

# Western Canada Summer 2007 Supply & Demand Outlook

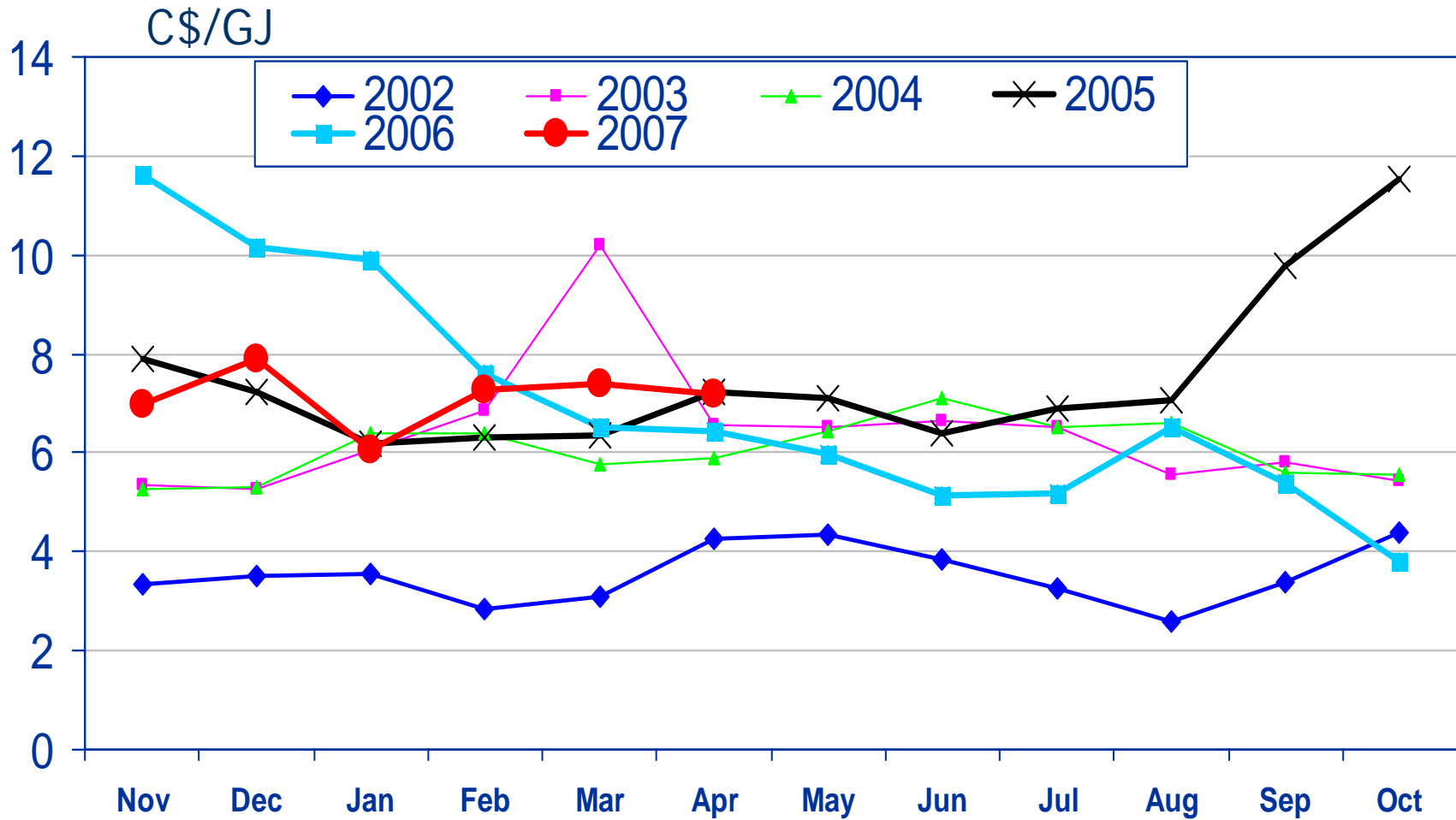
Craig Yano



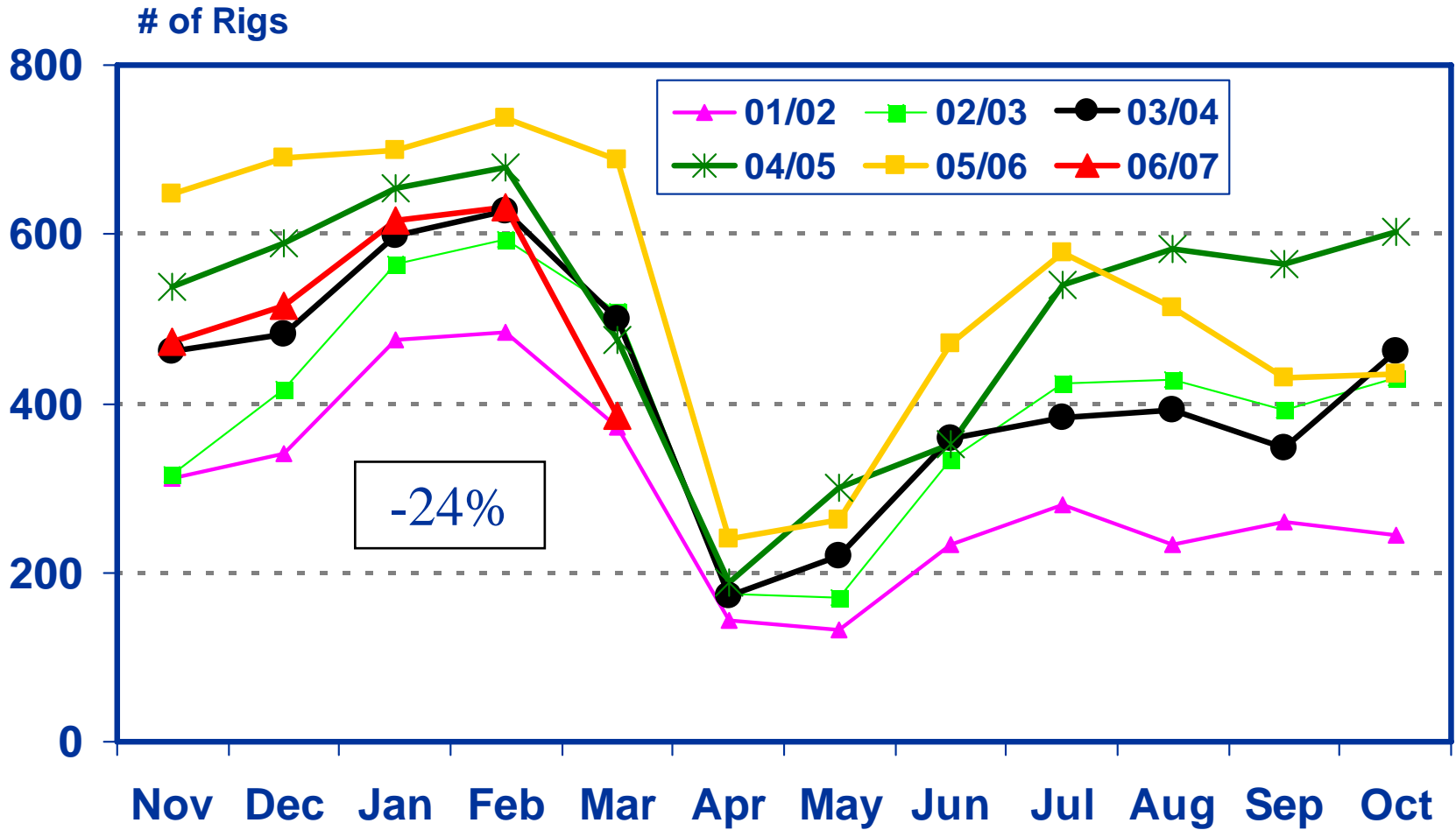


- **Lower gas prices and high costs reduce gas drilling budgets**
  - Lowest active rig count and gas wells drilled in four winters
- **WCSB gas supply expected to decline summer over summer**
  - Alberta System flows to decline 100 – 300 MMcf/d
- **Western Canada storage starts summer at record high**
  - Lower injection rate forecast this summer
- **Declining exports this summer**
  - Increasing oilsands demand and declining supply

