



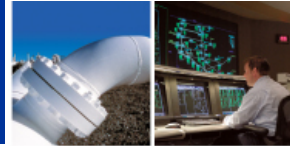
Western Canada Winter 09/10 Supply & Demand Outlook

Craig Yano



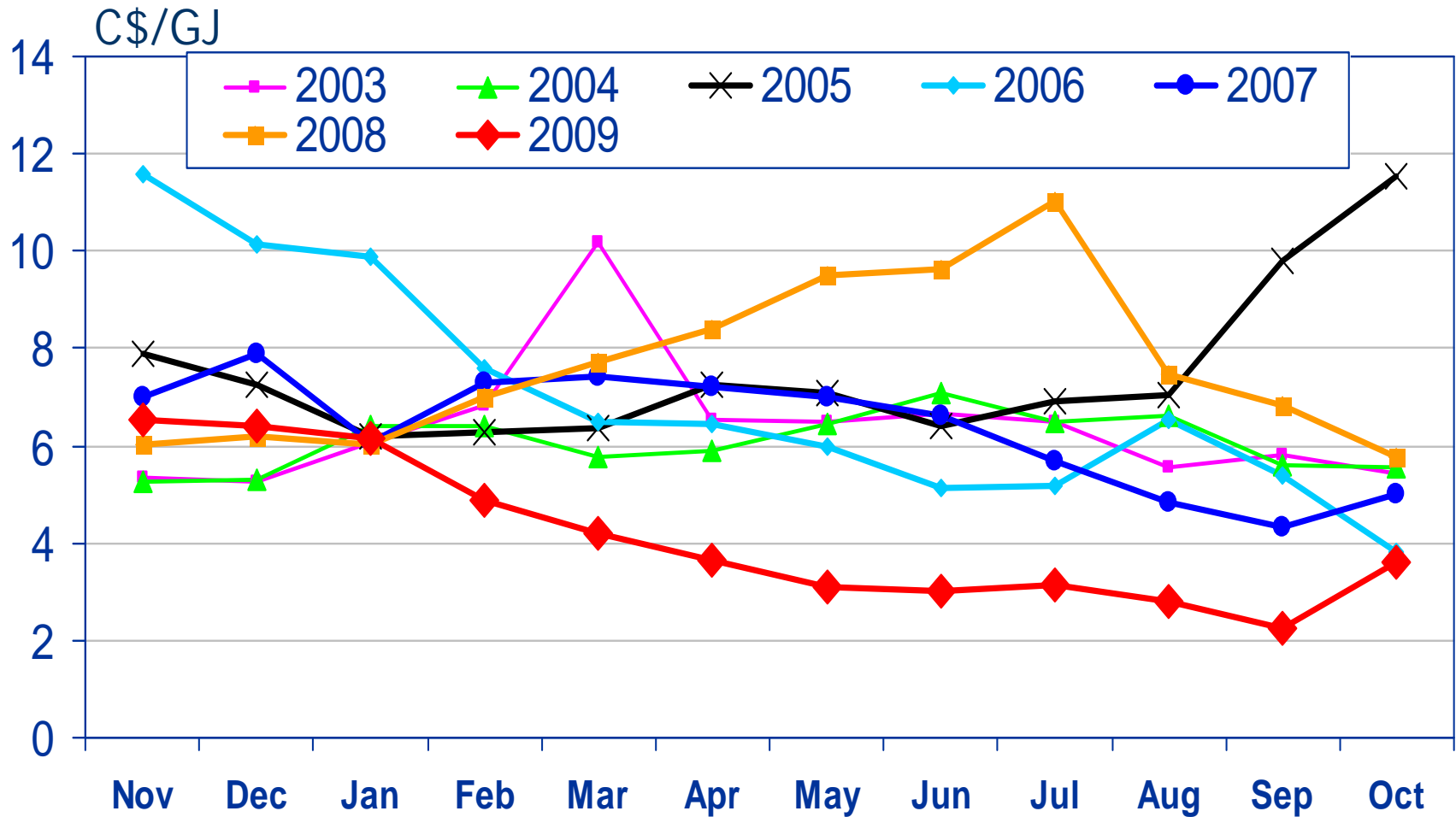
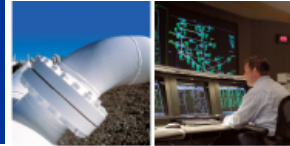
TransCanada
In business to deliver

Observations

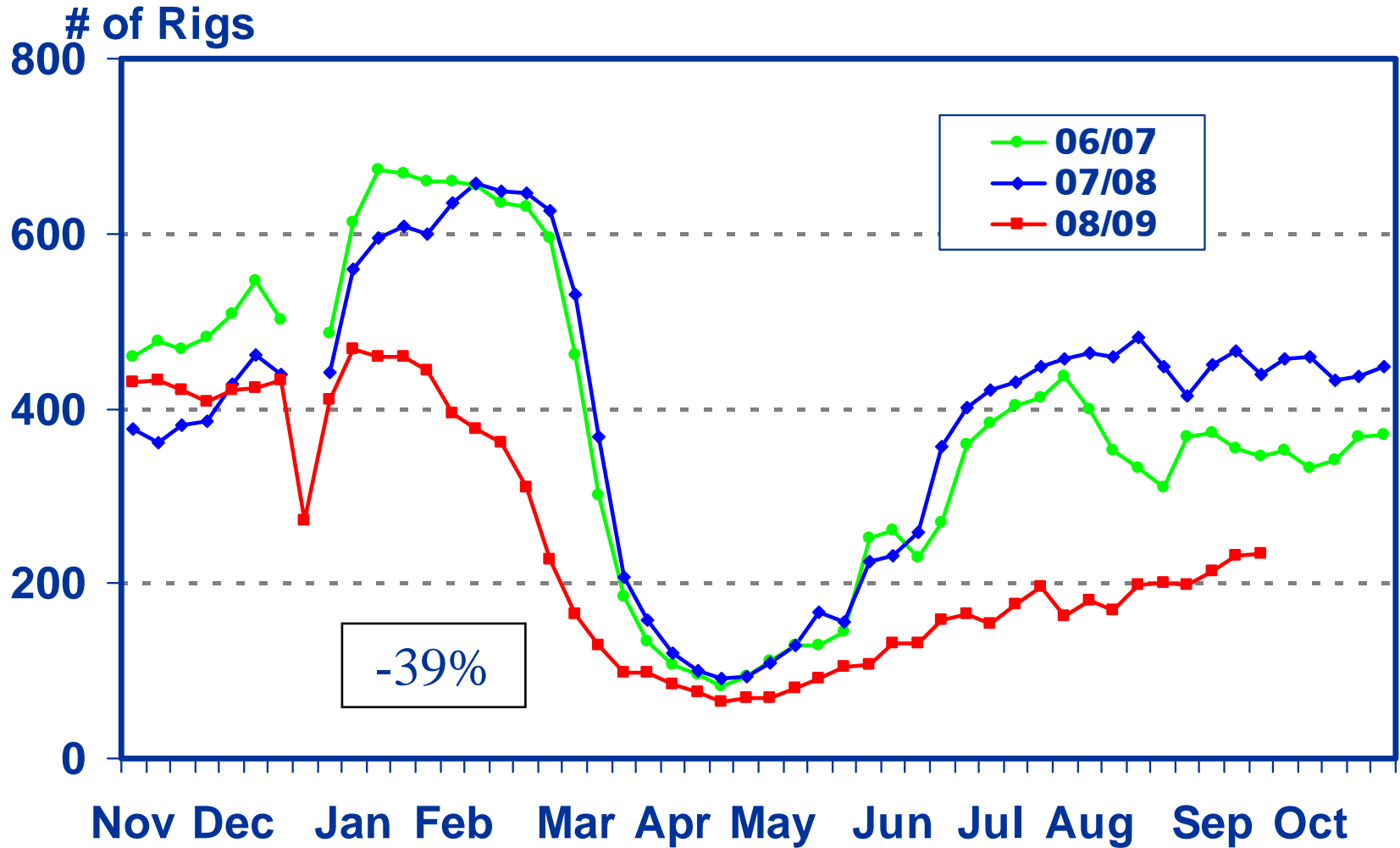


- **Lowest drilling rig activity this past summer in at least 17 years**
 - This winter's drilling activity to be similar to last winter
- **Lowest summer AECO/NIT gas prices in 10 years**
 - Caused by declining recessionary demand, high storage levels and continuing high U.S. domestic supply
- **Record Western Canada storage continues to march higher**
 - Second highest injection level this summer in at least the last 11 years
- **Exports down by about 1.2 Bcf/d this summer**
 - Western Canadian exports will continue to fall this winter
- **Western Canadian supply and exports expected to recover by 2013**

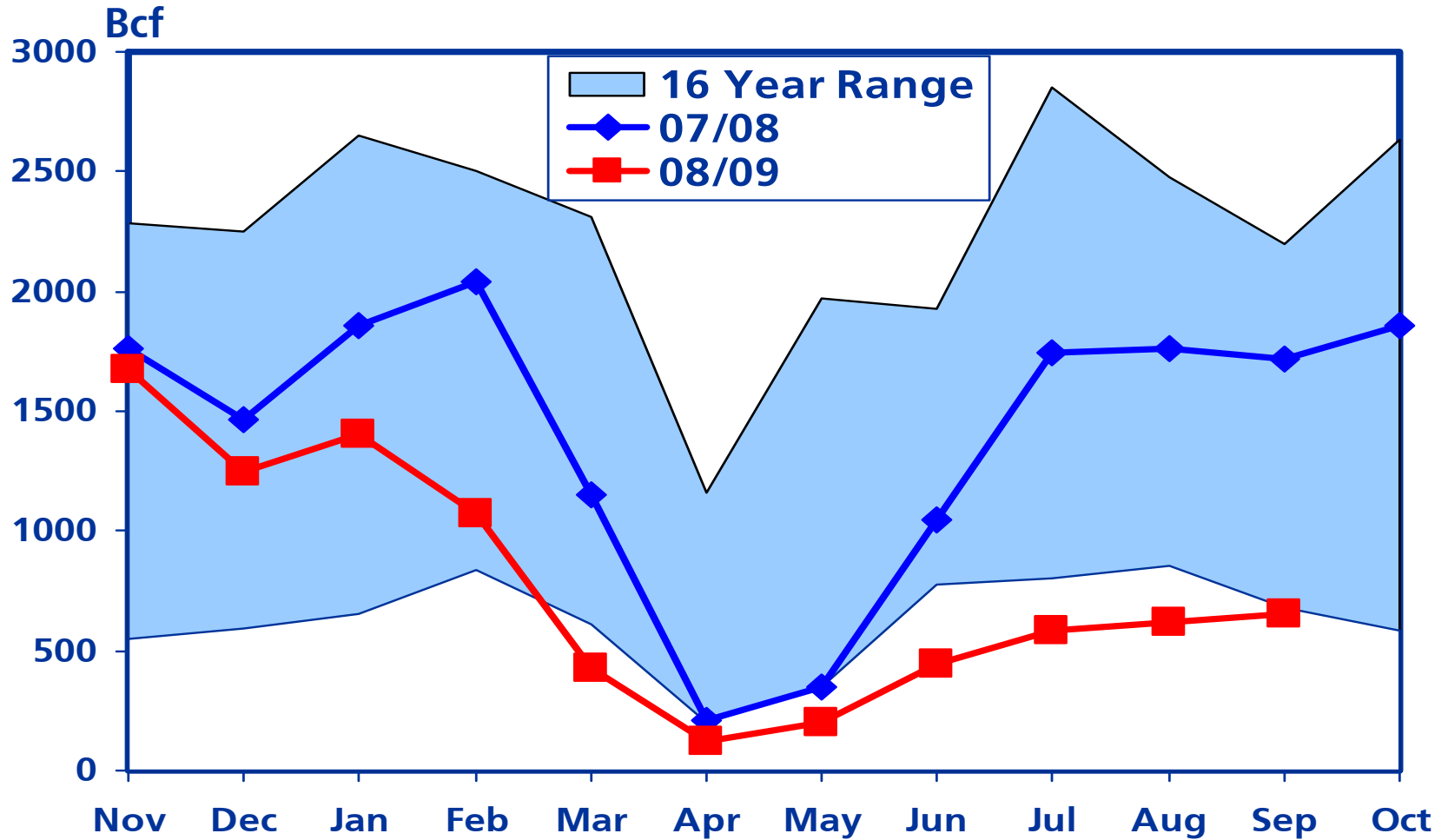
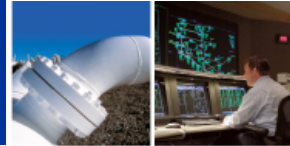
AECO/NIT Gas Prices



