

# M&A Value Jumps 24% Year-Over-Year

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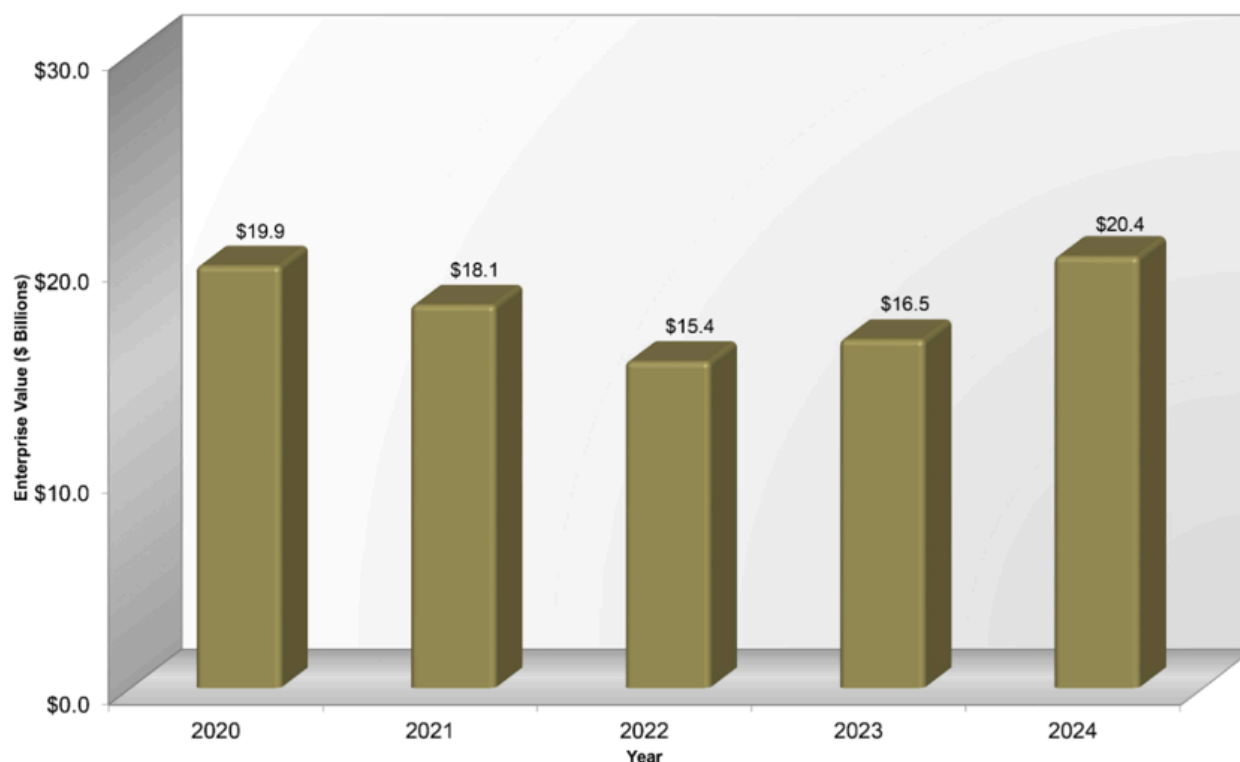
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The total enterprise value of merger and acquisition (“M&A”) transactions in the Canadian oil and natural gas industry increased 24% in 2024 to \$20.4 billion from the \$16.5 billion recorded in 2023.

## Enterprise Value of Transactions



There were four transactions valued at greater than \$1.0 billion in 2024, which accounted for 71% of the year's total M&A value. The largest transaction in 2024 was **Canadian Natural Resources Limited's** acquisition of **Chevron Canada Limited's** 20% interest in the Athabasca Oil Sands Project ("AOSP") for approximately \$8.8 billion in the fourth quarter. The acquisition also included 20% of the Muskeg River and Jackpine mines, the Scotford Upgrader and the Quest Carbon Capture and Storage facility.