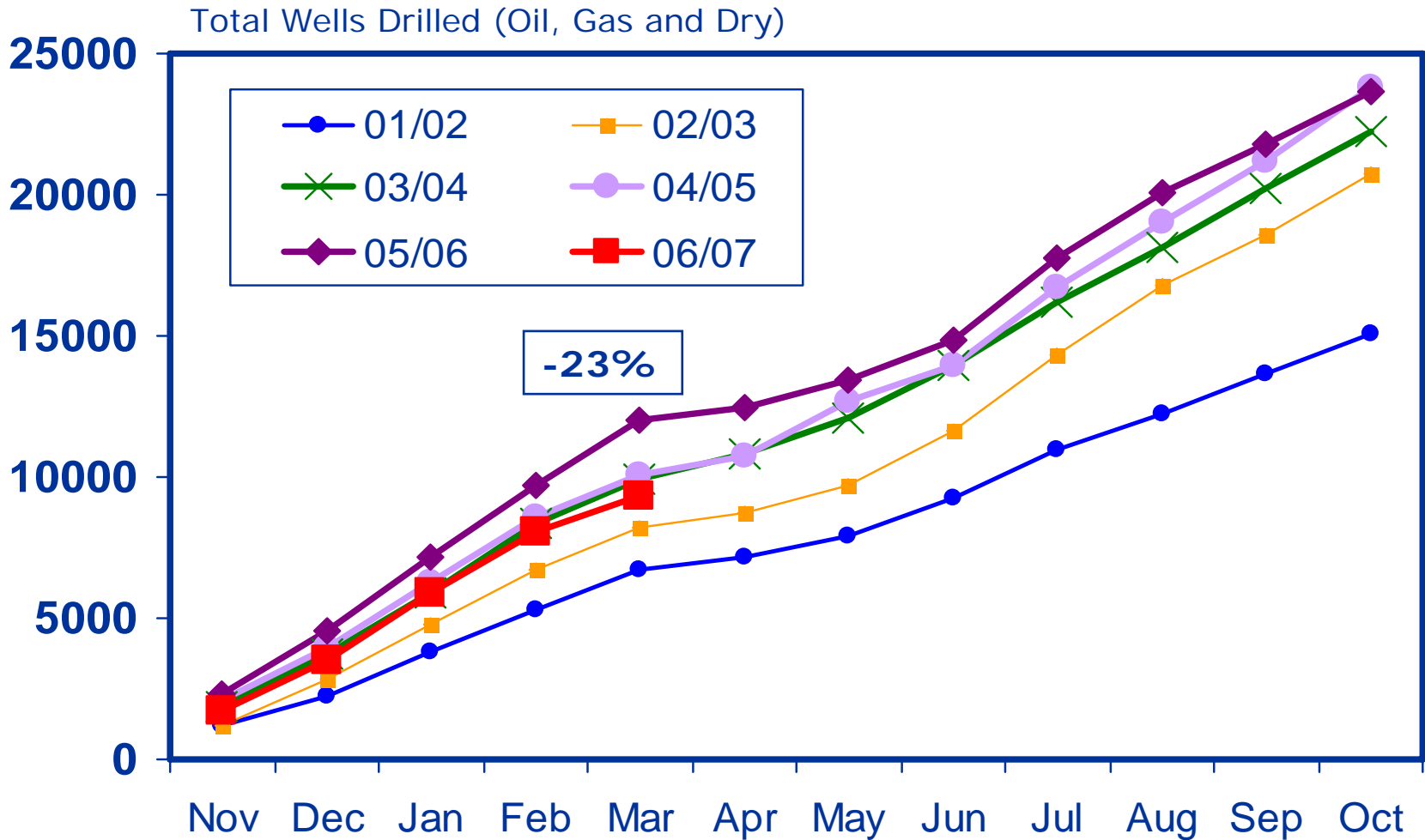
# AECO/NIT Gas Prices



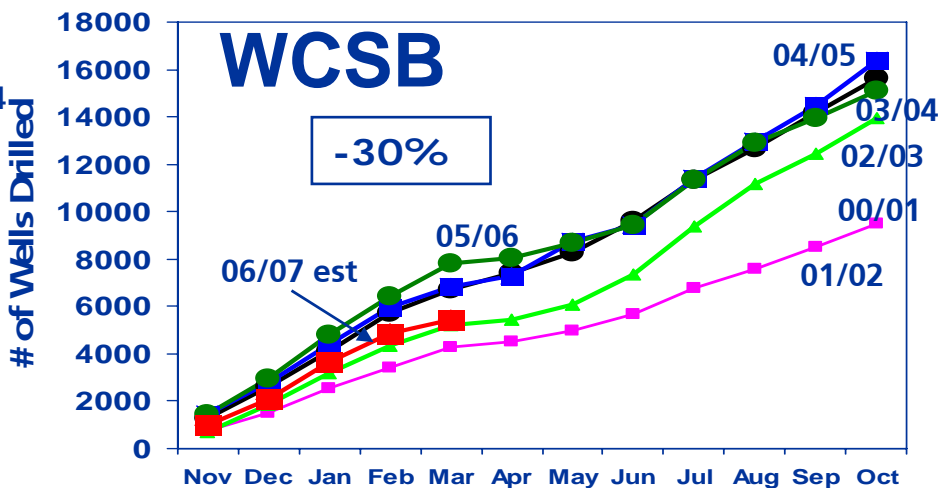
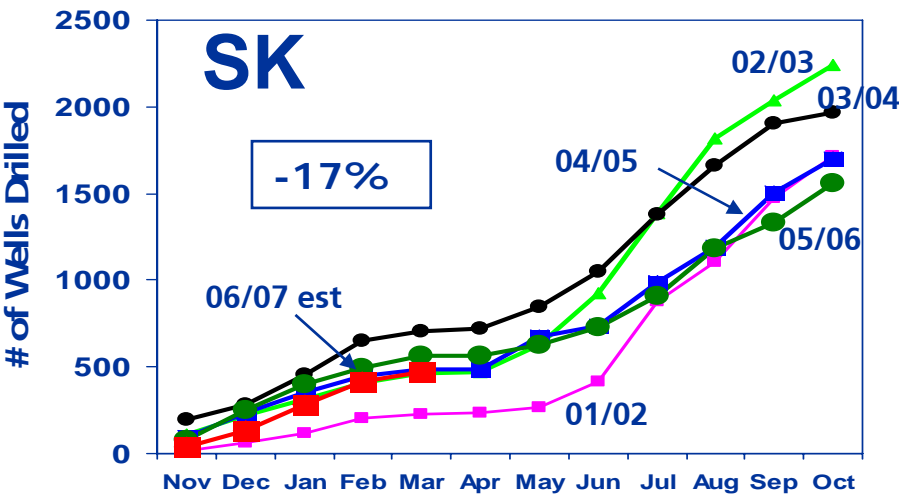
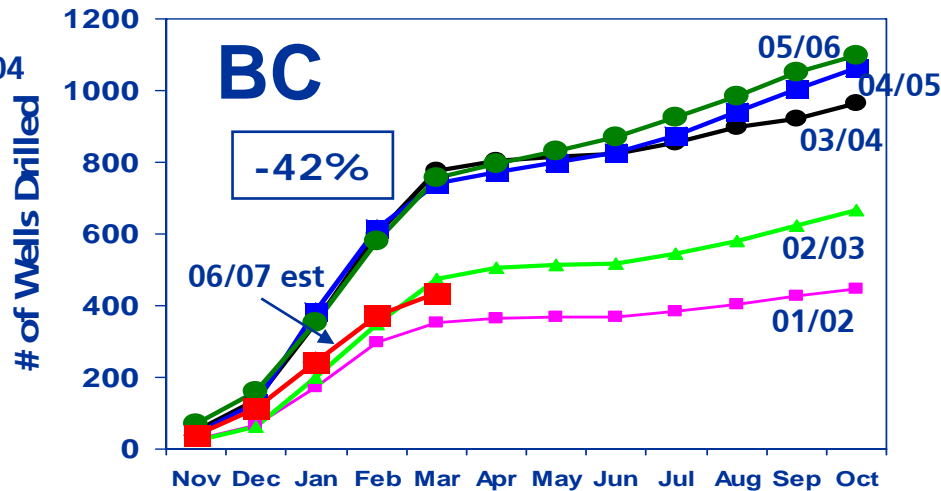
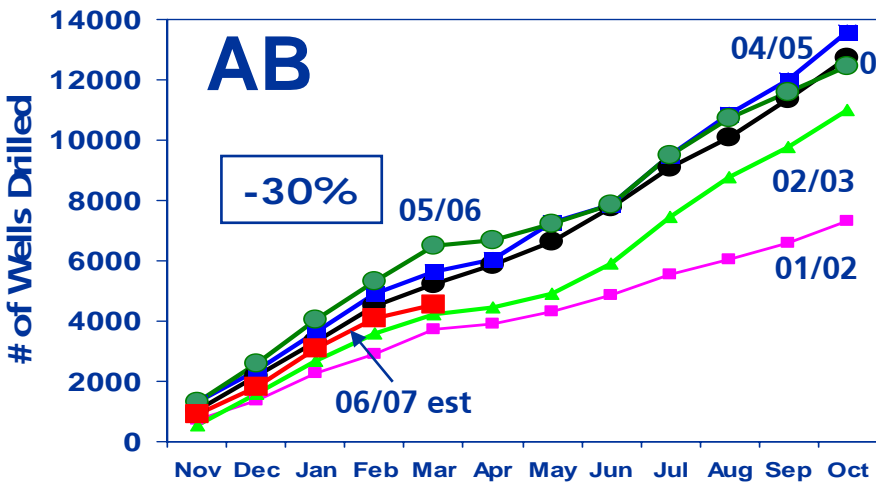
# WCSB Active Drilling Rigs



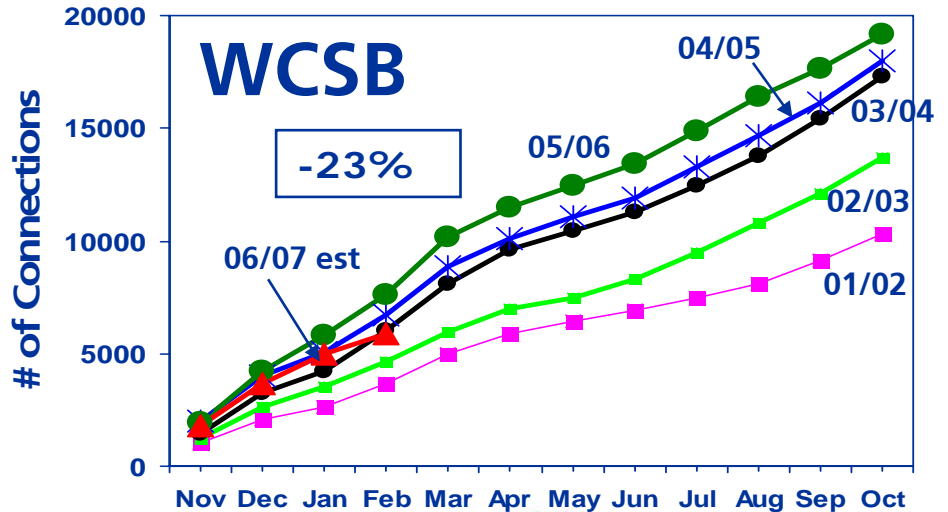
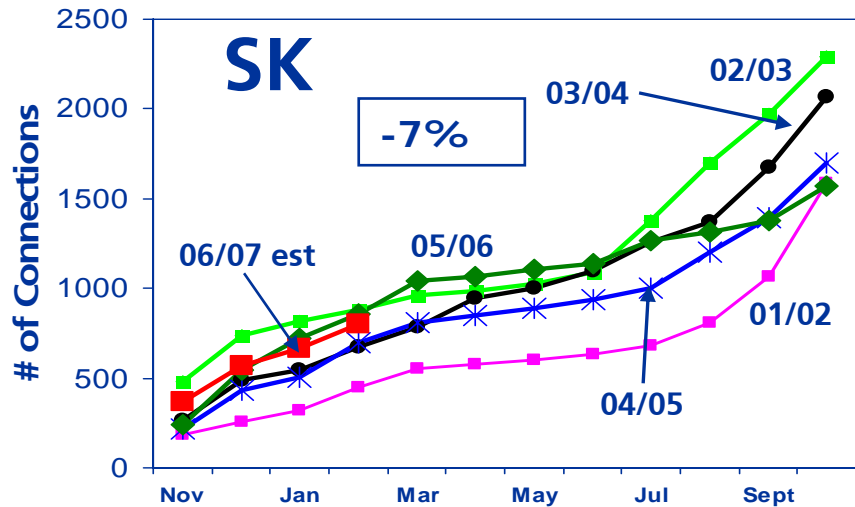
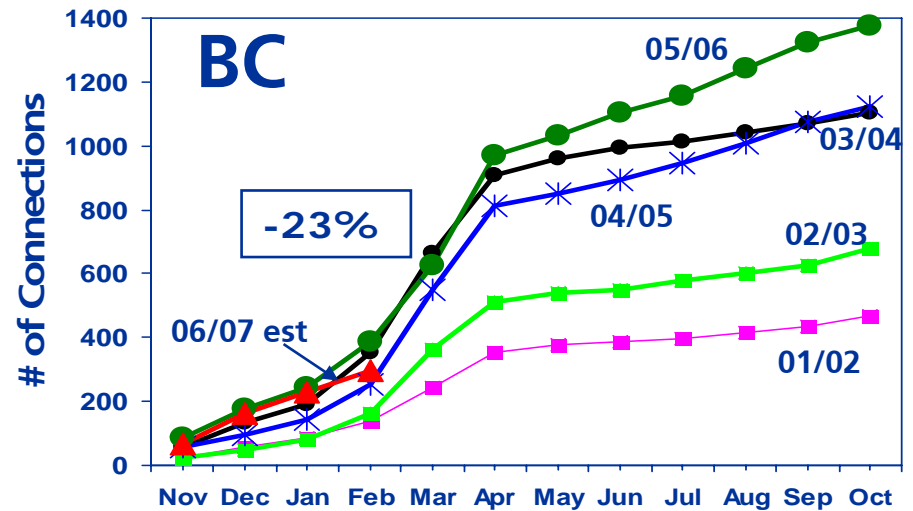
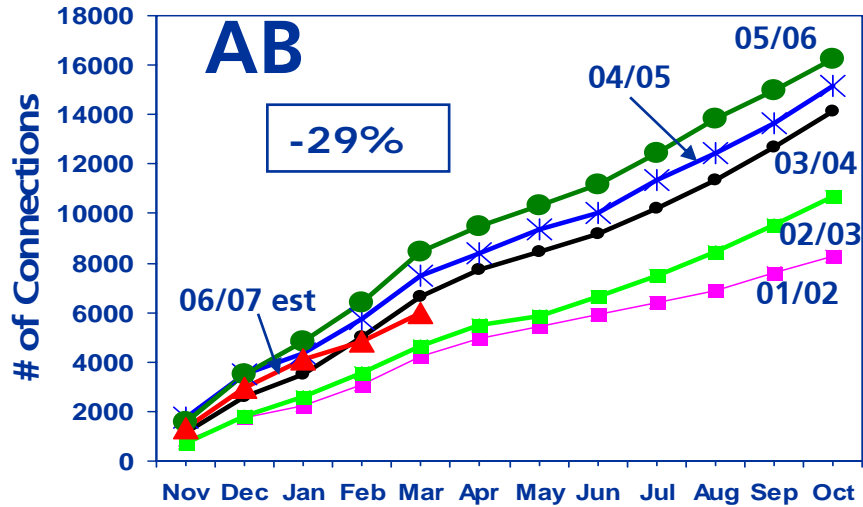
# WCSB Drilling Activity