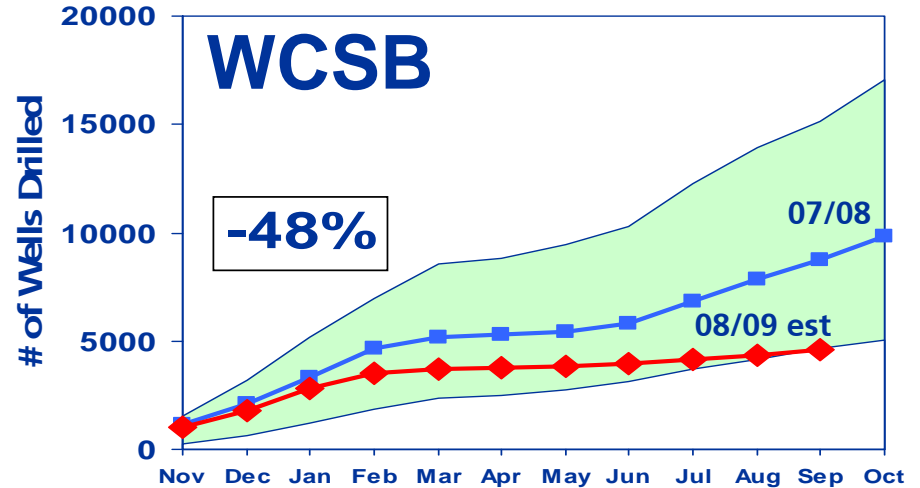
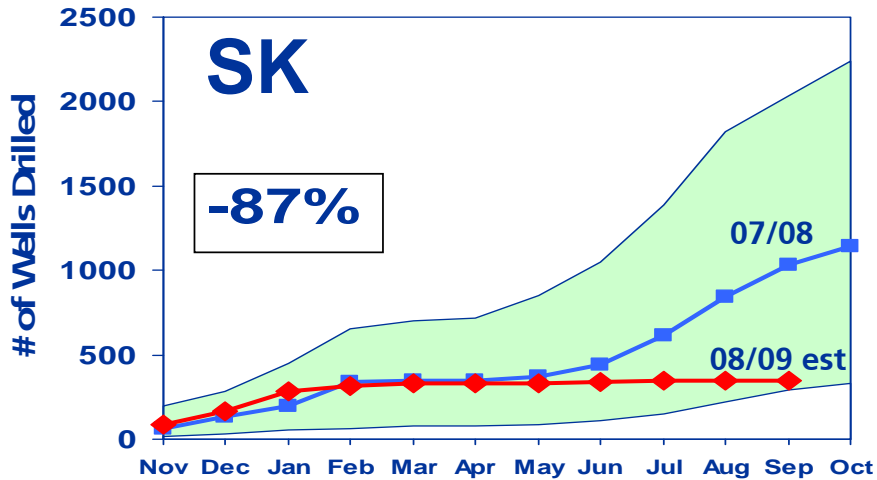
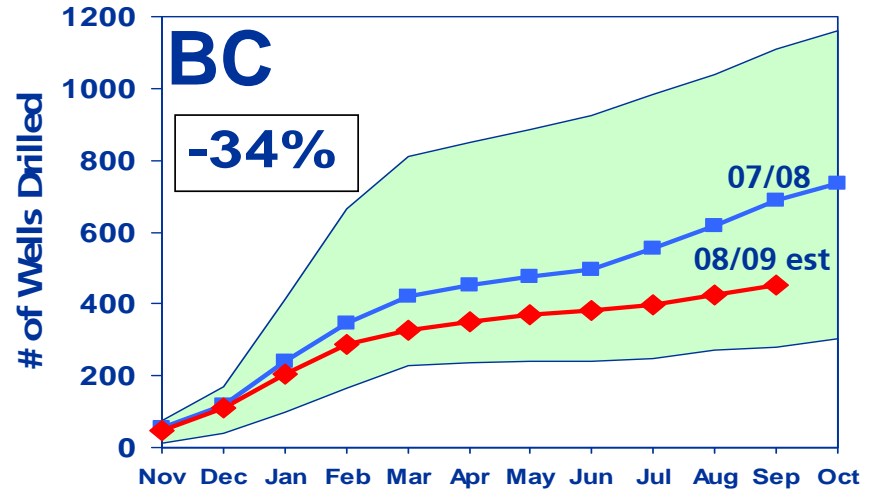
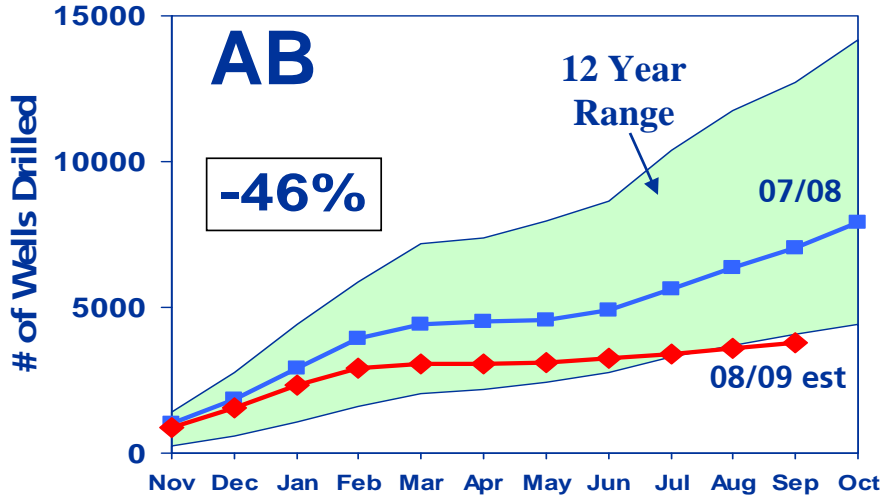
WCSB Active Drilling Rigs



