

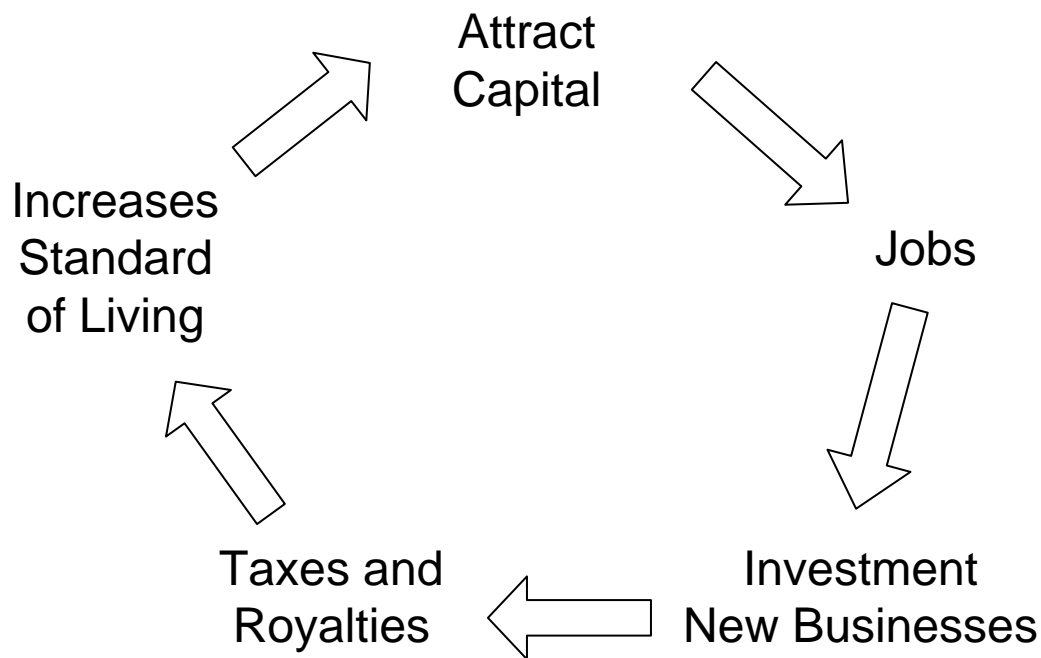


The Outlook for Canada's Oil and Gas Sector

Calgary Real Estate Forum

October 21, 2009

- **The oil and natural gas continues to drive almost $\frac{1}{2}$ of the Alberta economy**
- **\$1 in investment creates \$3 in value for Albertans (2009 CERI Study)**



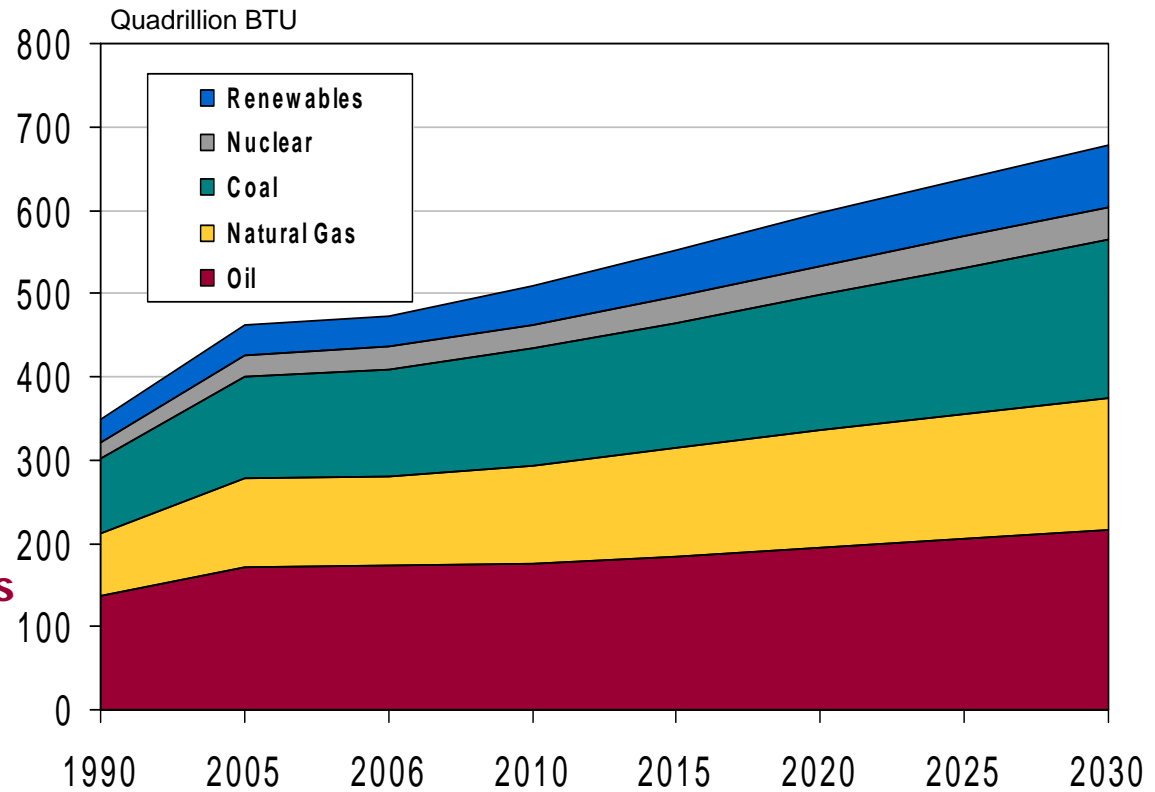
- **What are the Impacts?**
 - Direct
 - Oil and Natural Gas companies
 - Construction of plants and facilities
 - Indirect
 - Oil and natural gas drilling
 - Service companies, trucking, pipelines
 - Legal, accounting, business support
 - Induced
 - Restaurants, hotels and motels
 - Real Estate, vehicles, consumer goods

The Future of Energy Supplies



- **Global economic growth is going to require more energy – in all forms**
- **Oil and natural gas remain important long term components of the global energy mix**
- **In addition to growth in coal, nuclear, hydro and renewable energy**
- **Canada's oil sands resources are a vital part of the global petroleum supply**
 - Canada ranks 2nd only to Saudi Arabia in global oil reserves