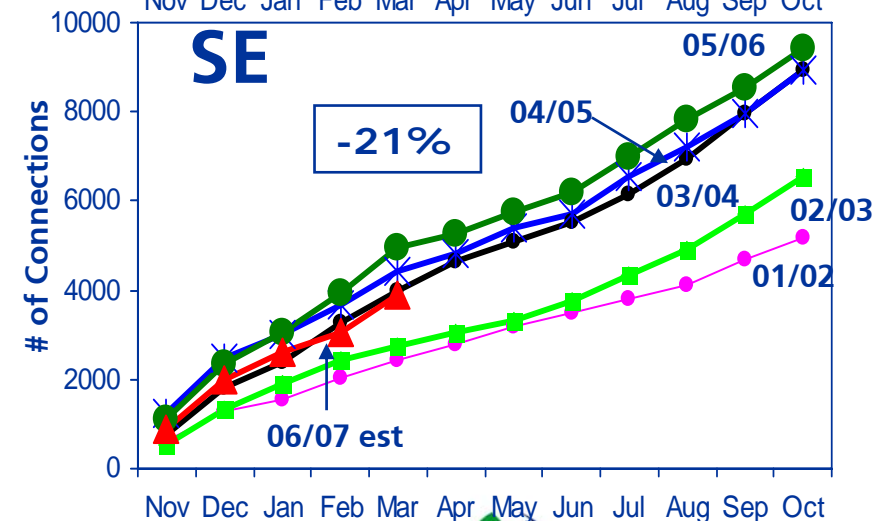
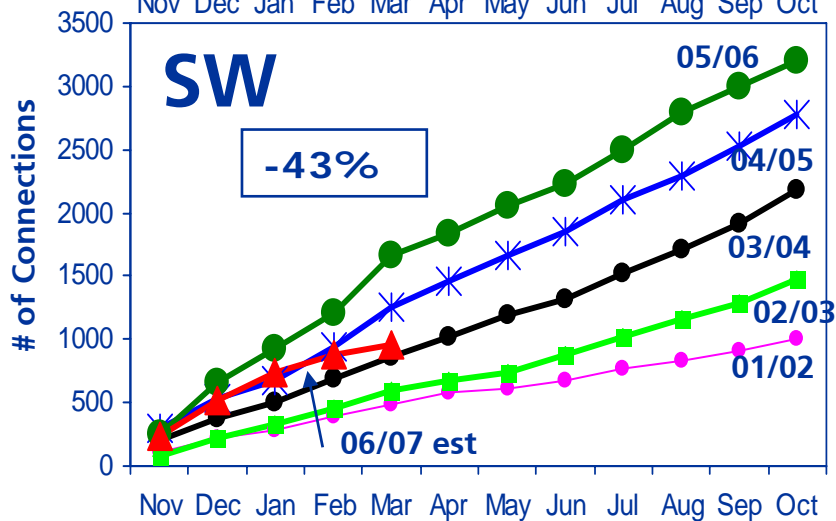
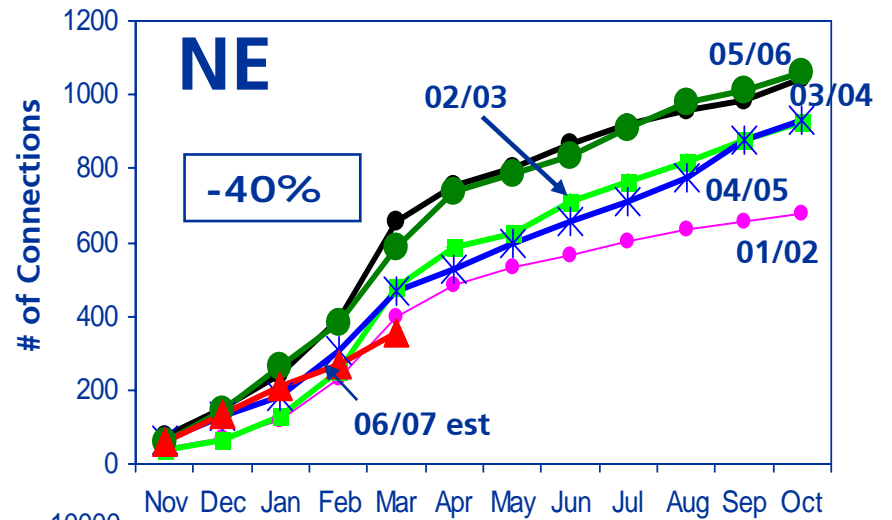
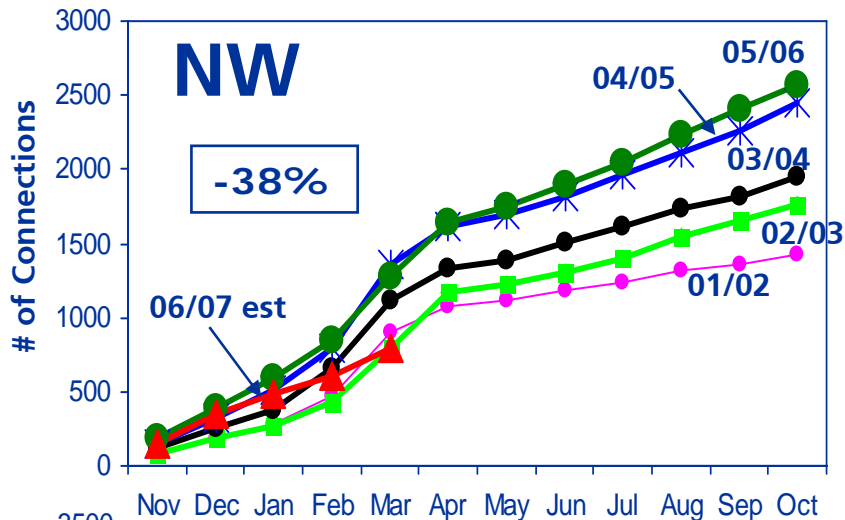
# Cumulative Gas Wells Drilled By Province



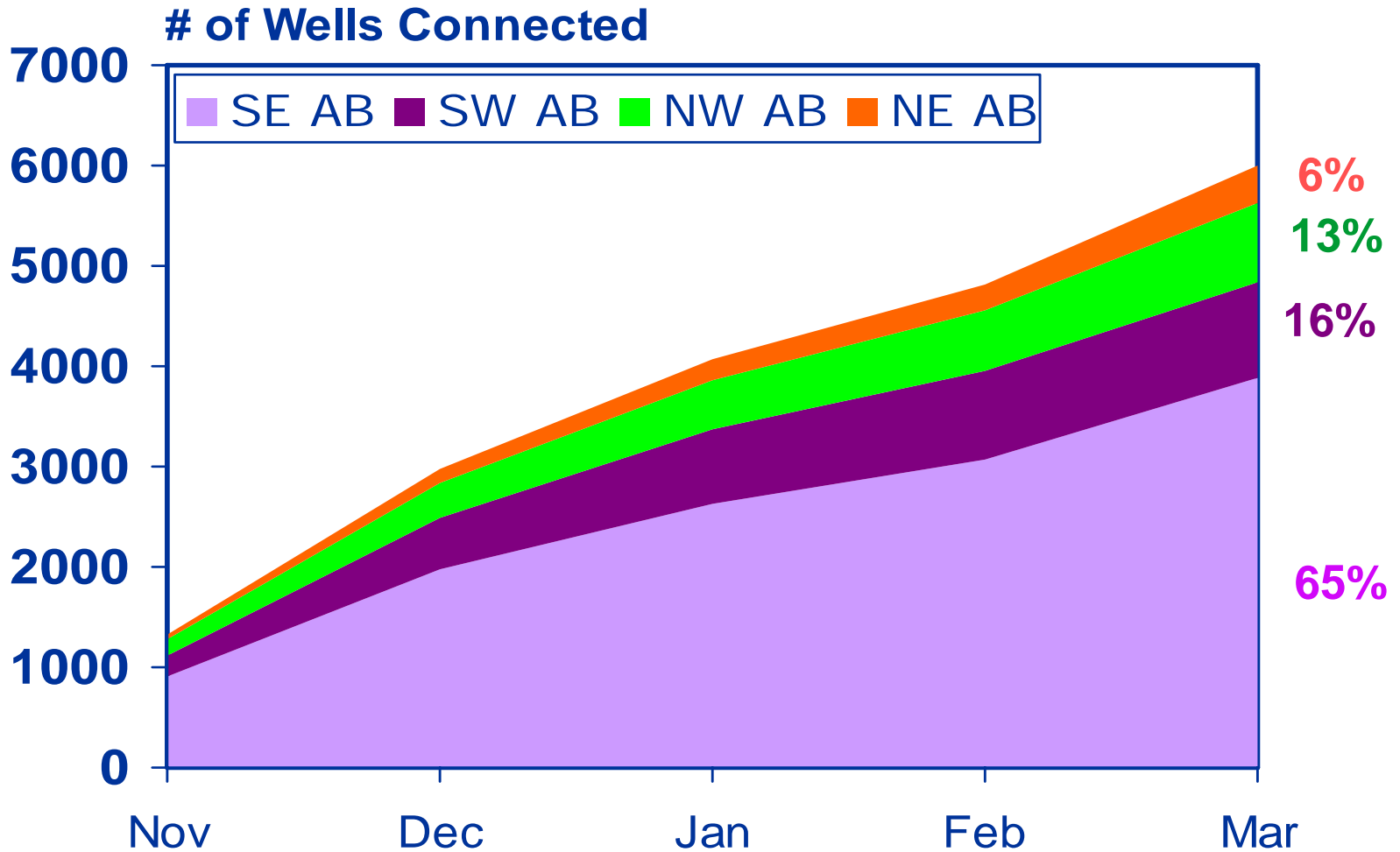
# Cumulative Gas Well Connections By Province