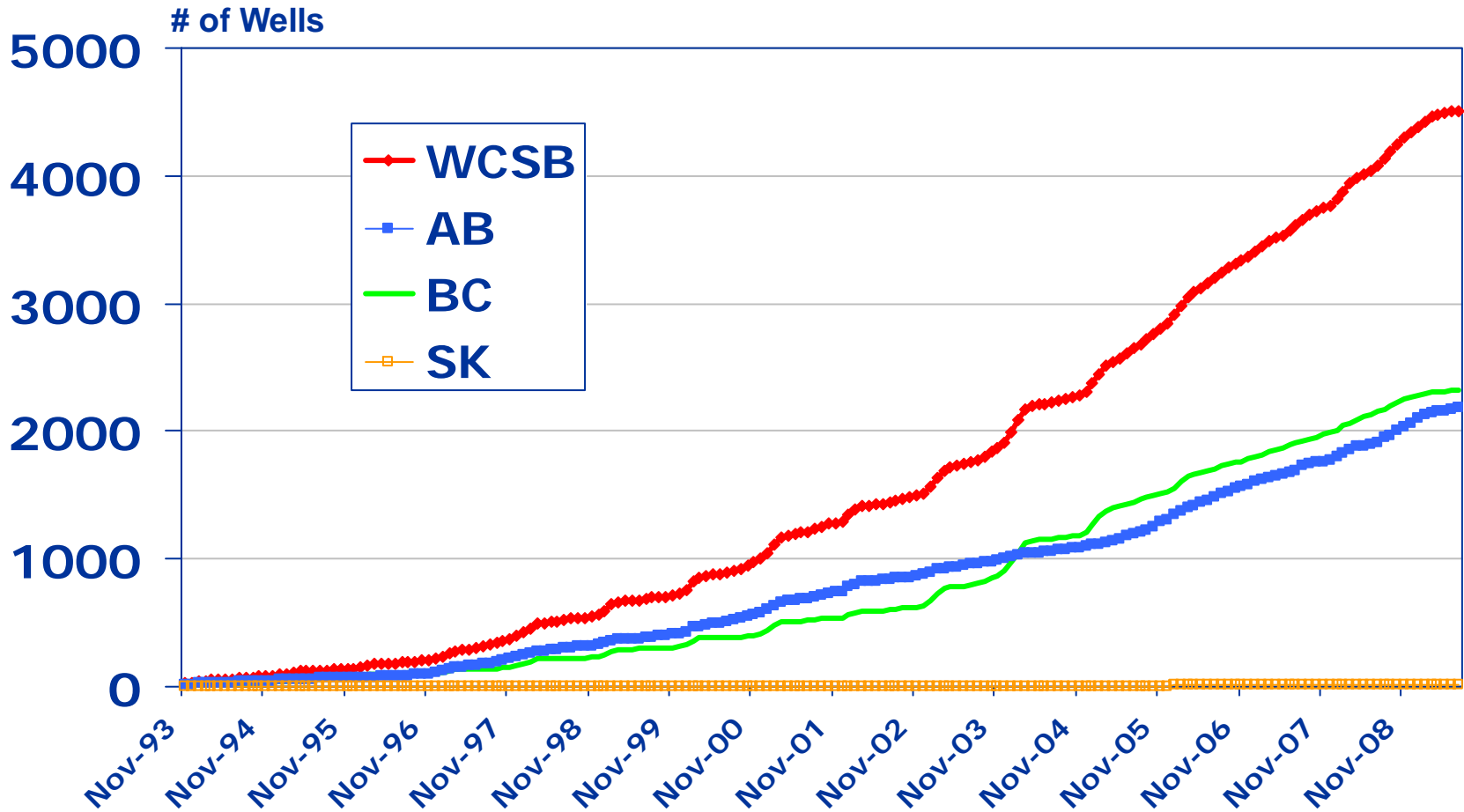
WCSB Total Wells Drilled/Month



Cumulative Gas Wells Drilled By Province

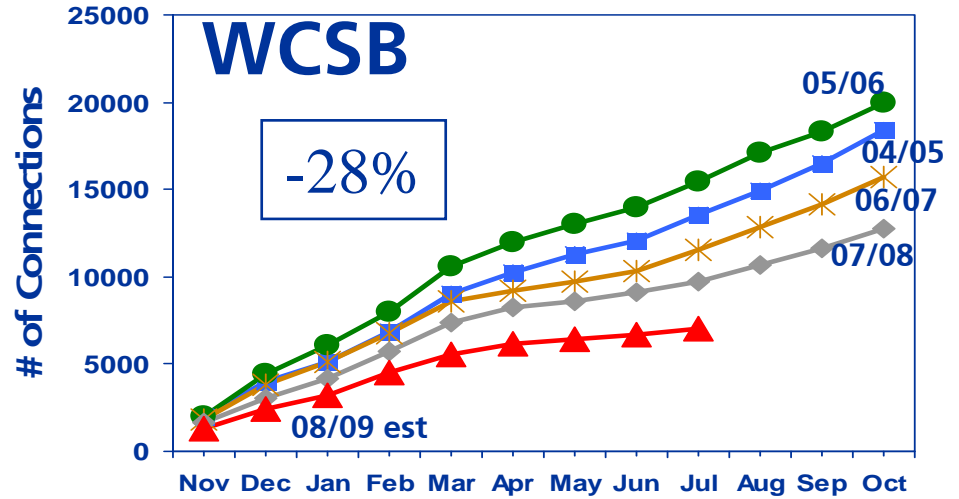
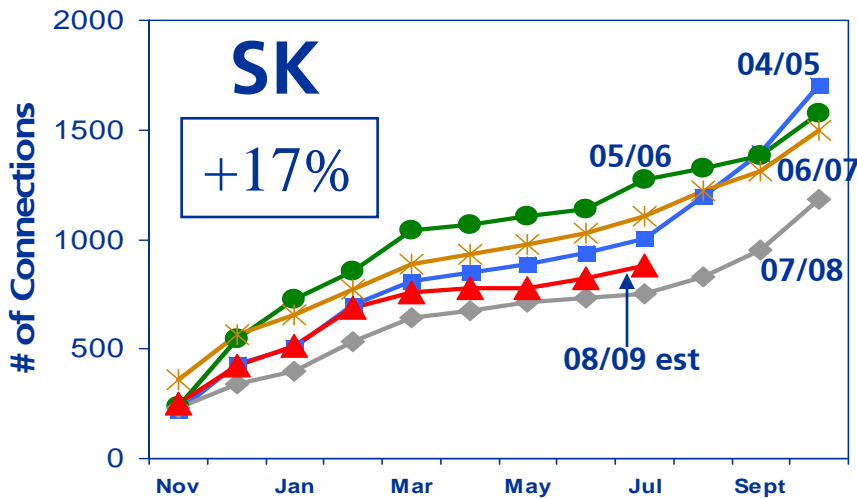
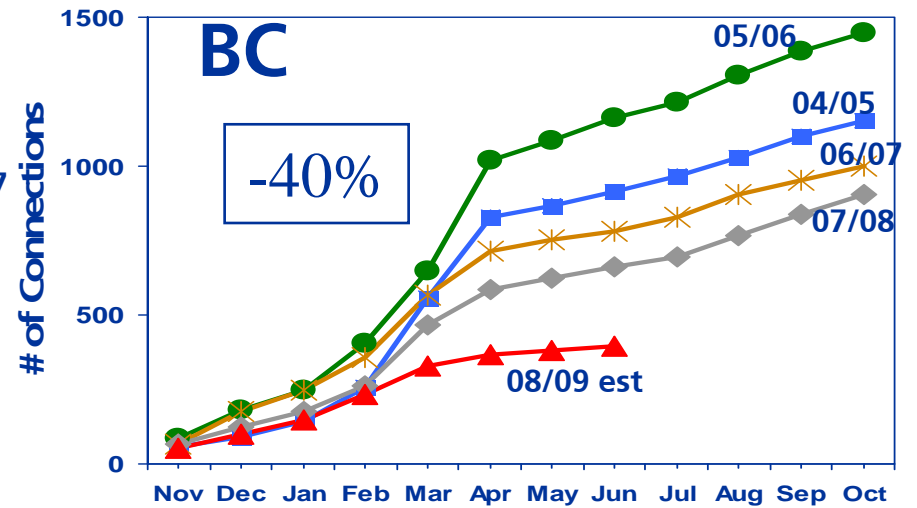
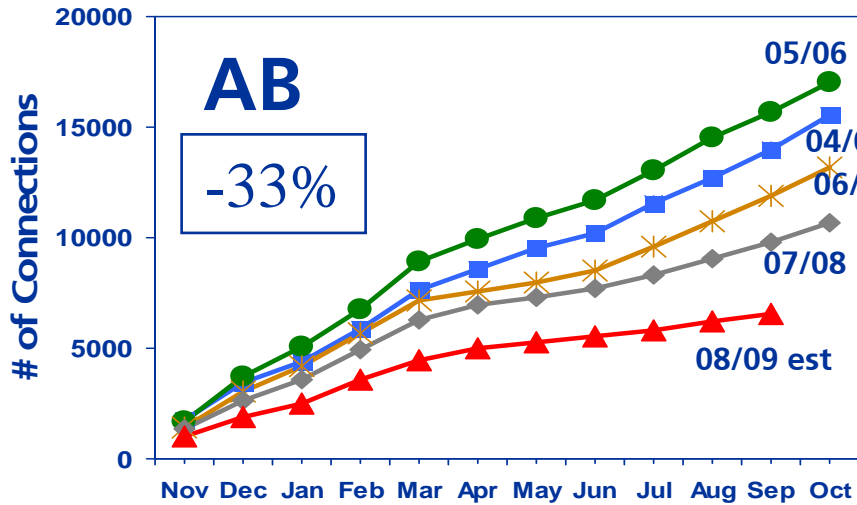


