Harbour Energy plc
Management presentation
22nd December 2025

Transcript:

Operator
Good morning, and welcome to Harbour Energy's management presentation. Today's presentation will be hosted by Linda Z Cook, CEO, Nigel Hearne, COO, and Alexander Crane, CFO. After the presentation, we will take your questions. Linda, please go ahead.

Linda Z Cook - CEO
Thanks, Matt. Good morning, and welcome, everyone. Thanks for joining the call on such short notice and probably for many of you taking time away from holidays so we appreciate that. Sharing the presentation with me today are Alexander Krane, our CFO, and our Chief Operating Officer, Nigel Hearne. And Alan Bruce, our EVP of technical services, is also on the call. We're going to cover an overview of the acquisition that we announced earlier this morning with just 10 slides, so it won't be too long. And after that, we'll be happy to take your questions. Before we get started, there's a disclaimer. I think maybe we've already gone past that, but let me just draw your attention to that. It covers, amongst other things, information about forward looking statements, and other important things that we'll use in today's presentation.

So if we go to this first slide, as you will have seen from the announcement, we've reached agreement to acquire LLOG Exploration Company for $3,2 billion. We've long said that The United States Gulf of America is a logical region for Harbour to target. It's one of the most prolific oil and gas basins in the world that has well established infrastructure and supplier and contractor base, a really supportive fiscal and regulatory regime, and from a subsurface standpoint, it has considerable running room. This acquisition presents a unique opportunity to secure a leading position through the acquisition of one of the region's most successful offshore operators.

LLOG has a high quality portfolio of deepwater oil assets and, importantly, the acquisition includes the LLOG organisation, an exceptional, highly regarded team with decades of experience and we believe an excellent strategic and cultural fit for Harbour.

Before we dive into LLOG, we can go to the next slide. Let me just set this acquisition in context of other recent activity. This is the third transaction we've announced this month, each one advancing our strategy in important ways.

We're not targeting scale for scale’s sake, rather we're recycling capital for reinvestment into cash flow accretive growth opportunities. We announced the sale of our mature Indonesian production, one of the highest unit operating cost assets in the company, and the stalled Tuna project for $215 million early in the month. This improves our portfolio quality and accelerates value. We also announced the $170 million acquisition of Waldorf in the UK, which brings $900 million in value from tax losses and immediately unlocks $350 million of trapped cash, more than covering the purchase price.

So the Indonesia proceeds along with the near-term cash flow uplift from Waldorf will help fund our strategic entry into the deepwater Gulf through LLOG. Together, these three transactions are expected to materially increase our free cash flow between 2026 and 2030. So a really busy month for our team, and I'm proud of what they've delivered as we near year's end.

As this next slide shows, Harbour's grown from zero in 2014 to more than 450 kboepd of production today, driven by disciplined M&A and reinvestment into acquired assets.

Since our first transaction, we've repeatedly demonstrated our ability to secure strategic, value enhancing transactions, and to safely and successfully integrate businesses. While past acquisitions focused on building scale and diversification, this one's about strengthening the portfolio, making it more resilient, and enhancing longevity. It establishes a major new platform for us in the deepwater US Gulf, adding a fifth core business unit alongside Norway, the UK, Argentina, and Mexico. LLOG brings a strong growth portfolio with production expected to double from brings a strong growth portfolio, with production expected to double from 34 kboepd by 2028. This is supported by a deep inventory of attractive drilling opportunities within existing hubs, and it enables Harbour to sustain our overall production at around 500,000 barrels a day to 2030, with meaningful exploration upside on top of that.

Importantly, the acquisition meets all of our long-stated M&A criteria and is accretive across key operational and financial metrics. As well as giving us a material position in The US deepwater Gulf, the acquisition extends our return life, which is a key priority for us by adding high-quality long-life oil assets with a reserves life of 22 years.

These assets are fully operated by LLOG, so that gives us the control we prefer and allows us to add value through infill drilling, for example, and also to control the pace of investment. The portfolio, as I said, is oil weighted, and it returns our 2P reserves mix to around 50/50 oil and gas weighting. And additionally, the acquisition lowers our effective tax rate, materially improves our free cash flow per barrel margins, and critically is free cash flow per share accretive from 2027. We've kicked a lot of tyres in the US Gulf over the past few years, never pulling the trigger largely due to concerns over asset quality or valuation. But with this portfolio and the talented LLOG team, we're confident we found the right opportunity to enter the region. I'm now going to hand over to Nigel, and he's going to take you through the assets.