World Energy Demand 1990 - 2030
EIA – International Energy Outlook 2009



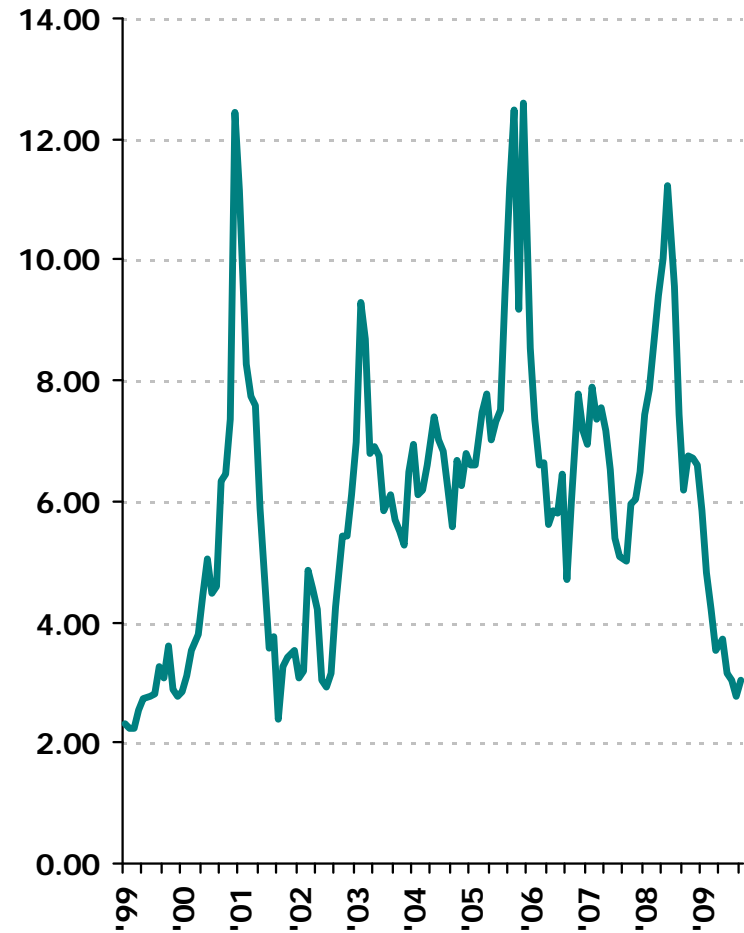
Crude Oil and Natural Gas prices



Crude Oil Prices
(WTI NYMEX)
\$US per barrel

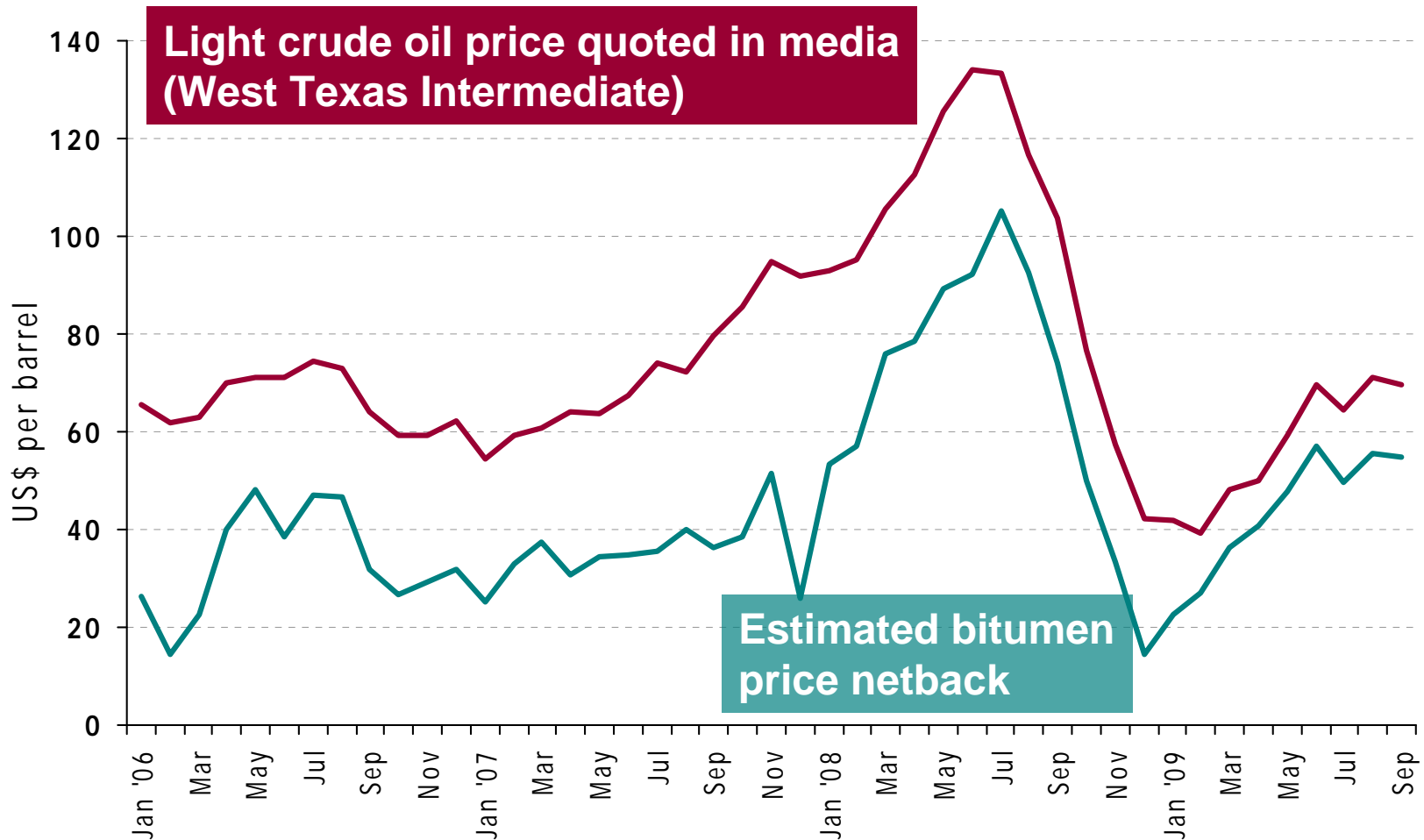


Natural Gas Prices
