Renewed interest in the Canadian Oil and Gas operations coupled with economic downturn has yielded new complexities. Managing these complexities are paramount for their survival. Using three case studies from the Canadian Oil & Gas industry, this paper investigates how team dynamics influence operations decisions in an uncertain and complex environment.

Introduction

Numerous reports suggest that the way team dynamics influence operational decisions are a function of the degree of effectiveness achieved. When researching how team dynamics can influence operational management in Canada’s energy sector, it is more effective to use small and medium sized companies being as decision-making at this productive capacity is considerably more dependent to the degree of volatility current markets possess. This particular study will cross-examine the reactionary dynamics at the executive level via three companies. Two companies are considered small, or, junior oil and gas companies that have an overall objective of being acquired by a larger, mid-sized [or larger], productively more capable company looking for proven and low risk/ turn-key ready operational asset-properties for painless capital growth. In return, these small and medium sized enterprises (SMEs) are paid a premium for the highly lucrative assets if managed and marketed correctly. The third company is a good example of one of the prospective, larger companies with a track record of steady turn-key acquisitions. So good of an example in fact, the third company has acquired past companies ran by management of the smaller oil and gas companies in question. This authentic history furthers this study in being a uniquely valuable scope into the processes of three Canadian oil and gas producers in question.

The objective of this study was to first assign a proper strategy building architecture that an opportunistic producer should make decisions through. Indeed strategy formation is a crucial component to maintaining profitable SME. As explained in the journal, Exploring deeper structures in manufacturing strategy formation processes: a qualitative inquiry, a proper strategy formation can be quantized into four phases: Initiation, Consolidation, Commitment and Realization. The initiation stage is where the discovery emerges that there is a desire (i.e. need or want) or order form an executive to attain a certain result. In this case, most strategies are formed from the resulting macro/microeconomic performance at hand. This makes Initiation a product of opportunistic derivatives. They can also be evolutionary where strategies are initiated on a need basis. We will see this when we look at the ramifications of extreme decelerations in operational valuation in the short-term. Consolidation stages are initiatives either negotiated (i.e. rational choice put forward) or through a consensus where a team presented findings to a board of directors in an informal fashion usually. This is an effective, low-cost consolidation mode for these SMEs whom deal with scarce capital resources. The Commitment stage is founded at the executive level for the most part as junior oil and gas companies do not contain mid-management and therefore affirmation of all strategic initiatives are managed through the directors and/or executives. The exception is the third company that has a much larger organizational structure and commitment is regularly handled at the mid-management levels depending on the scale and budgetary implications involved. The last stage, Realization is the implementation and execution of the strategy itself. The successful fulfillment and degree of success are measured and investigation into any failures or shortcomings is conducted.

It then discusses the significance of operating as a private SME versus operating as a publicly traded SME. It stresses that at no point will the study settle into a bias or position toward either structure. Nor will the paper attempt to recall the financial methodology and processes required to execute the strategies under observation. The importance of discussing this is outlined and justified.

This paper first ascertains the definitive concepts that are critical in fully understanding the ramifications of the decisions depicted in the individual cases. It further establishes the theoretical foundation of generic corporate devices through the lens of the oil and gas executive. It presents the connotation of “complexities” in terms of the modern Canadian oil and gas industry
by examining specific elements that bring on the formation of such complexity. The paper then justifies the usage of the term “uncertainty” in the abstract. Indeed uncertainty is a common theme through all industries to a degree, which is why it was essential to properly explain how and why this is unique throughout these SMEs in question.

Complexities defined in context of Modern Canadian Oil and Gas Operations

During times of economic uncertainty, the most generic strategies and abided policies become of the utmost importance in the unyielding race to retain maximum efficiencies. One of these strategies is the intentional manoeuvring to keep a relative geological proximity to local production infrastructure. It is in a company’s interest to keep owned and operating oil and gas plays relatively close together. Doing so can potentially lead to the following cost saving benefits. It can decrease internal logistic costs such as minimizing the duplication of equipment, producing infrastructure and/or other capital used as a direct effort in extraction and transportation on the upside. It can potentially decrease licensing costs. Not as directly measurable on a balance sheet is how this strategy can keep geological, engineering, land, eco/environmental and regulatory areas of the organization aware of the dynamics in a specific area increasing expertise and experience over a concentrated chain of properties. Junior oil and gas companies look at this as a necessity in building a portfolio. On the competitive side when positioning the company for acquisition, potential buyers take proximity of operations into account. Ray Dobek, Executive Vice-President, Exploration and director of Argosy Inc. agrees by adding “We’ve looked at companies like that where they have the same production we have. Then we take a closer look at their assets and it is comprised of one well here [he points to several geological maps of Alberta taking up a long wall of the boardroom] one well there, here, and here. And, some big company looks at it and says ‘I can’t manage this- this is a headache- I’d end up selling all of this. It doesn’t help me get bigger.” This was an important area of strategy for all three companies explored in this study further stressing its importance in the strategic development in a modern Canadian oil and gas company.