Nigel Hearne - COO
Thanks, Linda. As Linda has said, this acquisition provides us with a premium growth portfolio in the prolific deepwater Gulf of America, a world class team, and in a supportive fiscal and regulatory environment. In short, we like the basin, the company, the assets, and the portfolio fit, and we like the people and the resource inventory that they have built. The portfolio is anchored in the Miocene and Lower Tertiary deepwater trends, which contain the majority of the remaining resource in the Gulf of America.

The attributes of the deepwater Gulf means that these are highly cash accretive, high return barrels with low emission intensity. This is because the infrastructure we require is already in place, and we have a strong inventory of reserves and resources to keep it full. Bringing these resources into the Harbour portfolio continues our strategic focus to high grade our portfolio, improve our free cash flow per BOE and expand our reserves life. Overall, the portfolio adds more than 270 million barrels of 2P reserves, an increase of 22%, and with the LLOG reserves over productivity ratio of twenty two years, it extends our reserve life. And we expect to create synergies, including as we leverage our larger buying power with our strategic offshore supplies across the North Sea and the Gulf of America, and also as we embark on major new offshore developments across the border in Mexico.

LLOG's portfolio is dominated by three large, long-life deepwater hubs with high-rate wells, Who Dat in Mississippi Canyon, and Buckskin and Leon-Castile in Keathley Canyon. LLOG currently runs one rig across the three hubs, and we plan to continue this into 2026 with potential for a second rig thereafter. At Who Dat, the focus is on infill drilling and progressing the development of the 2014 Who Dat East and South discoveries. We also see upside potential in the deeper reservoirs at Who Dat.

Buckskin is a standout example of the LLOG team's operational excellence and capital efficiency. Under LLOG's operatorship, the development was delivered with half the planned wells and a quarter of the budgeted cost. Production performance has also exceeded expectations. Only two initial wells were required to deliver targeted output levels. These wells ranked among the top 10 producing wells in the entire Gulf of Mexico in 2021 and 2022.The team has since brought four wells online with a fifth being completed as we speak.

And finally, Leon-Castile, which successfully started up just a month or so ago in October, represents a long term development opportunity with significant drilling inventory supporting production growth. Development of the fields was unlocked by redeploying the Salamanca floating production system, the first of its kind in the Gulf, which opens up the outboard Wilcox play and creates a platform for future high value tiebacks.

With such a strong portfolio and talented team, there's a great deal to be excited about. The acquisition will make Harbour the fourth largest resource holder in the basin and the largest amongst independents. LLOG's production is expected to double from 34,000 barrels a day by 2028 and deliver a twenty five percent, three year compound annual growth rate, driven by the ramp up of Leon-Castile and a deep inventory of drilling opportunities located near to or within the existing hubs.

In addition, we have approximately half a billion barrels equivalent of prospective resource. The LLOG team bring a proven track record in project execution, deep expertise in developing the Wilcox play, and one of the strongest exploration track records in the deepwater Gulf. They have drilled more than 300 wells since 2002 and are responsible for roughly one in three of all Gulf of America discoveries made since 2014. As has been the case in our previous transactions, this acquisition raises the bar again in terms of competition for capital. Capital discipline always matters in our business. As such, only the best opportunities will be funded, helping us to deliver superior returns. I'll now hand over to Alexander to take us through the financial elements of this acquisition.

Alexander Krane - CFO
Great. Thank you, Nigel. And, again, good morning to everybody calling in today. My first slide provides a snapshot of the transaction, which includes a total consideration of $3.2bn, made out of $2.7bn of cash and $0.5bn of Harbour's ordinary Share. And on the left side of this page, a summary of how we'll pay for it. The use of equity, priced at 215p per share and existing liquidity reduce the debt requirements, and it enables the sellers to participate in the ongoing success of LLOG within our enlarged portfolio. On completion, the sellers will own 11% of Harbour's ordinary Operating shares, of which 70% will be subject to a one year lockup. And the way the loan facilities are structured provides flexibility and allow for efficient deleveraging. We are adding some debt to finance this opportunity, and our opening proforma leverage is expected to be slightly higher than our through-the-cycle goal of staying below 1x. But we have a clear plan and path to deleveraging over the next few years thanks to the enhanced cash flow generation of the business.

