

Western Canada Summer 2008 Supply & Demand Outlook

Craig Yano

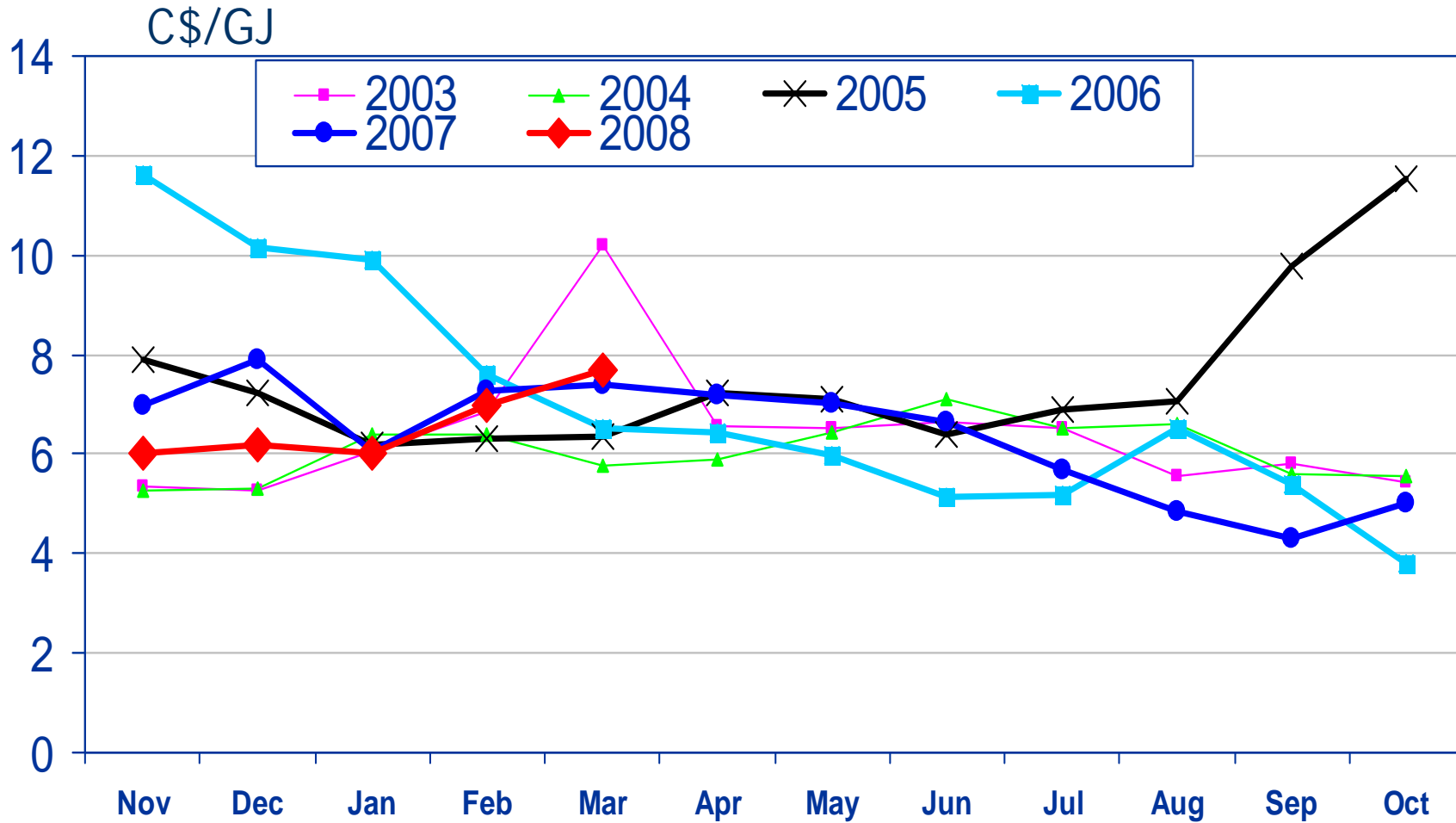


Observations

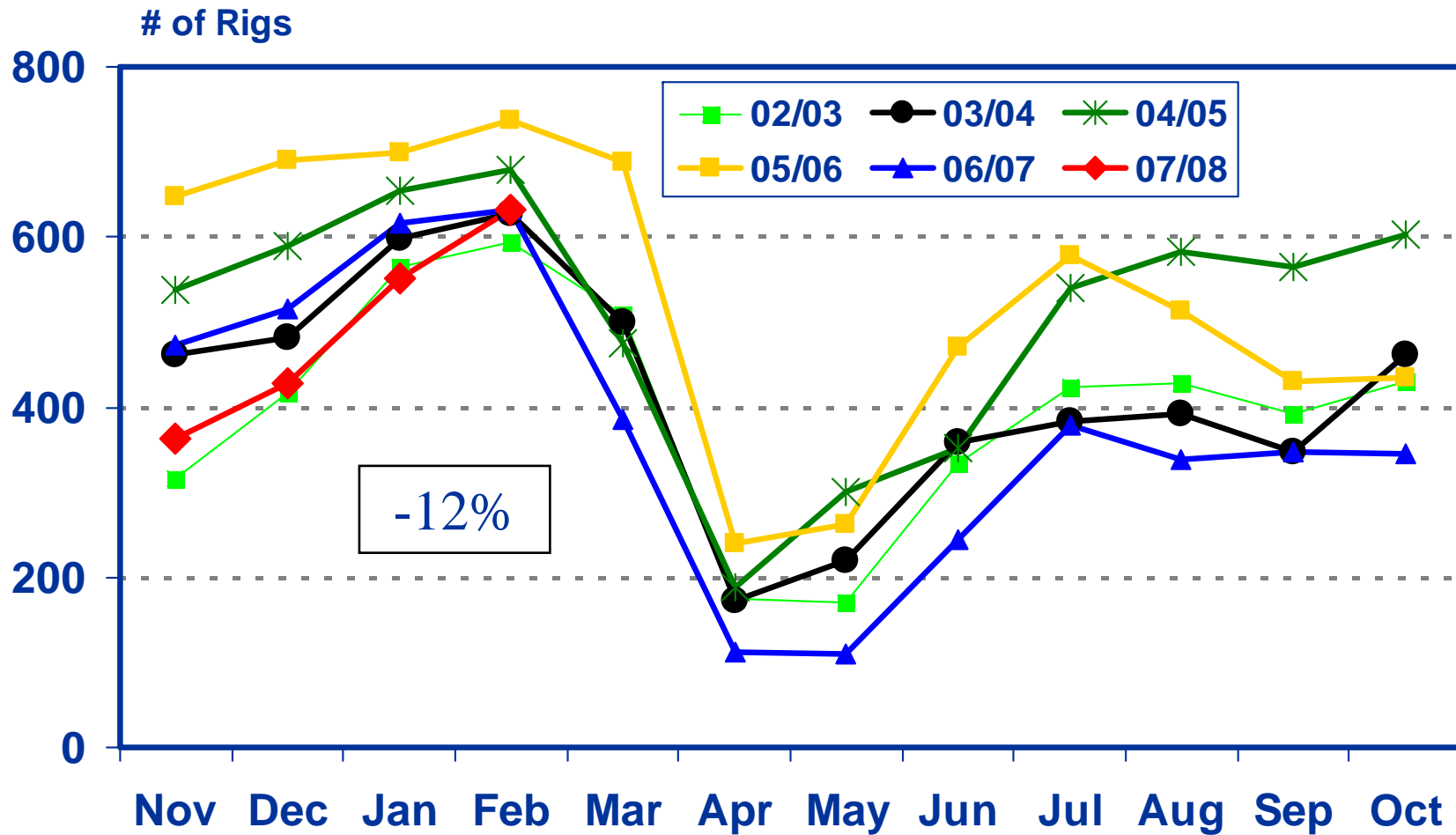


- **Gas well drilling down 16% compared to last year**
 - Connections down by 29% to date due to large drilling decline last year
- **Stronger gas prices expected over the summer**
 - Will reduce the magnitude of supply decline
- **Western Canada storage levels above average**
 - Extra demand this summer to refill storage
- **Major decline in exports this summer**
 - Increasing oilsands demand, storage demand combined with decline in supply

