



18 April 2019

Chrysaor to acquire ConocoPhillips' UK oil and gas business for \$2.675 billion

Chrysaor Holdings Limited (“Chrysaor” or “the Company”) is to acquire ConocoPhillips’ UK oil and gas business (“ConocoPhillips UK”) for \$2.675 billion. The assets being acquired produced approximately 72,000 barrels of oil equivalent per day (boepd) in 2018. This acquisition increases Chrysaor’s pro forma 2018 production to 177,000 boepd, making Chrysaor one of the largest oil and gas producers in the UK North Sea. The transaction has an effective date of 1 January 2018 and is expected to complete in late 2019, subject to regulatory approval and other specific conditions precedent. ConocoPhillips will retain its London-based commercial trading business and its interest in and operatorship of the Teesside oil terminal.

The acquisition of ConocoPhillips UK accelerates the execution of Chrysaor’s strategy to become one of Europe’s leading independent, full cycle exploration and production companies. As at the effective date, ConocoPhillips UK assets contain over 280 million barrels¹ of oil equivalent (“mboe”) proved and probable (“2P”) oil and gas reserves with a further significant contingent resource base.

Including the assets acquired from ConocoPhillips, at 1 January 2019, Chrysaor’s pro forma 2P reserves total over 600 mboe¹. Pro forma production in 2019 is expected to increase to over 185,000 boepd, driven by the active drilling and development programmes across the Company’s existing and newly acquired assets.

As a result of this acquisition, Chrysaor will add three material assets to its portfolio. These include two new operated hubs in the UK Central North Sea - Britannia and J-Block. In addition to the associated high-quality oil and gas reserve base, these hubs have access to significant contingent resource potential providing near field opportunities for production growth and reserve replacement. The third material acquired asset is an interest in the world class Clair Field area located in the highly prospective West of Shetlands region. This interest and the Clair Field’s prospects for future additional development complement Chrysaor’s existing West of Shetlands position in the Schiehallion Field.

In the UK Southern North Sea, Chrysaor will assume responsibility for an ongoing decommissioning programme on ConocoPhillips UK’s end-of-life assets. This decommissioning programme is very well advanced and proceeding in accordance with ConocoPhillips’ plans. Chrysaor plans to have materially completed execution of this programme by 2022, and values decommissioning competency as a long-term commercial opportunity and enabler in the UK.

Chrysaor is backed by Harbour Energy, a permanent capital energy investment company managed by EIG Global Energy Partners (“EIG”). Chrysaor will fund this acquisition from existing cash resources and an upsized \$3 billion Reserve Based Lending (“RBL”) debt facility underwritten by Bank of Montreal, BNP Paribas, DNB Bank, and ING Bank.

Phil Kirk, Chief Executive, Chrysaor, said:

“This significant acquisition reflects our continuing belief that the UK North Sea has material future potential for oil and gas production. Acquiring ConocoPhillips UK accelerates our strategy and further strengthens our position as one of the leading independent exploration and production companies in Europe. These assets complement our existing operations and, with operating costs at less than \$15 per barrel across the enlarged group, our portfolio delivers high margins and significant positive cash flow.

In the Central North Sea, we will own a range of operated hub infrastructure providing access points in an area with the largest undeveloped contingent and prospective oil and gas resource base in the UK. In the West of Shetlands region, we have secured long life cashflows from two world-class fields operated by BP. Chrysaor’s West of Shetlands position also provides exposure to a developing region with significant interest and momentum from major oil companies. We will seek to build on that through the acquisition of additional interests and acreage.

I am proud we continue to demonstrate our ability to safely and profitably extend field life and increase production from our existing portfolio. This is only possible with the dedication of our staff, contractor colleagues and the supply chain. Through this new acquisition we will be joined by a highly competent workforce from ConocoPhillips UK that shares our attitude to safety and performance. We will have the skills and resources of a major independent oil and gas company and the drive to help ensure the basin’s potential is fully realised.

We see exciting growth opportunities in the North Sea and are looking forward to working with our new colleagues to safely sustain and deliver our value and growth targets.”