As we did post Wintershall Dea, we will look to refinance the bridge facility in relatively short order with the issuance of new bonds, continuing to benefit from the access to lower cost capital that our investment grade rating affords us. On the right of the slide, you can see the path to completion, which should be straightforward, with the only third party condition required being the expiration or termination of all waiting periods under the anti-trust HSR act in the US. We do expect to complete towards the end of Q1 in 2026.

The log, business complements our portfolio with a high quality, long life oil assets underpinning strong production and cash flow growth profiles. This helps secure the longevity of our portfolio. This acquisition means we can keep Harbour's overall production at around 500,000 per day to the end of the decade and at the same time, deliver material and increasing free cash flow thanks to the improving free cash flow per BOE margins. Further, and as Linda mentioned, the profile of this acquisition fits well with the near-term uplift in cash and free cash flow coming from the Indonesia divestments and the Waldorf acquisition. As a result, we now expect to generate significantly more free cash flow through to 2030, materially supporting our capital allocation priorities set out here on the right of the slide.

We remain committed to investment grade credit ratings, and the transaction is structured in such a way as to retain this. LLOG supports our investment grade balance sheet with enhanced scale, reserve life, and free cash flow coupled with entry into The US Gulf of America. We're also taking the opportunity to move from a fixed dividend policy to a payout distribution policy, incorporating a base dividend and a share buyback component. This will more closely align our distributions to both our cash flows, and to the common practice amongst our US peers and other international independents.

This this does not necessarily mean a lower dividend. It just means that the amount being returned to shareholders will be based on a ratio, and it will be more closely linked to free cash flow generation. We plan to provide more detail on this along with our full year results in early March. And finally, as you've heard from Nigel just a second ago, this acquisition materially enhances the investment opportunities available to us, and it will drive further high grading of our portfolio as we continue to be disciplined in our capital allocation.

And with that, I will hand you back to Linda for a wrap up. Thank you.

Linda Z Cook
Thanks, Alexander. I think this acquisition and the other two transactions we've announced in December, really demonstrate Harbour's ability to identify unique opportunities and execute when it comes to M&A and also divestments and our portfolio management in general.

It will give us a top tier position in the US Gulf, strengthens our global portfolio with high quality assets and a world class team, and it supports our free cash flow growth and competitive shareholder returns. So we're really pleased to be able to share the news, meets all of our criteria, and builds on our existing business in a really exciting way. So thanks again for joining us again during the holiday period, and I'm now going to open the call for any questions you might have for the team.

Operator
Thank you, Linda. We'll now take questions. If you'd like to ask a question today, you may do so by using the raise hand function on the Teams app. We will pause for a moment to give everyone an opportunity to signal for questions.
The first question comes from Lydia Rainforth, please go ahead and ask your question.

Lydia Rainforth - Barclays
Thank you, and good morning, and thank you for hosting the call. Actually, I've got a couple of questions, if I could. A question in terms of the team and the assets that you're buying, it does feel like actually being able to keep the LLOG team in place and have access to that expertise was quite an important part of the deal. Am I understanding that correctly just in terms of this wasn't just about price, this was also about the ability to access the team?

And then if I can just come back to the financial side of it. Alexander, just to be clear, so the idea is that the dividend will remain at least at the level that it is, or am I just interpreting too much from that? And just in terms of the debt level, what gets you comfortable around how much debt you needed to take on with this one? Thank you.

Linda Z Cook
Hey, Lydia. Thanks. I'll take the first bit about the people on the team and then, pass it to Alexander. Yeah. Acquiring a team was an important aspect for us in this transaction. The US LLOG is going to be strategic new business unit for us. It's important that we have the right team and organisation to support that going forward. So it was almost as

equally important as the assets were. So we're excited about that, and I think that's one of the reasons why we've been able to land this transaction, that the sellers had broader objectives than just price.

And one of those was around making sure that they found the right fit for the team going forward, and we've spent a lot of time with management over the past several weeks. I think mutually, I don't I don't want to speak for them, but I think mutually came to the conclusion that we had shared similar aspects of our cultures and that we would be a good home for them. And given the fact that we have no existing organisation in the United States, it gave them confidence that we were going to actually really need that team and for the long term. And I think that gave us a bit of an edge in the process.

So that's a bit about the team, and let me turn it to Alexander.

Alexander Krane
Yeah. Thanks. Thanks for the question, Lydia. So on leverage and distribution policy, well, I think the first point to note is that LLOG and the other recent portfolio actions we've taken, they all, collectively materially enhance our free cash flow outlook, and we do expect to generate, both material but also increasing free cash flow.