(AECO Daily Spot Price)
\$Cdn/mcf

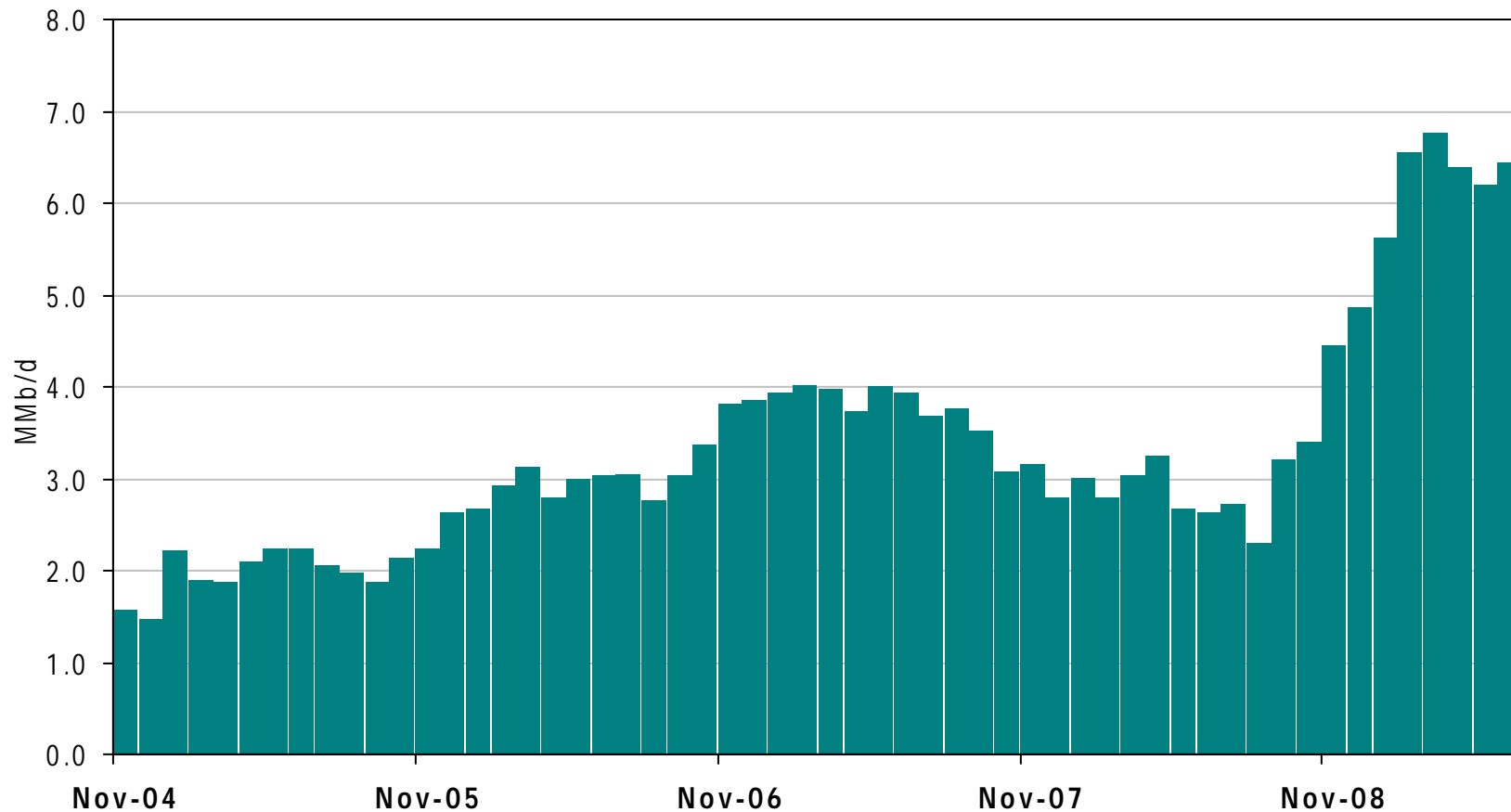


Crude Oil

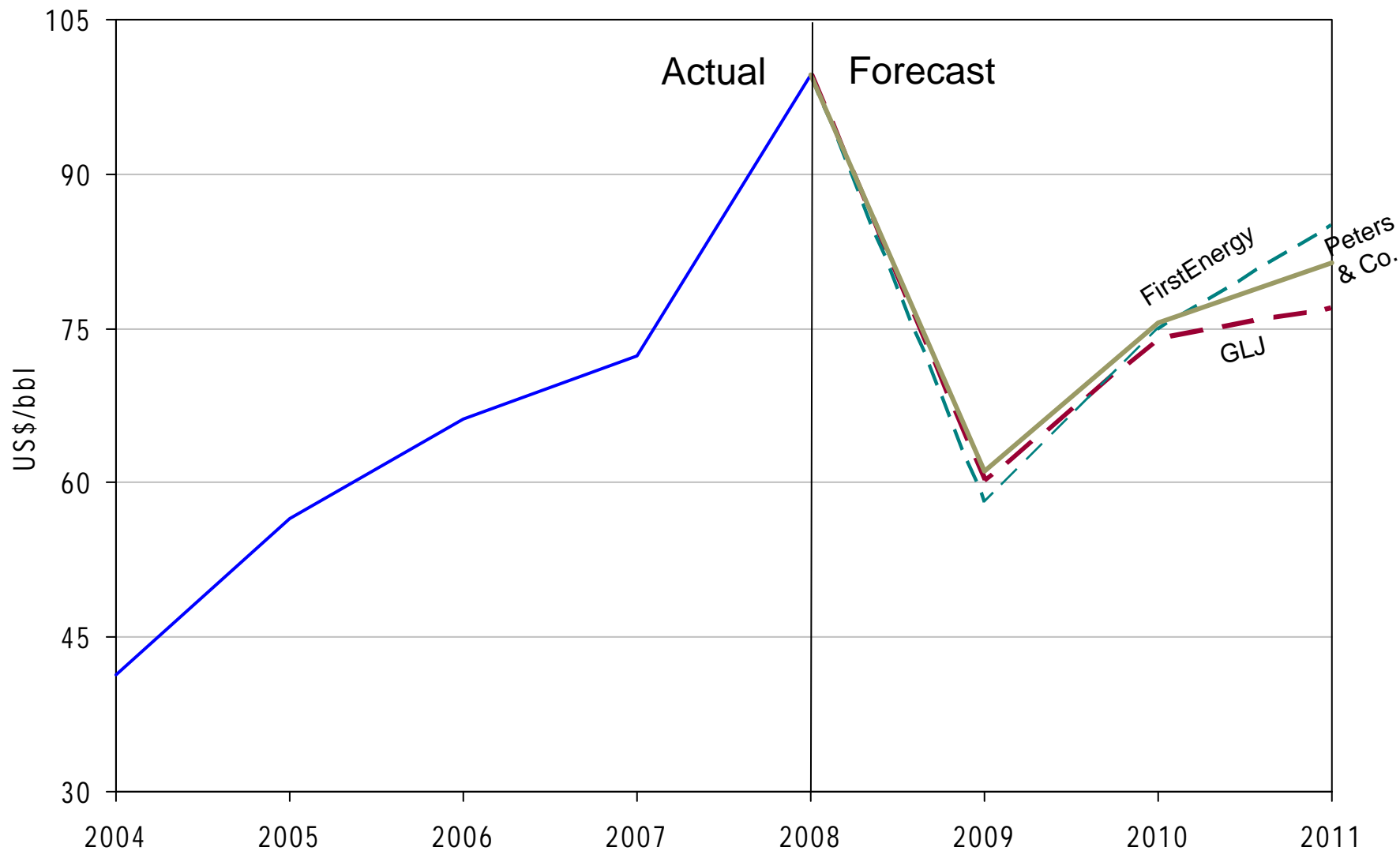
Light and bitumen crude oil prices



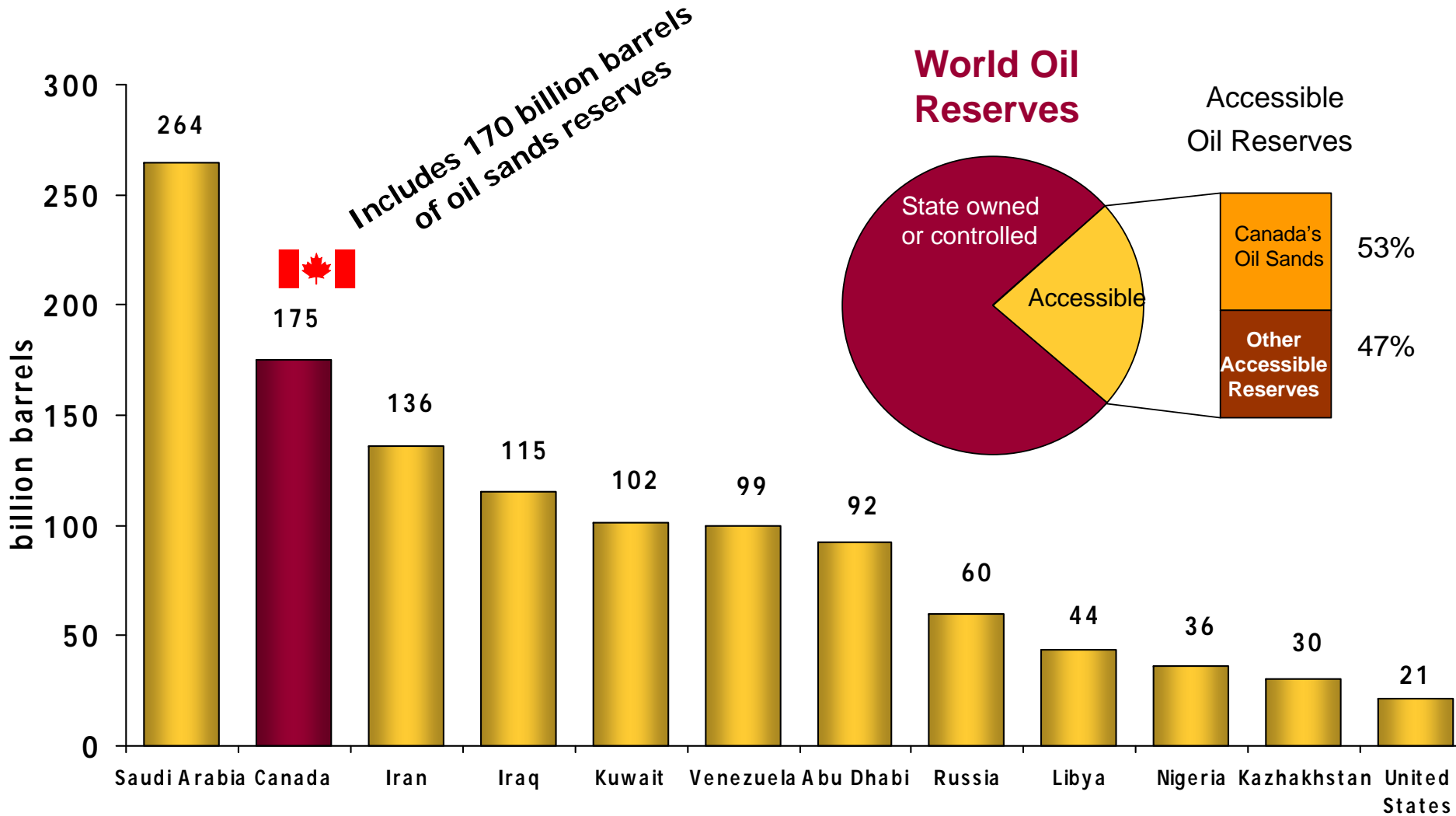
OPEC Notional Spare Capacity [Capacity to Produce – Production]