WCSB Horizontal Gas Wells Drilled

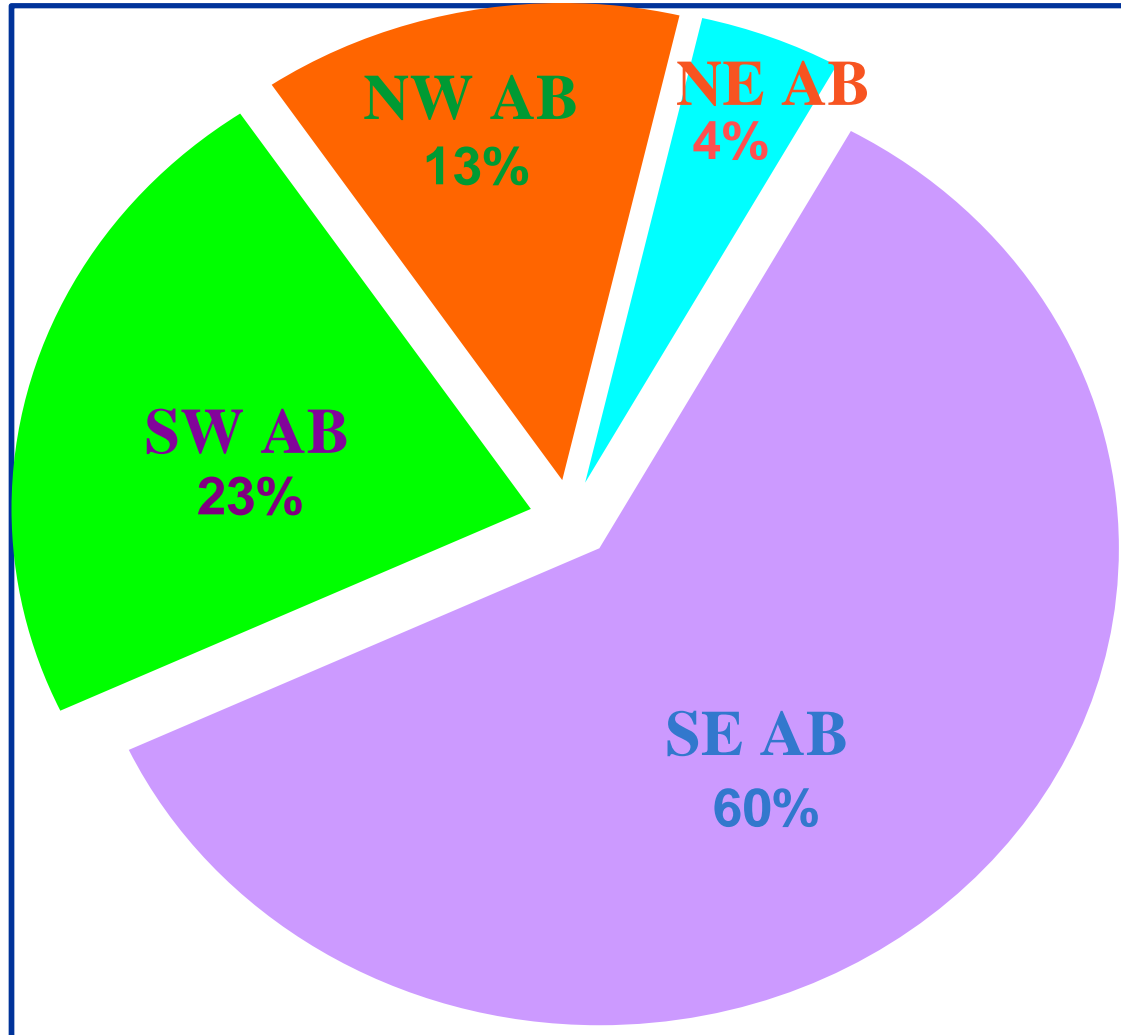


Data to July 2009

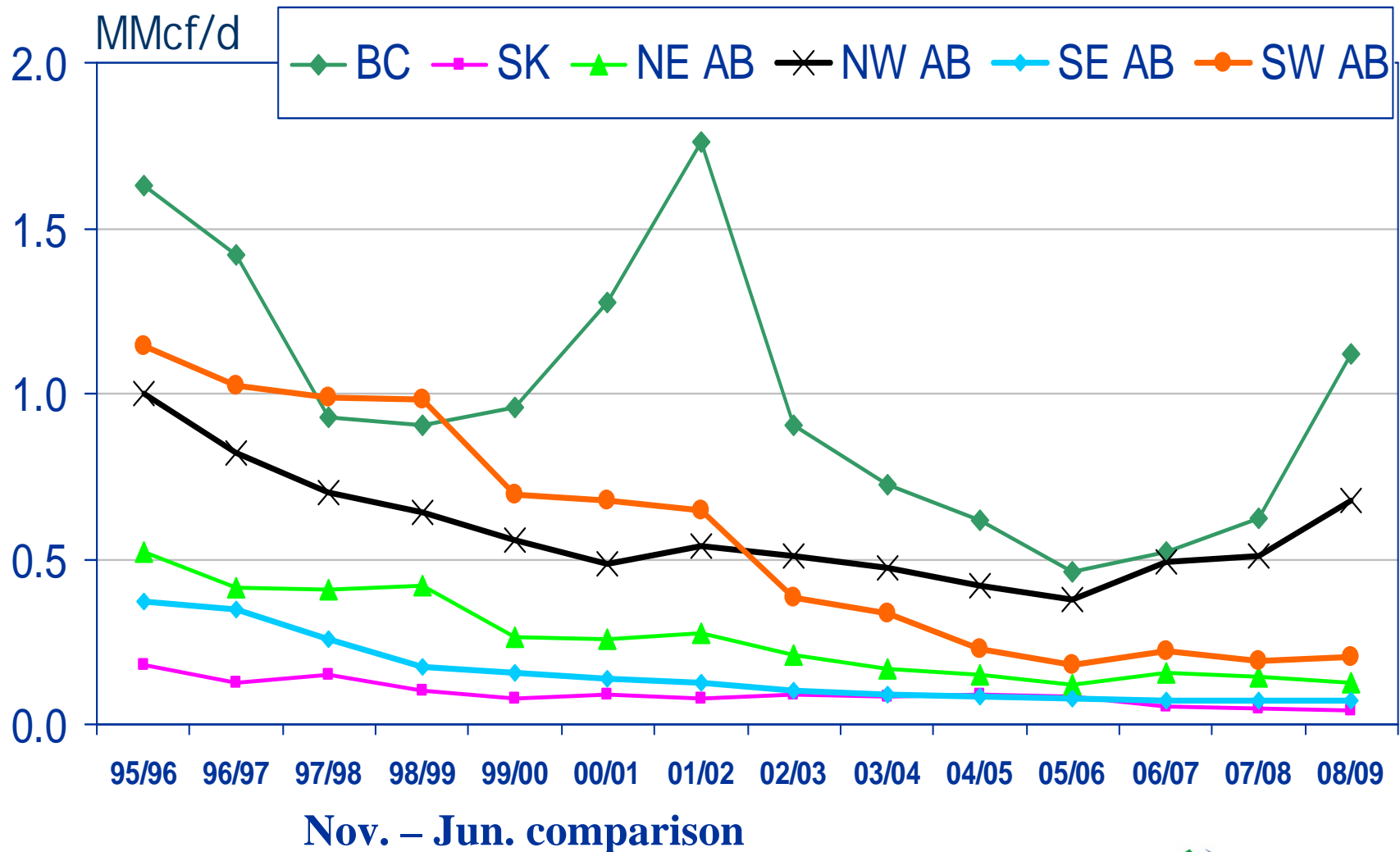
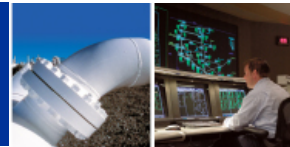
Cumulative Gas Well Connections By Province



Alberta Cumulative Gas Wells Connected By Quadrant (Nov. 08 – Sep. 09)