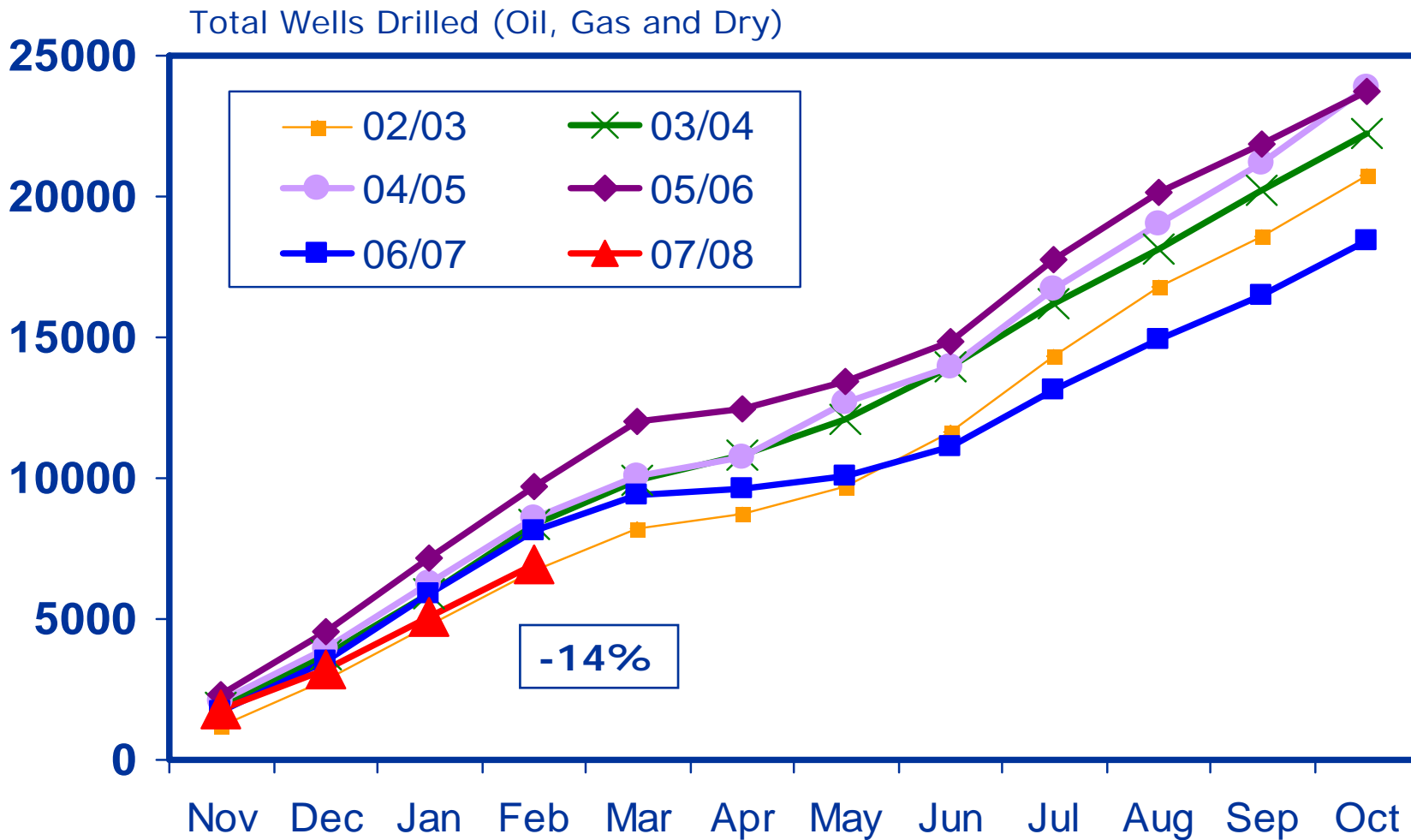
AECO/NIT Gas Prices



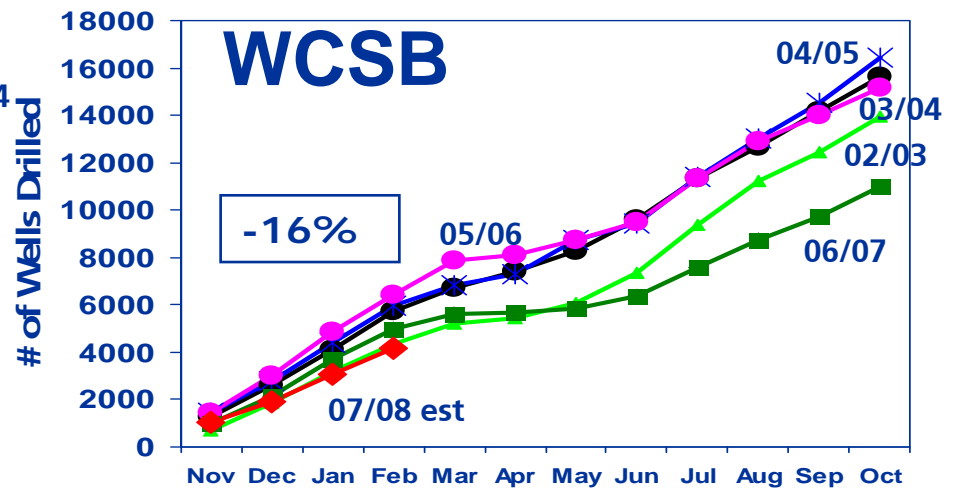
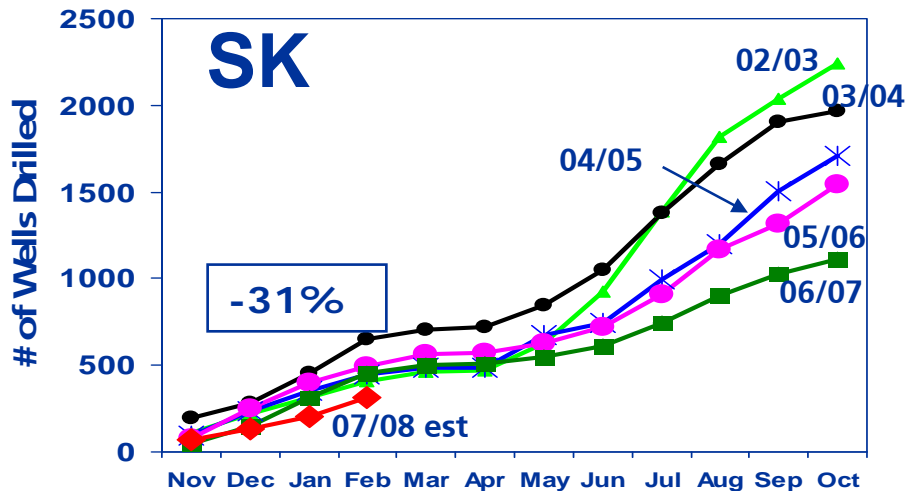
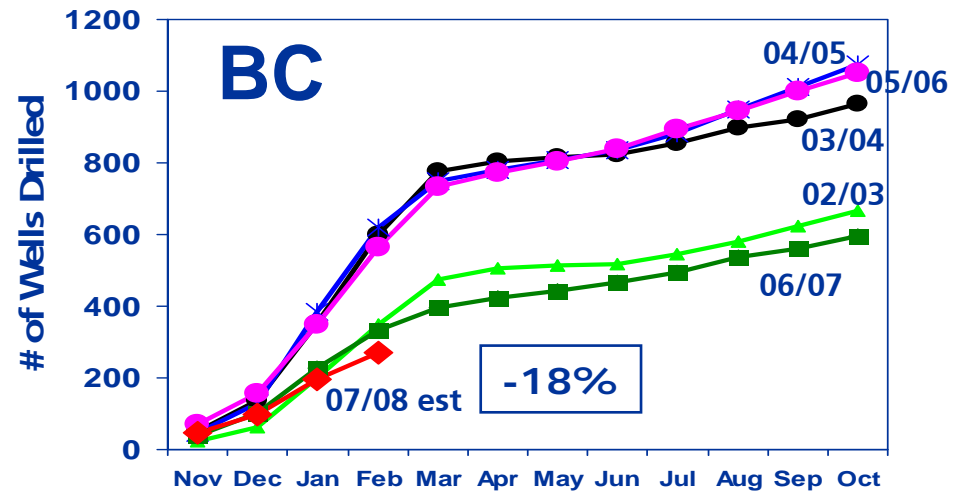
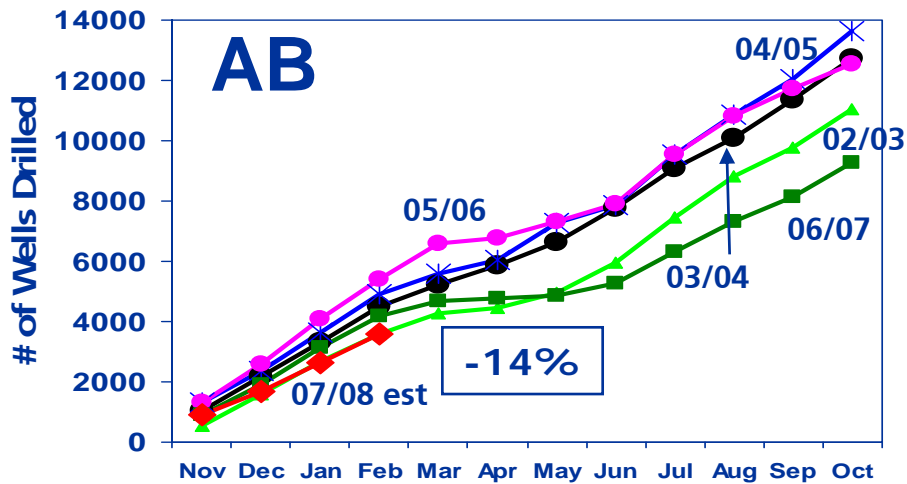
WCSB Active Drilling Rigs



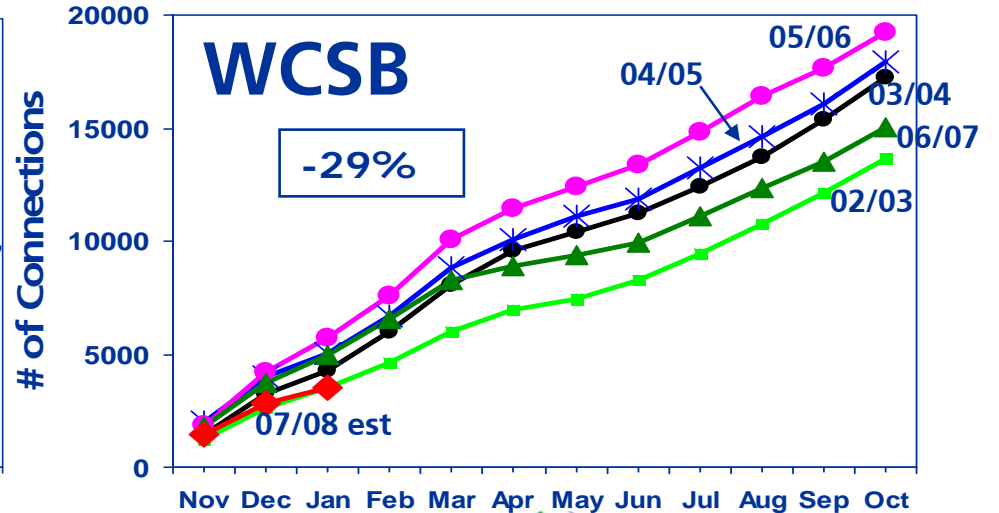
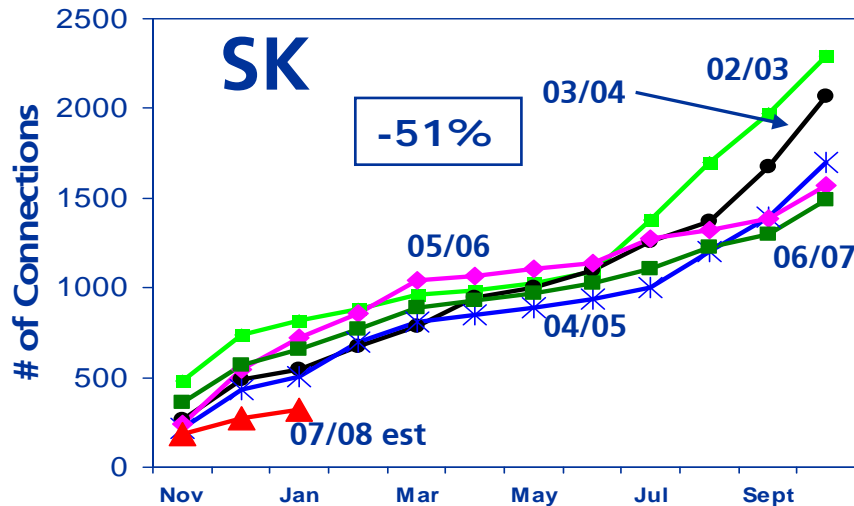
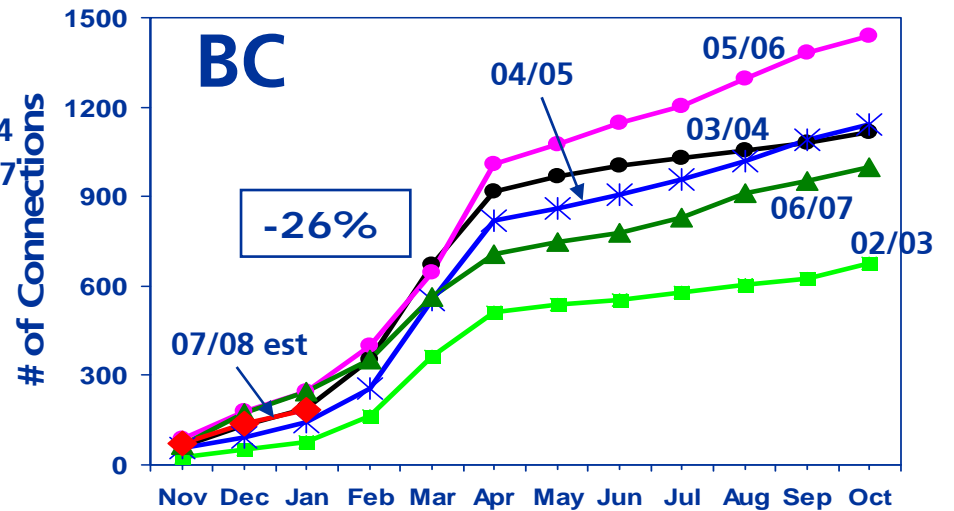
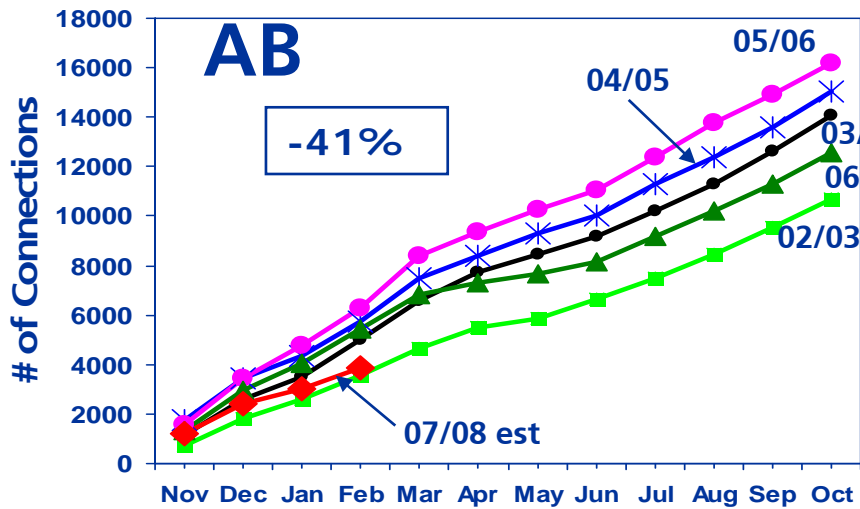
WCSB Drilling Activity