As many industries during economic uncertainties and/or downturn see corporations coming together at different intensities ranging from an array of joint-ventures to full out mergers in order to bring on success. The Canadian oil and gas industry was not any different that way. A successful strategy for junior oil and gas companies in successfully executing the proper recovery from a well is farming in/out. This is an agreement where [usually] a larger company is willing to finance the development and production of a project in return for interest on the upside of the operation being financed. These deals vary as far as negotiated terms.

Public verses Private

This study does not attempt to take a position on which corporate structure is better suited to times of uncertainty. Nor will this be an exercise to list strengths and weaknesses of private and publically structured companies. There are, though, industry-specific elements one must undertake to be successful under each and it is worth mentioning before going forward. Of the three companies being examined, two of them (Pengrowth Energy Inc. and Argosy Energy) are publically traded. Showing quarter-by-quarter growth is a must in maintaining both the price of issued stock and the ownership of that stock. In many situations, the best operational strategy is to keep assets idle until it is again profitable to bring on production. Reassuring shareholders that halting production is a suitable strategy for a company where profits are made through the drill bit is a difficult task and often to risky. The consequence can be (and has been) operating when it is not profitable to do so. The other side is not having the ability to swiftly and cheaply raise capital by issuing a public offering of shares.

For the publicly traded companies in question, there are external and uncontrollable liabilities such as property title defects that can adversely affect share prices and promised dividends. Regulatory filings can bring on unexpected delays in executing the complex timing strategies junior companies can face. An example of this is waiting for agencies’ approvals, such as, Energy Resources Conservation Board (ERCB) sour gas approvals. Other agencies can include Alberta Department of Energy (ADE), Alberta Utilities Commission (AUC), Petroleum Registry of Alberta and the Canadian Association of Petroleum Producers. Although the study will not venture into this area in detail, it is important to note that the regulatory processes involved in oil and gas operations play a large role in the development of proper strategy formation.

During the downturn, Argosy had the opportunity to issue a rights offering to its shareholders to raise capital (as un as it might have been) and remove a chunk of the debt. Scollard’s strategy did not involve finding external investors as much as it did streamlining its internal asset base. Scollard’s management also uses devices like tuck-in ventures that see a partner’s secondary company merge into a project or several projects to sustain proven and producing assets.
Why there is Uncertainty

Regulatory and economic volatility means the ability to raise capital is increasingly problematic. And for many SMEs, the ability to finance can be the difference between an incredible profit margin and folding altogether. As Ray Dobek of Argosy Energy explains, ‘it was much easier to raise capital to execute an operation even ten years ago’ sighting instances of 800% increases in operational costs over some periods. Even adjusted for inflation or any price index, that is still substantial.

During the current period of low or negative economic growth, a sensible tactic may be to halt exploration and/or acquisitions and concentrate on increasing current operational efficiencies and reevaluate key technical areas insuring maximum effectiveness per dollar. However this is not always an option. Many publicly traded companies are expected to show aggressive activity on a quarterly basis to keep shareholders content; to keep a healthy financial valuation of the company without having to dilute share volume or sell internally owned stock. Public offerings is almost viewed as a failure to manage or govern within.

Through periods of pricing outlooks, fiscal policy or technology transfers, it becomes difficult In order to be in the position to design and execute a desired corporate tactic, the proper business architecture needs to be fostered allowing the most efficient and dynamic solutions to come forward and not be divested because of unwarranted and otherwise, avoidable time restraints. And although this can be applied to many industries, few may be as fitting than downtown Calgary’s small oil and gas community. Here, a large factor to achieving a healthy balance sheet is at the mercy of a tall list of exogenous factors and ones success is a function of ones ability to adapt to them. Understanding the need for this level of corporate dynamics is the easy part of the process. Executing this successfully cannot be taught easily nor straightforwardly journalized in an educational format. There is no linear method of inquiry that one could study because as the ever-changing economic environment dictates, new parameters of a said tactic to work within making it difficult to write any methods in stone. As one executive worded it, ‘prepare for an 80% failure rate’.

