M&A Value Jumps 55% In 2025

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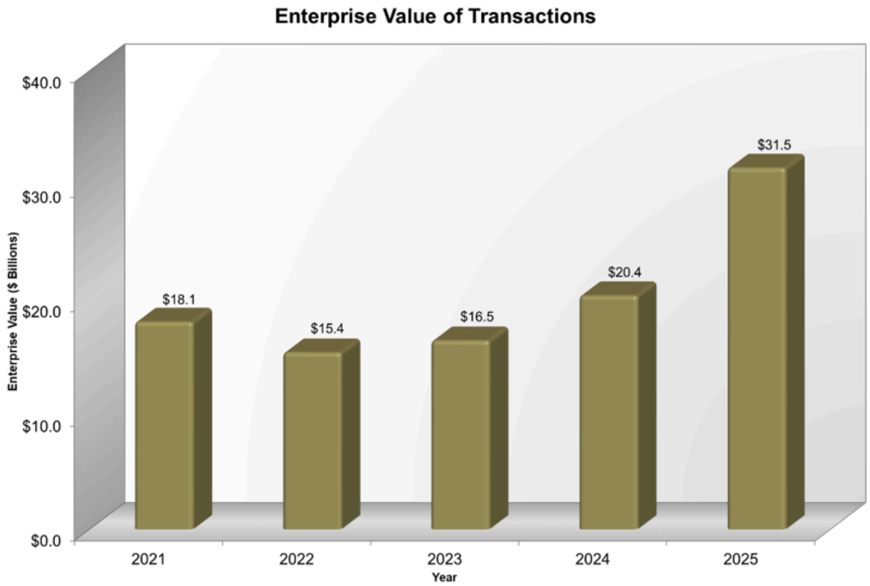
The total enterprise value of merger and acquisition (M&A) activity in the Canadian oil and natural gas industry in 2025 increased 55 per cent to $31.5 billion from $20.4 billion in 2024.



There were five deals valued at over $1.0 billion in 2025, which accounted for 81 per cent of the year's total M&A value. The largest transaction in 2025 was **Whitecap Resources Inc.**'s business combination with **Veren Inc.** for approximately $9.9 billion.

Veren's main producing properties were located in the Gold Creek, Karr and Kaybob areas of Alberta and the Shaunavon and Viewfield areas of Saskatchewan. The combined company continued to be led by Whitecap's existing management team under the Whitecap name and at the time of closing the transaction had 370,000 boe/d (63 per cent liquids) of corporate production with significant overlap across both conventional and unconventional assets.

The second largest transaction was **Cenovus Energy Inc.**'s acquisition of **MEG Energy Corp.** for approximately $8.4 billion. MEG's main producing property was its oilsands project located in the Christina Lake area of Alberta.

On May 15, 2025, **Strathcona Resources Ltd.** announced an unsolicited offer to acquire all of the issued and outstanding shares of MEG. MEG's board of directors rejected the offer from Strathcona and subsequently initiated a strategic alternatives process to maximize shareholder value.

On Aug. 22, 2025, Cenovus announced it had entered into an arrangement agreement to acquire MEG, based on a consideration of $20.44 in cash and 0.33175 of a Cenovus share for each MEG share on a fully pro-rated basis. At that time, Strathcona held approximately 9.2 per cent of the issued and outstanding shares of MEG and it announced that it would vote against the proposed transaction.

On Oct. 8, 2025, Cenovus announced an increased offer of $14.75 in cash and 0.62 of a Cenovus share for each MEG share on a fully pro-rated basis. On Oct. 27, 2025, Cenovus increased its offer to $15.00 in cash and 0.6275 of a Cenovus share for each MEG share on a fully pro-rated basis. On Nov. 6, 2025, MEG shareholders approved the proposed transaction with Cenovus.

In the fourth quarter of 2025, **Ovintiv Inc.** acquired **NuVista Energy Ltd.** for $3.9 billion. NuVista's main producing properties were located in the Pipestone and Wapiti areas of Alberta targeting the Montney formation.

In the second quarter of 2025, **ARC Resources Ltd.** acquired assets in the Kakwa area of Alberta from Strathcona for approximately $1.7 billion. The acquisition included approximately 40,000 boe/d of production (50 per cent liquids), and ownership in key natural gas processing facilities and infrastructure.

Cygnet Energy Corp. acquired **Kiwetinohk Energy Corp.** for $1.6 billion in the fourth quarter. Kiwetinohk's main producing properties were located in the Placid and Simonette areas of Alberta targeting the Duvernay and Montney formations.

The total enterprise value of large deals (over $5 million in value) in 2025 was $31.2 billion. This consisted of $24.6 billion in corporate transactions and $6.6 billion of property transactions. Corporate transactions made up 79 per cent of the total enterprise value, similar to 2022 when corporate transactions made up the majority of the total M&A value at 65 per cent. There were 11 corporate transactions compared to 35 property deals in 2025.

The value of oil-weighted transactions increased 72 per cent to $21.1 billion in 2025 compared to $12.3 billion in 2024, while the total value of natural gas-weighted transactions rose 30 per cent to $10.0 billion in 2025 compared to $7.7 billion in 2024.

In 2025, oil-weighted deals accounted for 68 per cent of the total enterprise value of all large deals with natural gas-weighted transactions accounting for the remaining 32 per cent.

The average transaction size for oil-weighted transactions increased in 2025 to $677.2 million from $456.7 million in 2024. The average size for natural gas-weighted transactions increased 123 per cent to $716.3 million from $321.8 million in 2024. The number of oil-weighted transactions increased to 32 deals from 27 deals in 2024 and the number of natural gas-weighted transactions fell to 14 deals in 2025 compared to 24 deals in 2024.

Weaker commodity prices along with the continued lack of investment capital were the dominating factors that drove the M&A market in 2025. These factors led to higher M&A activity year-over-year.

Thus far in 2026, the M&A market has been quite active. The most significant transaction announced to date in 2026 is **Canadian Natural Resources Limited**'s acquisition of assets from **Tourmaline Oil Corp.** for approximately $765.0 million. The assets are located in the Peace River High complex targeting the Charlie Lake and Montney formations and the Wapiti area targeting the Cardium formation with total production of approximately 25,000 boe/d (50% liquids).

We continue to have a bullish view that higher commodity prices will bring back the return of investor interest along with some possible equity into the Canadian upstream oil and natural gas industry. If we see a sustained increase in commodity prices in 2026, we believe that this will be the best scenario for a robust M&A market.