Oil Price Forecasts – Light Oil NYMEX WTI Near Month US\$/bbl

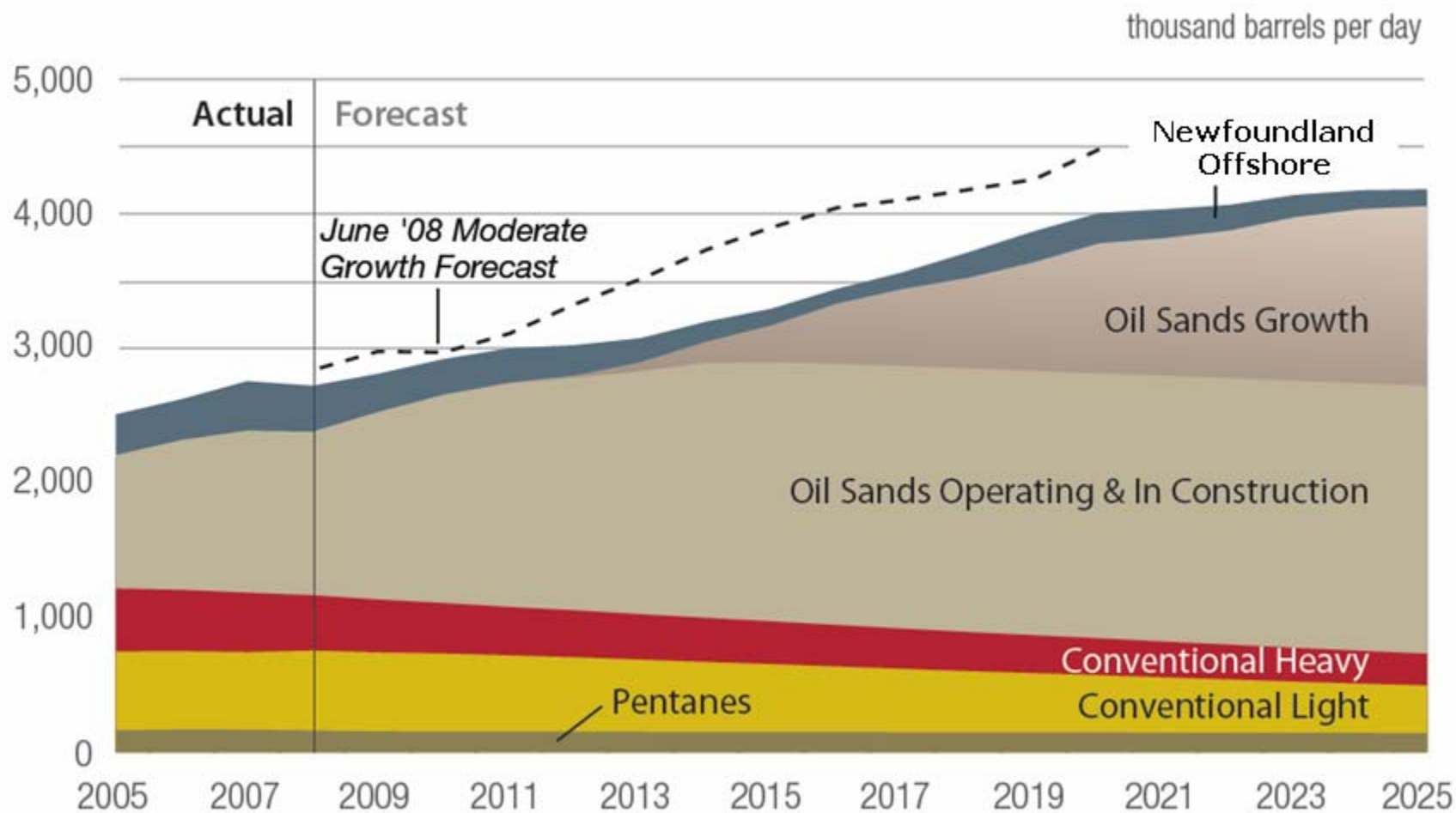


Global Crude Oil Reserves by Country



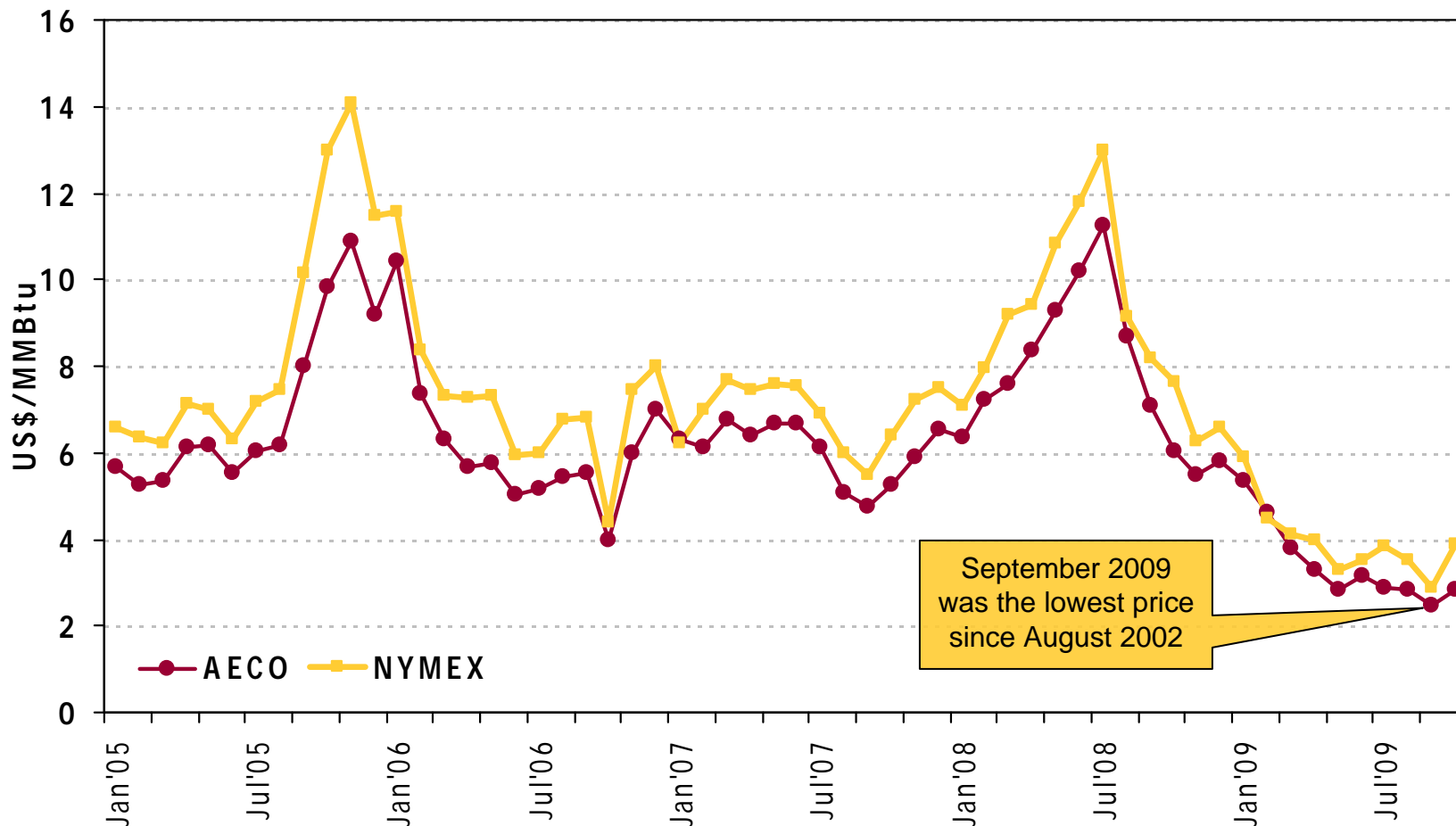
Source: Oil & Gas Journal Dec. 2008

Total Canadian Oil Production