How Strategic Initiatives Emerge in the Canadian Oil and Gas Industry Today

The price of oil rising beyond $100 seems to leave the impression that profit margins have a significant increase from thereon. However the economic landscape of small businesses and service subcontracting makes up a great deal of the activity in this industry and they are equally as dynamic as commodity prices. The truth is, the cost of bringing up the commodity is affected to a point where most companies see price escalations as a burden more than a gross profit opportunity. Further, there are instances of costs after economic booms where prices on services are reluctant to drop or drop back to where they once were. The product of this stigmatism is yet another mechanism whereby operating costs are unyieldingly increasing over the long term.

Scollard Energy Inc.

Guy Jones, Vice President of Land and Corporate Development of Scollard Energy Inc. commenting on the importance of retaining a great deal of talent, experience and being dynamic in operating a successful oil and gas company in the current economic landscape: “Let me tell you Graeme. In the thirty years I’ve been in the business, I [currently] have five partners and it is the smartest group I have ever worked with. Bar-none.”

Scollard Energy Inc. operates as an oil and gas exploration and production company. The company was founded in 2004 and is based in Calgary, Canada. Originally owned by three partners, President and CEO Craig Hruska and CFO and Controller Robert Hemminger. Hruska and Hemminger formerly operated a similar company Addison Energy where Hruska served as president and Hemminger again served as CFO/Controller. It is important to note that Scollard Energy Inc. is private and is not available for share acquisition on any open market. Currently, there are six partners with the original three still in attendance. In 2004, Scollard was not as much the primary business unit as it was a tactical device; an operating entity used when the partners were dealing with objectives or projects as a collective. The initial concept of Scollard was to try and acquire shut-in
assets were sold to dissolve bad debt, which sanctioned a degree of opportunistic exploration (although Dobek points out was essentially a bankrupt shell of a pu... companies, the two decided to purchase and operate their own company in 1992. The company was named Olympia Energy. It... towards the oil exploration solution.

These mandates show the importance and value in keeping a tight operating proximity.

Along with these main questions, there looking for areas where they can capitalize in bringing up operating efficiencies where... another company following a basic mandate- building a profitable Scollard. A consolidated operational portfolio made it possible to multiply share value and have the means of doing this without a third-party farming in, out-of-house financing or any other joint venture medium. In 2008, commodity prices were plateaued at record heights. Scollard decided to consider an opportunistic avenue buying assets in a company in way of expanding Scollard’s operations. Further, due to extremely healthy cash flows, commodity price index and market valuation, a decision was made to further get ahead in financing this acquisition through a third-party financier. What followed was the unforeseen global deceleration of commodity prices. Financial hubs aggressively spiked interest rates and virtually stopped underwriting deals with even moderate risk while aggressively harnessing in any debts they could. This meant that Scollard was exposed to dangerous levels of interest in the face of deflated profits. All opportunistic/growth strategies were suspended- survival became priority. Responsible and experienced management translated directly to cashing in on an option to access equity that had been properly hedged. This was dissolved instantly against debt but saved the company from falling indefinitely. Operations under the new commodity prices kept lights on and chipped at the loan-interest.

In 2009, having stabilized and removed the immediate risks, the board still recognized the strength of Scollard’s current operational makeup and carried this as an opportunity to properly market the sale of some or all of the company’s assets. Jones brought a company to the table that was interested in a number of items on Scollard’s balance sheet. After the smoke cleared from the negotiations, a deal was committed for certain assets at an amount twice of what Scollard had bought them at a year prior. With this recently accrued cash flow, Jones was able to [at the same time] find a company in need of selling around the same boe-valuation of assets that Scollard had just sold off. The company selling needed less than half of what Scollard had just received for essentially the same (if not more) production flowing boe. The acquisition was authorized by the board and a the net profits from this double play went to the principle of the high-interest financing dissolving it completely rendering Scollard back to a sturdy position. Now, with the company looking forward, the economic downturn could be viewed as an opportunity to acquire and grow with such a strong buyer-marketplace.