Leverage is expected to be just a little higher than, what we have as a stated goal through the cycle of 1x, but we think there's several, options to de-lever, especially given the highly cash generative nature, of the assets. As you would expect, we've been carefully structuring the transaction and how we've been thinking, with the seller, on cash versus continued exposure and in equity. When it comes to distribution policy, I think our current distribution policy, which has been in place for a few years now, is probably an outlier with peers and perhaps outdated. And we've seen cyclical businesses move more to a payout ratio, and we think this makes sense for companies exposed to commodity price volatility.

So we do think with this deal, it's the right time to address this and move towards a payout ratio and, aligning distribution more to our cash flows.

Linda Z Cook
Thanks, Lydia.

Operator
Our next question comes from Mark Wilson of Jefferies. Mark, would you please unmute and go ahead and ask your question?

Mark Wilson - Jefferies
Okay. Thank you. Good morning. Obviously, a very interesting negative market reaction to what I have to admit, I see as a good deal. So a couple of questions here. On the strategic rationale, Linda, you outlined that you're saying top tier assets with LLOG. Could you qualify that maybe a bit more to what the market might be missing? What is it that's top tier about these assets? And frankly, did you face IOC major competition, for

these assets? And therefore, aside from the team move is there a reason that Harbour won these.

My second point would be to give a bit more clarity on the ramp up to doubling production from 34. Is it simply the production capacity of Buckskin and Leon-Castile that we're aiming to fill here? And, and could you just speak to how many more wells you expect to get there? Those would be my two questions. Thank you.

Linda Z Cook
Great. Thanks, Mark. Let me start with a bit about the strategic rationale and how we landed the deal. And then I'm going to turn it to Nigel and he'll talk a bit more about why we're so complimentary of the assets and the supporting body of evidence to support the statement that production is expected to double. So just starting with the strategic bit first, as we said, it was really a unique opportunity to acquire a high quality portfolio under also the team and in what was a limited sales process. You know, over the years, we've looked at and passed on multiple other opportunities in the Gulf of America, largely, concluding that the assets weren't a good fit with us because they were lower quality than what we're acquiring here. What do I mean by that? Generally mature, so shorter reserves life, and had little embedded growth, and we didn't like the prospect of acquiring just a mature portfolio without clear line of sight to how we were going to sustain and grow production over time. And the LLOG assets are essentially the opposite of that. They have a growth profile, a very long reserves life. They're a 100% operated. They don't have a huge decommissioning burden, and they come with the material exploration portfolio, and all of those were strategic criteria for us.

In terms of the process, other than saying it was a very selective, invitation only process, I really can't comment on it or media reports about what might have been going on. But I can say this, we worked very hard to listen to and meet the seller's priorities, which were not just about price. Importantly, we tried to respect their broader objectives in relation to the employees, in relation to honouring the LLOG heritage. And I think over time, both sides became convinced of the really good cultural fit that we're going to make.

And they appreciated the pace at which we were able to advance the discussions and our collaborative approach. So we're really excited by all of that, and look forward to welcoming them and believe that we're going to create a lot of value together going forward. Let me let Nigel, explain a bit more about why we believe that by talking about the assets.

Nigel Hearne
Hey. Thanks for the question, Mark. Thanks, Linda, for covering the context. Mark, the reason we really like the assets, firstly, I think it balances up our portfolio fit with the oil index. Then you start to say, well, we've got three relatively mature hubs that have been developed. They're relatively new. They've got line of sight to an active drilling program. And in the next twenty four to twenty five months, we should see eight wells come online as part of that production growth. They're across all of the hubs.

So we've got a very clear line of sight to growth. The other comment I'd make, we've got a deep resource base behind it. I think the people that we bring into the assets on particular have proven their capital discipline. They can mature development concepts that are competitive under short cycle, leveraging existing infrastructure. They've been one of the most successful companies around exploration to keep that infrastructure full. That means we've got highly accretive cash generating barrels coming on our portfolio. So it makes it exciting to complement our existing assets.

And the other one thing, I think it offers some synergies as we start to think about, other development programs and major capital projects on the other side of the border in Mexico. So all told, it fits very nicely with the three things we look at. Does it generate free cash flow growth? Yes. It does. Does it have margin growth? Yes. It does. And does it add to resource return to production? Yes. It does. And it does it very profitably and competitively. So when you put all of those things and the capability that we bring in, it's an exciting asset to bring into that company, and it's a great fit, it complements what the other positions that we have around the world. So, like I said, I like it. I like the deal. I like the assets, and I like what they bring into our portfolio.

