Play Entry Strategies: Examples from the Western Canadian Foothills

D.W. Flint* and R.K. Dixon
Forward Energy Group Inc., Calgary, Alberta
dave.flint@forwardenergy.ca

ABSTRACT
Many authorities believe the most difficult and critical task in petroleum management is the selection of plays in which to explore, develop and produce. In the Western Canada Sedimentary Basin (WCSB), analysis of public information has made play evaluation and selection more transparent and affordable for a large number of operators. As many operators select the same “best” plays, the most difficult task becomes developing and implementing a competitive entry strategy into the selected play. Possible entry strategies range along a continuum from acquisition of producing properties at one extreme to pure greenfields exploration at the other. What entry strategies have successful new entrants pursued in recent history? Is there a “best” entry strategy? Would investing in such an entry strategy create value at current costs and prices?

The Foothills Region of the WCSB has been the scene of significant industry activity and production growth since 1990. New entrants have been attracted to Foothills plays by the large undiscovered gas potential, large pool sizes, developing infrastructure and moderate risk. This paper describes a structured evaluation process for defining success criteria, selecting operators with significant activity and production in a play, analyzing how they entered their core areas and modelling their economic results. Profiles of operators that have been successful in a specific area of the WCSB Foothills region are also presented.