore E&P projects' potential in Indonesia and other regions, such as Africa and the Middle East

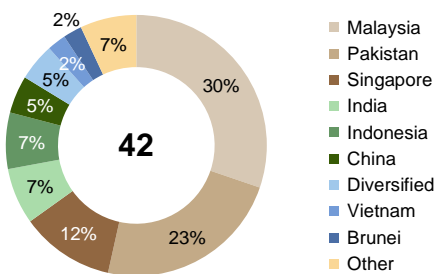
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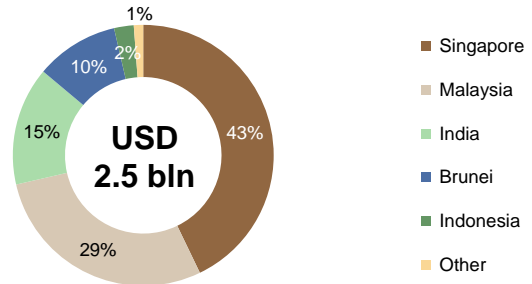
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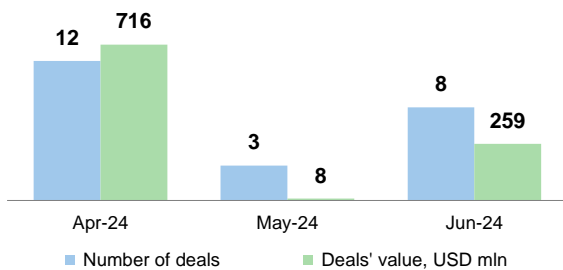
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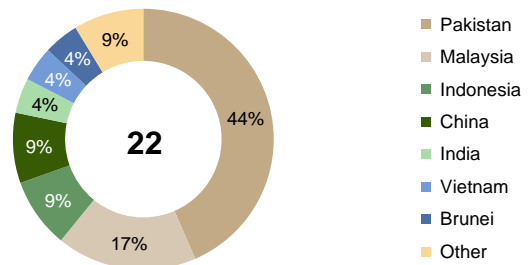
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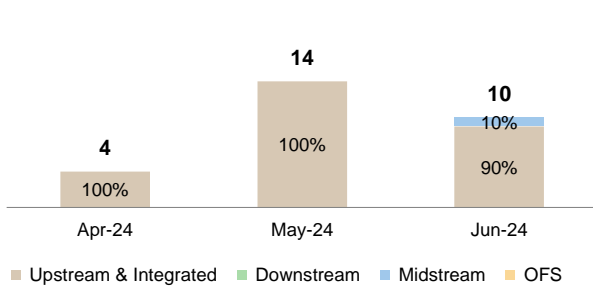


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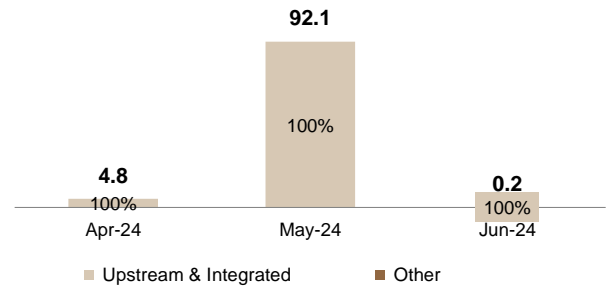
O&G deals in Russia and the CIS

- The CIS region saw limited M&A activity in the O&G sector, chiefly driven by new licensing rounds in Russia, Kazakhstan, and Kyrgyzstan
- LUKOIL and two small E&P players were awarded four license areas in different regions of Russia
- The Kazakh Government awarded 14 E&P licenses, distributed among Kazakhstan FengYuanXinMao Energy (4), ArtNikOil (2), Asia Energy (2), Petroleum Universe (2), Medeo Drilling (2), and other players
- Caspian Sunrise agreed to acquire CS Energy, an E&P company holding licenses for a 25 km² contract area in Western Kazakhstan, for USD 4.8 mln
- Caspian Sunrise agreed to grant exclusivity to the Kazakh company Absolute Resources, for the conditional sale of shallow structures for USD 83 mln
- The Kyrgyz Government awarded Kyrgyzneftegas with licenses for the Kyzyl-Zhar North South block, Kugart block, and Karagunday South block
- KazMunaiGas and Japanese JOGMEC entered into a memorandum of cooperation covering opportunities in the O&G upstream sector of Kazakhstan
- Turkish BOTAŞ Petroleum Pipeline and Azeri SOCAR signed agreements under which they will jointly arrange natural gas deliveries from Turkmenistan to Azerbaijan and onward via Turkey to other countries
- MVM Group, a Hungarian state-owned company, agreed to acquire a 5% stake in the PSA for the Shah Deniz gas-condensate field offshore Azerbaijan and a 4% stake in AGSC, an exclusive SPV established to market and sell natural gas produced from the Shah Deniz field, from the Southern Gas Corridor

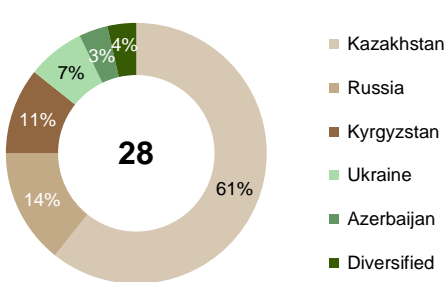
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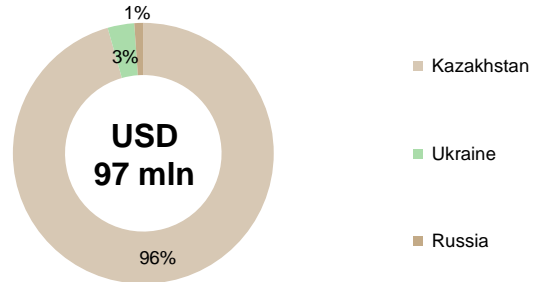
Deal value (USD bln)



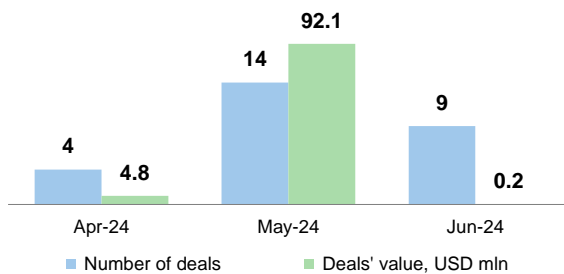
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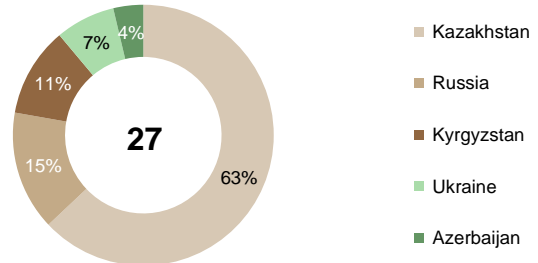
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Upstream deals



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