Initial Well Productivity by Region

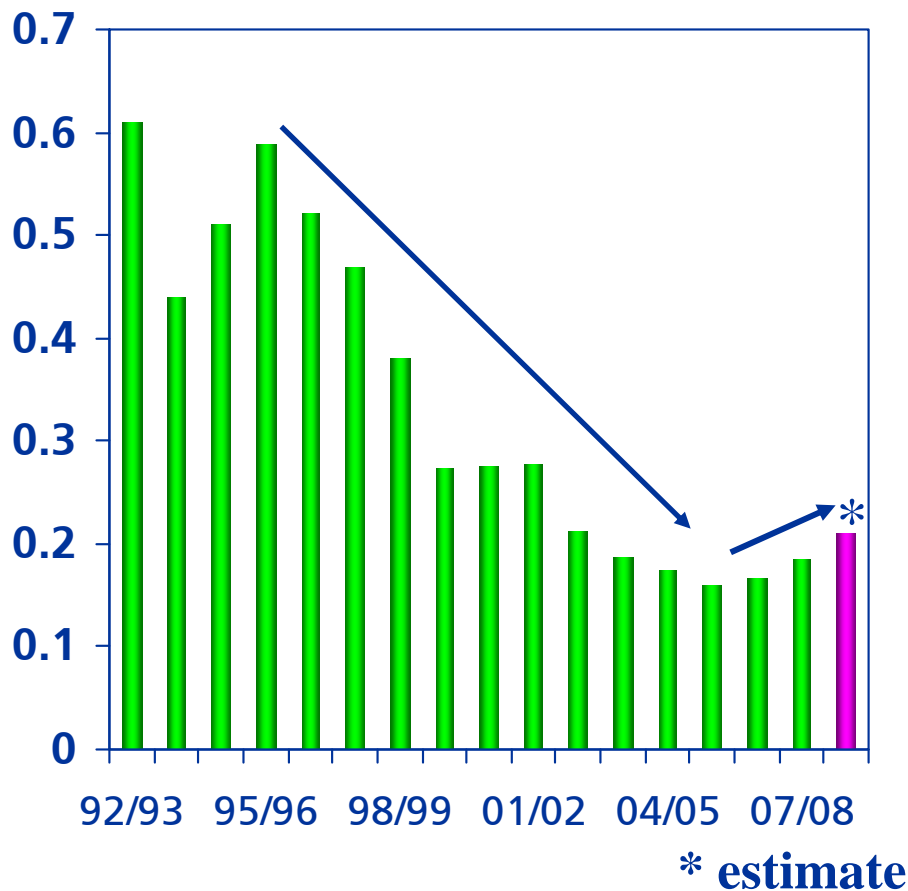


WCSB Initial Gas Well Production Rates/Decline Rate



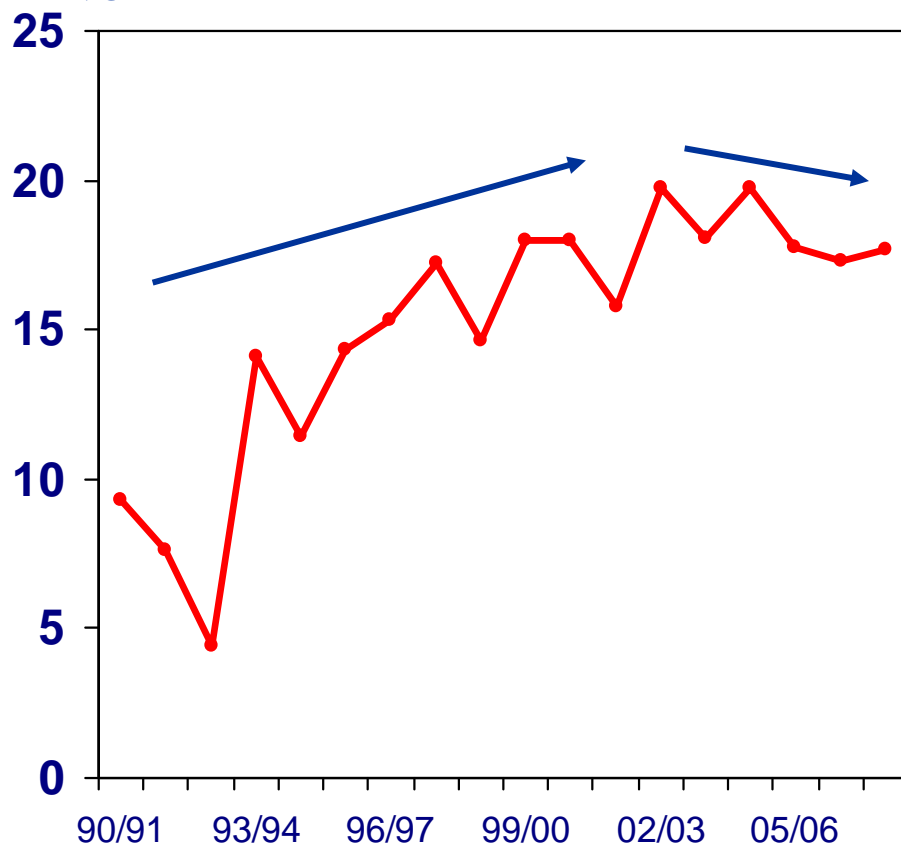
Initial New Well Production Rate

MMcf/d/well

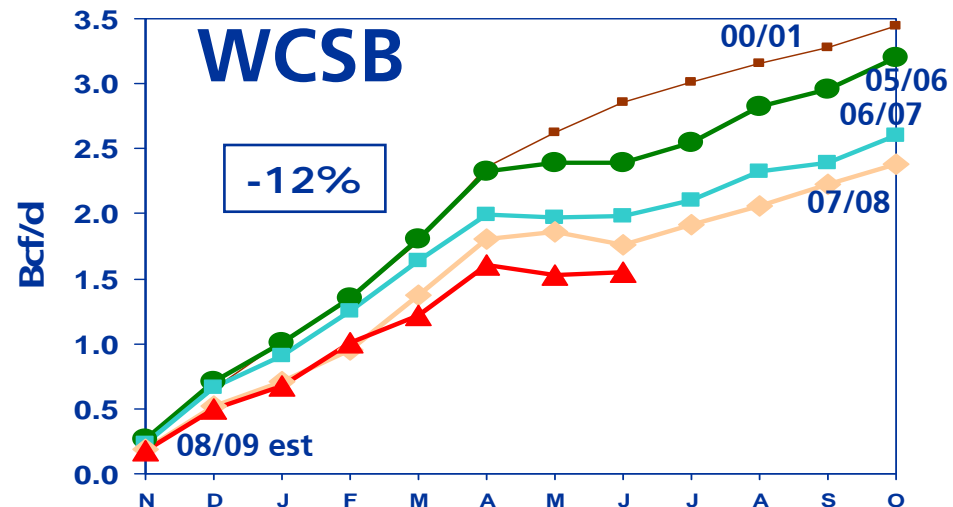
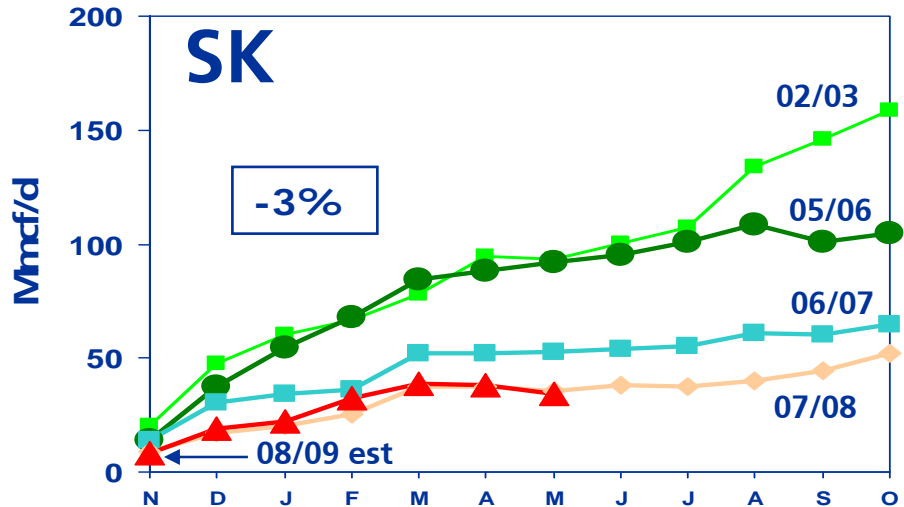
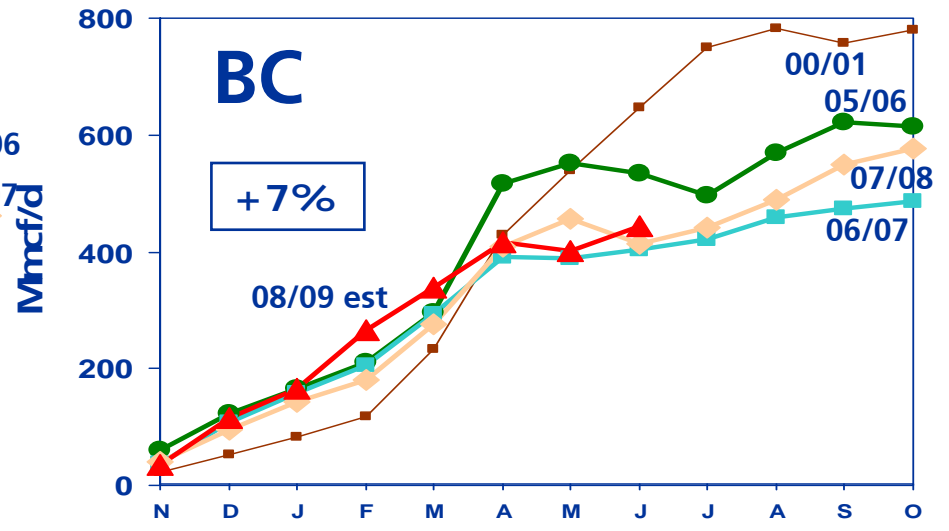
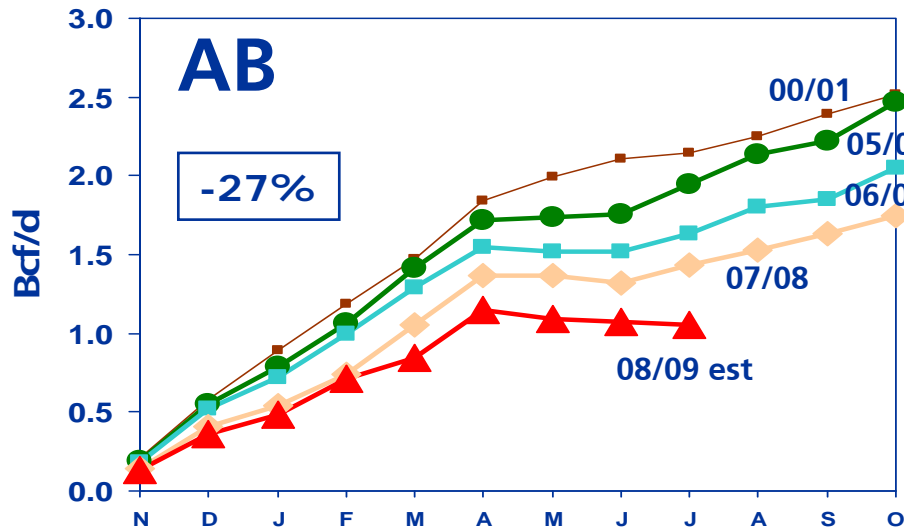
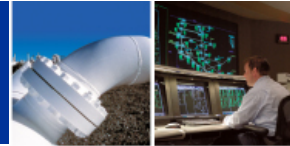


Composite Decline Rate

%

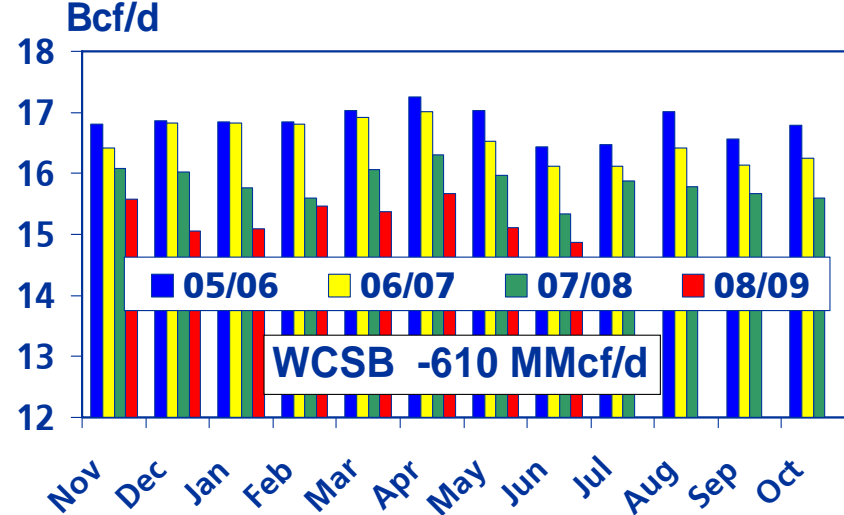
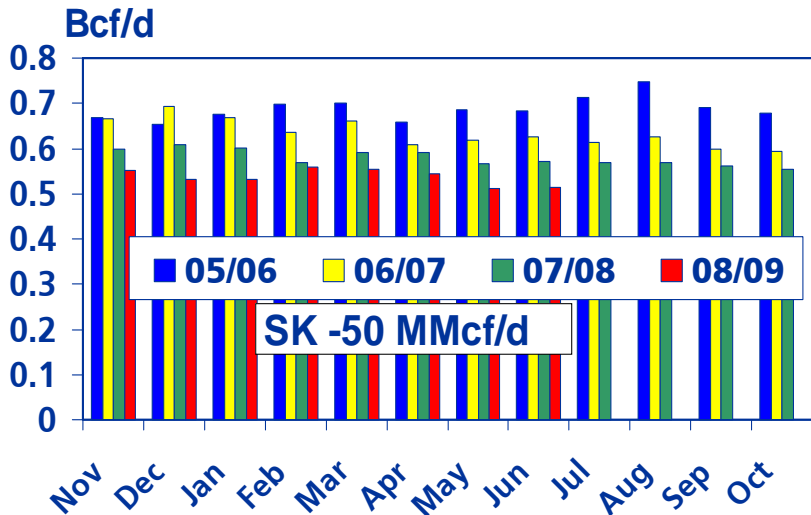
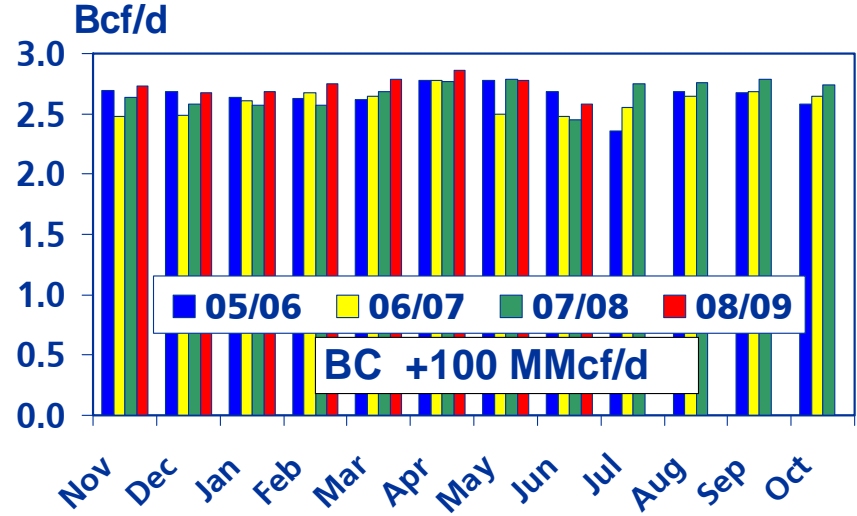
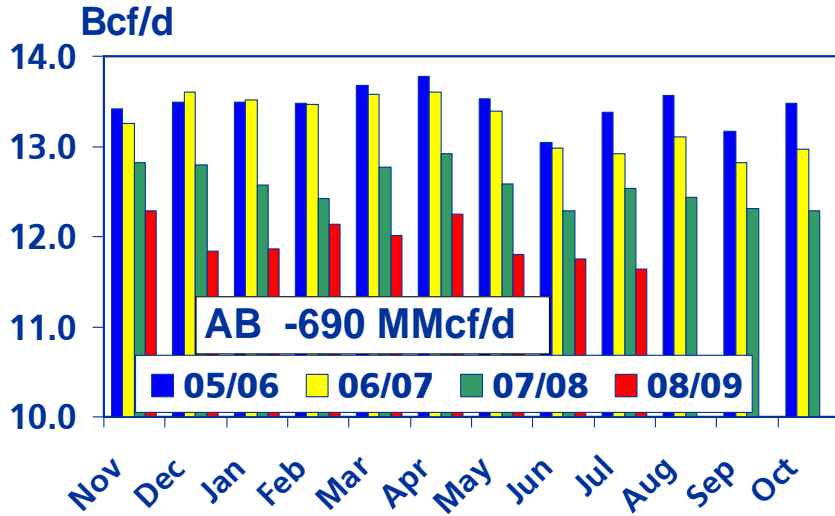