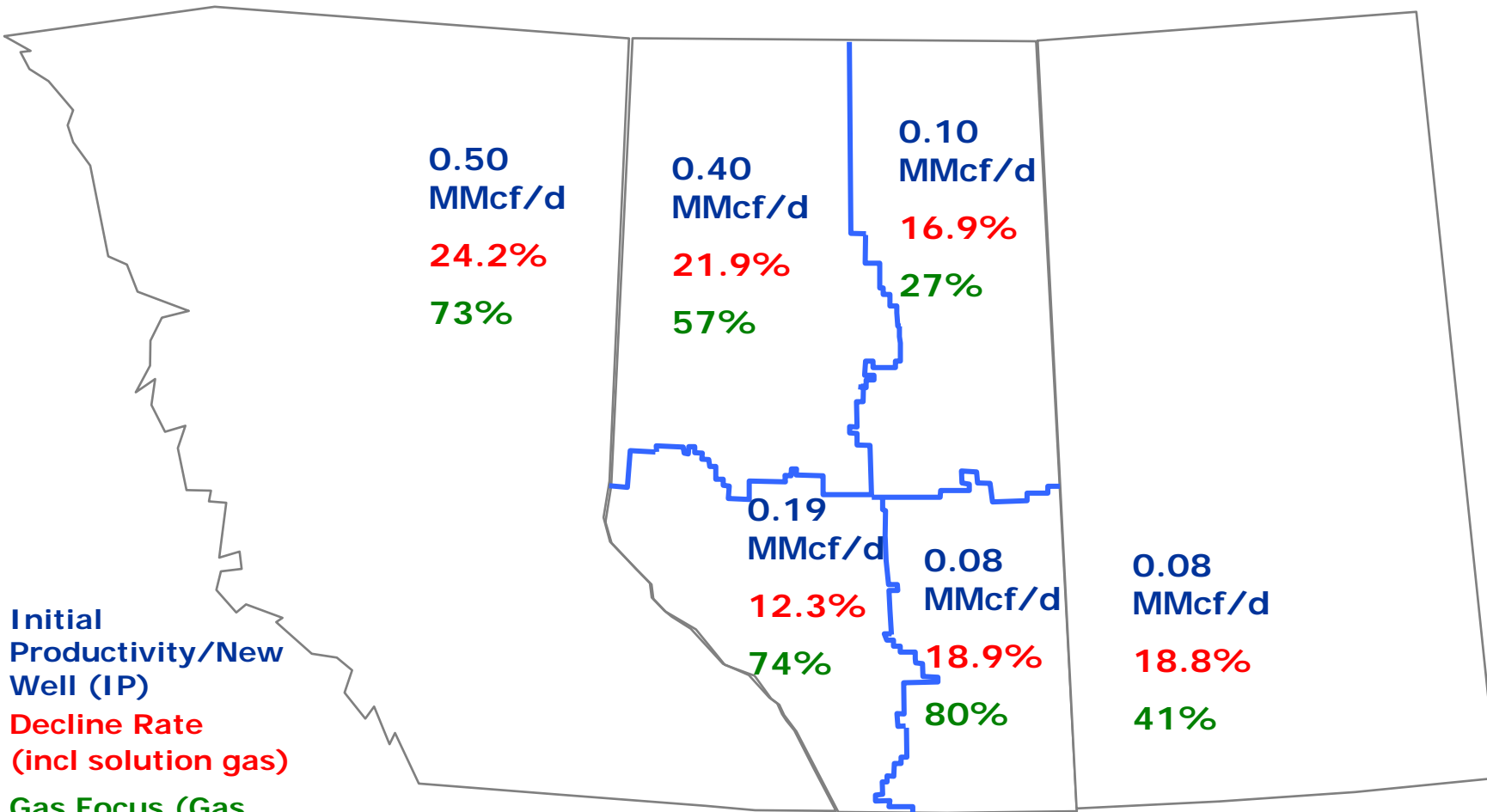
# Alberta Gas Well Connections By Quadrant



# Alberta Cumulative Gas Wells Connected By Quadrant



# Regional Parameters



Initial Productivity/New Well (IP)  
 Decline Rate (incl solution gas)  
 Gas Focus (Gas wells/Total Wells Drilled)

(All based on 05/06 gas year)

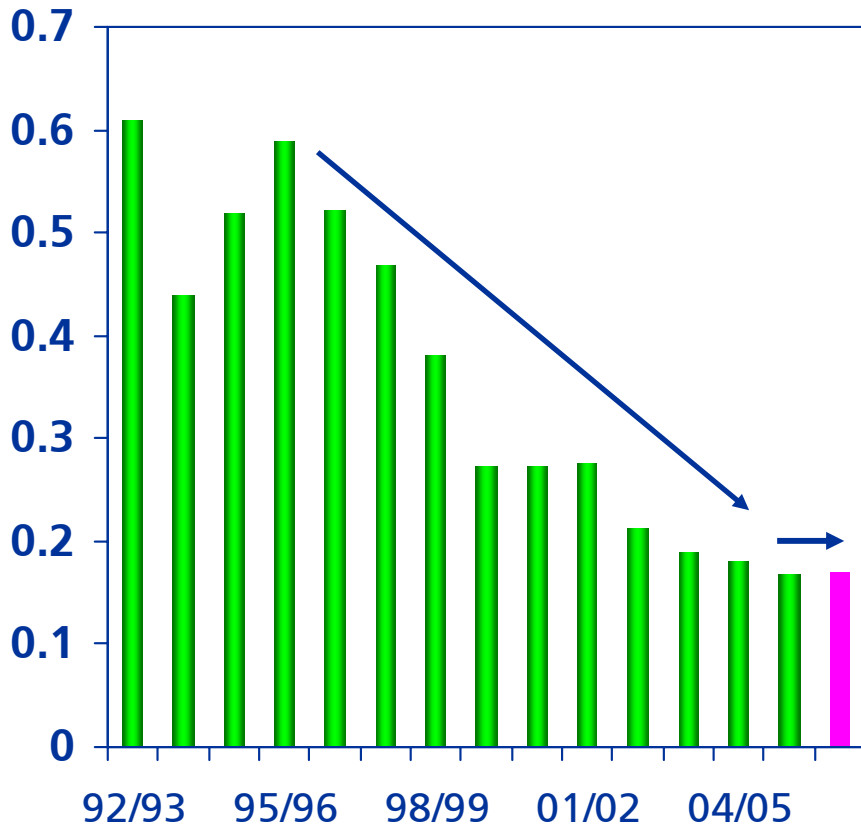


# WCSB Initial Gas Well Production Rates/Decline Rate



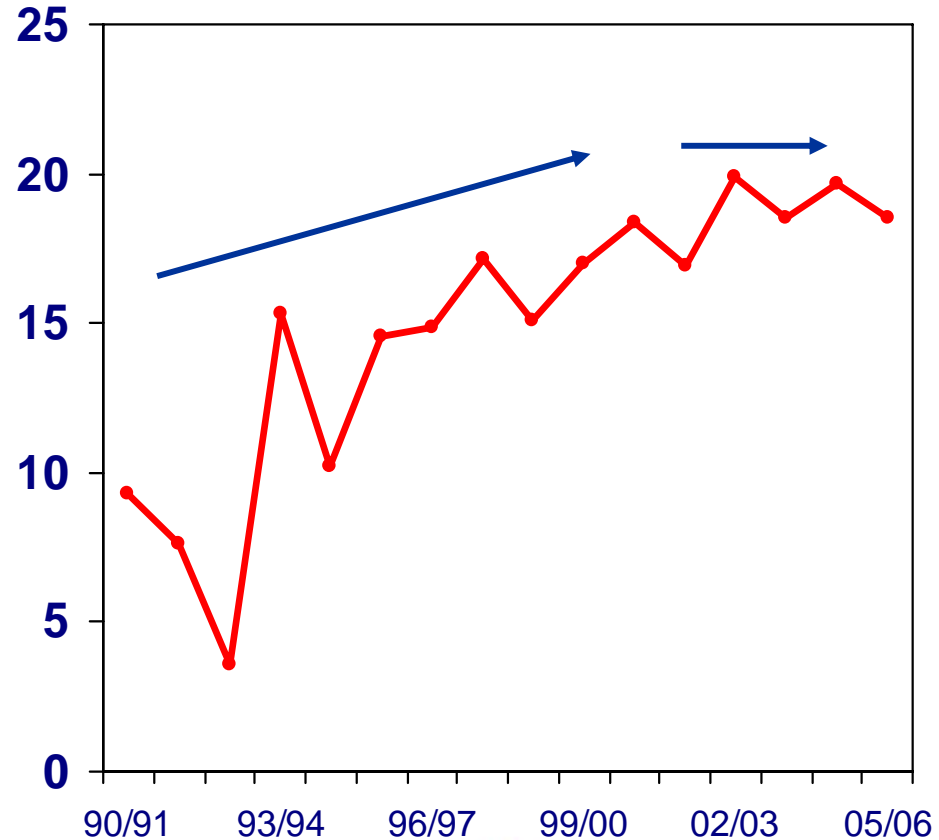
## Initial New Well Production Rate

MMcf/d/well

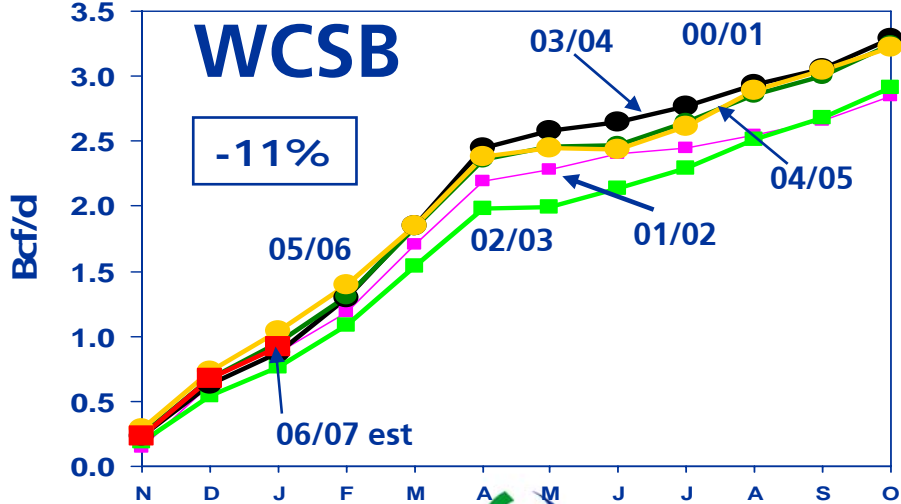
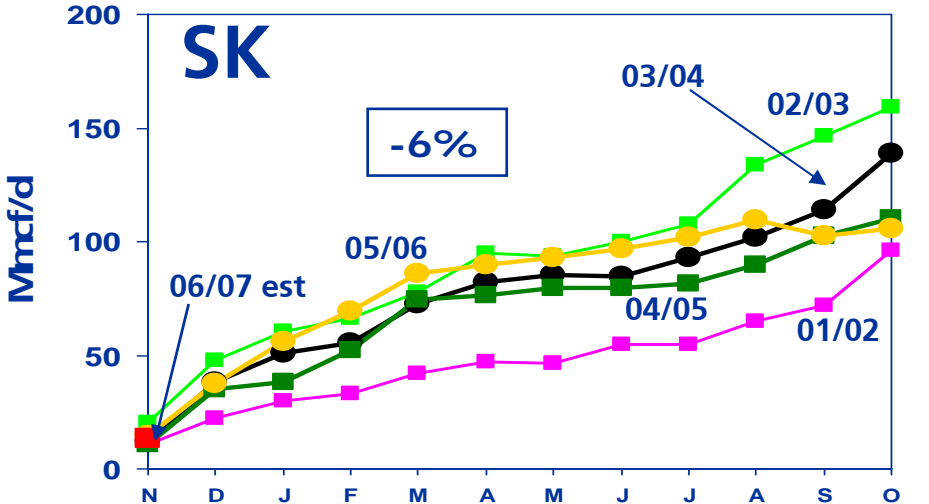
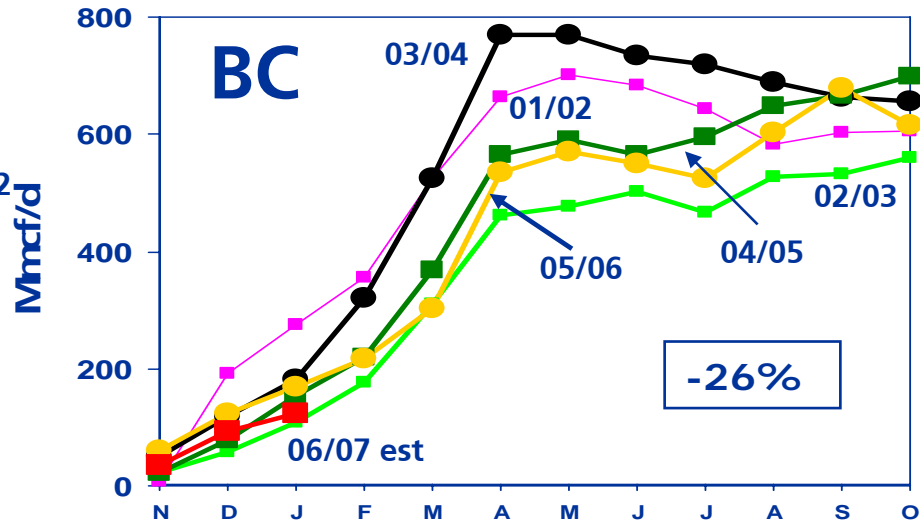
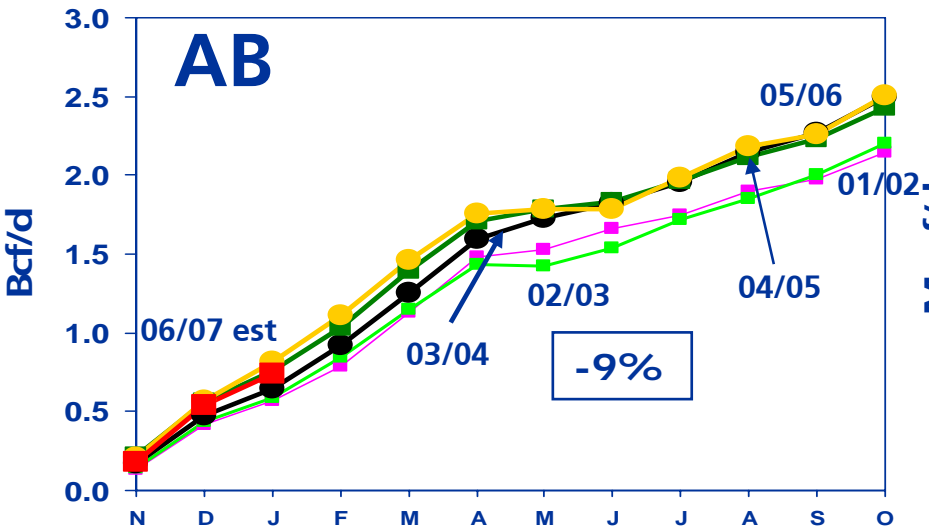