Linda Z. Cook, Chairman of Chrysaor, added:

“We are excited to play a role in the natural evolution of the North Sea and to enable the safe transfer of assets from major oil companies such as ConocoPhillips to new, well-funded, privately-owned operators. This process results in a good deal for both the seller and the buyer, with new asset owners such as Chrysaor bringing the strategy and capital required for reinvestment and growth. The outcome is a reinvigorated oil and gas sector, an extension of the producing life of existing fields and the maximisation of hydrocarbon resource recovery.”

BMO Capital Markets Limited and Jefferies International Limited are acting as joint financial advisers to Chrysaor.

For further information:

Chrysaor	+44 (0) 1224 086 054
Emma Spence	
Brunswick	+44 (0) 20 7404 5959
Patrick Handley	
Will Medvei	

Information on Chrysaor can be found at www.chrysaor-future.com
Information on Harbour Energy can be found at www.harbourenergy.com and on EIG Partners can be found at www.eigpartners.com.

The package of assets being acquired are outlined in the table below:

Area	Field	Operator	Acquired Equity	Post Completion Equity
J-Area	Joanne	ConocoPhillips	36.5%	67.0%
	Judy	ConocoPhillips	36.5%	67.0%
	Jade	ConocoPhillips	32.5%	63.0%
	Jasmine	ConocoPhillips	36.5%	67.0%
Greater Britannia Area	Britannia	ConocoPhillips	58.65%	58.65%
	Brodgar	ConocoPhillips	93.75%	93.75%
	Callanish	ConocoPhillips	83.50%	83.50%
	Enochdhu	ConocoPhillips	50.00%	50.00%
	Alder	Chevron	26.32%	26.32%
East Irish Sea	Calder	ConocoPhillips (managed by Spirit Energy under contract)	100%	100%
	Millom and Dalton	ConocoPhillips (managed by Spirit Energy under contract)	100%	100%
	Rivers Terminal	ConocoPhillips (managed by Spirit Energy under contract)	100%	100%
Clair	Clair	BP	7.5%	7.5%
Other Producing Interests	Nicol	Premier	18%	18%
	Galleon	Shell	8.40%	8.40%
Infrastructure	Brent Pipeline System	Taq	0.815%	0.815%
	Sullom Voe Terminal	EnQuest	0.494%	0.494%
	CATS Pipeline	Kellas Midstream	0.660%	0.660%
	ETS Pipeline	Kellas Midstream	10.000%	10.000%

Note to editors:

Chrysaor

Chrysaor is a private company established in 2007 and focused on generating superior equity returns by developing and commercialising oil and gas incremental resources. The management team has a proven track record of success and seeks to acquire producing fields with associated undeveloped hydrocarbon resources. Chrysaor is now a self-sustaining full cycle E&P company, with a portfolio of assets balancing near term development with production growth, combined with significant gearing to appraisal and exploration success.

Footnotes:

1 Reserve and Resource figures provided are Chrysaor estimates and include projects expected to be sanctioned on or shortly after completion. Chrysaor estimates are supported by an independent Competent Persons Report.

Important Disclaimer

The information contained in this announcement is for information purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Chrysaor’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Chrysaor’s business, results of operations, financial position, liquidity, prospects, growth or strategies. In particular, such factors include, but are not limited to, changes in economic conditions, Chrysaor’s competitive environment, Chrysaor’s relationship with suppliers, distributors and other counterparties, Chrysaor’s ability to execute production, growth and other strategies, the United Kingdom leaving the European Union, the legislative or regulatory regimes under which the Chrysaor operates, any issues associated with the taxation regime applicable to Chrysaor, as well as other factors within and beyond Chrysaor’s control that may affect its operations or planned strategies and operational initiatives. As a result, Chrysaor’s actual results may vary from the objectives established herein and those variations may be material. Forward-looking statements speak only as of the date they are made.

Chrysaor and Harbour Energy each expressly disclaim any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly with the total figure given.

This press release is not an offer of securities for sale in the United States. Any securities referenced herein may not be offered or sold in the United States absent registration or an exemption from registration. No public offering of any securities is intended to be made into the United States, but any public offering of the securities in the United States would be made via a prospectus that may be obtained from the issuer and will contain detailed information about the Company and/or Harbour and management, as well as financial statements.