New Tie-in Supply By Province



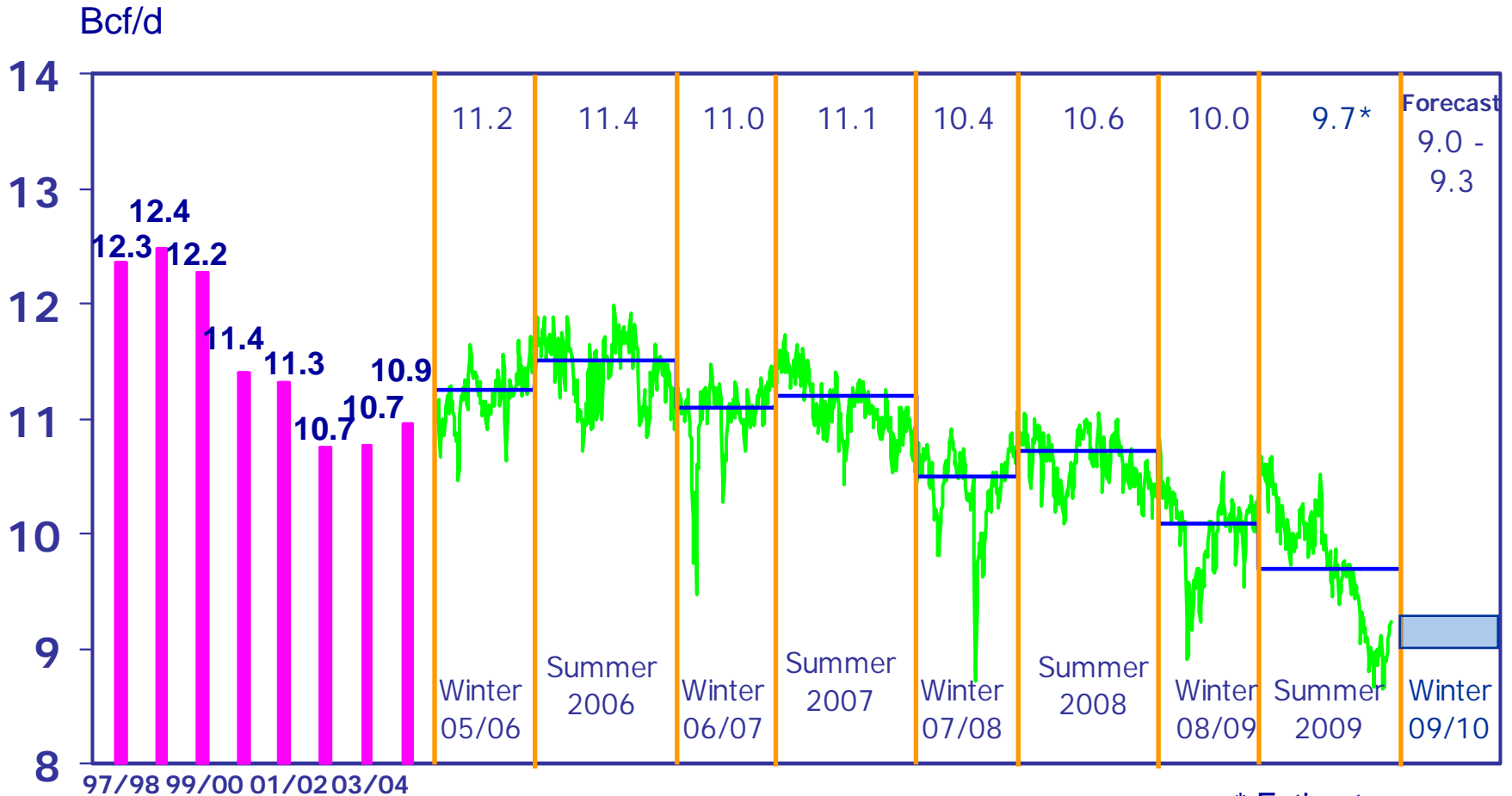
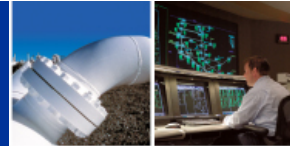
Non-associated gas only

WCSB Monthly Production



Marketable gas from Government sources, includes solution gas

Seasonal Flows on the Alberta System

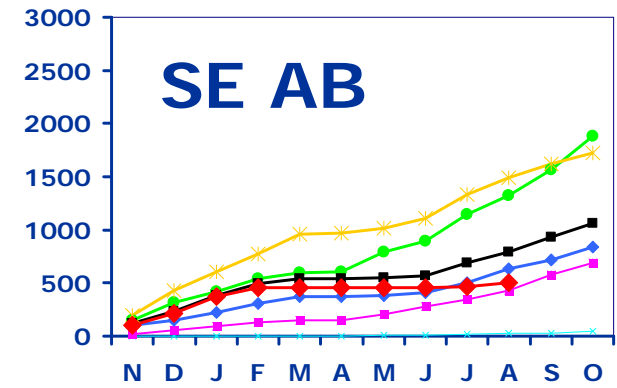
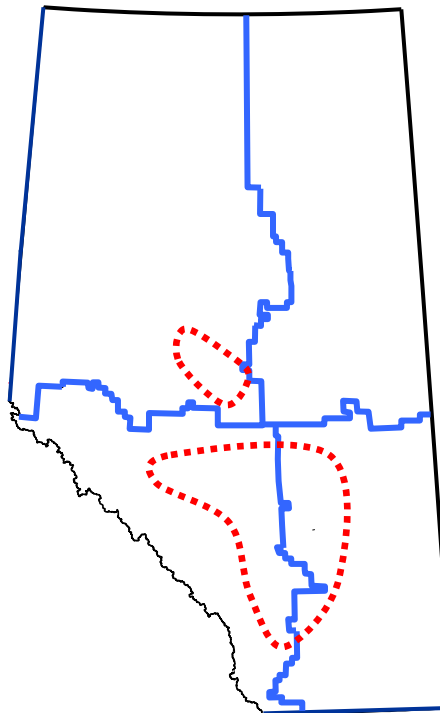
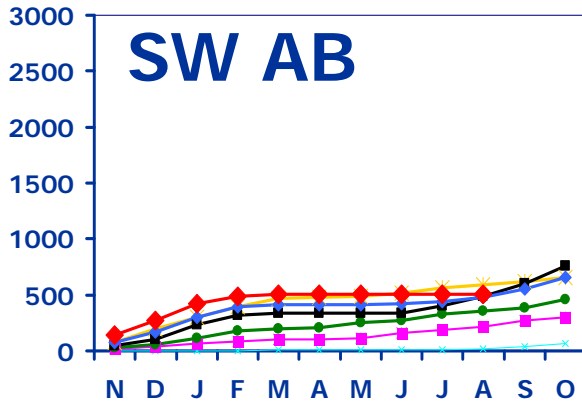
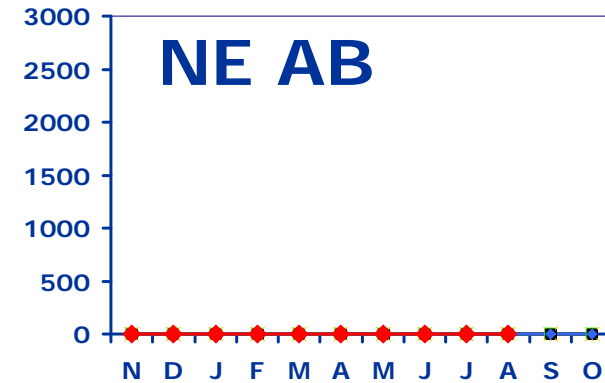
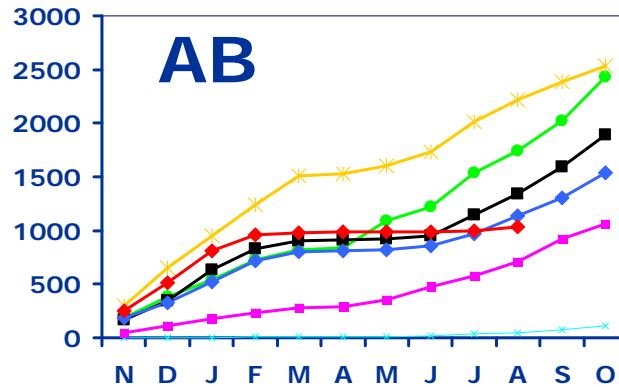
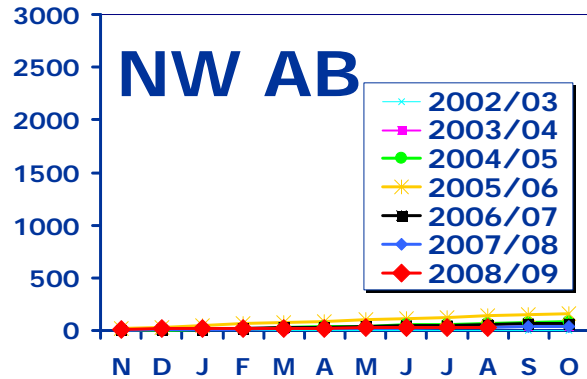


* Estimate

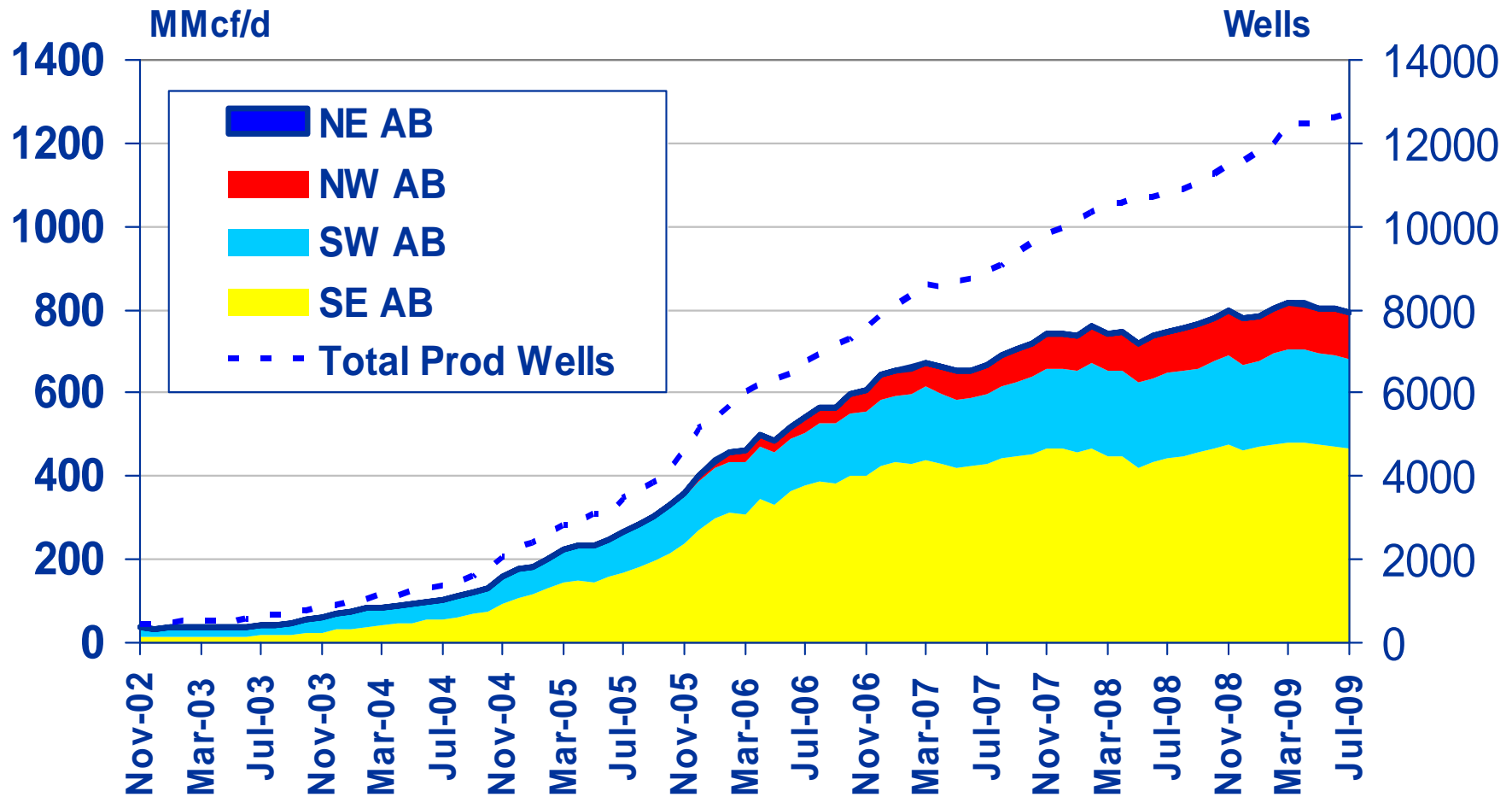
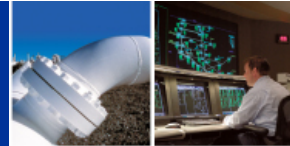
Excluding Storage