## Composite Decline Rate

%

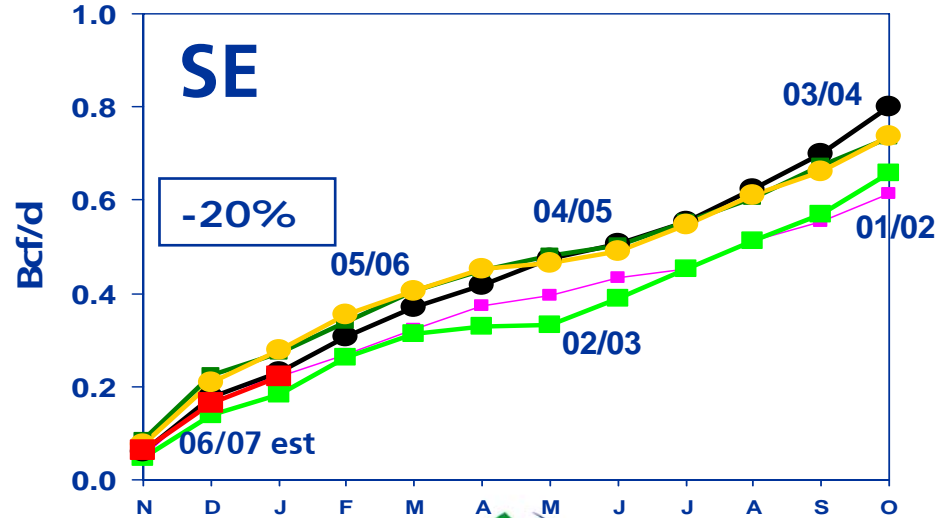
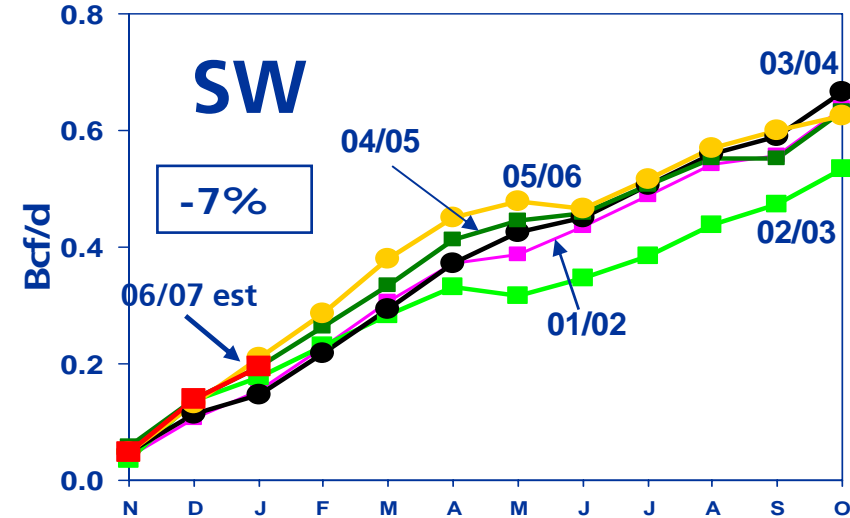
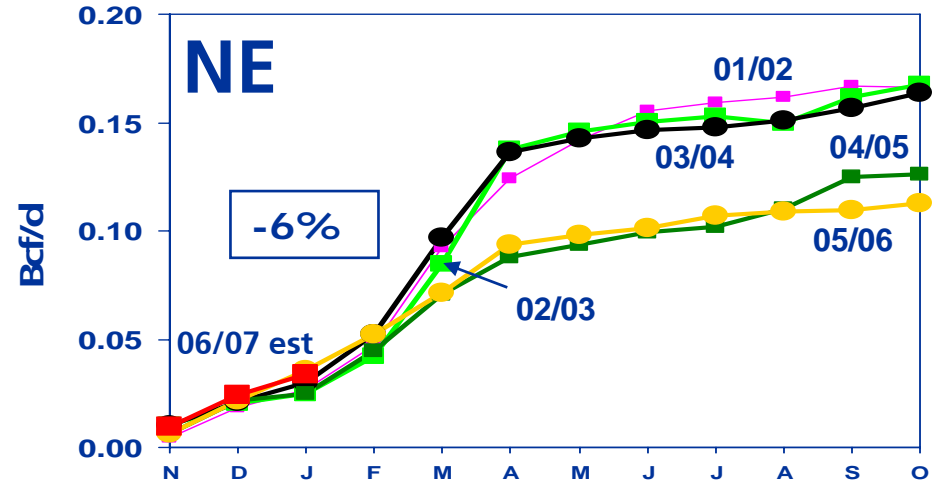
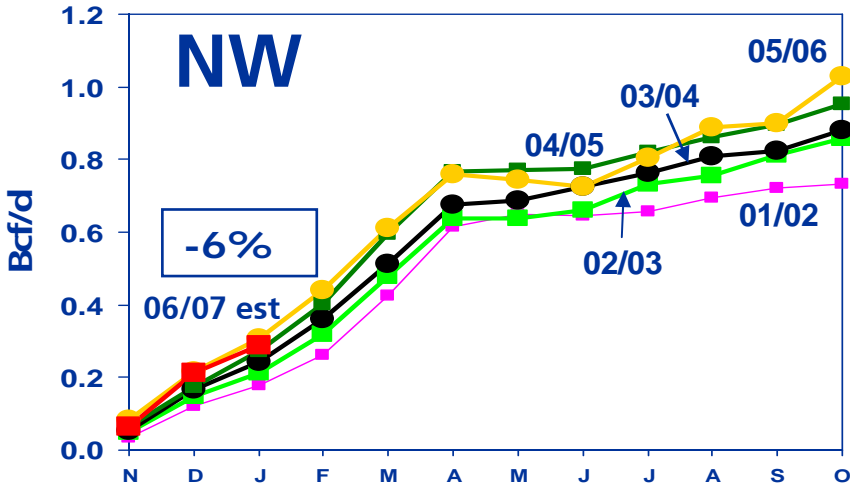


# New Tie-in Supply By Province



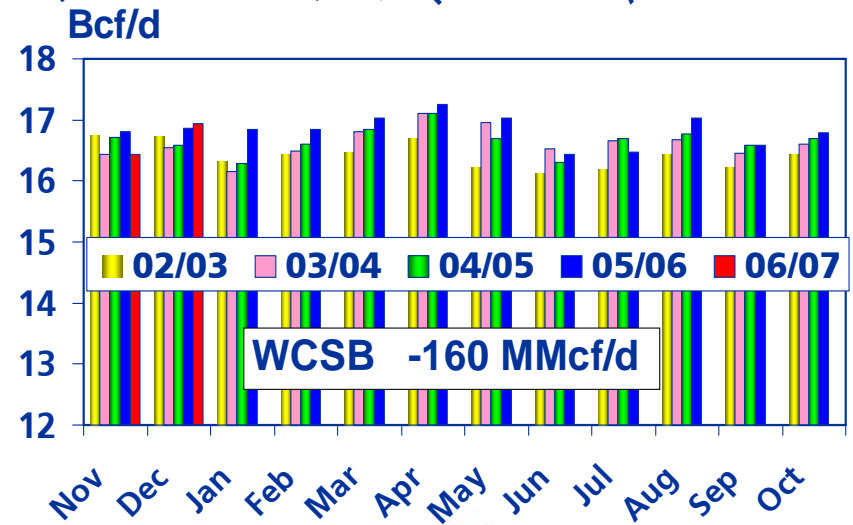
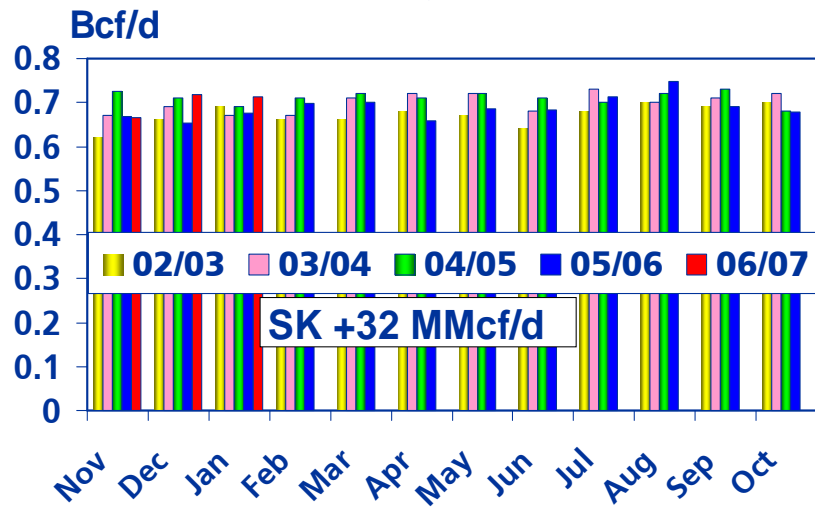
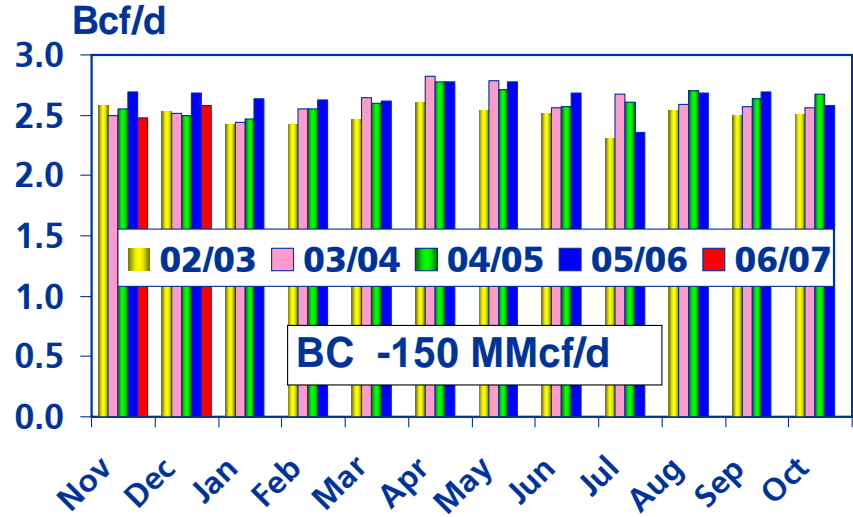
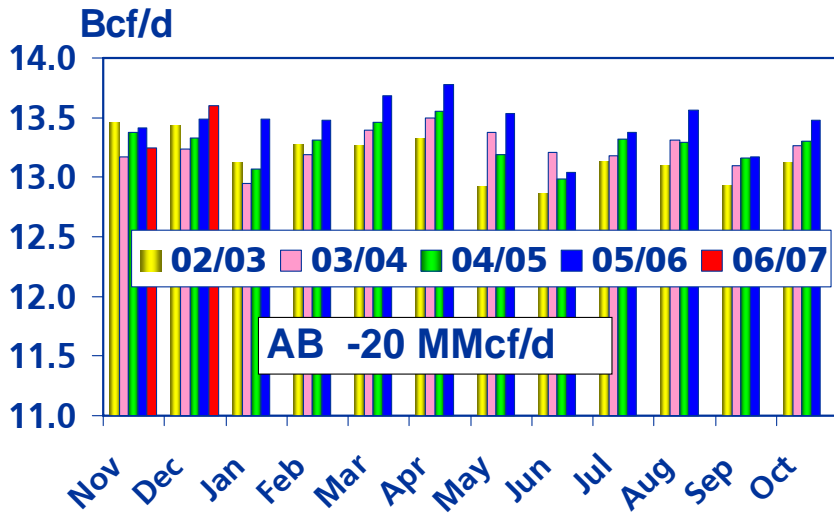
Non-associated gas only