The acquisition increased Canadian Natural's total current working interest in AOSP to 90%. As part of the transaction, Canadian Natural also acquired Chevron's 70% operated working interest in the Ante Creek and Kaybob areas of Alberta targeting the Duvernay formation. Canadian Natural has identified more than 340 net light crude oil and liquids-rich Duvernay locations. This was the largest transaction since Canadian Natural's \$12.6 billion acquisition of **Shell Canada Limited's** 60% working interest and **Marathon Oil Corp.'s** 10% working interest in the AOSP in March 2017.

The second largest transaction was **Ovintiv Inc.'s** acquisition of assets from **Paramount Resources Ltd.** for approximately \$3.3 billion in the fourth quarter. The assets acquired by Ovintiv are predominantly Montney interests located in the Karr, Wapiti and Zama areas of Alberta. As part of the transaction, Paramount also received Ovintiv's 50% operated working interest within the current joint venture with Paramount at the Two Island Lake field and a 50% operated interest at the Kiwigana field located in the Horn River Basin. The Two Island Lake field and Ovintiv's interest in the Kiwigana field were producing over 40 MMcf/d of natural gas prior to being shut-in in March 2024.

Paramount received shareholder approval to pay a special cash distribution of \$15.00 per common share out of the proceeds of the sale. The special cash distribution was comprised of a return of capital to the shareholders in the amount of \$12.00 per common share and a special dividend in the amount of \$3.00 per common share. Paramount's production subsequent to this transaction will be approximately 30,000 boe/d (54% natural gas).

The other two deals over \$1.0 billion in enterprise value in 2024 were **Tourmaline Oil Corp.**'s purchase of **Crew Energy Inc.** for \$1.1 billion and **Vermilion Energy Inc.**'s take-over of **Westbrick Energy Ltd.** for just under \$1.1 billion. Tourmaline extended its streak as a billion-dollar purchaser from 2023, when it acquired **Bonavista Energy Corporation** for approximately \$1.5 billion. Both of these deals were corporate transactions.

Property transactions made up 74%, or \$14.8 billion of the \$20.1 billion in total enterprise value of large deals (over \$5 million in value) in 2024. Corporate deals made up the remaining \$5.3 billion in total enterprise value. The split between property and corporate transactions is similar to 2019 when property transactions made up 73% of the total M&A value. There were 32 corporate transactions and 19 property transactions in 2024.

The value of oil-weighted transactions rose 26% to \$12.3 billion in 2024 from the \$9.8 billion recorded the previous year. The value of natural gas-weighted transactions rose to \$7.7 billion in 2024 from \$6.4 billion in 2023, an increase of 20%. In 2024, oil-weighted deals accounted for 61% of the total enterprise value of all large deals with natural gas-weighted transactions accounting for the remaining 39%. The average transaction size for oil-weighted transactions increased in 2024 to \$456.7 million from \$250.5 million in 2023. The average size for natural gas-weighted transactions increased slightly to \$321.8 million from \$321.0 million in 2023. The number of oil-weighted transactions decreased to 27 from 39 in 2023 and the number of natural gas-weighted transactions increased to 24 in 2024 compared to 20 in 2023.

Dominating factors which drove the M&A market in 2024 include sustained soft commodity prices, especially for natural gas, along with the continued lack of investment capital. These factors led to higher year-over-year M&A activity. If natural gas prices continue to remain soft, this could be a catalyst for more consolidation and increased M&A activity for the remainder of 2025.

Thus far in 2025, the M&A market has been quite active. The most significant transaction announced to date in 2025 is the planned merger between **Whitecap Resources Inc.** and **Veren Inc.** As part of the transaction, Veren shareholders will receive 1.05 Whitecap shares for each Veren share for a total transaction value of approximately \$7.5 billion. The combined entity will have production of approximately 370,000 boe/d (63% liquids). The entity will continue under the name of Whitecap and will be run by the current management of Whitecap.