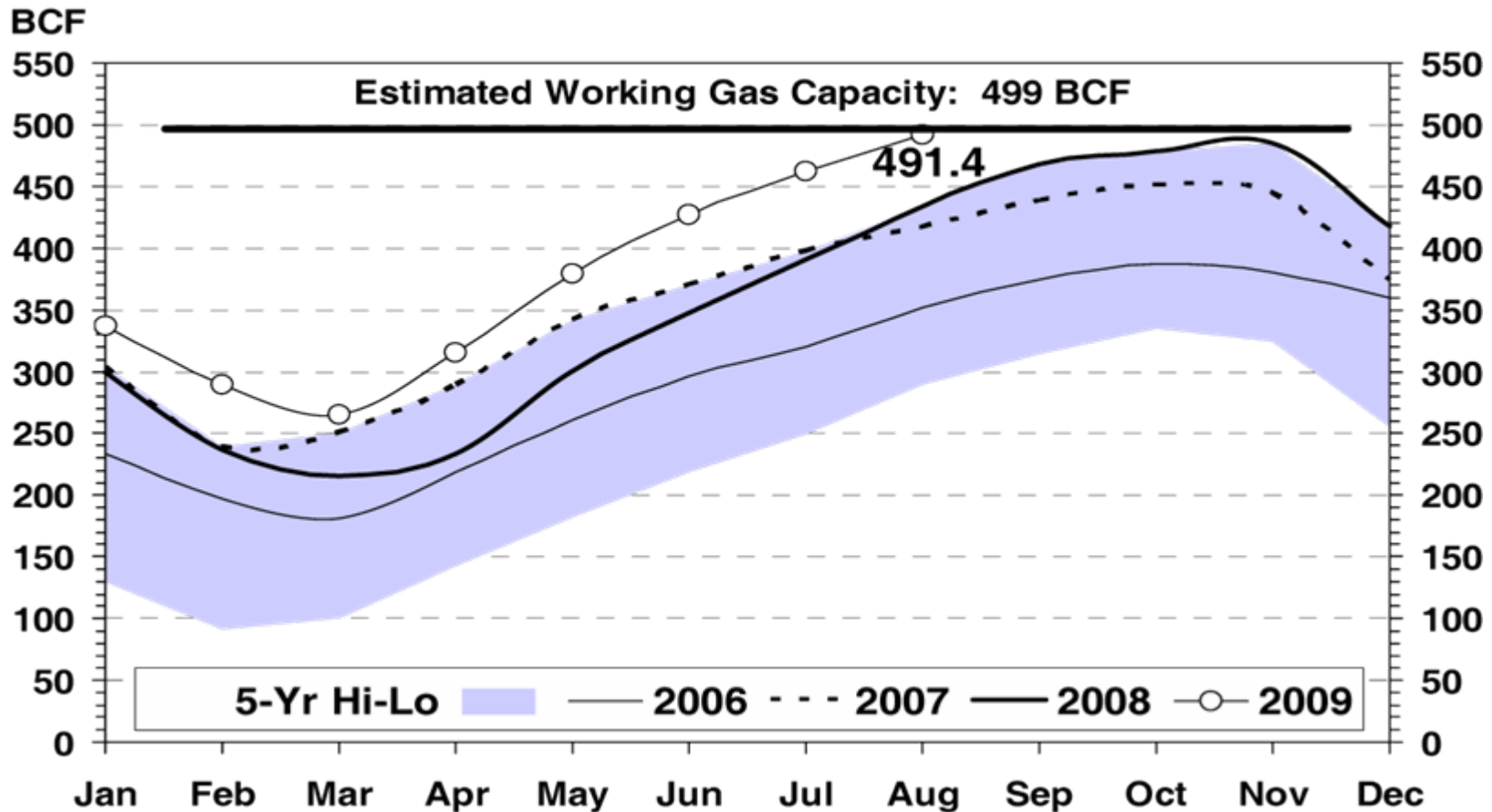


Natural Gas

Canadian and US Natural Gas prices

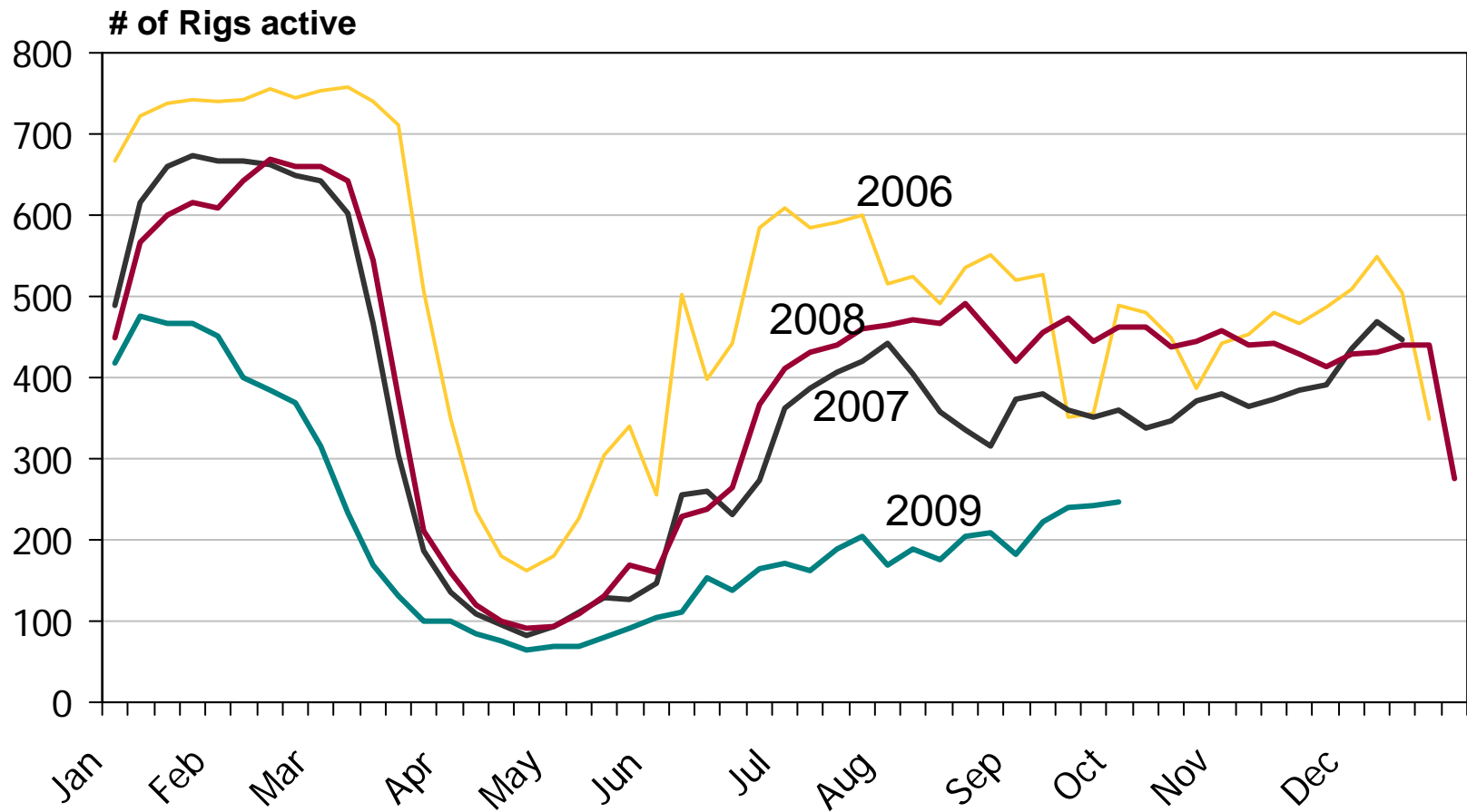


Natural Gas in Storage – Western Canada



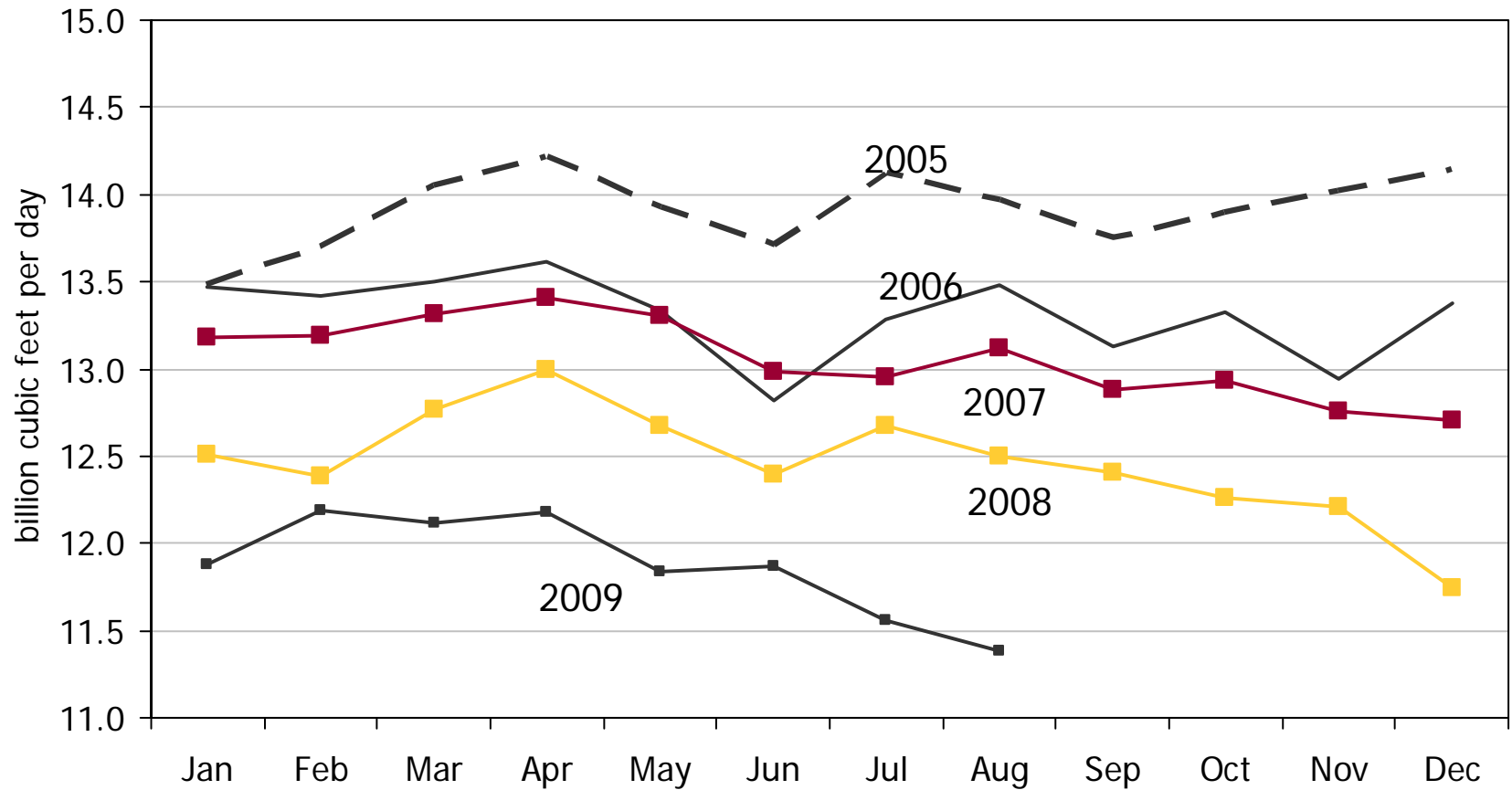
Source: FirstEnergy Capital Corp.