# Alberta New Gas Tie-in Supply By Quadrant



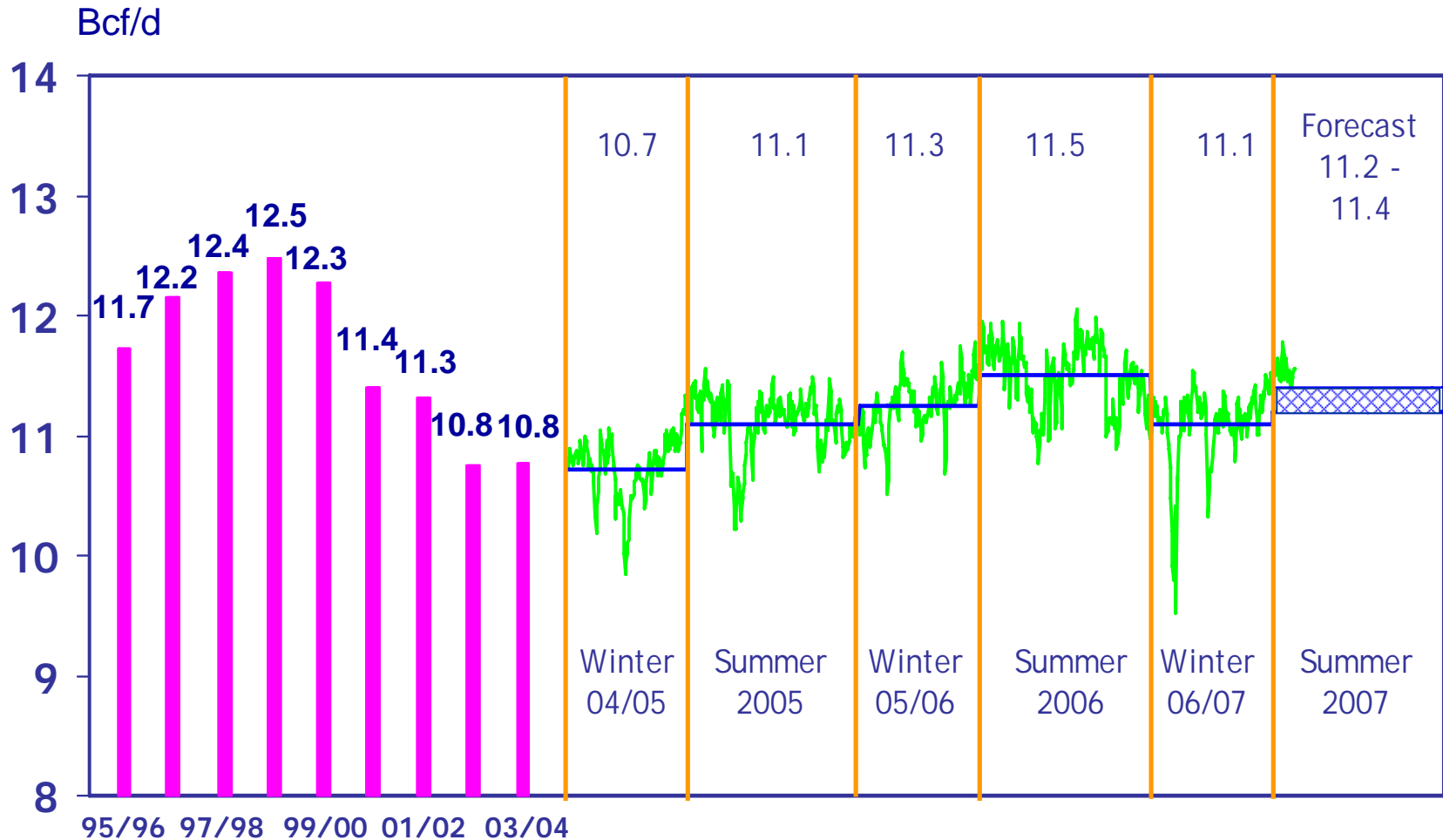
Non-associated gas only

# WCSB Monthly Production



Marketable gas from Government sources, includes solution gas

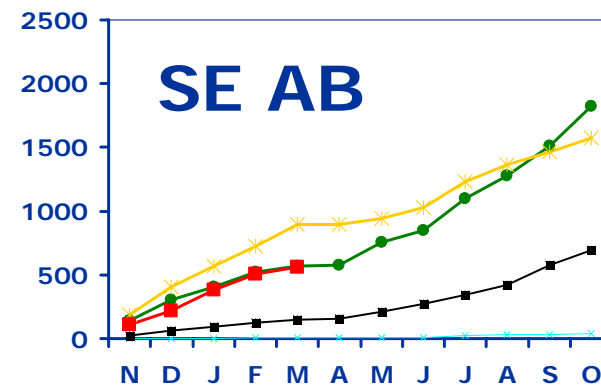
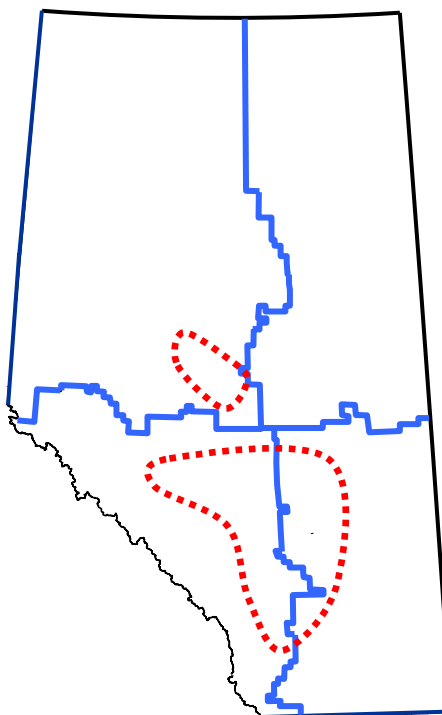
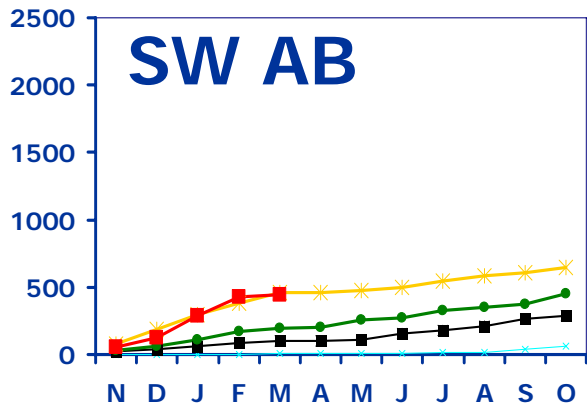
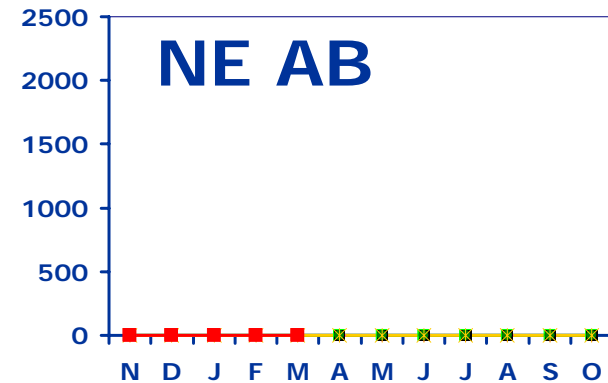
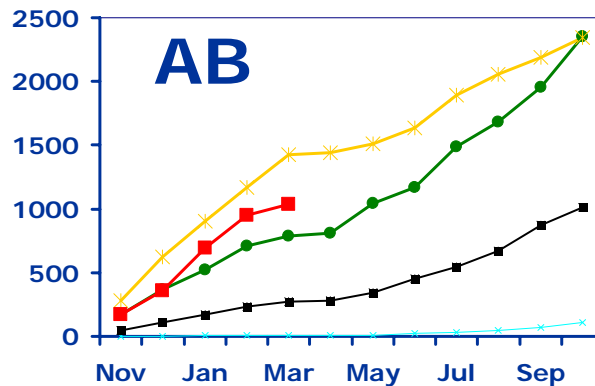
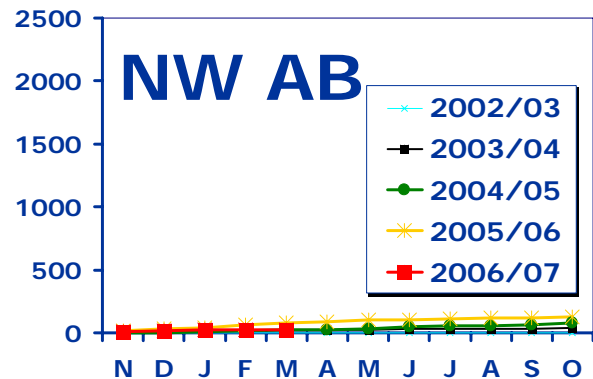
# Seasonal Flows on the Alberta System