In 2010, focus came back to the primary mandate: Bring production to 3500-5000 boe/day in hopes to become an attractive package for a larger company to purchase at a deservedly premium price tag. To do this, the team must have a proper strategy formation structure in place. A company for sale comes across their radar that at first glance, seemed to have the potential to more than double Scollard’s operations while keeping a certain degree of geological proximity to current operations. Jones and his team take this serious and it becomes the prime focus in the boardroom where a thorough evaluation is reviewed. In considering an acquisition, the choice of whether to commit to the deal or not is negotiated in a systematic way. “It is really quite simple” says Jones referring to performing the required due-diligence to evaluate its feasibility. First question in the process is simply, is it creative? As in, will this bring us a positive result on the balance sheet? The second question is how is it [the opportunity, specifically in this case, the acquisition of said company] going to help the bottom line? Thirdly, do we have the ability to roughly double it? Notice the question is “do we” as in, with our current operations, would we be committed to generating either new internal resources or relocate resources for the successful facilitation and integration of this acquisition? Along with these main questions, there looking for areas where they can capitalize in bringing up operating efficiencies where using the same asset, there is a chance to exploit an economies of scale on the upside logistically or combining equipment etc. These mandates show the importance and value in keeping a tight operating proximity.

**Argosy Energy Inc.**

Going forward, an examination of Argosy Energy Inc. illustrates a more prevalent approach to the oil exploration solution. This small Calgary-based, publicly traded, heavily opportunistic exploration company whereby profits are accrued largely in part through the drill bit. Ray Dobek, Executive Vice-President, Exploration and director has worked with the same team through several companies now starting back with President and CEO of Argosy, Peter Salamon. These two University of Calgary alums graduated together and soon found separate jobs at major oil companies. Later, having worked for several major companies, the two decided to purchase and operate their own company in 1992. The company was named Olympia Energy. It was essentially a bankrupt shell of a public company that had a very heavy liabilities side to its ledger. The majority of existing assets were sold to dissolve bad debt, which sanctioned a degree of opportunistic exploration (although Dobek points out- both
him and Salamon had a clear direction of where their first play was to be had). They took their nearly solvent company from 15 boe/day to over 6000 boe/day. After this it became much easier to bring together the shareholders and lenders being that junior start-ups are [largely] dependent on the success of past operations to gain good status with lenders and investors/capitalists. The popular model in Alberta at this time was to sell to royalty trusts. So in 2004, Dobek and Salaman completed a sale to Provident Energy Trust. This led to the commencement of their second company, Accrete Energy. Some underutilized assets from Olympia were rolled into the new company and production grew very quickly (four years) where Dobek and Salamon sold off the main assets to Pengrowth Energy Trust. This study goes on to talk about Pengrowth Energy in its current form which in now was is structured as a royalty trust in the present day. This sale was substantial with about 66% of the company being acquired by the trust. Left in Accrete was 1100 boe/day of production which was spun into the company being examined here, Argosy Energy. This deal with Pengrowth had officially closed on September 28th of 2008. The stock market had crashed September 15th, 2008. Pengrowth not only wanted the Accrete asset but also the tax pools that came with the asset. In order to fulfill this agreement, Argosy would have to inherit the debt Accrete had outstanding after the books had closed.