Drilling Rigs Active in Western Canada

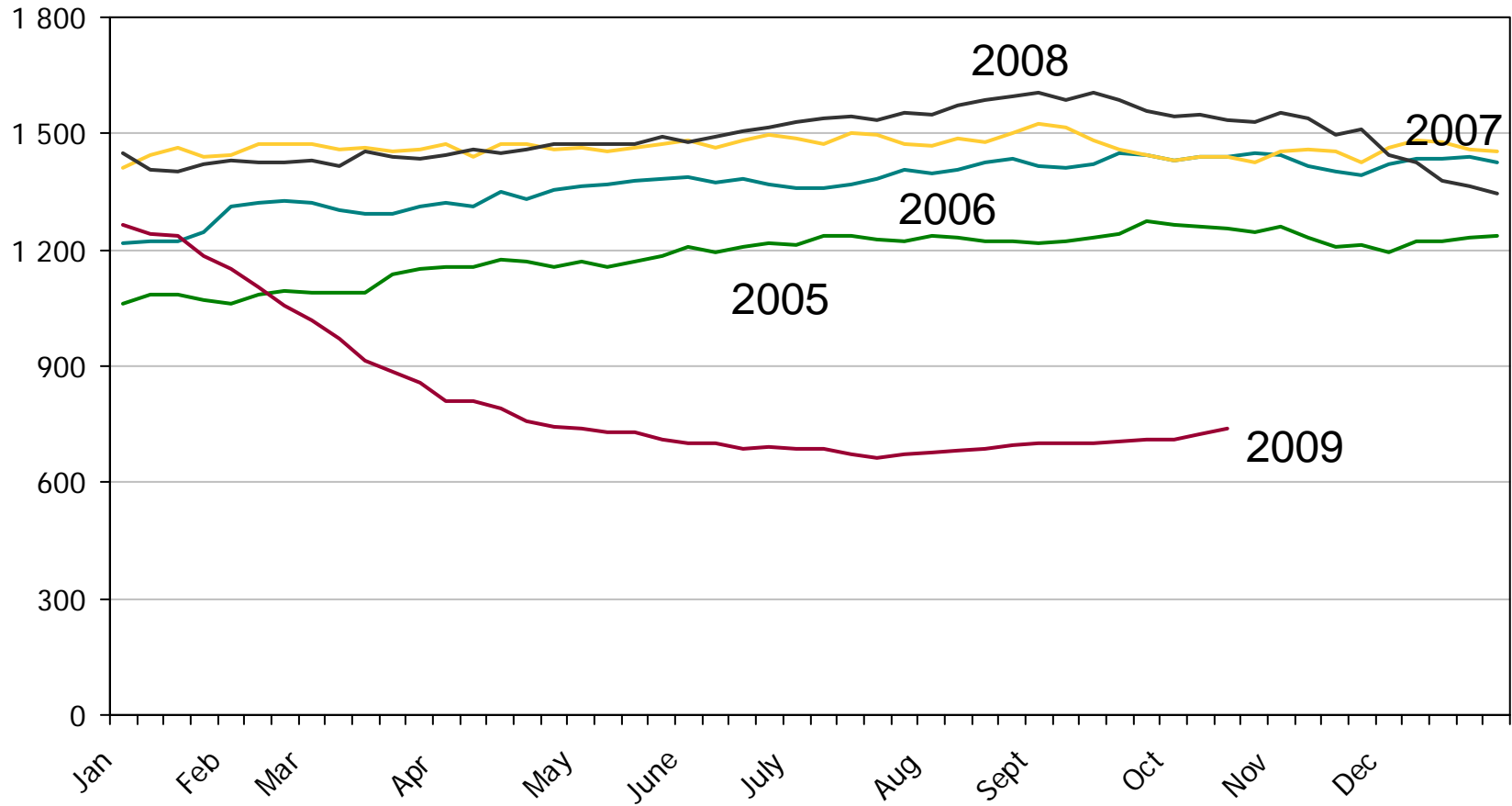


Source: Nickle's

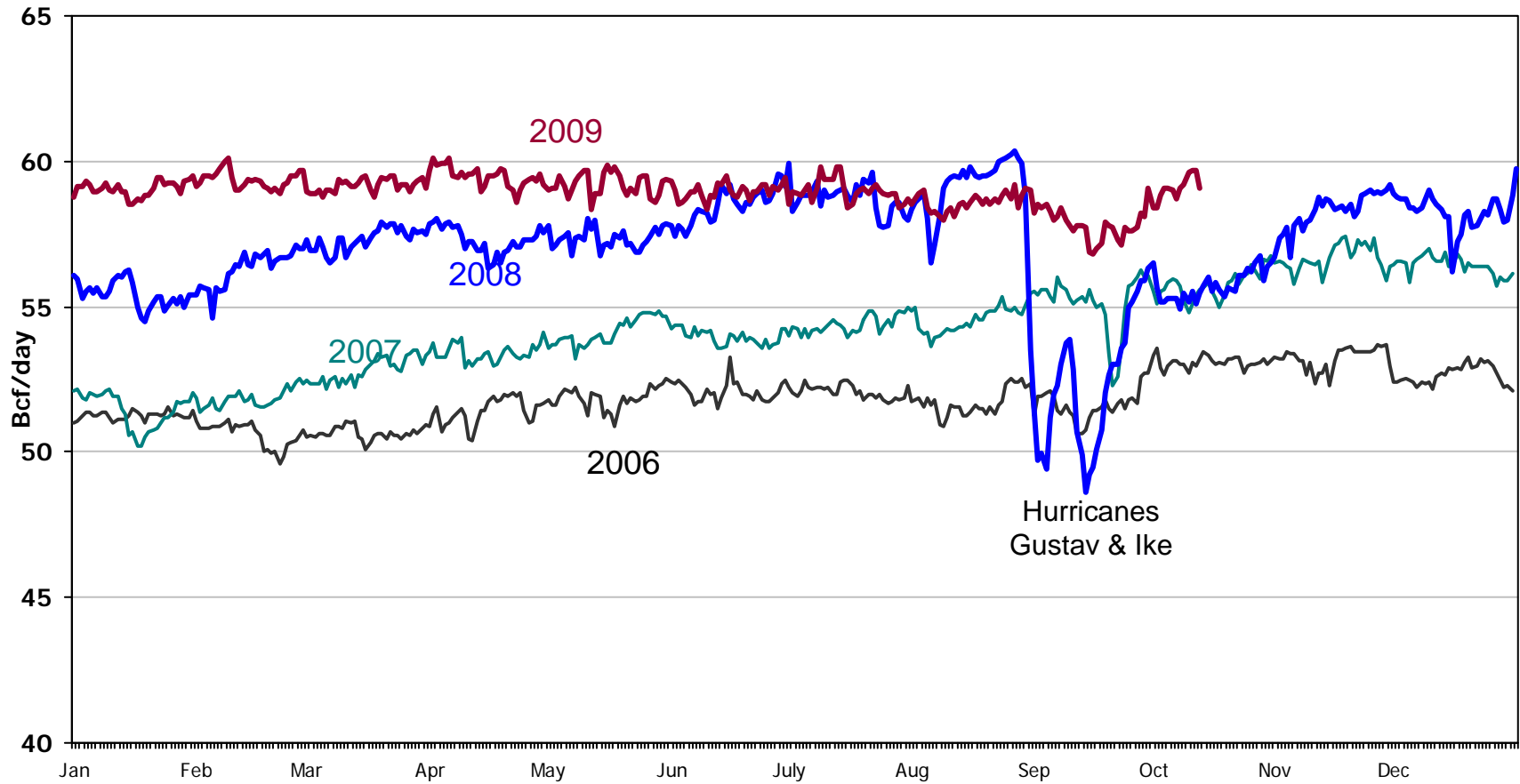
Alberta Natural Gas Pipeline Receipts



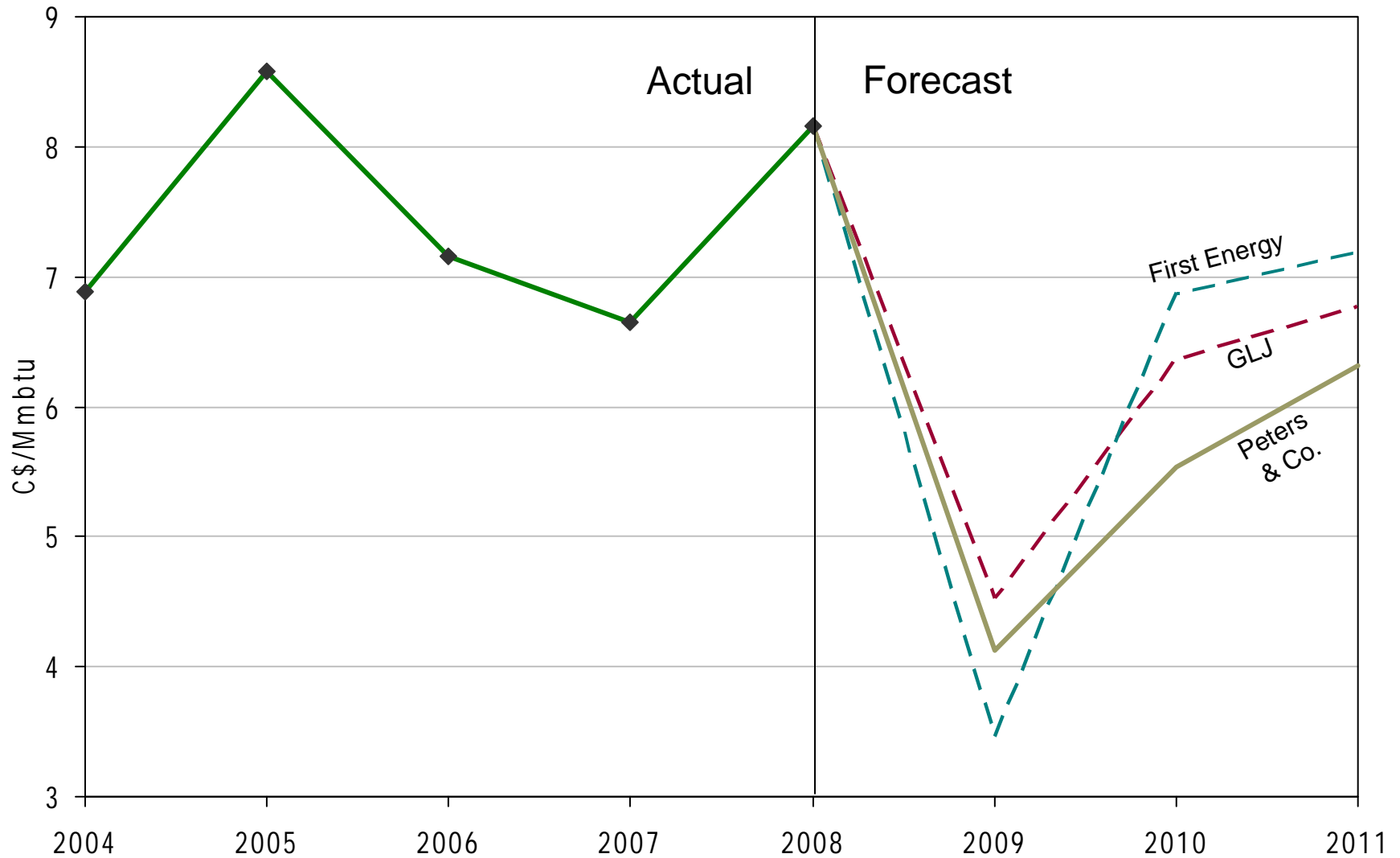
US Natural Gas Rigs Drilling



US Natural Gas Production



Natural Gas Price Forecasts AECO/NIT Spot

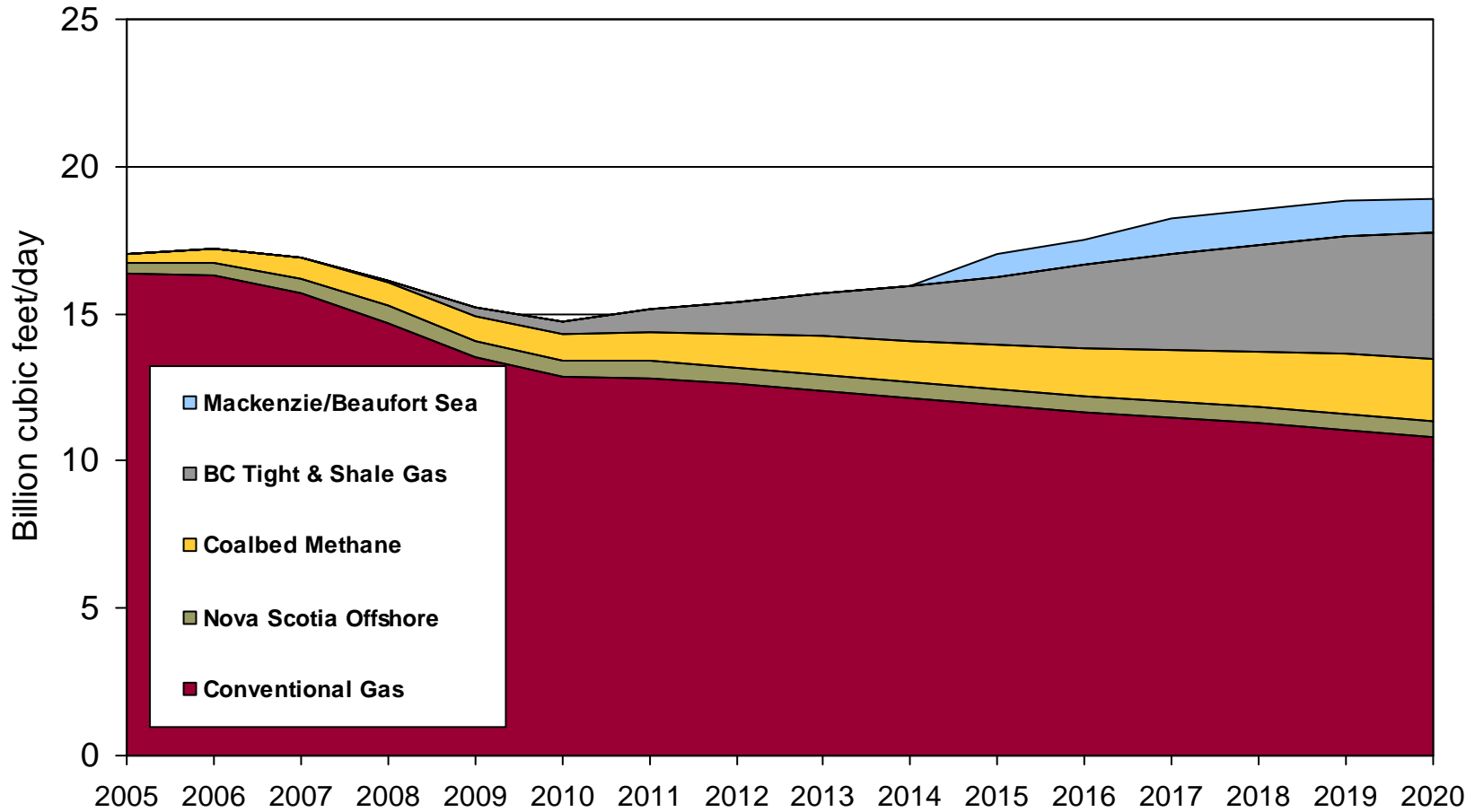


Unconventional Natural Gas Basins

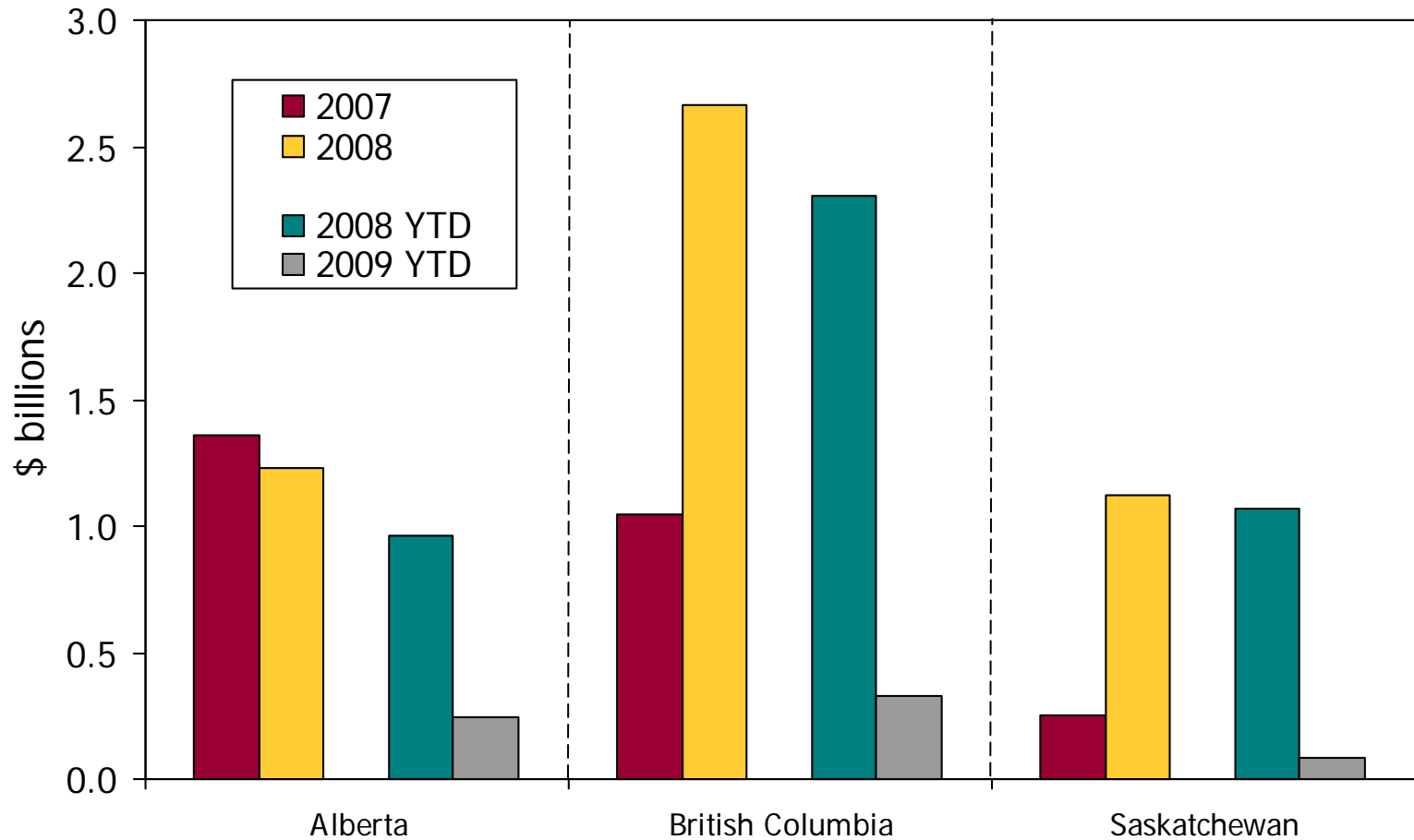
- Technology has unlocked vast supplies of shale gas across North America
- Robust supply outlook for unconventional gas
- Game changing for the natural gas industry
 - Reserves
 - Economics
 - Location
 - Technology
- US shale gas is close to market