Mark Wilson - Jefferies
I have a follow-up question. Thank you. To Alex, you mentioned about the leverage points staying close to possibly over one times post the deal. On the free cash flow point, would it be possible to say, at point of completion of this deal and assuming those UK tax losses that you've got in as well, at current prices, would you be deleveraging, in the coming year? That would be the first question. And then second to Nigel again, could you just remind investors who might not know who are the partners in the various hubs that you're buying into? Thank you.

Alexander Krane
Thanks, Mark. Why don't I start, and then, Nigel can take your second question. I mean, that part of the reason why we, had a slide here putting these three transactions into context is just because of the complementary nature of those transactions. We've announced now three transactions over the last two weeks, and, they do fit really nicely together. You will see and probably appreciate just the short term, free cash flow generative nature of the two first ones, and then this one, which adds, quite a bit to the to the near term, but more so to the longer term, and the longevity of the portfolio here. So we do think, if you use your forward curve, going forward or something similar, that will have, a fairly significant free cash flow, both in the short, but also in the in the longer term. And we do expect, like we've done on the back of all other acquisitions, to be, to be able to deleverage, from here. So it's a complimentary nature of those transactions, and just the solidity and the predictability of those, free cash lows, we think, will be, will be, very significant.

So there's other again, like, we've seen in the past, things we can do, when we're managing the balance sheet and using hedging and other, tools available to us. So, yes, we do expect to deleverage from here again.

Nigel Hearne
Hey, Mark. Just, maybe I should start with our equity position. So in Buckskin, we have just over 33%. In Who Dat, we have 45%. Leon is 33%, and in Castile, it's around 48%. Our primary partners, a long standing relationship with Repsol, but also with Ridgewood, Navitas, Karoom, Talos, and Westlawn across those assets. So slightly different equity in each one, but, good partners that we look forward to working with.

Speaker 5
Thank you very much. I'll hand it over.

Operator
Thank you for your question. Our next question comes from Alejandra Magana from JPMorgan. Alejandra, if you'd like to unmute and ask your question, please.

Alejandra Magana - JPMorgan
Hi. Good morning. Thank you for taking my question. Can you give us some colour on how valuation compares with Harbour's prior acquisitions across key metrics and how this deal stacks up relative to other deals Harbour has done?

Linda Z Cook
Great. Let me let me do that one Alejandra. So, I think if we compare it to the Wintershall Dea acquisition, which was the most recent before the LLOG acquisition. If we look on a dollar per 2P basis, I think the number works out to around $12 per barrel. Wintershall Dea Share day was closer to 10, and I think what you have to keep in mind was that portfolio was nearly all gas, whereas we're bringing, the LLOG portfolio is nearly all oil and typically valued higher. The Wintershall Dea acquisition had a much lower reserves life. And so, we're getting a lot more embedded growth with LLOG.

And the Wintershall Dea acquisition, importantly, had a much higher tax burden, and the effective tax rate on LLOG is a lot lower. So if we compare it to our largest and most recent acquisition, I think it compares fairly well. Maybe the other thing to point out is if you look at, valuations done by third parties, Welligence, Rystad, WoodMac. I think they all value, this portfolio well, well north of the $3 billion consideration we're paying. Thanks for the question.

Alejandra Magana - JPMorgan
Got it. Thank you. And my second question is, I think you said more colour will come, but could you give us any early thoughts on what constitutes as a competitive, payout ratio versus peers, that would be helpful. Thanks.

Alexander Krane
Yeah. I can take that, Alejandra. What we've said is that it's too early today, to give a lot of colour on how that's going to look, '26 and onwards. So our plan, Alejandra, is to provide more details on this, when we announce our full year results in early March. There's, of course, some varying practice among, US and global independents here, but, we do want to move to the concept of a payout ratio, and with both dividends and

buybacks, and we'll provide a fair bit of colour when we get to early March and the full year results. Thank you.

Operator
Thank you. Our next question comes from Teodor Sveen-Nilsen of SB1. Teodor, if you could unmute and ask your question, please.

Teodor Sveen-Nilsen - SB1
Good morning. Thanks for taking my questions, and congrats on the transformative deal. A few questions for me. You say that the assets will be free cash flow accretive from 2027 onwards. But could you give some information on the Capex profile for the acquired assets already from 2026? Second question that is on your new shareholders. As far as I understand, several LLOG shareholders will become a significant shareholder in Harbour after the deal. Just wondering who are the LLOG shareholders right now?