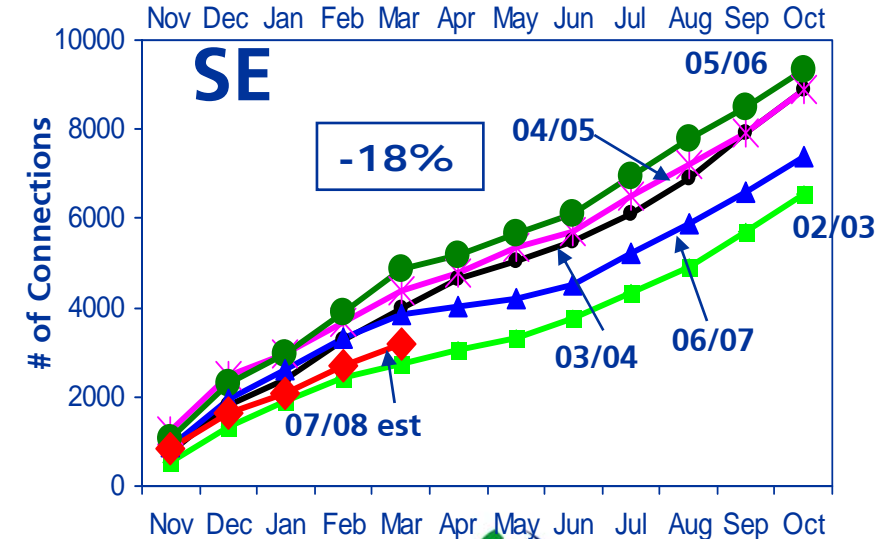
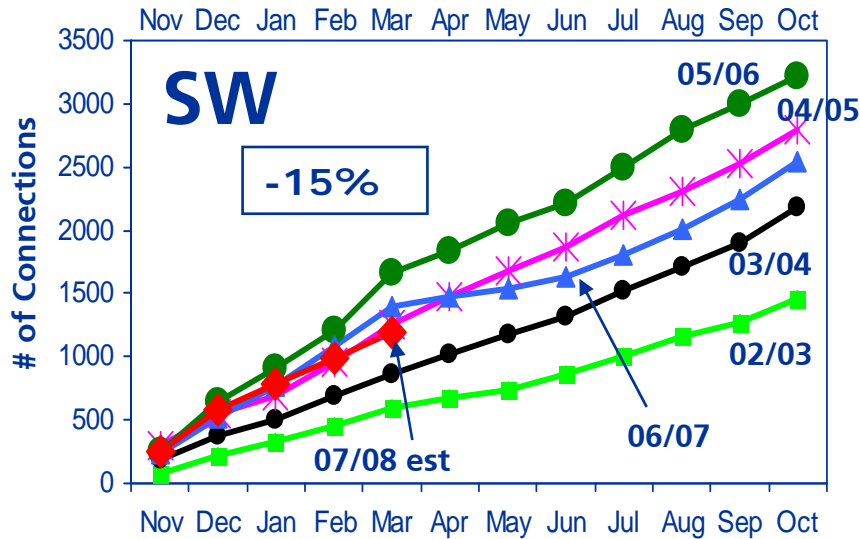
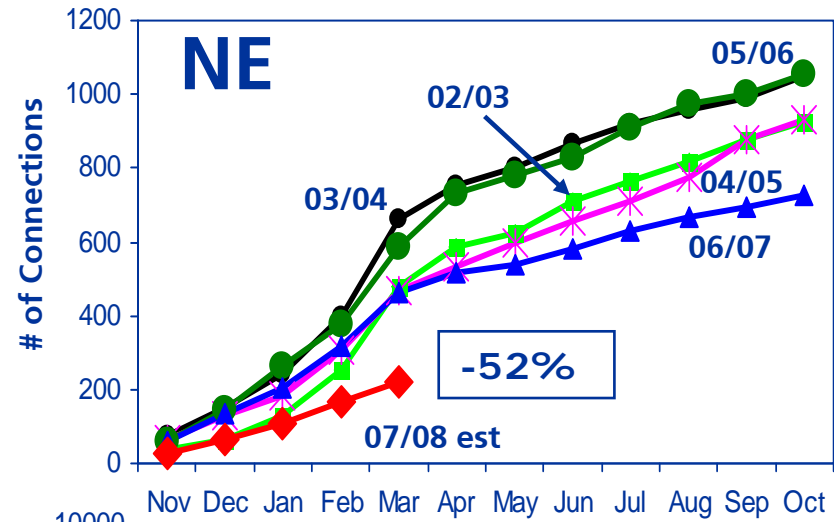
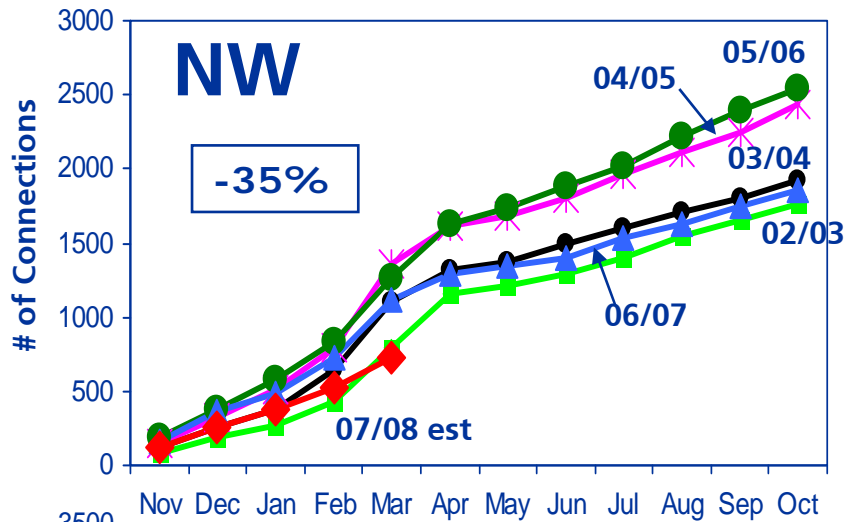
Cumulative Gas Wells Drilled By Province



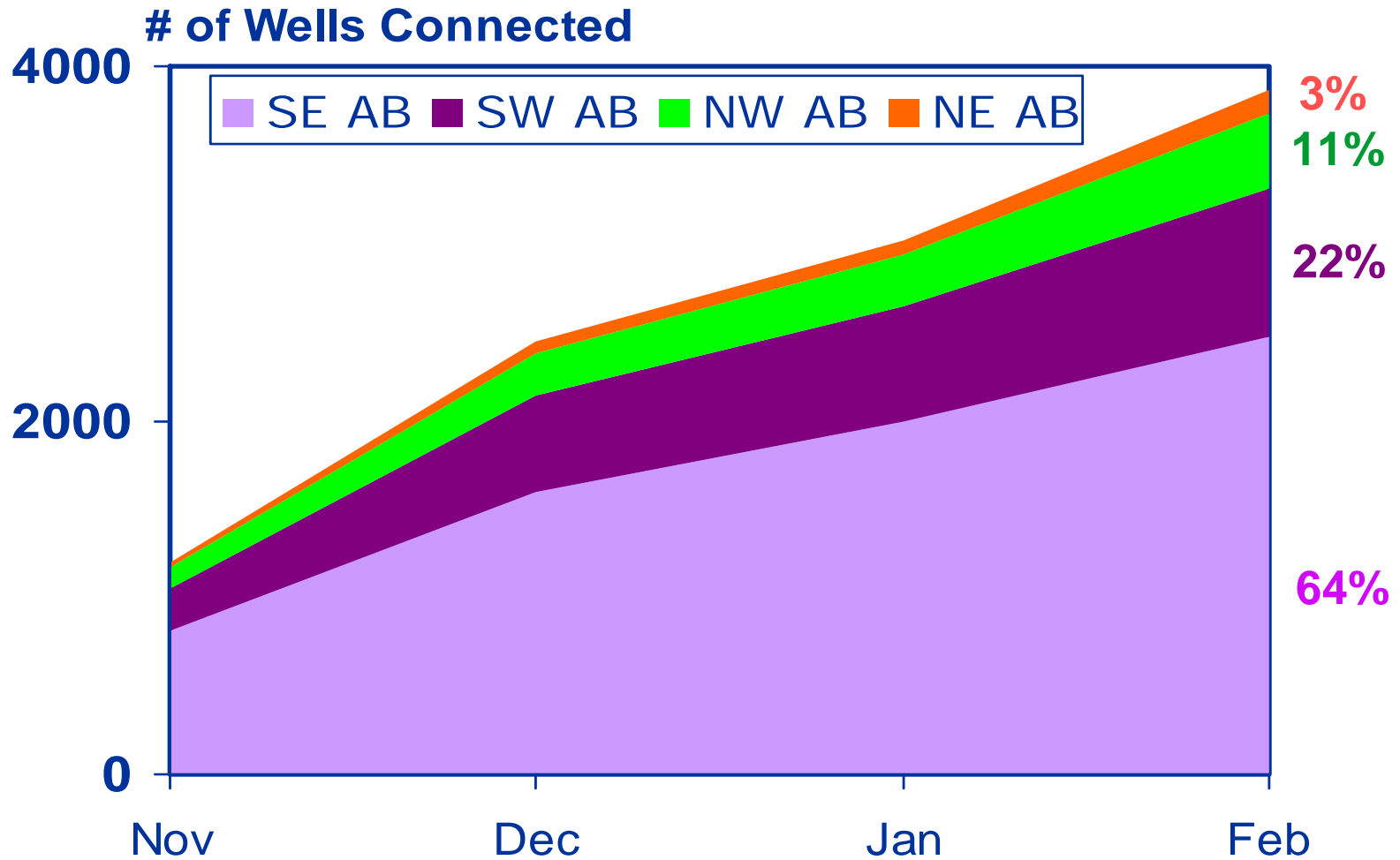
Cumulative Gas Well Connections By Province