Data Current to Oct. 18, 2009

Drilled Alberta CBM Wells By Region

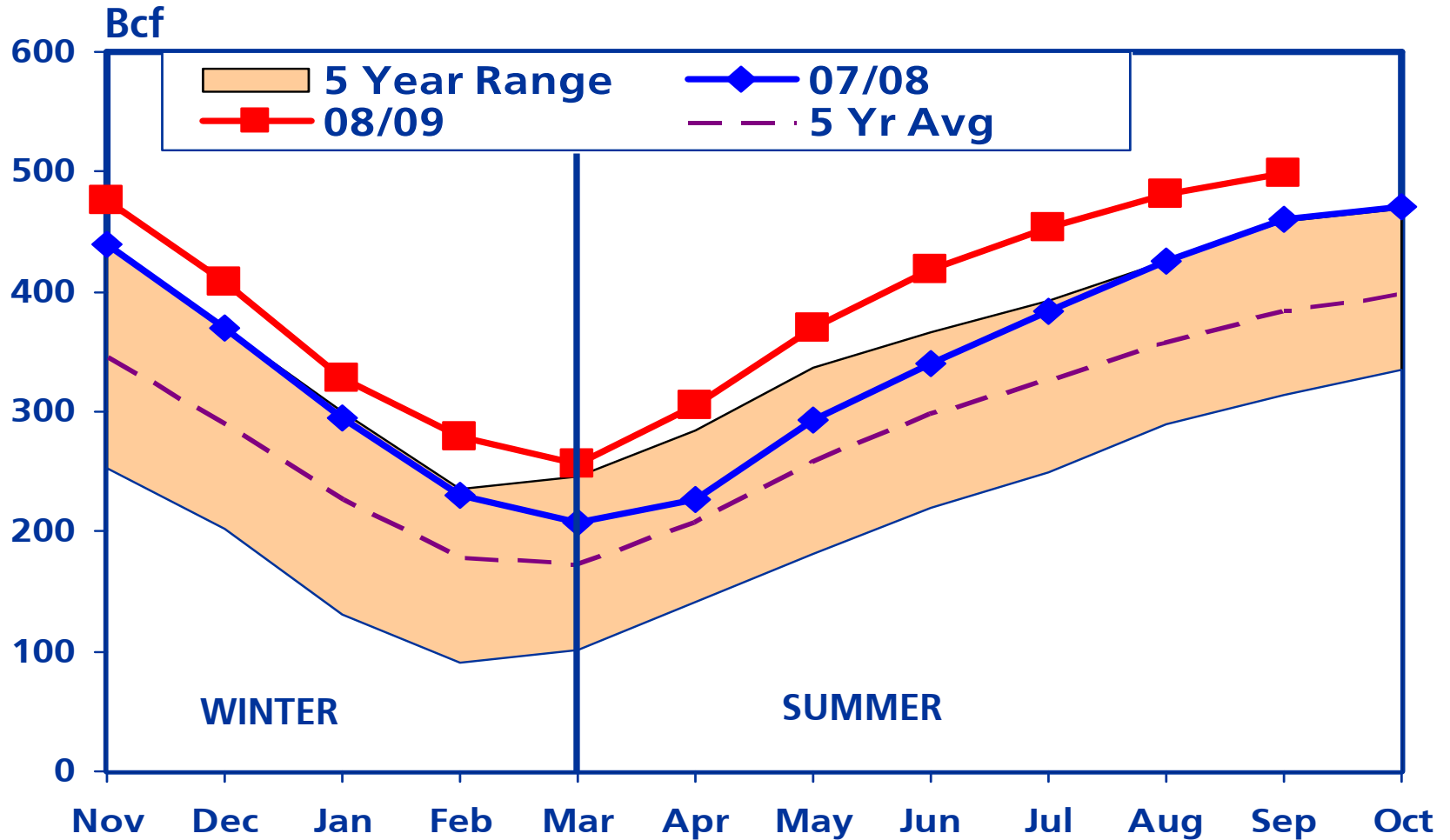


WCSB Coalbed Methane Production



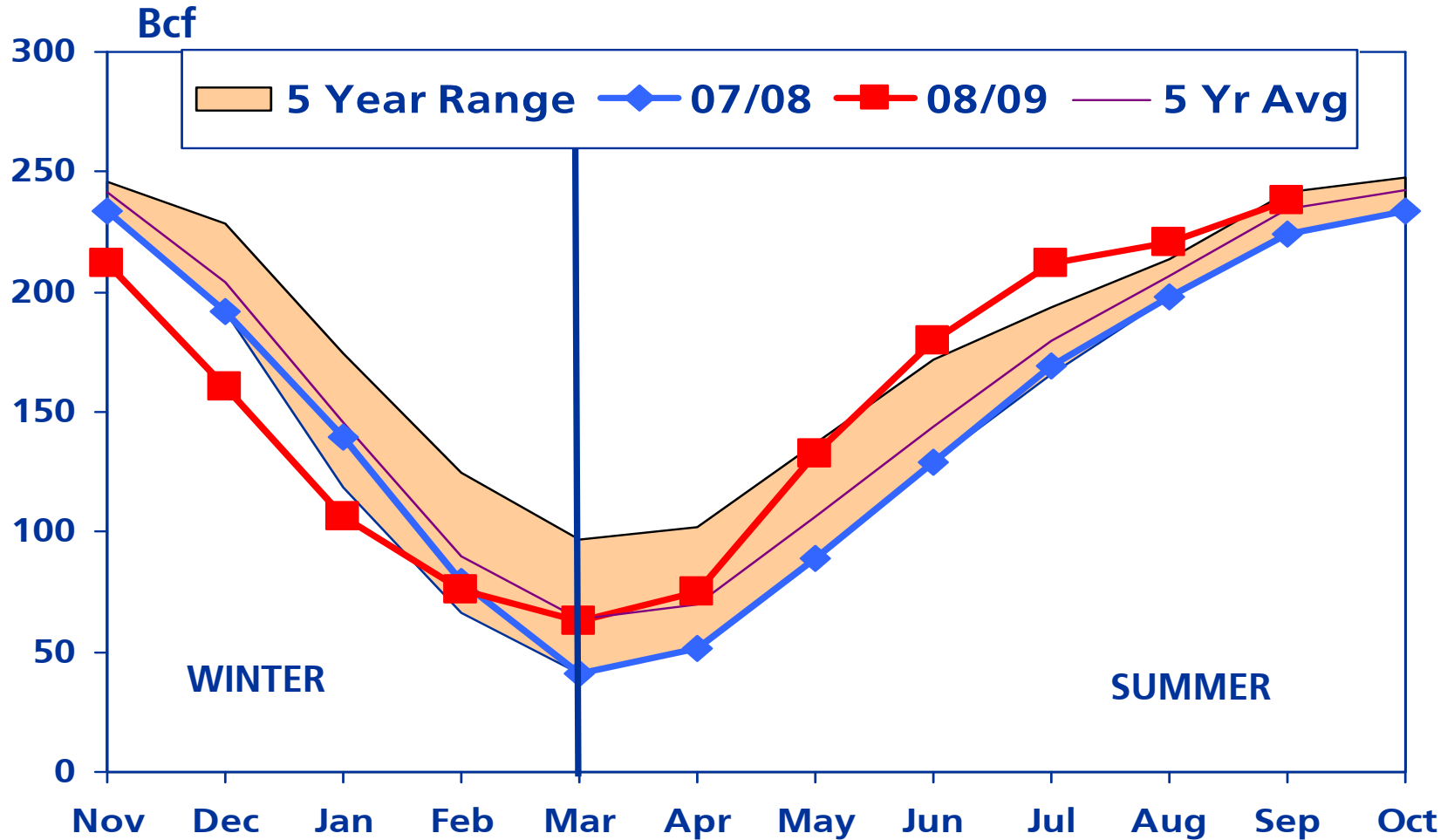
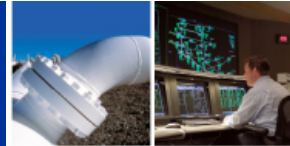
Data as of July 2009