In the face of economic hardship and these newly found challenges, a thorough and critical strategy was required to employ and grow its asset base. If not for the current volatile and negative economic storm, Argosy’s portfolio looked promising on its current path. Roughly 90% of the Argosy asset portfolio was 4 million boe of proved gas reserves. This was considered a strength because markets had been demanding a premium for natural gas and Argosy management was particularly familiar with the process in effectively unearthing the raw material. Further, it was an opportunity for this highly valued portfolio to gave way to a secure shareholding position and strong share value. In September of 2008, the markets crashed but hit a company like Argosy on more than one front. At the outset the price dropped from upwards of $13.5/MMBtu to nearly half of that within a few business days. Second were the royalty tax structure changes where regulatory measures were being put in place to void tax exemptions to trusts forcing the majority of energy trusts to convert into a dividend paying corporations. That changed how a junior oil and gas company market themselves to prospective buyers. The price of gas left management with no choice but to develop a new strategy. In the beginning the strategy was to wait it out; a ‘hunker-down’ strategy as Dobek explained it. It was insensible and irresponsible to collapse the current operations portfolio because of short-term price deflations. It was projected that the company could minimize costs, keep lights on and not let staff go by staying idle for a short period of time. As we know now, the price deflations were not short term and in fact, still on going. A publically traded junior oil company can only hunker down for so long before it becomes too risky and for the directors, that realization came a year later in 2009. The decision was made to “…re-structure our business away from gas and into oil prospects.” In order to do this meant selling gas property to untie resources and refocus on oily prospects. Just by chance, in 2010, there was a half-a-billion dollar land sale for a shale tight gas prospect near Argosy’s small but efficient, 200 boe/day Saxon property. The Argosy management was dynamic at quickly packaging and marketing this land prospect as a worthy component of the larger land sale and sold Saxon for $16.7 million, which was quite an accomplishment in 2010. Now with the newly accrued capital and resources, the company could transition into the second phase of the transition strategy: moving into oil. There were two primary tactics used to execute this phase. To start with, continued efforts of conventional oil production on the existing oil operations and looking at further low cost methods to increase production. Second, convert able and existing gas operations to conventional oil. Dobek’s team had determined the Claresholm and Pearce properties were the most prudent plays to explore for oily prospects. Both these locations were centred in an ever-increasingly popular prospect, the Exshaw/Bakken fairway. Gas operations had been successfully carried out for an extended period and infrastructure was securely in place. In late 2010, they drilled a deep well to get a better picture of what the Exshaw/Bakken sequence looked like. It was a major success. The Claresholm property has multiple light crude-bearing reservoirs that were ideal in carrying out Argosy’s oil transition strategy. However it was of Dobek’s opinion that the most effective method in recovering this oil was through horizontal development stating that these dual horizons were “…excellent horizontal candidates.” Though this was recognized as a by the board of directors, an outside investment was deemed prudent to properly hedge enough capital and take this project to a profitable capacity. The team decision was made to implement a farm-in deal with Exxon Mobil. The agreement stated that Argosy was to drill a well on a quarterly basis over 13 sections of the proven property. Exxon Mobil would accrue interest through each of these 13 sections. This is never a favourable venture for the party farming out. As with Scollard, Argosy’s mandate is to keep as much of the financial interest of the company as possible- a philosophy worth enforcing given Argosy’s public structure. Nonetheless the team saw it as a responsible step insuring the success of the venture- another example of the limitations a junior oil company encounters during periods of uncertainty.

The Pearce play was the second component to the properties in the Exshaw/Bakken fairway. The content of this play was shallower and lighter crude than the Argosy-Exxon farm-in just to the north. Reasoning to set aside production on this one was the additional capital spending required to waterflood enhanced oil recovery- a process requiring further drilling and therefore,
more cash. Currently, Argosy has been able to commence this project and if the drill is waterflooding is successful, they will shift capital spending to this prospect in 2012.

**Pengrowth Energy Inc.**

We now turn the page to an Oil and Gas company in the Eau Claire district of Calgary’s downtown core. This company is very different from the previous two junior companies examined. Pengrowth went public on the TSX in 1988 with a market capitalization of less than a fifth of Scollard or Argosy normally possess. During the past decade, Pengrowth was an open-end investment trust where the profits in the company were [under the regulatory measures of that time] distributed to shareholders as dividends thereby avoiding a wave of corporate taxes that would otherwise be applied to said profits. As mentioned in the previous section, this tax mechanism was changed and so did the corporate structure from a former trust to a modern Canadian corporation. Today, Pengrowth is a growth oriented, publicly traded entity concerned with both unconventional and conventional methods of recovery. This is a unique strategic component in the structuring of Pengrowth (although this corporate structure is becoming more prevalent in the industry). Operations are segregated into unconventional and conventional producing practices. Within each division are its own operating resources and staffing to ensure that operations, geological, engineering, land, eco/environmental, regulatory and financial departments can focus on an area of operations rather than all types. Pengrowth’s internal corporate culture has even coined terms ‘Conventional Co.’ and ‘Unconventional Co’. On the conventional side resides most of Pengrowth’s asset portfolio and will be the area of our analysis. Conventional Co. [unlike Scollard or Argosy] do not have to put as high of an emphasis in keeping a snug geographical proximity of their asset portfolio as economies of scale at normal operating volumes allow this and companies of this size to meet comfortable cost levels simultaneously at different sites. Pengrowth’s Brandon Jones reports that this organizational structure has minimized many bureaucratic lags experienced in the past, accelerated decision making processes and allowed for these cross-functional teams to work more effectively towards a targeted objective. Brandon Jones is a mid-level land manager whom has been with the Company for 7 years. He has been key in carrying out the mandate for the conventional division. This mandate, handed down by Pengrowth’s executives is as follows, “Maximize production of Pengrowth’s conventional oil and gas producing assets in a manner which creates the utmost value for the company”. In other words, squeeze the assets dry; polish off every piece of sedimentary rock and leave behind no profitable plays that are prudentially obtainable. This was the solution to many of Pengrowth’s reserves becoming depleted [as expected] over time. In order to keep production stable, tactics are strategized and carried out through Conventional Co. teams (business units) where input from all areas calculate capital investment required to bring the reserve back to a stable operating level against other options like acquiring new reserves with the capital raised from selling a depleting asset.