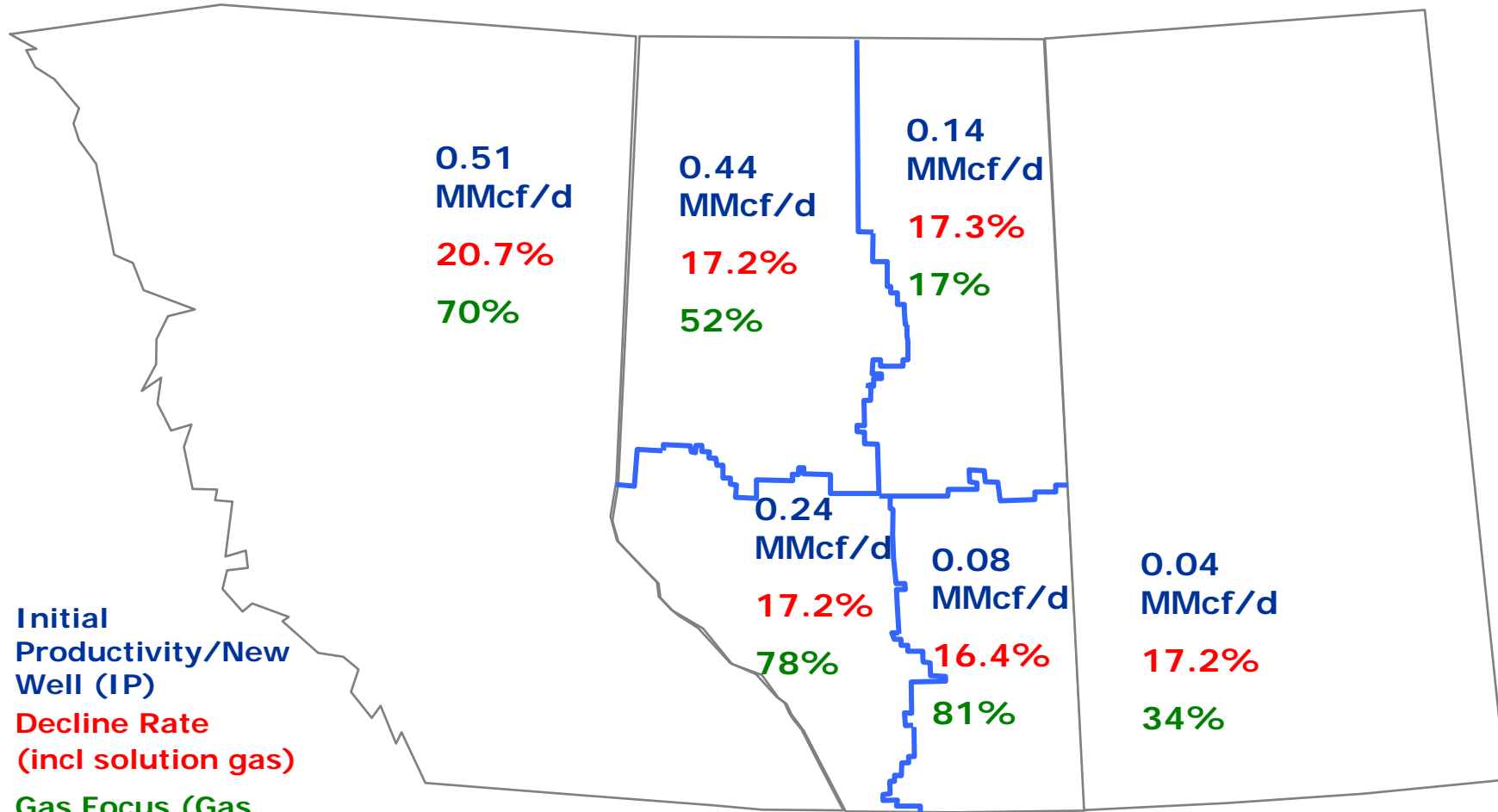
Alberta Gas Well Connections By Quadrant



Alberta Cumulative Gas Wells Connected By Quadrant



Regional Parameters



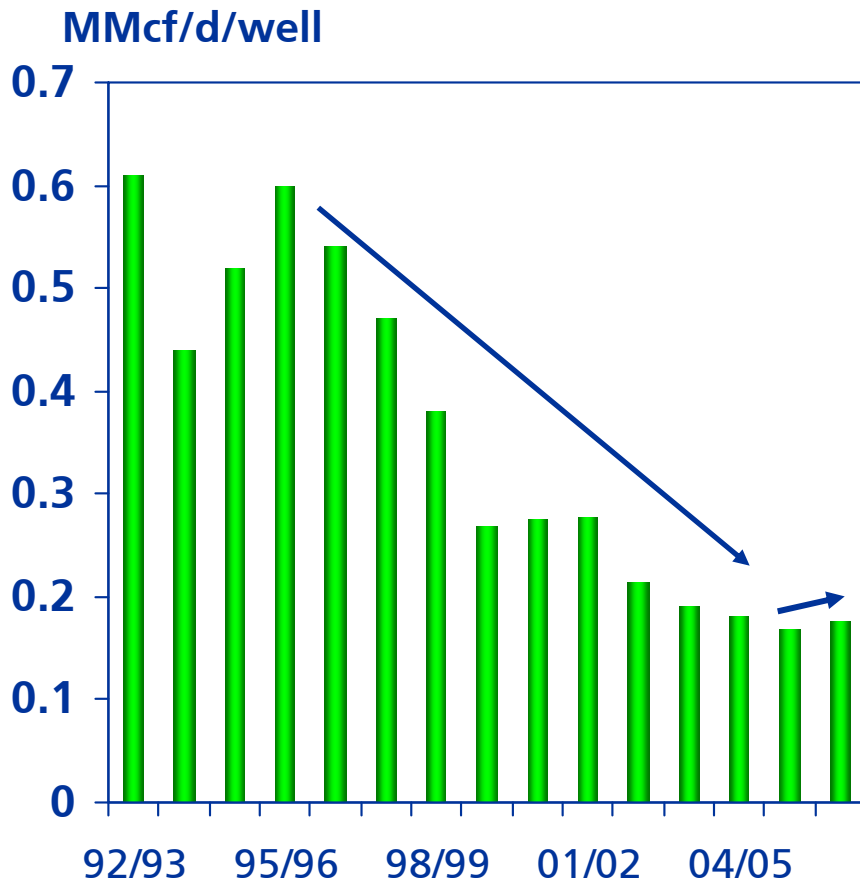
Initial Productivity/New Well (IP)
 Decline Rate (incl solution gas)
 Gas Focus (Gas wells/Total Wells Drilled)

(All based on 06/07 gas year)

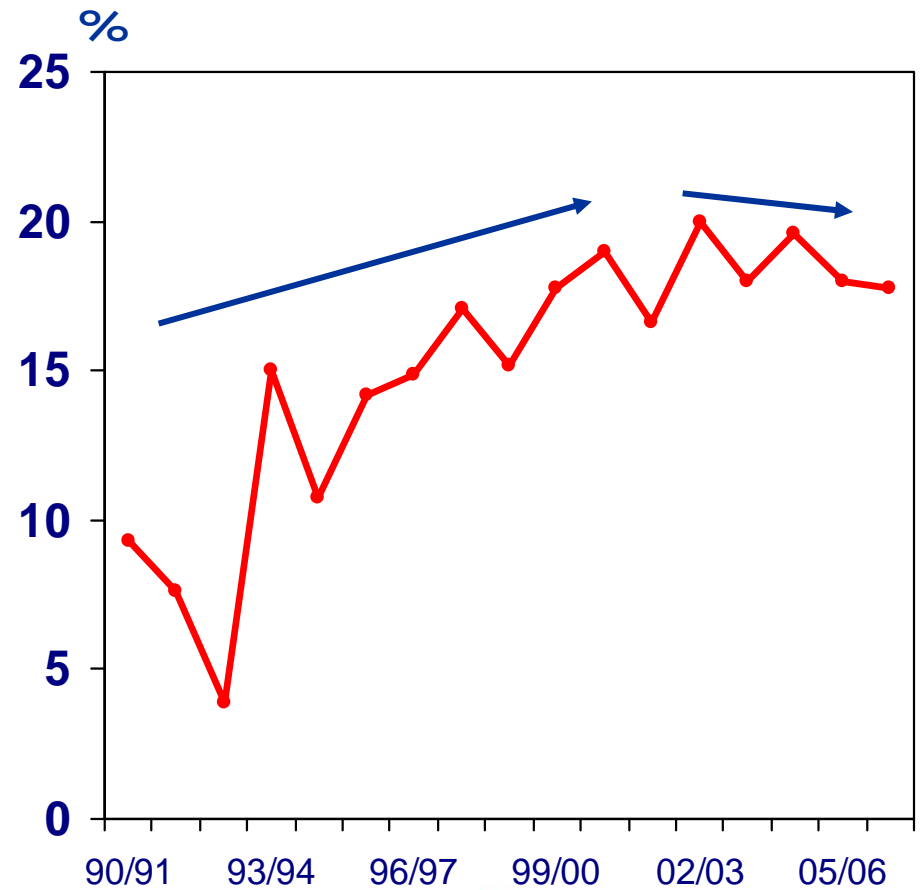
WCSB Initial Gas Well Production Rates/Decline Rate



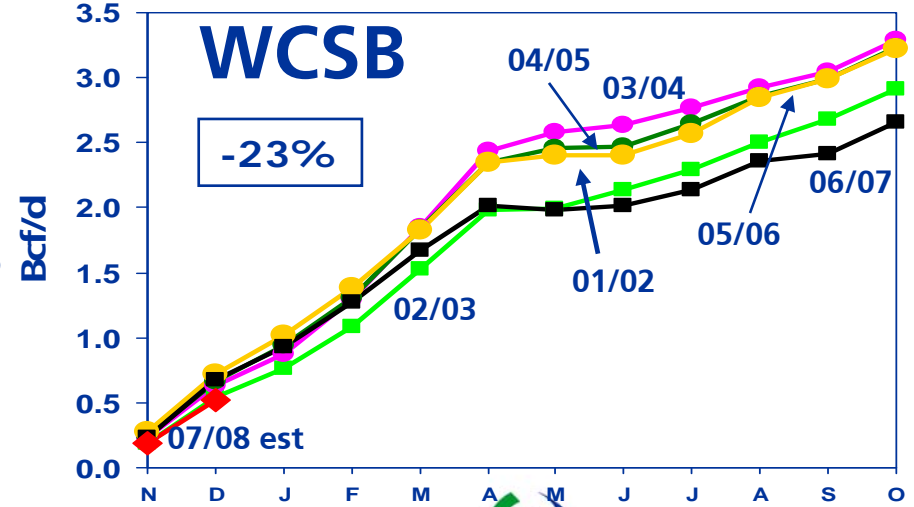
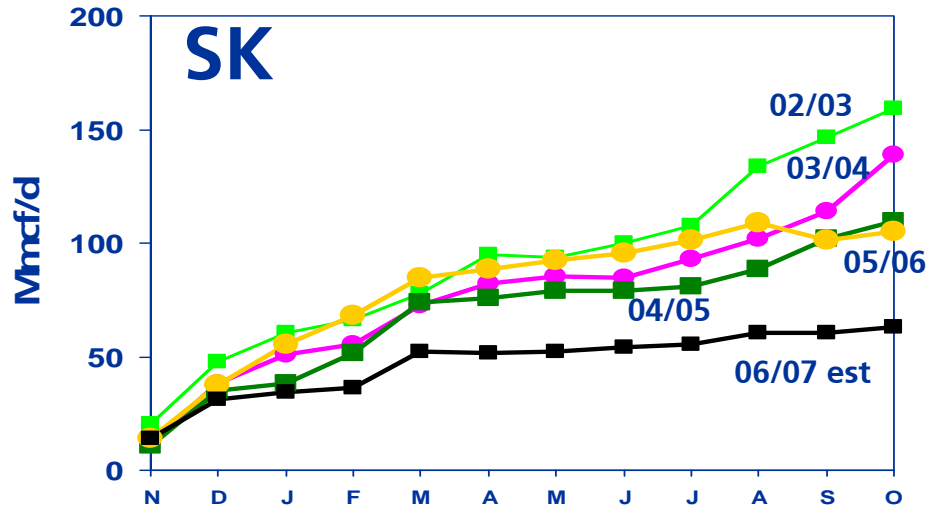
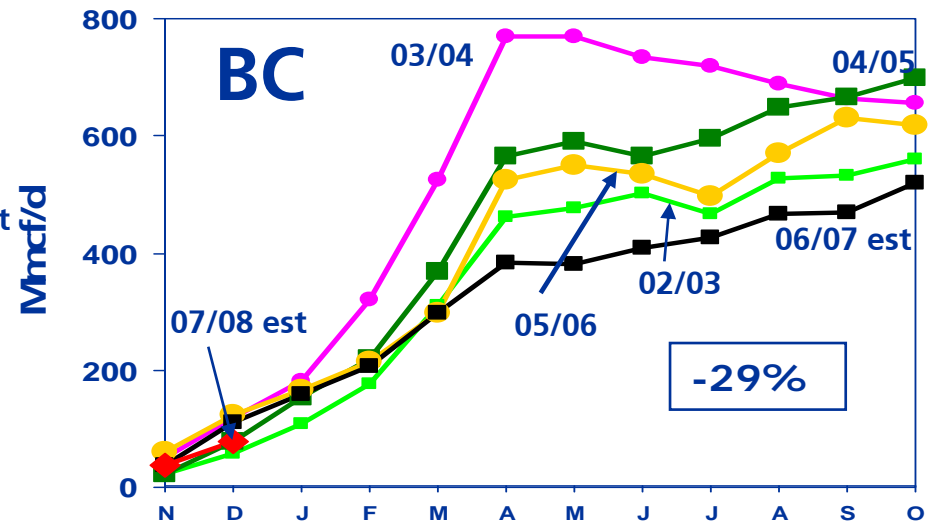
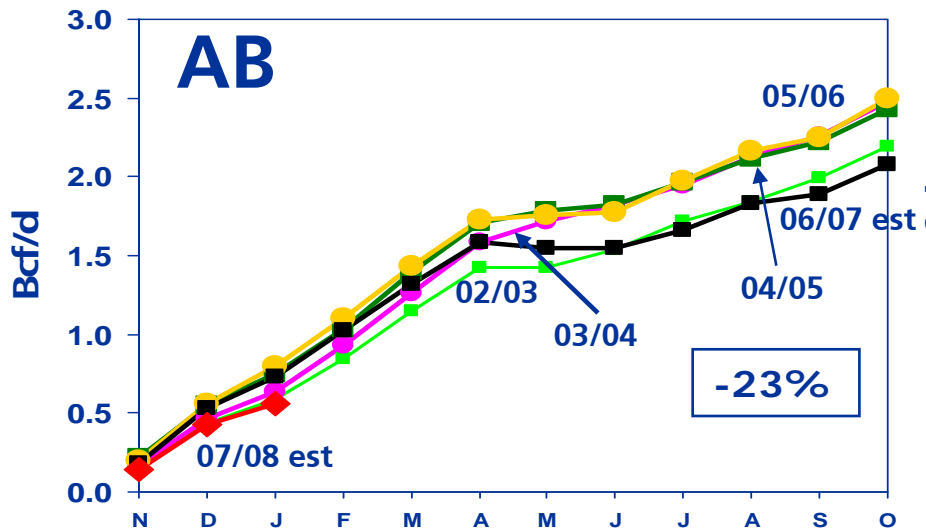
Initial New Well Production Rate