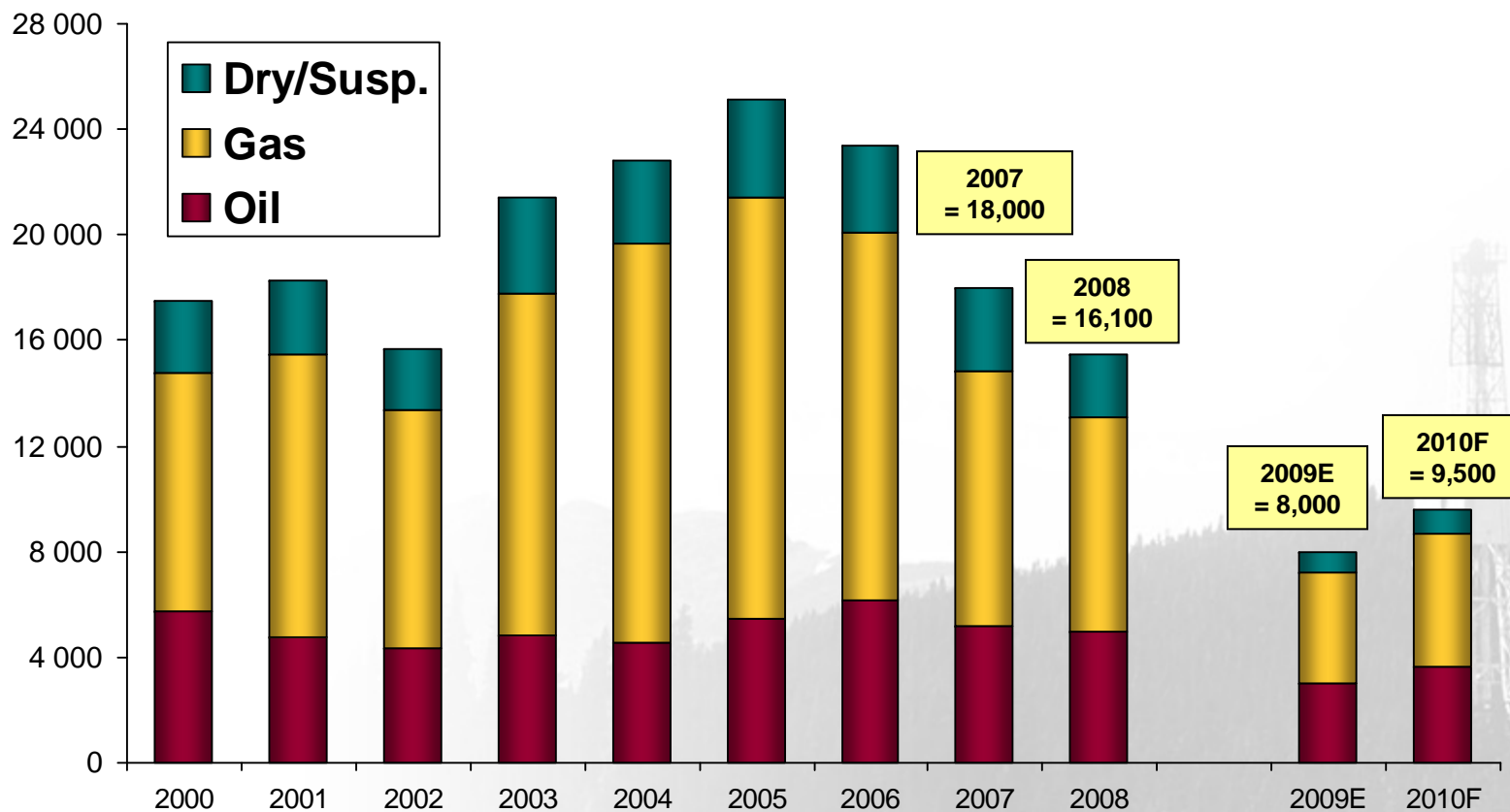
Canadian Natural Gas Production Forecast



Western Canadian Land Sales Leading Indicator (like Building Permits)



Total Wells Drilled in Western Canada



Source – CAPP. Based on Rig Release

Industry Capital Spending Cdn \$billions



Oil & Gas Investment Spending:
2008: \$54 billion
2009: \$34 billion (estimate)
2010: \$40 billion (forecast)

Northern Canada
'08 '09F '10F
\$0.4 \$0.5 \$0.5

Oil Sands
'08 '09F '10F
\$18 \$10 \$12

WCSB
'08 '09F '10F
\$34 \$22 \$25

East Coast Offshore
'08 '09F '10F
\$1.3 \$1.5 \$2.5

Note:
Spending in Canada excludes spending associated with mergers & acquisitions

State of the Alberta oil and gas industry

The outlook is mixed – keys to watch for



- **Crude oil and oil sands**

- Prices recovering – particularly for heavy oil
- Costs for new oil sands coming down slowly
 - Projects being re-examined
- New tight oil resources (Bakken) are attracting attention

- **Natural gas**

- Prices remain low, supply and storage are strong
- New unconventional gas (shale) supplies
- Natural gas drives majority of drilling activity

- **Keys to watch for:**

Natural Gas

- US conventional gas supply - now that drilling has slowed
- Natural gas storage levels
 - slow drilling reducing supply
 - cold weather increasing demand
- Competitiveness of Canadian unconventional gas

Crude Oil

- Continued recovery of global oil demand – China/India

