

Recent Trends in E&P Shareholder Activism

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PRACTICES Energy, Power and Natural Resources

What is Shareholder Activism?

Activist shareholders target publicly-traded companies and look to bring about organizational change through their campaigns. Activist campaigns have steadily increased in the last decade and in 2018 alone, more than 200 companies were targeted by campaigns according to Activistmonitor data. The energy industry has not been spared by the rising trend, and 2018 saw an increased number of activists targeting energy companies of all sizes varying from large and mid-cap to small-cap.

What Demands are Activist Shareholders Targeting Energy Companies Making?

Specific activist demands vary in each campaign, but common requests we saw in 2018 campaigns against E&P companies include:

- Requesting strategic alternatives, including mergers and acquisitions; spin-offs and divestitures of oil and gas assets
- Seeking board member appointments and representation
- Capital allocation or structural changes
- Management changes
- Cost reductions and operational improvements

What Can E&P Companies do to Prepare?

It is crucial for all public energy companies to be on the look-out and prepare for an activist campaign so that an effective response to a campaign can be delivered if initiated. Board and management teams are advised to actively monitor the shareholder base, have an ongoing shareholder outreach program and continuously evaluate the company's performance relative to its peers. It is beneficial to anticipate how an activist might criticize the company so the company can develop a shareholder engagement plan tailored to the issues the company faces.

Recent Campaigns

The following table shows select activist campaigns in 2018 targeting energy companies and a summary of the related demands.

Target	Activist	Date Announced	Demands
Antero Resources Corporation	SailingStone Capital Partners	January 2018	Strategic Alternatives
Carrizo Oil & Gas	KEMC Fund	April 2018	Bolt-On/Divestiture/Spin-Off
Crescent Point Energy Corp.	Cation Capital	April 2018	Board Member Appointment
			Governance Changes

			Management Changes Board Member Appointment
EQT Corporation	Toby and Derek Rice	December 2018	Cost Reductions/Operational Improvements
Exxon Mobil Corporation	New York State Common Retirement Fund	December 2018	Management Changes Environmental/Social Changes Bolt-On/Divestiture/Spin-off Capital
Halcon Resources Corporation	Fir Tree Partners L.P.	October 2018	Allocation/Structural Changes
MEG Energy Corporation	Highfields Capital Management LP	July 2018	Share Buyback/Dividend/Return of Capital Capital Allocation/Structural Changes Cost Reductions/Operational Improvements Board Member Appointment Bold-On/Divestiture/Spin-off
Obsidian Energy	FrontFour Capital	January 2018	Capital Allocation/Structural Changes Cost Reductions/Operational Improvements
Penn Virginia Corporation	Mangrove Partners	October 2018	Share Buyback/Dividend/Return of Capital Oppose Acquisition/Merger Agreement Governance Changes
Range Resources Corporation	Stelliam Investment Management LP	May 2018	Management Changes Governance Changes
Resolute Energy Corporation	Lion Point Capital	October 2018	Strategic Alternatives
	Kimmeridge Energy Management GP, LLC	October 2018	Cost Reduction/Operational Improvements Board Member Appointment
	Monarch Alternative Capital LP	January 2018	Governance Changes Strategic Alternatives

	VR Global Partners	February 2018	Management Changes
Ring Energy, Inc.	Cannell Capital	October 2018	Strategic Alternative Share Buyback/Dividend/Return of Capital Board Member Appointment
SandRidge Energy, Inc.	Carl Icahn (Private Investor)	January 2018	Governance Changes Management Changes Strategic Alternatives

Source: [Activistmonitor](#)