

Assets For Sale Value Up 60 Per Cent Year-Over-Year

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The amount of Canadian oil and natural gas assets publicly available for sale is up roughly 60 per cent from this time last year. Currently, there is approximately \$1.6 billion in Canadian oil and natural gas properties and companies up for sale. This time last year there was a total of approximately \$1.0 billion in oil and natural assets for sale. These amounts are Sayer's estimates of the market value of the assets and companies up for sale publicly. The amount of available Canadian oil and natural gas assets for sale can be attributed to a combination of several companies pursuing public "strategic alternatives processes," corporate divestitures and property divestitures as well as entities involved in insolvency proceedings.

Consistent with the last two years, strategic alternatives processes constitute the bulk of the assets for sale in current public marketing processes. While the value of companies for sale has increased year-over-year, the number of companies for sale has dropped by 47 per cent from 19 in the third quarter of 2020 to 10 currently.

In July 2021, **Pieridae Energy Limited** announced it initiated a formal process to identify, examine and consider a range of strategic alternatives with a view to enhancing shareholder value. Such strategic alternatives may include, but are not limited to, a corporate sale, merger, a sale of a material portion of Pieridae's assets or other transactions. Pieridae's main assets are located in the Alberta foothills. Pieridae's current production is approximately 38,000 boe/d.

On September 1, 2021, **Abu Dhabi National Energy Company PJSC** ("TAQA") announced that it initiated a strategic review of its oil and natural gas operations. TAQA indicated the following, "*the review will assess strategic options for the oil and natural gas division and the optimal course for its future development, while taking into consideration the evolution of the global energy industry as it transitions towards a cleaner and more sustainable future. All options will be considered, including the sale of some or all the assets, or the retention and development of the assets within the TAQA Group*". **TAQA North Ltd.**'s assets in Canada consist of current production of approximately 78,000 boe/d.

A company with major assets currently for sale is **Federated Co-operatives Limited**. Federated's oil and natural gas properties are located in the Kaybob, Dodsland Viking, Butte Shaunavon and southeast Saskatchewan areas. Federated's production from the assets is approximately 3,000 boe/d (74 per cent liquids).

Other recent public offerings include a variety of non-core property divestitures such as the **Aspenleaf Energy Limited** and **Battle River Energy Ltd.** offerings. Aspenleaf is divesting its non-core oil and natural gas interests located in the Puskwa area of northern Alberta. The Puskwa property is focused on the Montney formation with net production capability of approximately 420 boe/d. Battle River is seeking a purchaser for its non-core oil properties located in the Provost area of Alberta. Production net to Battle River from the non-core oil focused properties is approximately 250 boe/d.

Other sales processes currently underway include **MKS Investments Ltd.**, which consist of drilling prospects in various areas of Alberta, as well as corporate divestitures such as **2163754 Alberta Ltd.** 2163754's assets consist of Fee Title and royalty interests in the Medicine Hat area of Alberta.

The number of insolvencies has decreased on a year-over-year basis. There are currently six ongoing insolvency sales processes compared to 11 this time last year. **Copetrex Oil & Gas Co. Ltd.** recently announced a sales process for its oil and natural gas interests and **Cuda Oil and Gas Incorporated** announced last week that a receiver had been appointed by the Court to manage over the assets, undertakings and property of Cuda and its subsidiaries.

A factor to consider when examining the amount of oil and natural gas production publicly for sale is that it may not truly reflect all assets or oil and natural gas companies for sale at any given time as a number of sales processes are conducted privately and are not included in our total value calculations. For instance, **Canadian Natural Resources Limited** announced earlier this month the acquisition of publicly-traded **Storm Resources Ltd.** for total consideration of approximately \$960.0 million. Storm did not publicly announce that it was in a sales process.

Factors which influence the amount of Canadian oil and natural gas assets publicly available for sale are commodity prices and the amount of capital available. If commodity prices seen recently persist, along with the continued inability for many oil and natural gas companies to raise capital, we may see a decent amount of Canadian oil and natural gas companies and properties for sale publicly in the early part of 2022.

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