Composite Decline Rate

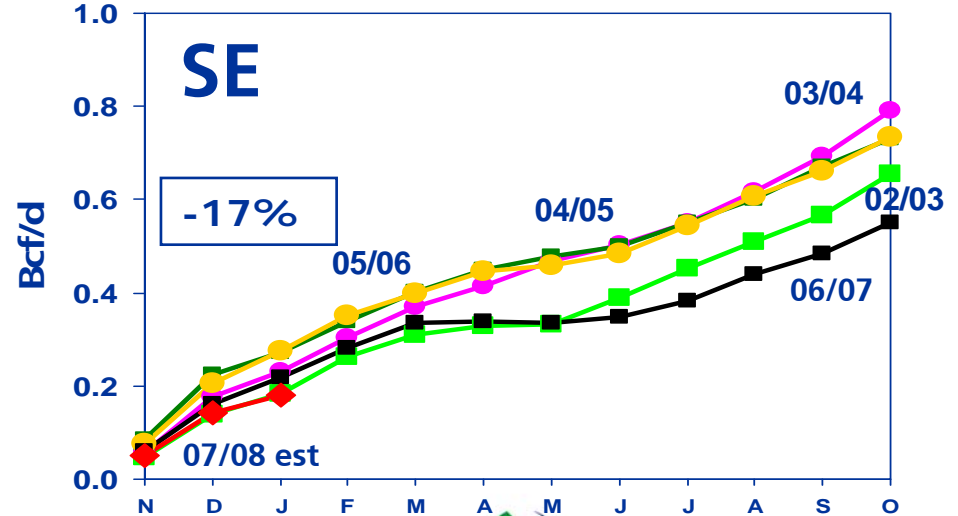
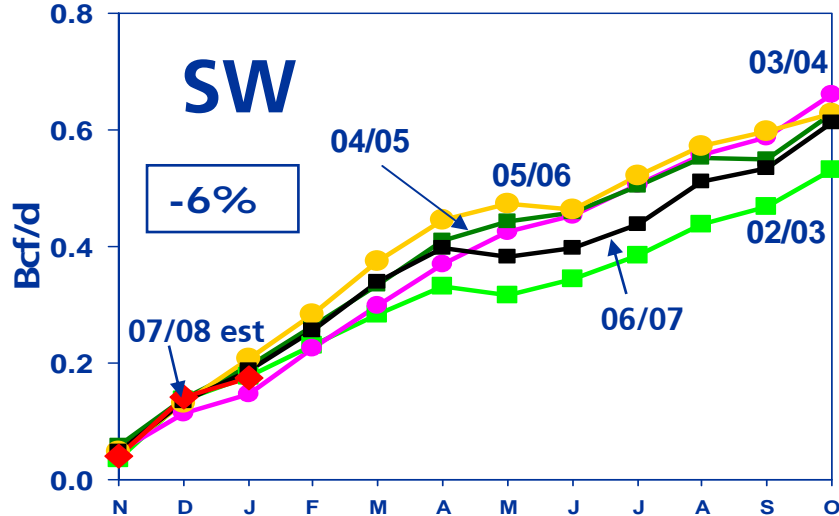
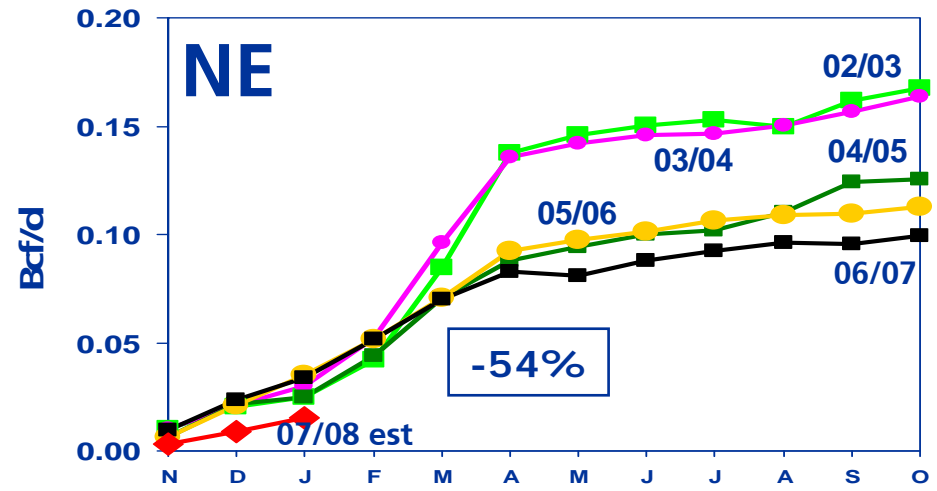
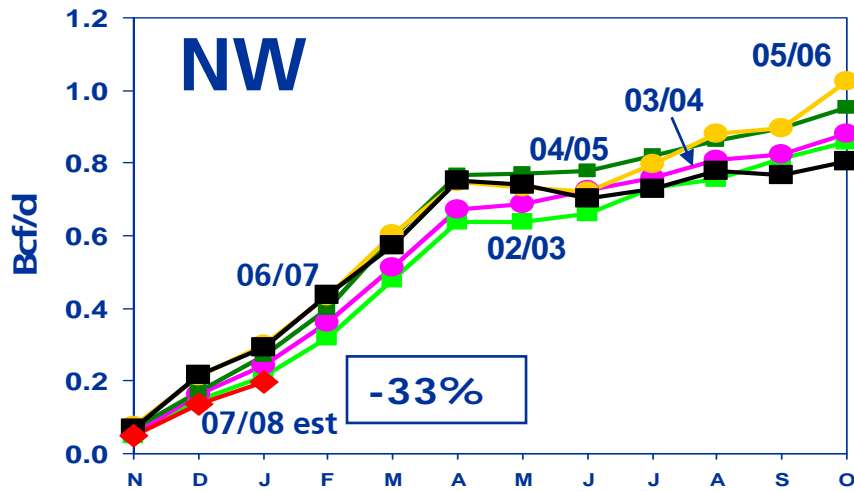


New Tie-in Supply By Province



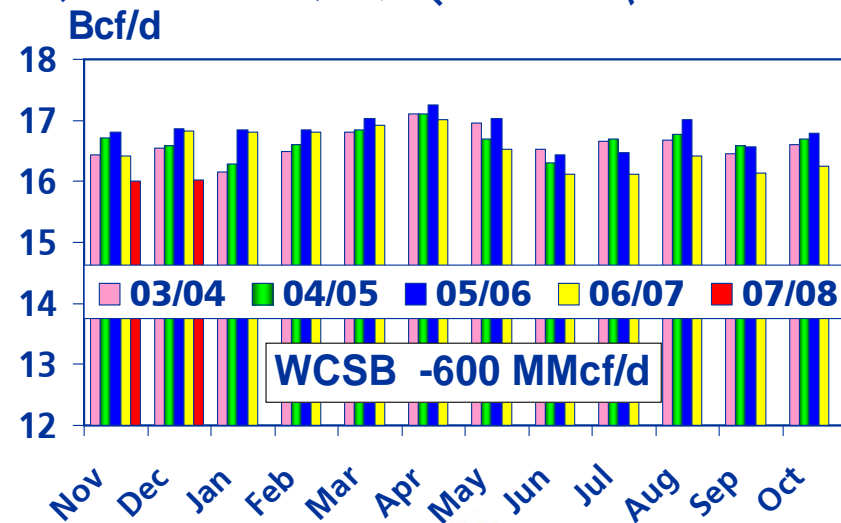
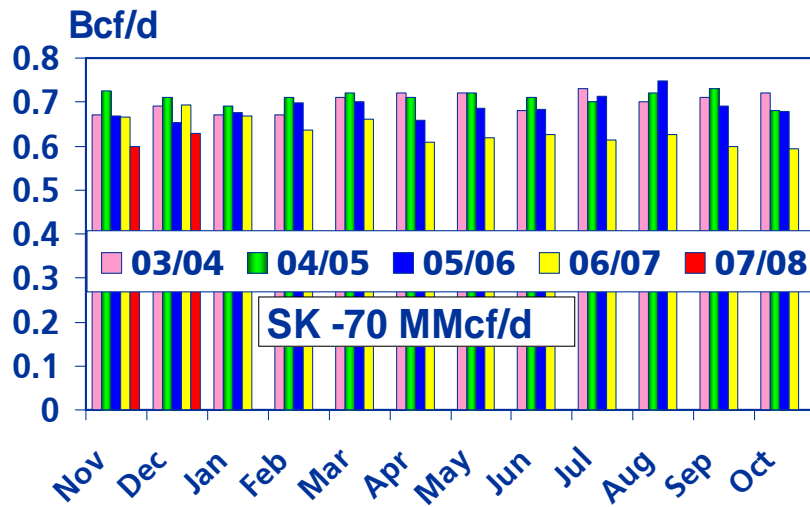
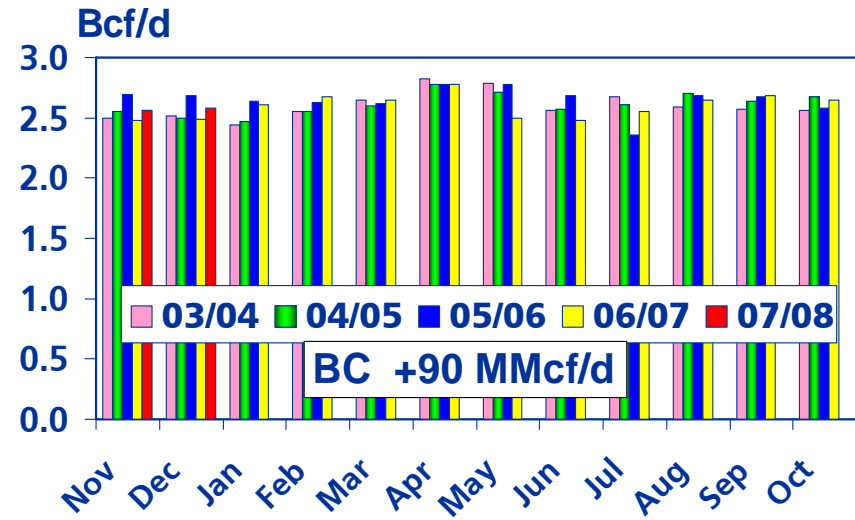
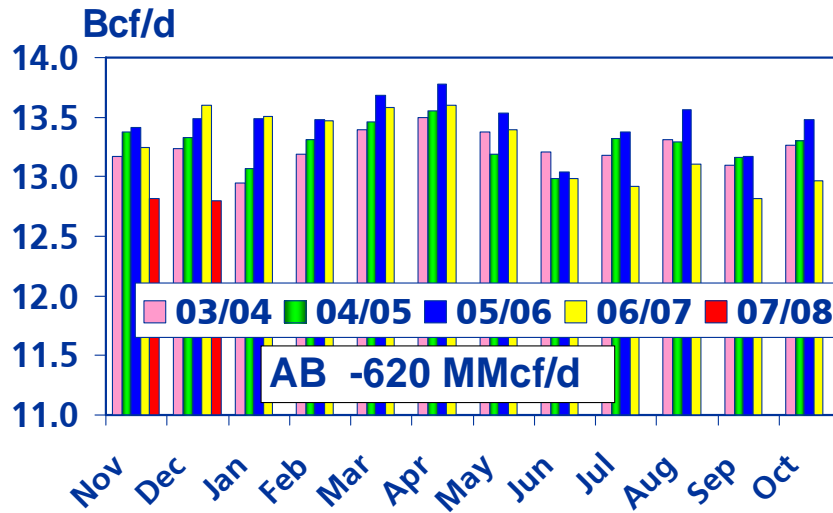
Non-associated gas only

