

Consolidation and the Outlook for Canada's Upstream Energy Market

Following a year of significant M&A transactions across Canada's upstream energy sector, BD&P partner and vice chair, Grant Zawalsky shares his perspective on the forces driving consolidation and what they indicate ahead for the market.

Zawalsky indicates the current wave of mergers and acquisitions reflects a deliberate shift in how producers pursue growth. Consolidation has become an alternative to organic expansion, enabling companies to build scale, improve operational efficiency and enhance asset quality while carefully managing the risks of capital-intensive operations.

This trend is particularly evident in the Western Canadian Sedimentary Basin, where infrastructure limitations and constrained export capacity continue to shape long-term planning. Producers are placing greater emphasis on resilient asset portfolios capable of generating sustainable returns across commodity cycles rather than focusing solely on rapid production expansion. In Zawalsky's view, this reflects a broader recognition that operational efficiency and strategic portfolio management are becoming as important as production volumes in determining long-term value.

Cross-border Interest

Cross-border interest has also become an important factor in the consolidation landscape. Investors are drawn to Canadian assets, where resources can be acquired at a lower cost or developed more efficiently than similar opportunities in the U.S. Zawalsky notes that these investors are often willing to assume regulatory risk that established domestic producers may avoid. At the same time, potential buyers must carefully balance asset quality with regulatory considerations and the infrastructure required to access markets, demonstrating the complexity and strategic nature of modern energy acquisitions.

Looking Ahead

Zawalsky expects the structural drivers behind consolidation, including disciplined capital allocation, scale efficiencies and portfolio optimization will remain influential. As long as these fundamentals persist, mergers and acquisitions are likely to continue shaping Canada's upstream energy sector.

For the energy sector, this represents a strategic evolution. Growth is no longer measured solely by increases in production. Instead, success is more defined by the ability to build resilient, high-quality portfolios that deliver consistent returns, maintain flexibility and create long-term value for shareholders. The current consolidation trend, in Zawalsky's view, reflects an industry maturing in its approach to growth and risk management, positioning Canadian producers to navigate future market cycles with greater stability and strategic focus.

Check out Grant's interviews below:

- [Canadian oilpatch expected to continue bulking up through mergers and acquisitions](#)
- [How Alberta's Oil Patch Sees Its Future](#)