# **Berry Bolts On More California Assets as Kern County M & A Continues**

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**Highlight:** As Berry Corp. continues its aggressive hunt for growth opportunities outside of California, the E & P made a second bolt-on acquisition in ***Kern*** County in the fourth quarter.

**Body**

Berry Corp. bolted on “highly synergistic” working interest in its core California operating area at year-end 2023, the E & P disclosed in its fourth-quarter 2023 earnings.

The Dallas-based company tapped its reserve-based loan (RBL) facility for about $30 million to finance its latest acquisition in ***Kern*** County, California, Berry reported March 6. The company aims to pay down the new RBL borrowings during the first half of this year.

M & A was a key theme last year for Berry, which has assets in ***Kern*** County and in the Uinta Basin in Utah. Berry replaced 176% of its California production with additional proved reserves from acquisitions and field extensions last year.

In September, Berry closed on a $70 million takeover of Macpherson Energy Corp., a privately held E & P with assets in ***Kern*** County.

Fourth-quarter production in California increased 5% to 21,500 boe/d from the prior quarter, with the increase largely tied to the Macpherson acquisition.

Company-wide production averaged 25,900 boe/d in the fourth quarter; full-year production averaged 25,400 boe/d.

The company anticipates production to average between 24,600 boe/d and 25,800 boe/d this year.

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**Drill chill**

More than 80% of Berry’s total crude ***oil*** production comes from ***Kern*** County. But after a ruling by a California’s intermediate courts of appeal, permitting activity for new drilling in ***Kern*** County has been effectively halted since late January 2023.

Berry’s 2024 capital program was developed under the assumption that the company will not receive additional new drill permits in California this year. Berry holds approved drilling permits and expects to receive other approvals for planned activities in a timely fashion.

Berry managed to extend its production runway in ***Kern*** County by scooping up Macpherson last year. But the current constraints on Berry’s plans in California are causing the E & P to search outside of the Golden State for growth opportunities, CEO Fernando Araujo reiterated in the company’s earnings release.

“We will continue to seek scale and growth through bolt-ons or other opportunities in and outside of California, all while being mindful of optimizing our capital structure,” Araujo said.

**RELATED:**Searching for Scale, Berry Corp. ‘Aggressively’ Hunting More M & A

**Consolidating *Kern***

Berry and Macpherson aren’t the only ***Kern*** County operators merging recently.

In early February, California Resources Corp. agreed to acquire Aera Energy, a joint venture created by Shell Plc and Exxon Mobil Corp., in a $2.1 billion all-stock merger.

California Resources said the transaction adds large, conventional, low decline, ***oil*** weighted, proved developed producing reserves and sustainable cash flow. In third-quarter 2023, Aera averaged 76,000 boe/d, 95% ***oil***. The company had estimated proved reserves of approximately 262 MMboe at year-end 2024.

The moratorium on new drilling activity in ***Kern*** County is also affecting California Resources and Aera, which both have sizable footprints in the county.

California Resources own pro forma development plan assumes “a successful resolution to the ***Kern*** County Environmental Impact Report litigation” and “resumption of a normalized level of permit approvals” in the second half of 2024.

Should litigation be resolved and permitting activity be resumed, the company plans to operate between four and five rigs after closing the Aera acquisition.

**RELATED:**California Resources Corp., Aera Energy to Combine in $2.1B Merger

**Graphic**

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