Alberta New Gas Tie-in Supply By Quadrant



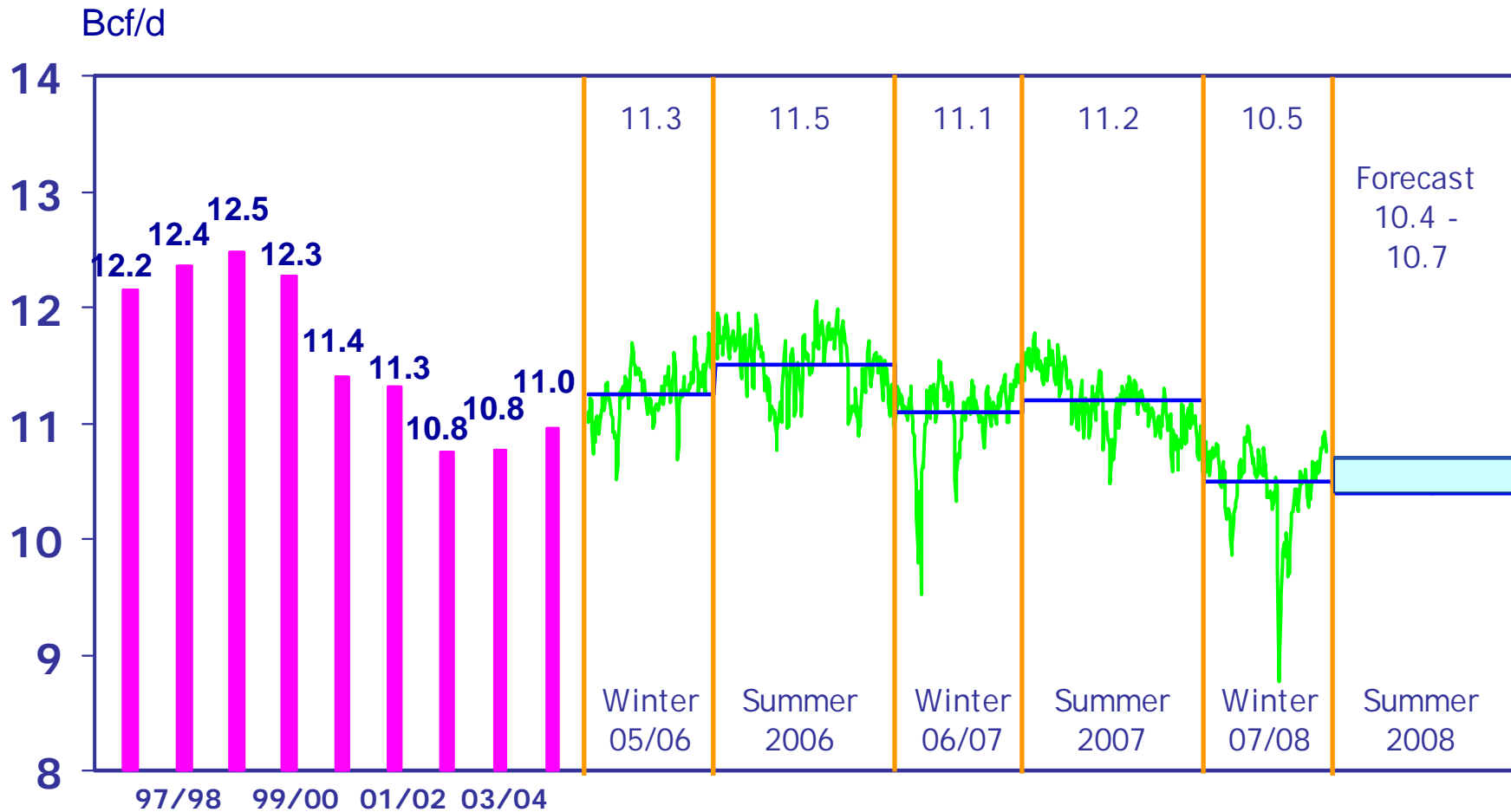
Non-associated gas only

WCSB Monthly Production



Marketable gas from Government sources, includes solution gas

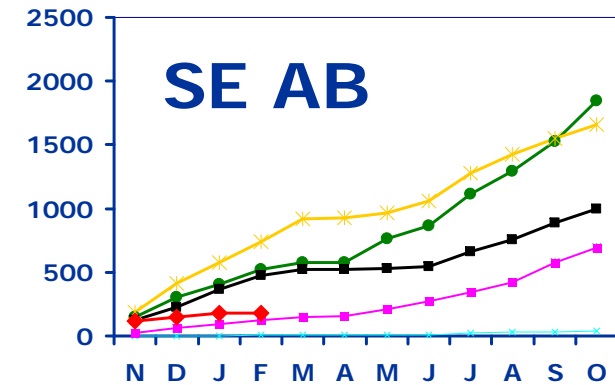
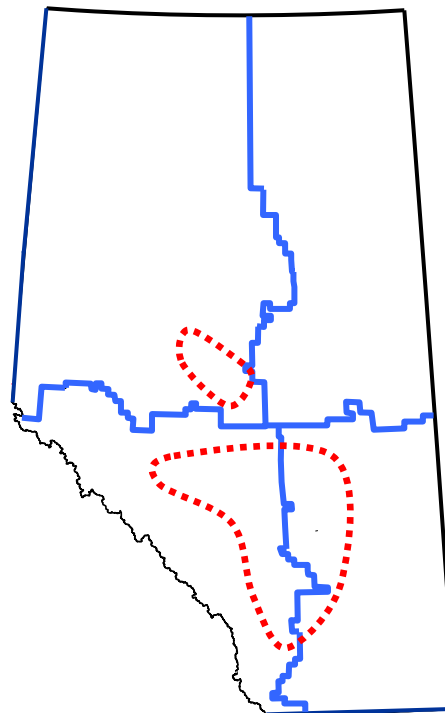
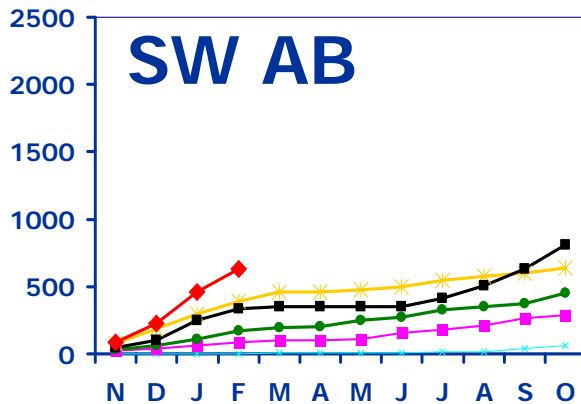
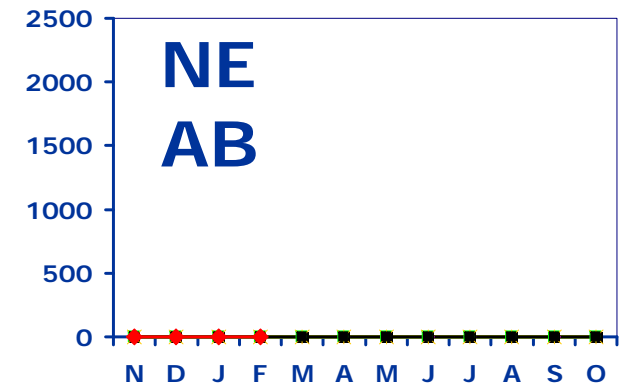
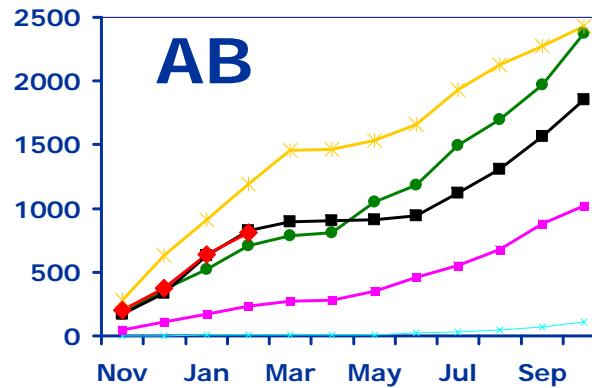
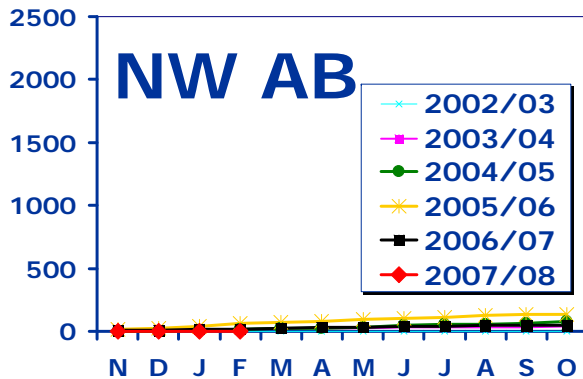
Seasonal Flows on the Alberta System