There are two properties that we will discuss to outline these team dynamics in the current economic landscape. The first area to examine is the Pelican property. This fit Conventional Co.’s mandate of taking a maturing asset and deciding whether to develop the property or to effectively, divest in it. A compilation of issues were assembled and used to determine a strategy to profit from Pelican. To start with, its geographical proximity saw it interlocked among active and inactive Husky Oil and Canadian Natural Resources Limited (CNRL) assets leaving the Pengrowth property with no opportunity for growth. Further, all oil sands’ rights in the area were held by either of these companies leaving this property further disabled to operate lucratively. There was no infrastructure for processing recovered raw materials meaning Conventional Co. would have to approve paying out third party selling and processing. Next, this property is accessible in the winter only as driving to this land is an impossibility after the ‘thaw-out’ in the springtime. To effectively operate here would mean constructing a road- another third party to be contracted for another area that Pengrowth does not accommodate in house. It was clear that overall, Pengrowth did not have the resources or expertise to develop this play and the choice was made to market this asset. Previous offers on the property had been only for the land valuation and not the unproven oily opportunities the land possessed. This was not an attractive offer as Jones and his team knew that the land was worth far more. It was necessary to bring on a merger and acquisitions company that specializes in property divestures to guarantee a successful marketing of the property to a large pool of prospective buyers. This process meant evaluating what the offering should be. Jones and his team looked over the small amount of development there had been with this asset and concluded the following: “The two wells already drilled eliminated a portion of the risk. We expect this to be reflected in the calibre of bids being received”. Over the course of the asset being on the block, seven bids were submitted. They ranged from below $50K and went beyond $1.5 million. A deal was met for the property at a number closer to $2 million.
The Berry Area was another property that was well in the maturity phase of production. This property is the largest play this study takes into account with Production was steadily declining. As Jones explains “The property was at a junction point where a decision would have to be made whether [Conventional Co.] takes on the property and restores it to a stable level of production, or fully divest and cash in on the remaining net present value that was falling by the day. The team looks at a snapshot of what the property is bringing to the table: High operating costs, steadily declining production on a [primarily] gas producing play. It would be logistically possible to tie-in third party gas recoveries to a gas facility hub but the economics of doing so would have to be explored further. Many solutions were considered including farming out the construction and implementation of the expensive upside recovery yielding generous percentage payouts to the investor. This process was short lived and written off as unfeasible due to lack of interest. It became clear that the sensible choice would be a full divestment in the Berry Area property. This meant switching gears into selling mode again as was the case with the Pelican property. One of the greatest challenges is putting a price tag on an asset with a deflating net present value, a shrinking buyers market but then, also consisting of turnkey operational facilities on-site with large production potential after a proper refurbishment. This led to an internal debate on what the property could fetch. Senior VPs alongside the president gave the go-ahead to sell the asset as long as it brings in a premium in relation to its present value. A tall order but nonetheless, something understood by Jones and the team. To date, the property has not been able to find a buyer at the required level of capital Pengrowth needed to let it go. It has been absorbed back into Pengrowth where many options are being carefully examined.

**Conclusion**

This study sought to assign a proper strategy building architecture that an opportunistic producer should make decisions through. Scollard used an opportunity to make a double play using the available opportunities to accrue assets at low prices and sell properties at high prices. Argosy used the same opportunistic framework to bring buyers to the table and looking for lucrative ventures simultaneously. Refocusing a gas-producing SME to keeping an oily reserve portfolio and reigning in debt in a timely fashion tested the skill and dynamic actions of the executive team keeping the company solvent under extreme circumstances. With Pengrowth, we explore two scenarios where a decision to replenish a diminishing and inefficient operation, or, sell it at a premium and develop a proven prospect that had been shelved is sought out and assigned the best solution. Pengrowth’s Berry Area did not have the market value required to facilitate a responsible sale. Reestablishing the reality that quality team dynamics, though imperative, does not render guarantees.