And third and final question that is on payout ratio. I know you already got a lot of questions on that. Positive to see that actually moved to a payout ratio and not a fixed dividend or like that. But is it fair to assume that that will be a payout ratio directly linked to free cash flow? Or will it be operating cash flow, EBITDA or some other metric linked to that payout ratio? Thanks.

Linda Z Cook
Thanks, Teodor, for the questions. Let me, take the one about the seller, and then I think I'll turn it over to Alexander for the Capex and, payout ratio questions. So LLOG is privately held today. The owner is a is a private family, originated there in Louisiana. And so going forward, they'll be the shareholder and a majority of those shares are going be held in a private trust as part of its long-term investment portfolio. So the shares will give them ongoing exposure to the future success we believe is going come from LLOG's asset and organisation as well as the broader Harbour portfolio. Then let me go to Alexander.

Alexander Krane
Yeah. Thanks for the question, Teodor. I think on Capex, because we're doubling production here in in in two years' time. I think on average, we're looking at around, $300 million, per year over the next five years. But, needless to say, it's probably a bit more in the earlier years, when you take that average across. When it comes to payout ratio, again, we'll be providing more details when we get to, full year results, but, free cash flow is probably the one we've used, most frequently, in our market communication, so that could be a good alternative and linking it more to free cash flow generation..

Operator
Thank you for your questions. We've had, some questions come in from Matt Smith. These will be our final questions. First one, could you remind us of the attractions that you see in the US, and do you expect this to be a stepping stone to further growth in the region? Second question is, how do you assess fair value for the assets on both an

absolute and relative basis to harvest current equity value? And Matt's third question is, deleveraging has been a near term priority post previous transactions. Should we expect the same again and how does this link to the FCF outlook in 2026 and the new shareholder distribution policy? Thank you

Linda Z Cook

Yep. Thanks for the questions, Matt. I think, when it comes to fair value as we normally, we look at valuation through lots of different lenses. In particular. In this case, we had access to very, very extensive diligence on the technical side and access to the team. Also, finance, tax legal as you might expect and got very, very comfortable with the valuation of course, assessed it across a wide range of oil and gas prices as well. And so it's our normal process for that. And, of course, we triangulated that with other external assessments also, but in particular relied on our own internal diligence and the access we had to the company. Let me turn it over to Alexander to answer, I think, your last question and then come back to me to talk about the attractions overall of the acquisition, on and the US. So, Alexander.

Alexander Krane

Thanks, Matt. And, again, the answer will be, as I've said a couple of times now, yes. The plan will be just based on the free cash flow generation that we now see from the enlarged portfolio. We do expect to, again, be deleveraging, on the back of the announced transaction. Thank you.

Linda Z Cook

And then back to your first question, Matt. We have had a long-time ambition to enter The US Gulf of America. It's a prolific oil and gas basin, well established infrastructure, and why is that important? It gives you the opportunity for near field exploration, which the LLOG team has proven very successful at. You can quickly tie those into existing infrastructure and you get better returns, than in a base where the infrastructure isn't present or there's not access to it or there's no capacity.

Also, really strong service sector, which we can appreciate, synergies with our operations in Mexico, and a lot of subsurface running room and in relation to that, the track record the LLOG team has when it comes to exploration is really second to none.

And then, of course, you'll appreciate this as well, just a supportive fiscal and regulatory environment, and the fact that it is set up to support oil and gas activities in the region and great local support for the industry as well, and a low tax rate.

So the margins on the barrels and cash flow from the barrels, very, very attractive relative to what you might get in in other areas. So that's why it's been attractive. We're excited that we landed this opportunity. LLOG’s been on our kind of wish list for many years, but, it was just never available. And so we were honoured to be invited to what, as I said earlier, was a very selective process this year, and pleased to have landed this transaction as we near the 2025 under look forward to completing it. And our anticipation is that that will happen before the end of first quarter of next year, so in less than three short months from now.

So I think Matt said that was the last question, so we're going close there. Again, we appreciate everyone taking the time during the holiday week to join the call. And if you have more questions, feel free to just reach out to Elizabeth and our IR office, and we'll be happy to address those. And finally, before we sign off, just, warm wishes for the holiday period from all of us at Harbour. Thank you.