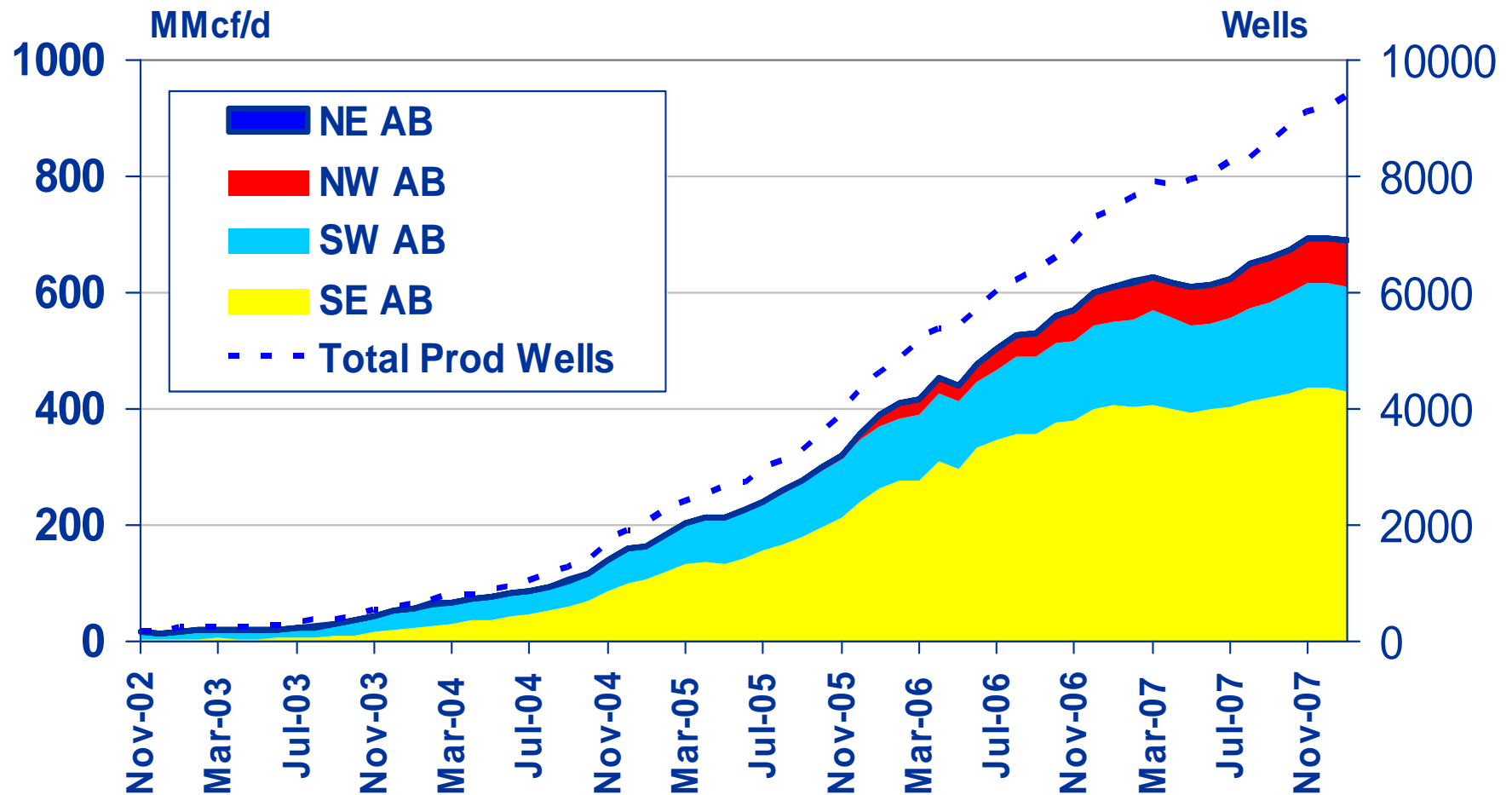
Excluding Storage

Data Current to Mar. 25, 2008

Drilled Alberta CBM Wells By Region

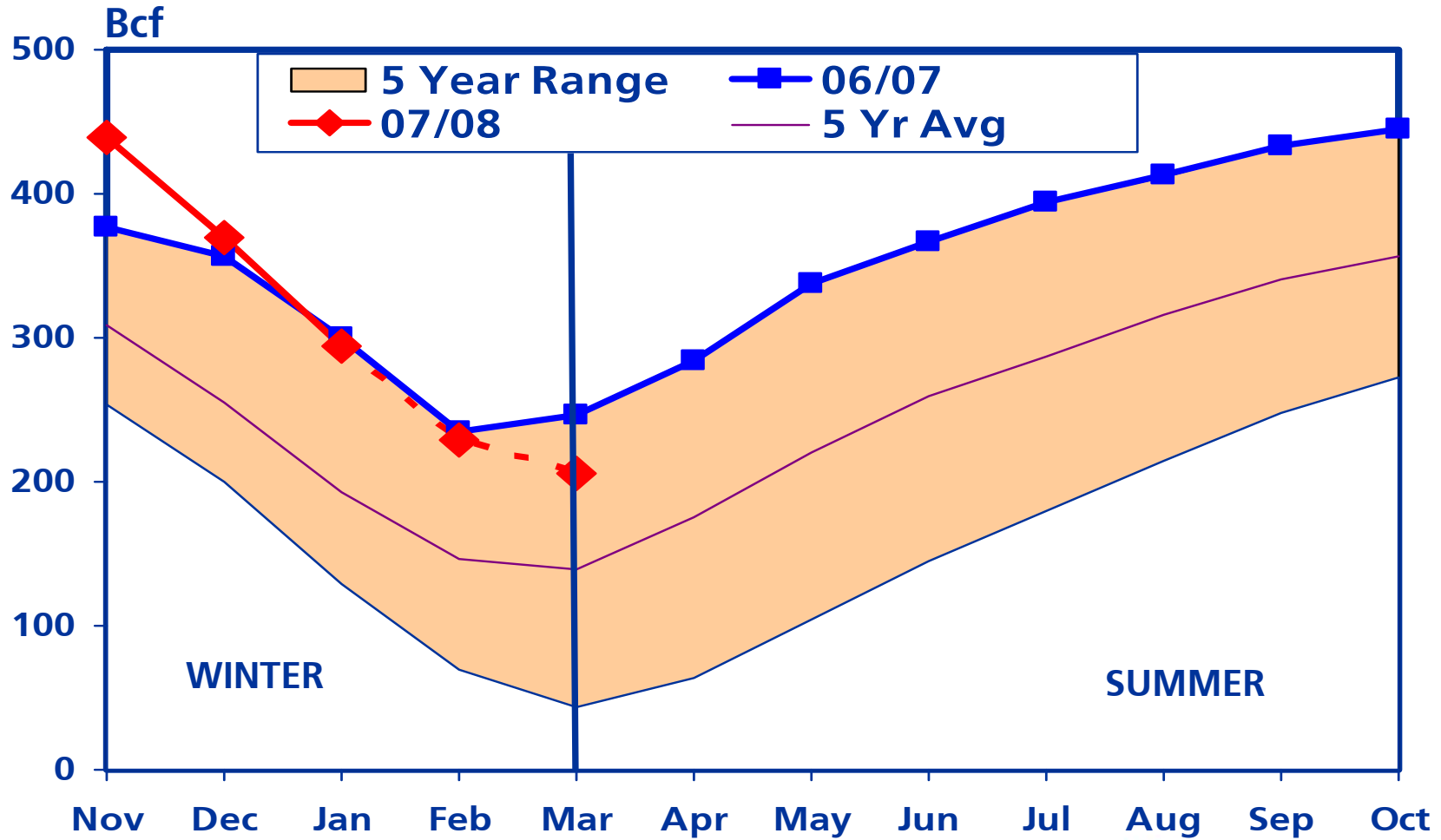


WCSB Coalbed Methane Production



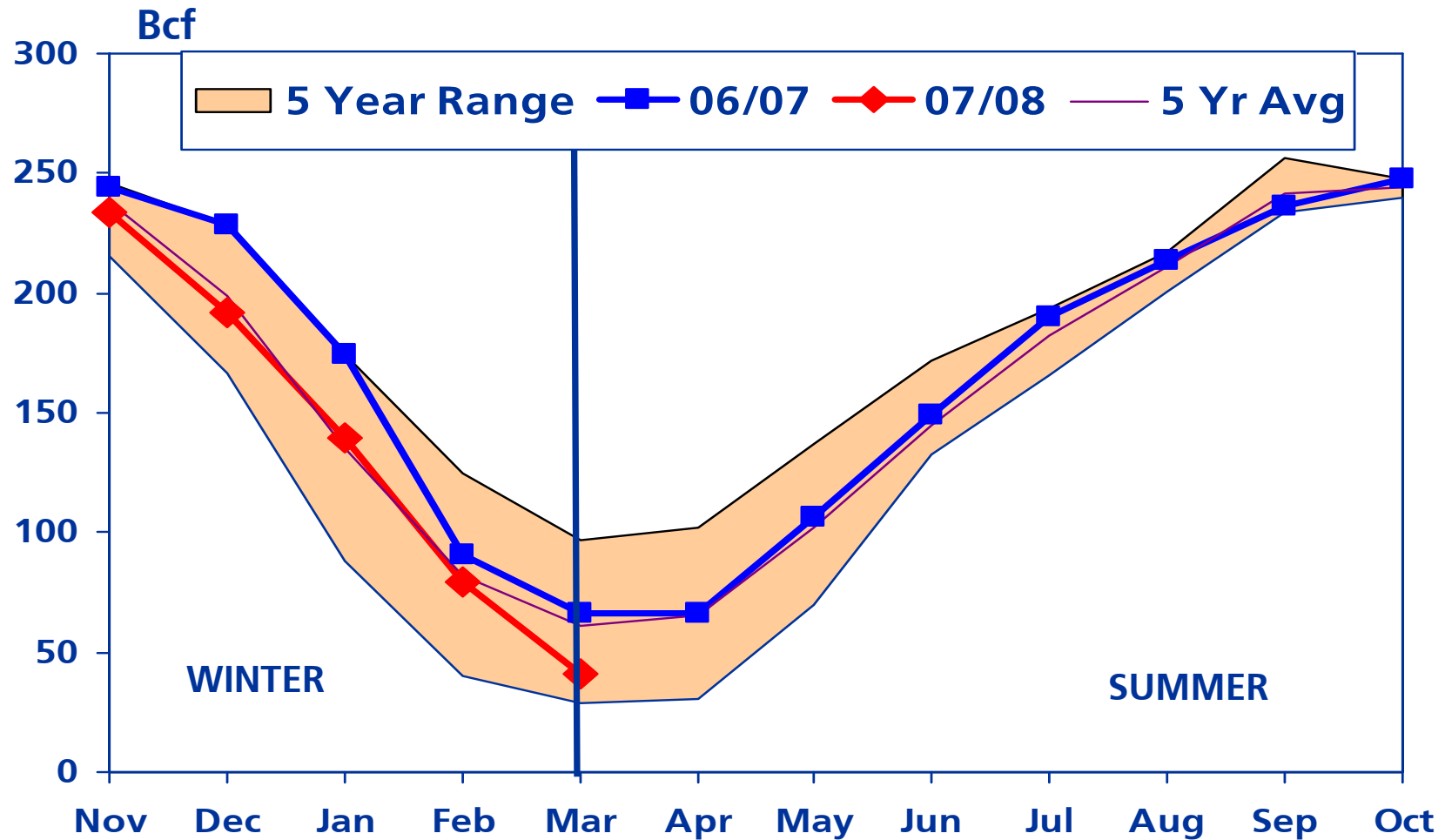
Data as of Dec 2007

Western Canada* Working Gas In Storage



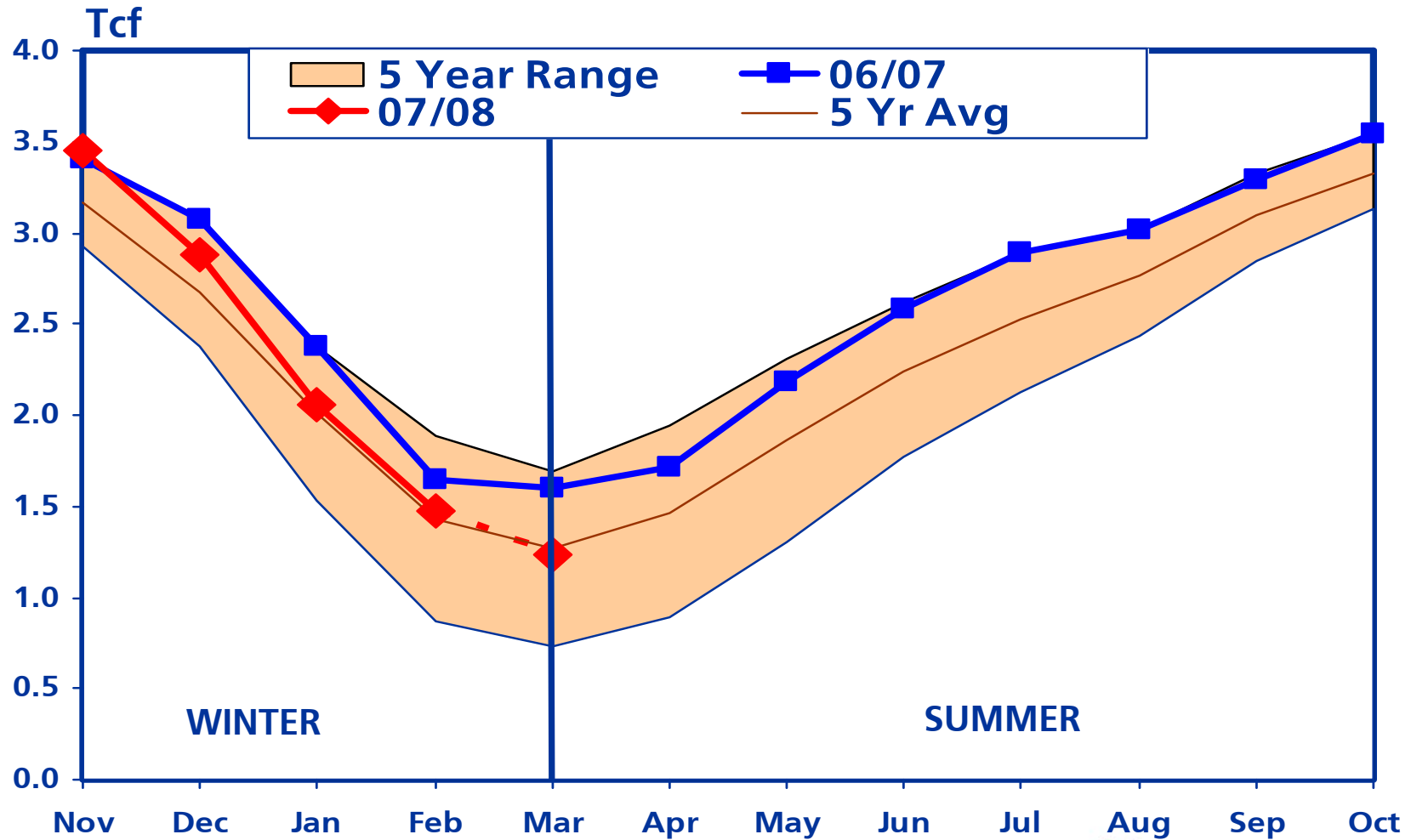
Source: BC, Sask, AB governments, TransCanada

Eastern Canada Storage Status



Source: Canadian Enerdata

U.S. Storage Status

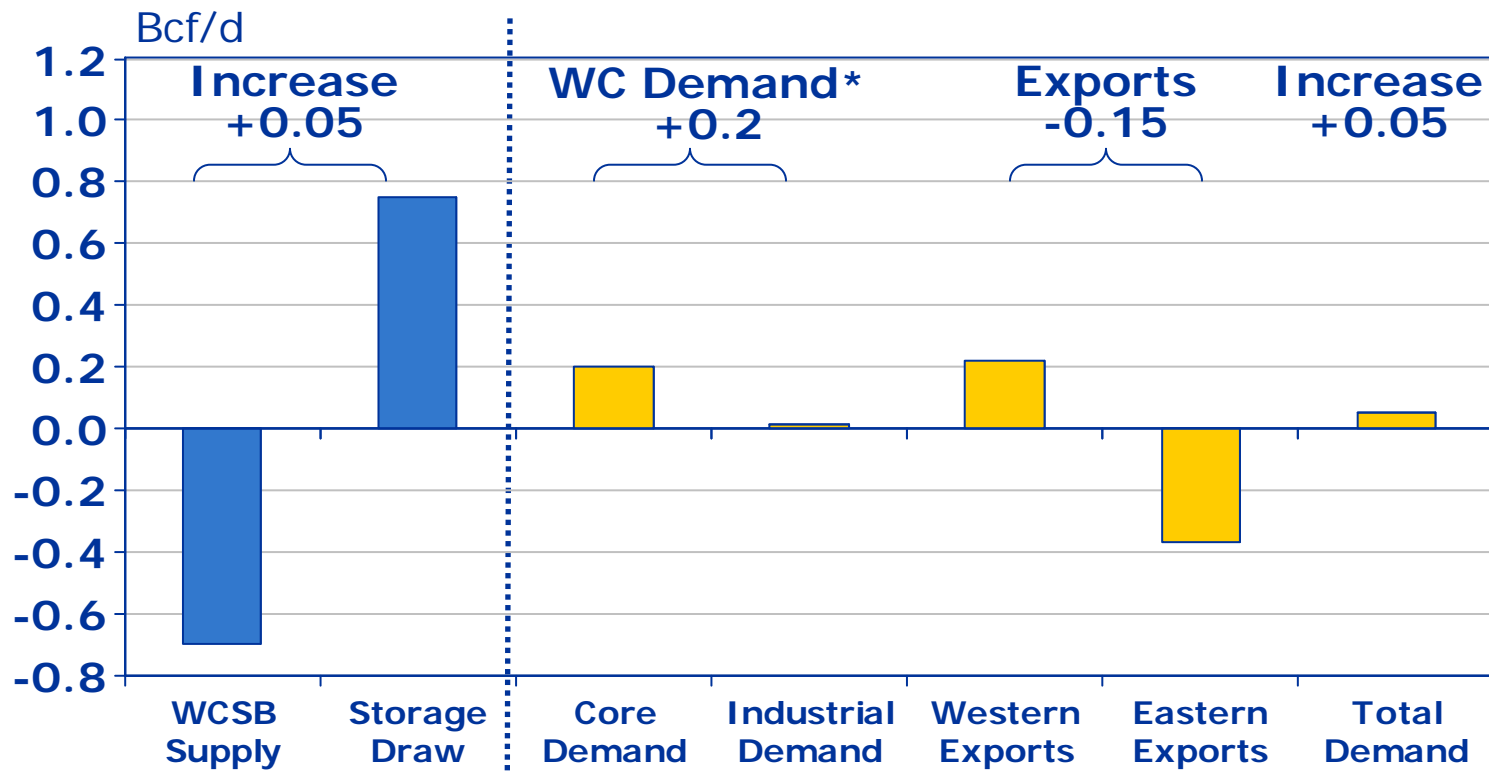


Source: EIA

WCSB Winter 2007/08 (estimate)