Western Canada* Working Gas In Storage



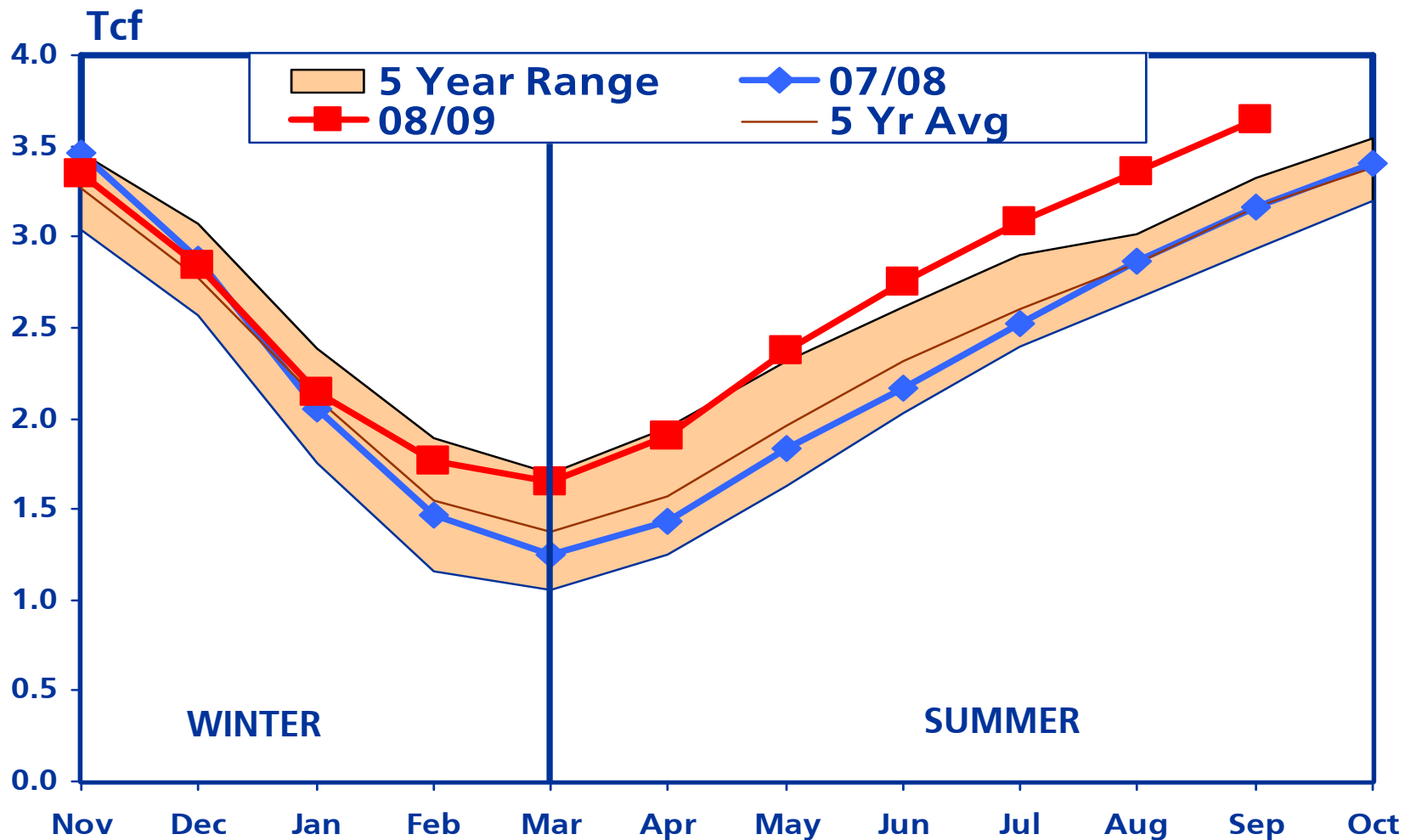
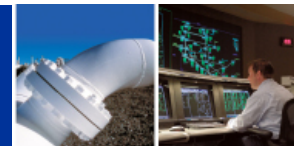
Source: BC, Sask, AB governments, TransCanada

Eastern Canada Storage Status



Source: Canadian Enerdata

U.S. Storage Status

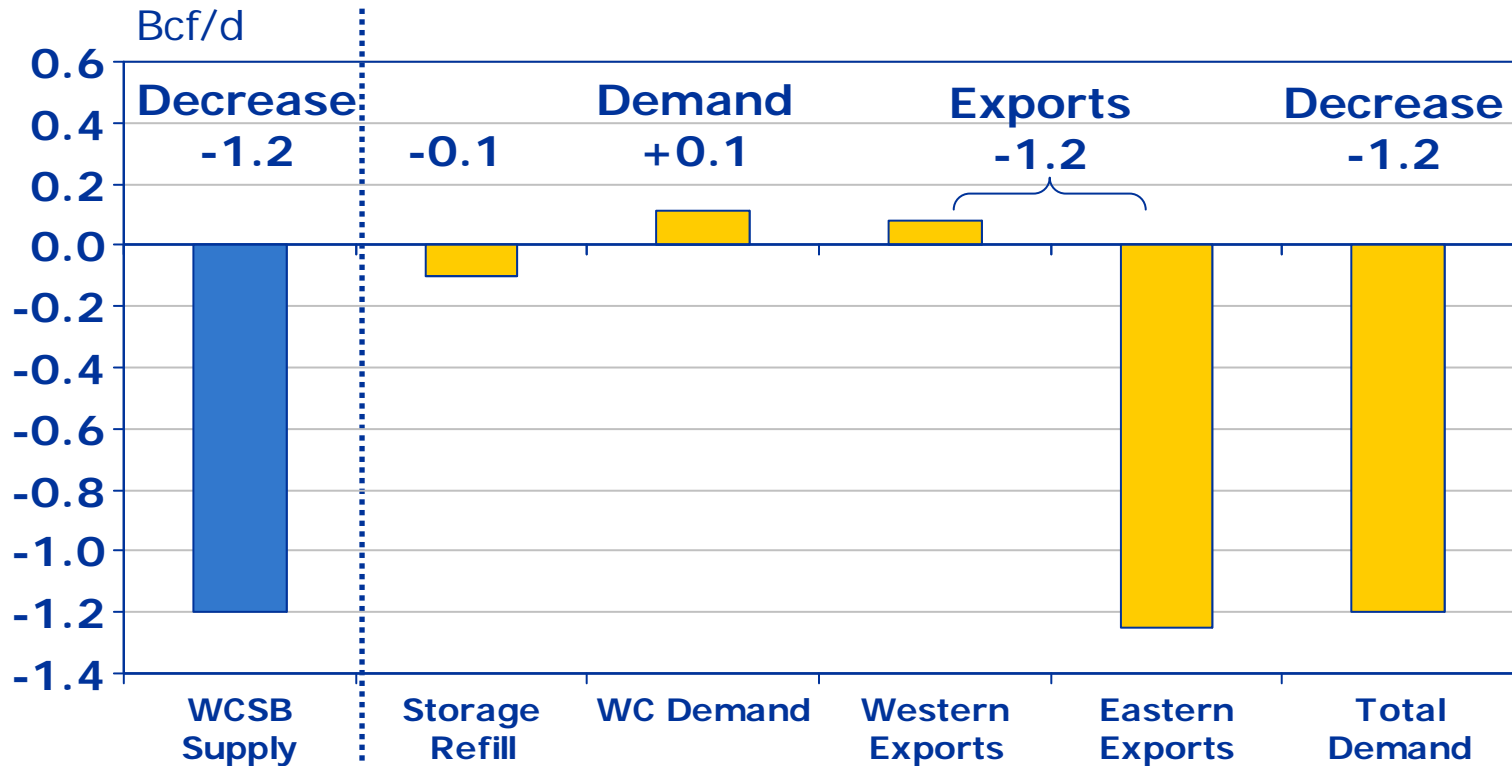


Source: EIA

WCSB Summer 2009 (estimate*)



Year-over-Year Changes

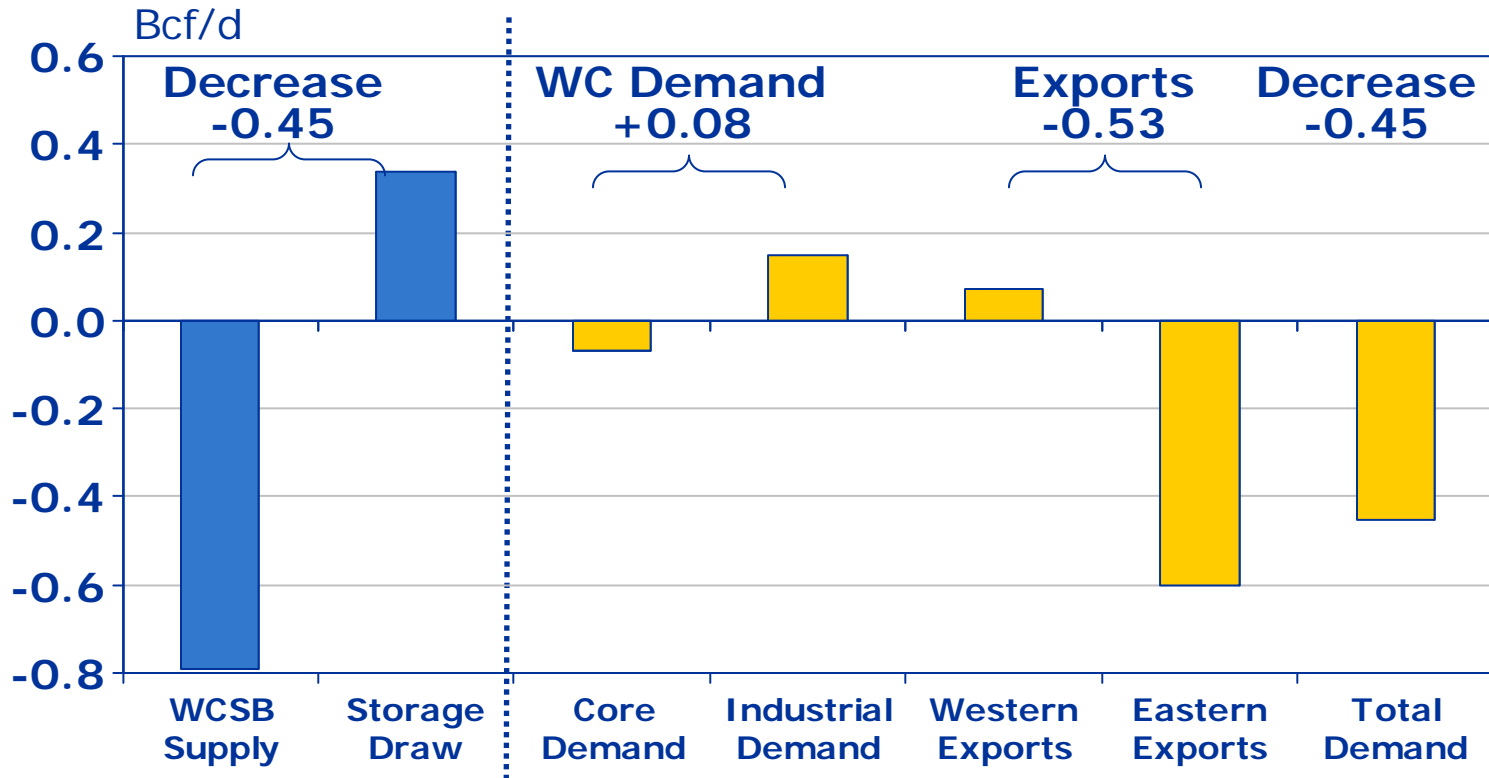


* Estimate as of Oct 15

WCSB Winter 2009/10 (forecast)



Year-over-Year Changes



Conclusions



- WCSB supply expected to decline by 600 MMcf/d in 2010 compared to 2009.
- Continuing slow WCSB industry activity this winter.
- Throughput on the Alberta System is expected to average 9.0 – 9.3 Bcf/d this winter compared to 10.0 Bcf/d last winter.
- Western Canada exports to decrease by 0.5 Bcf/d this winter due to higher WC demand, lower U.S. market demand and lower supply.
- WCSB supply and exports to recover by 2013 with higher prices and unconventional gas development.