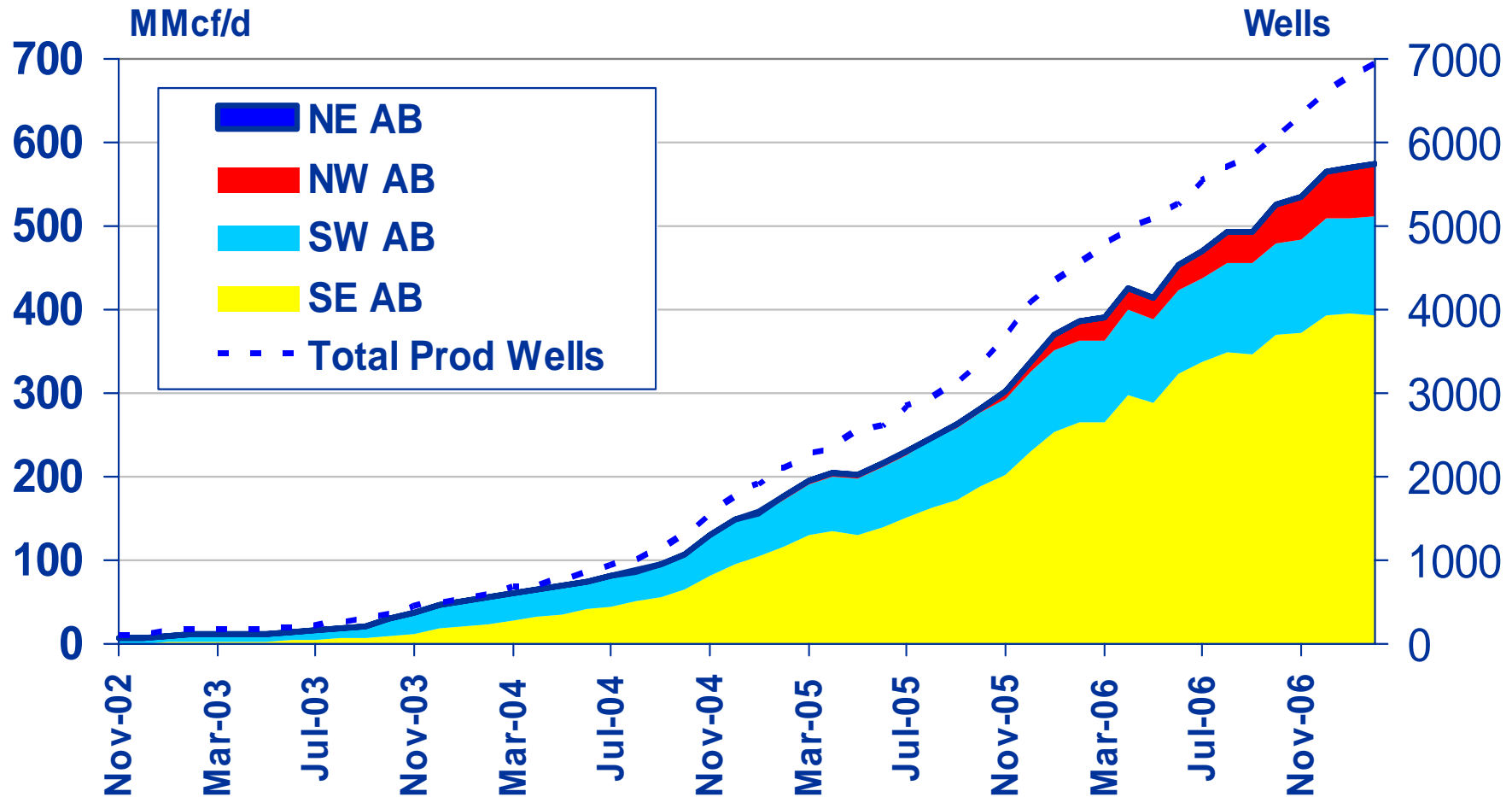
Excluding Storage

Data Current to Apr. 29, 2007

# Drilled Alberta CBM Wells By Region

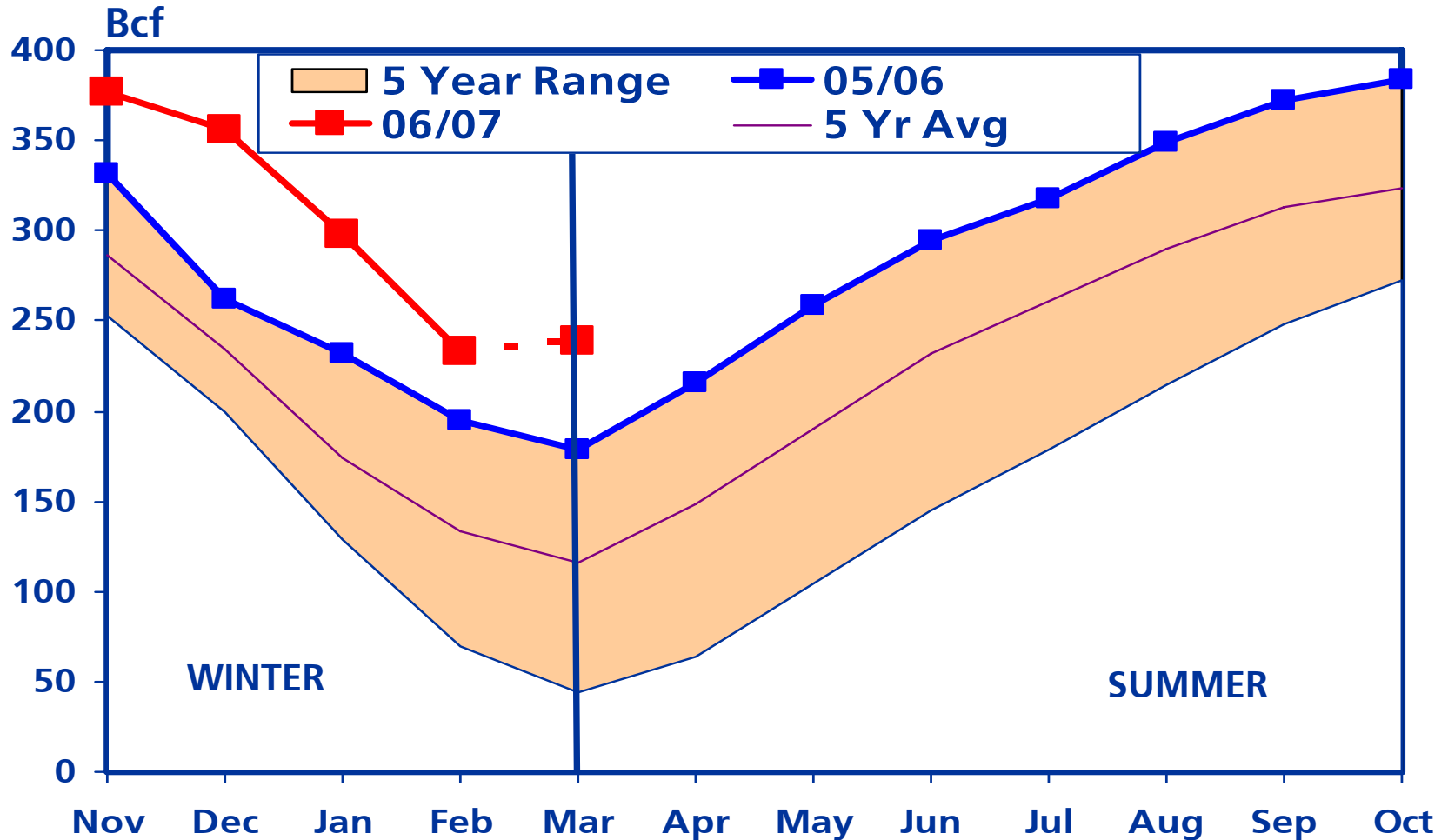


# WCSB Coalbed Methane Production



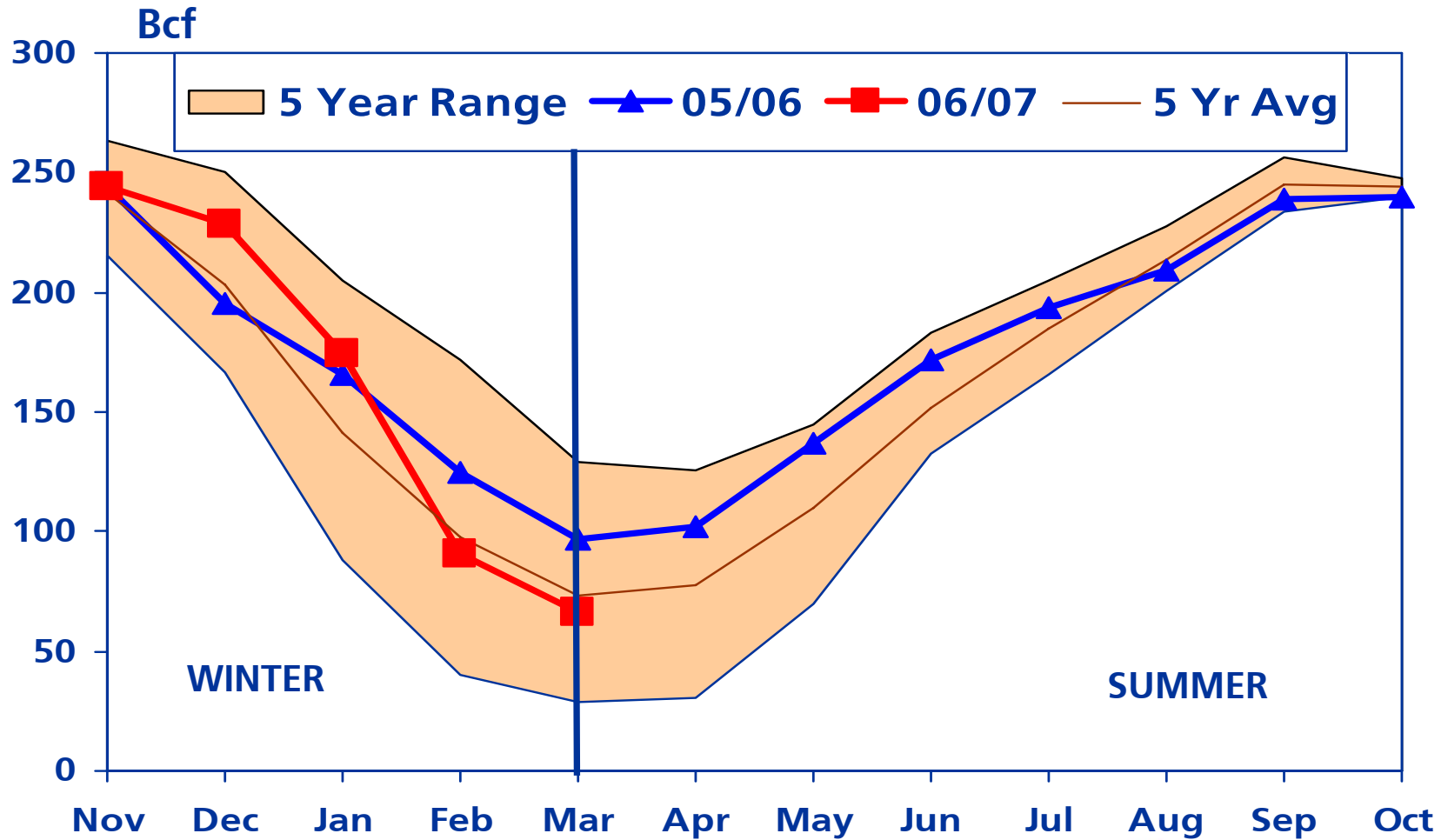
Data as of Feb 2007

# Western Canada\* Working Gas In Storage



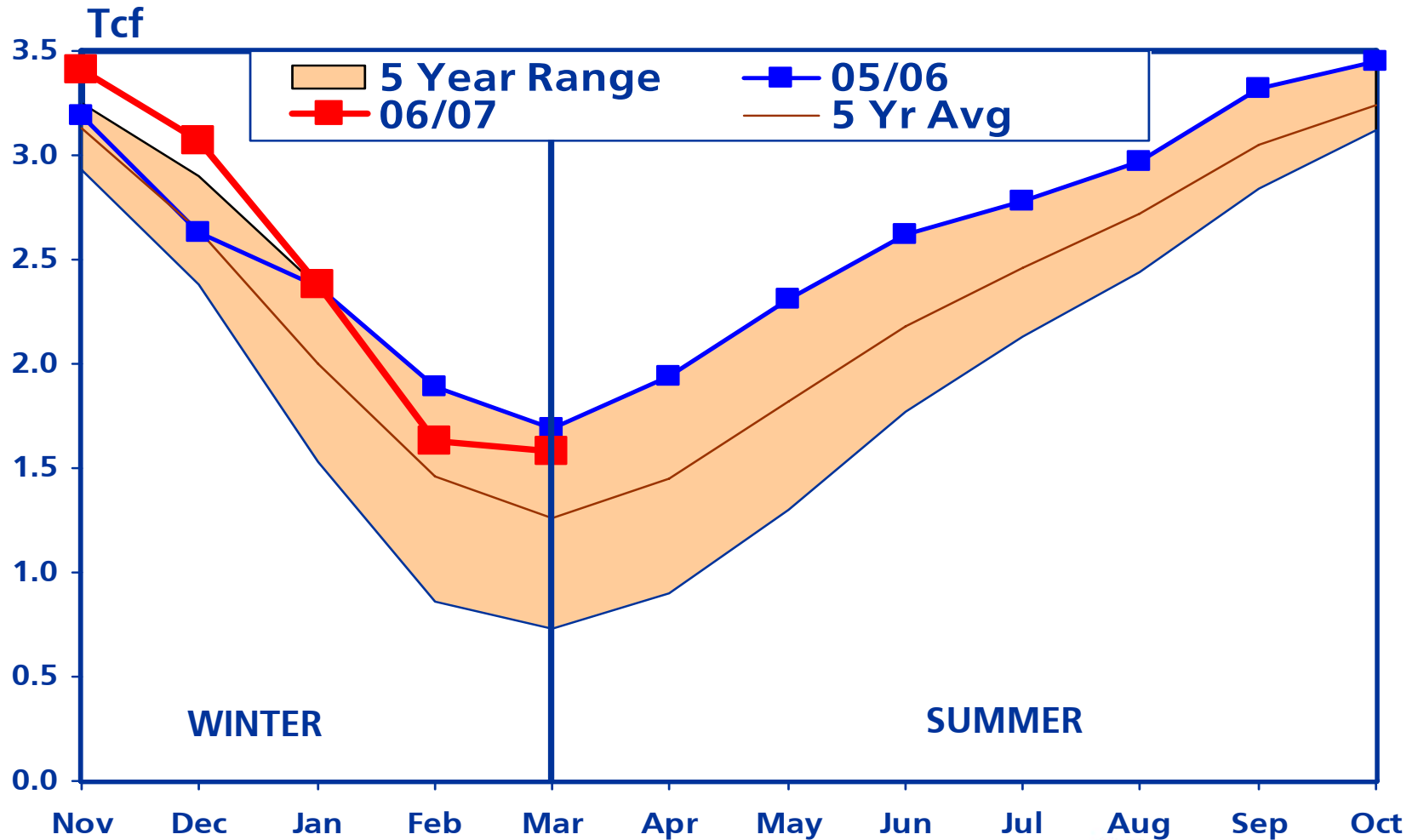
Source: BC, SK, AB governments, TransCanada

# Eastern Canada Storage Status



Source: Canadian Enerdata

# U.S. Storage Status

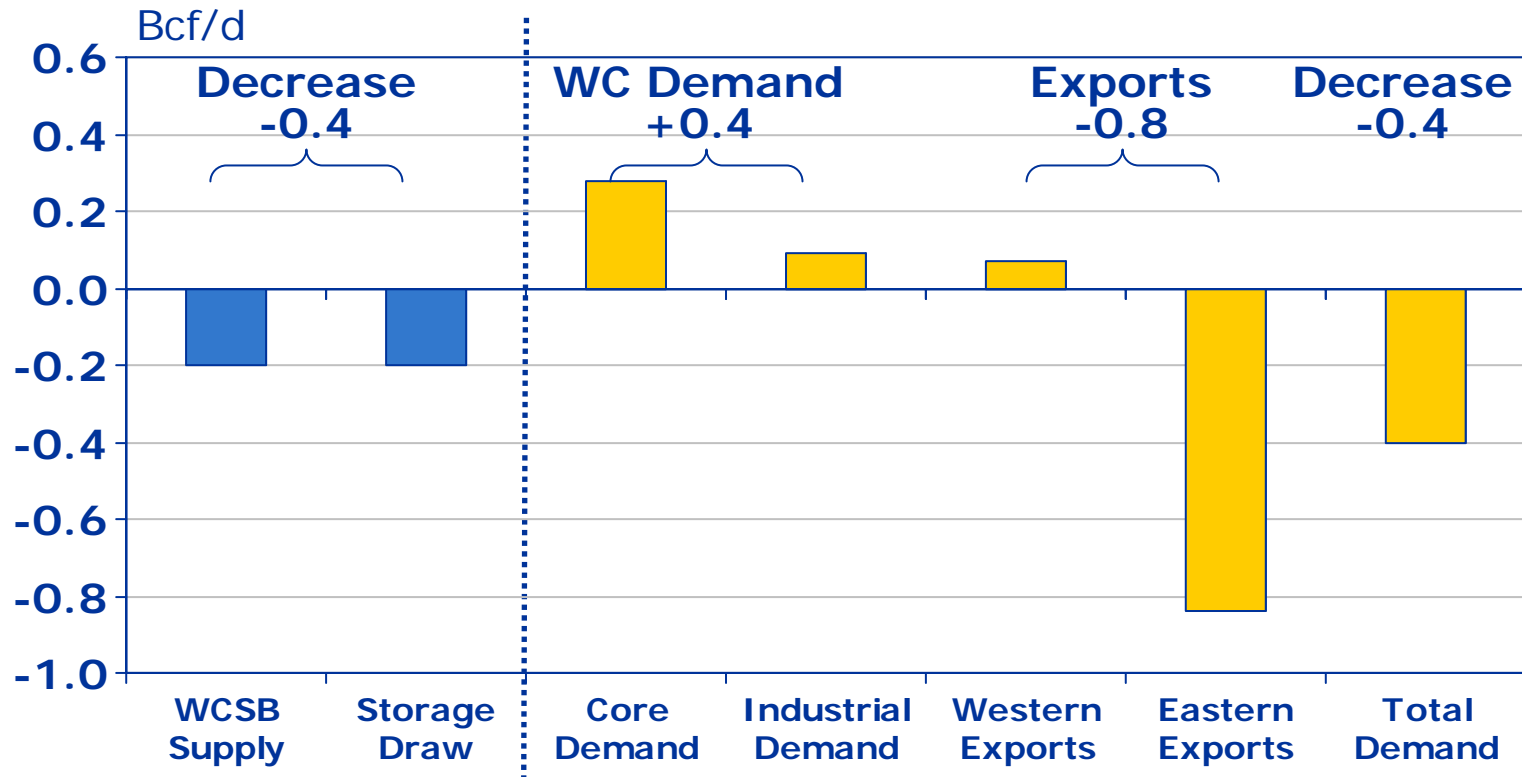


Source: EIA

# WCSB Winter 2006/07 (estimate\*)



## Year-over-Year Changes

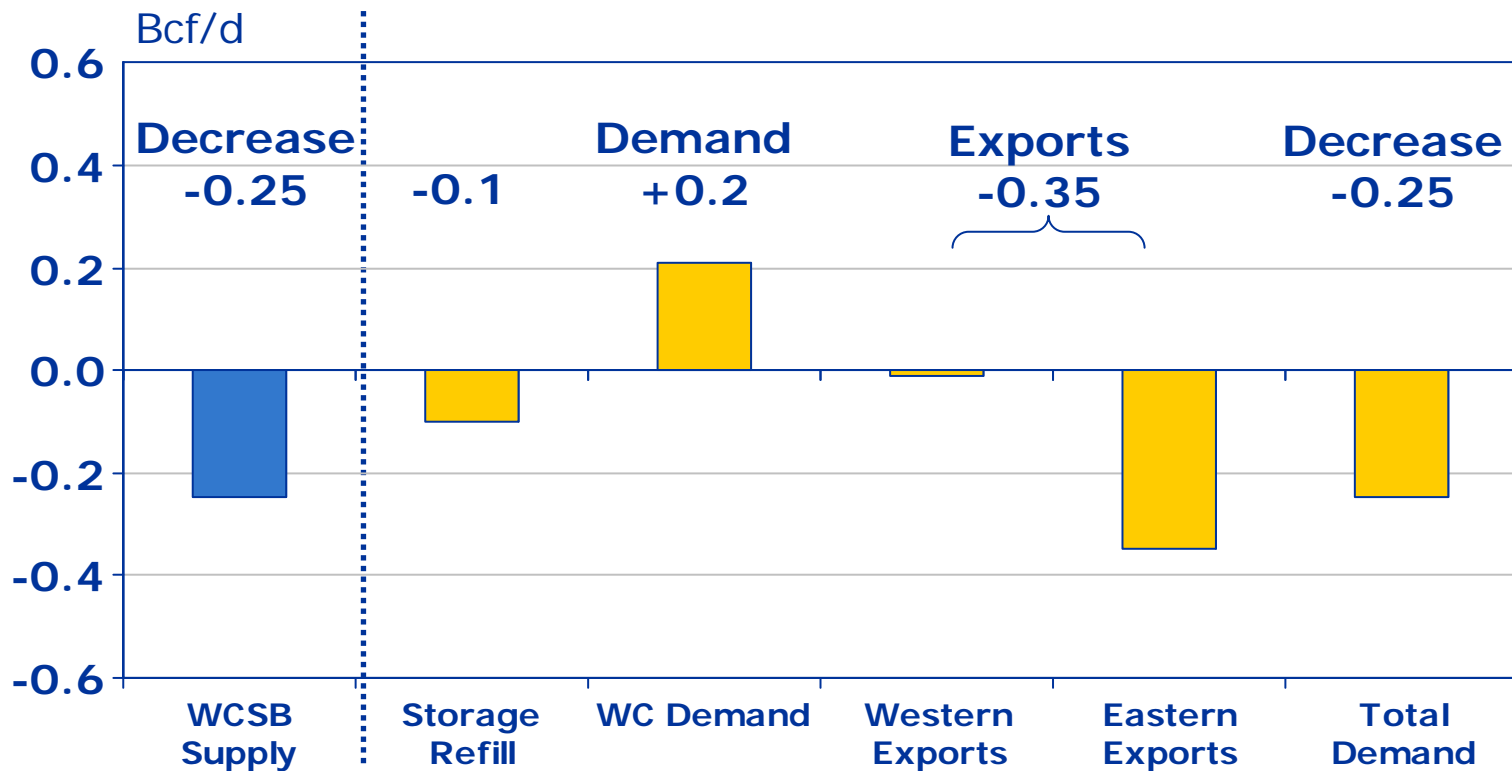


\* Estimate as of March 31

# WCSB Summer 2007 (forecast)



## Year-over-Year Changes



# Conclusions



- WCSB supply expected to decline due to reduced gas well drilling and connections summer over summer.
- Initial well productivity to flatten or increase slightly for the first time in six years due to high-grading (targetting only the very best locations).
- Throughput on the Alberta System is expected to average 11.2-11.4 Bcf/d this summer compared to 11.5 last summer.
- Western Canada exports to decrease this summer due to increasing WCSB demand and decreasing supply.