Year-over-Year Changes

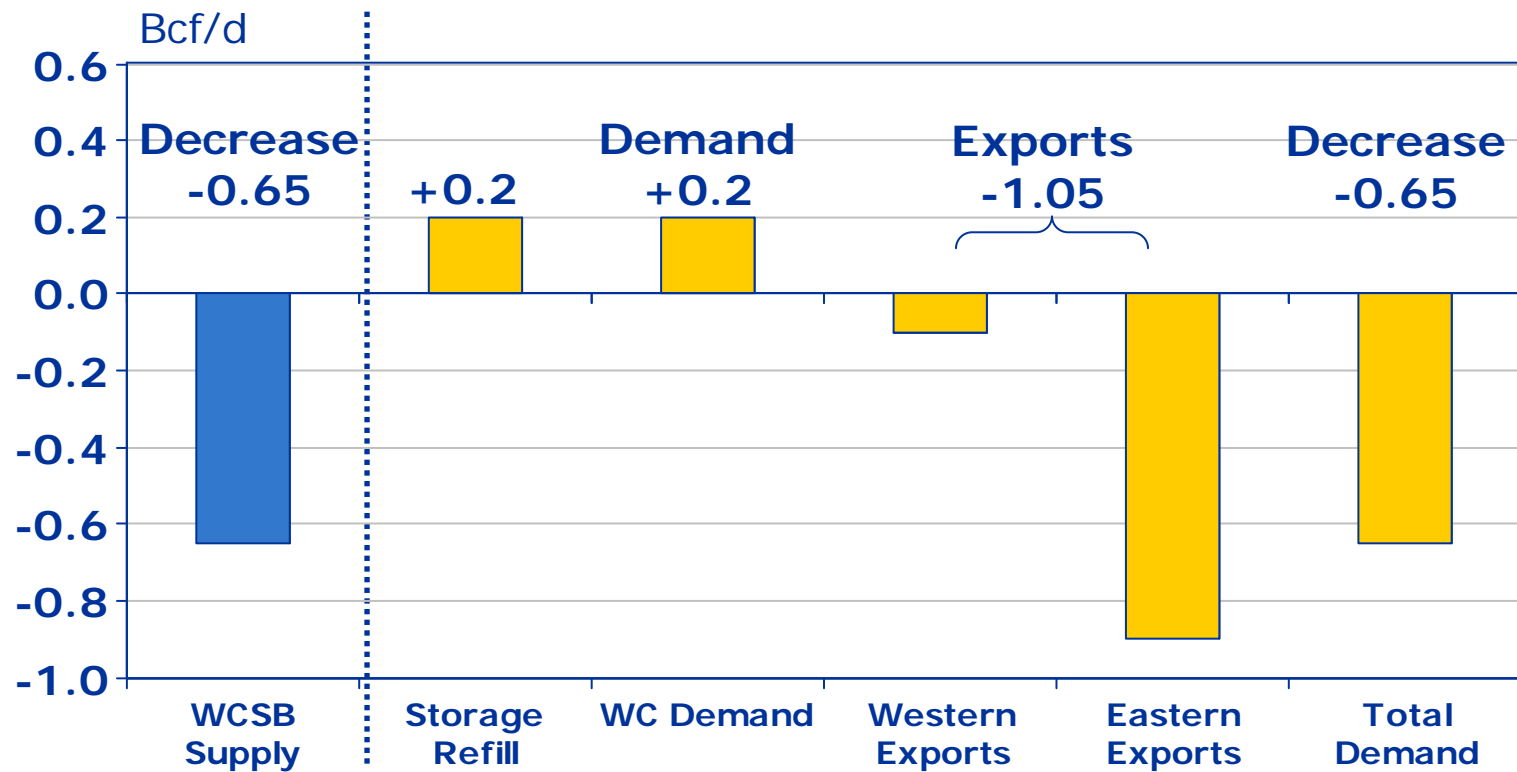


* Estimate as of March 31, 2008

WCSB Summer 2008 (forecast)



Year-over-Year Changes



Conclusions



- WCSB supply will decline by 600 – 700 MMcf/d summer over summer.
- No overall well highgrading this year to offset big drop in gas well connections.
- Throughput on the Alberta System is expected to average 10.4-10.7 Bcf/d this summer compared to 11.2 last summer.
- Western Canada exports to decrease by about 1 Bcf/d this summer due to higher intra-WCSB demand and lower supply.