

Western Canada Winter 2008/09 Supply & Demand Outlook

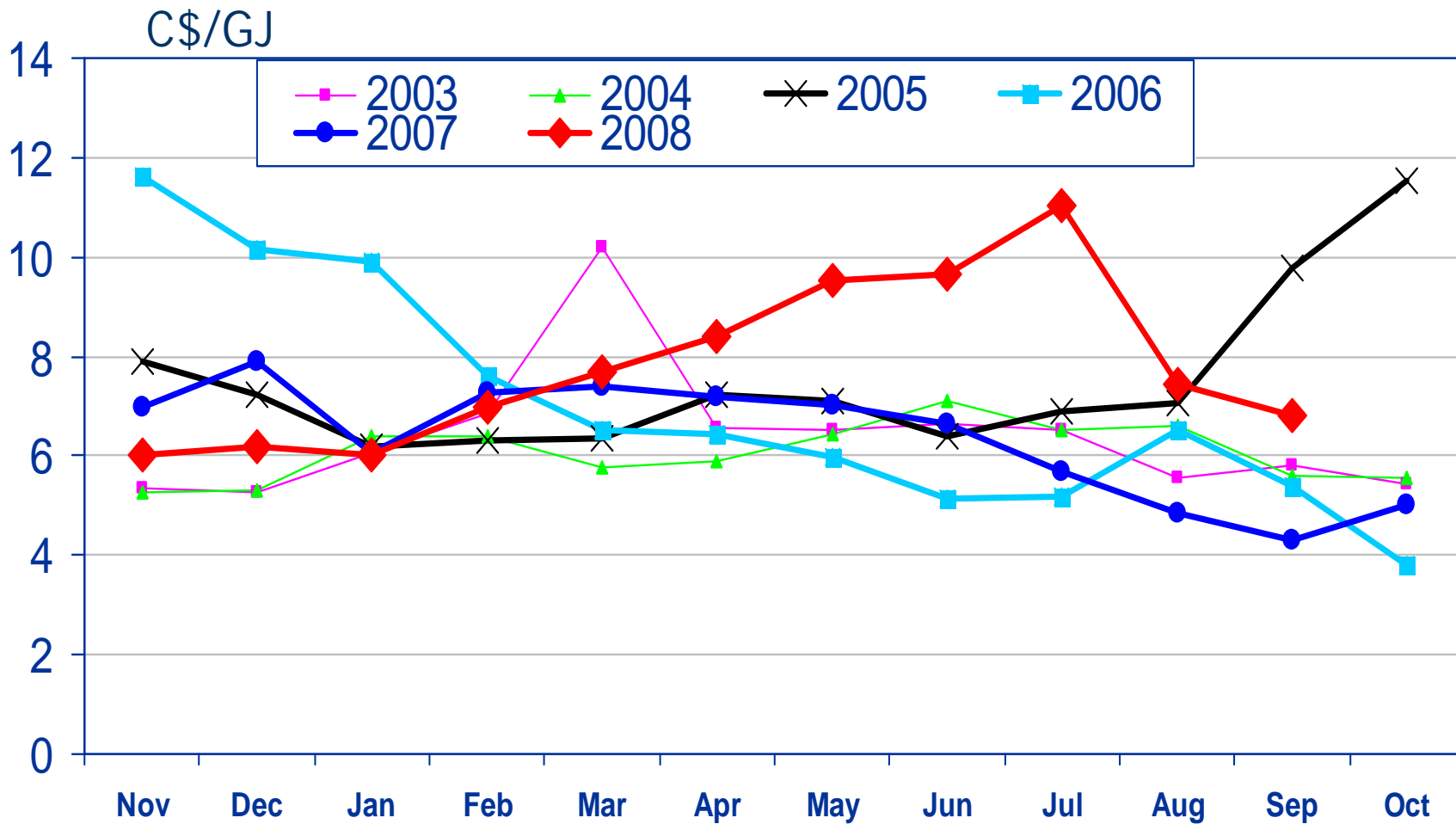
Craig Yano

Observations

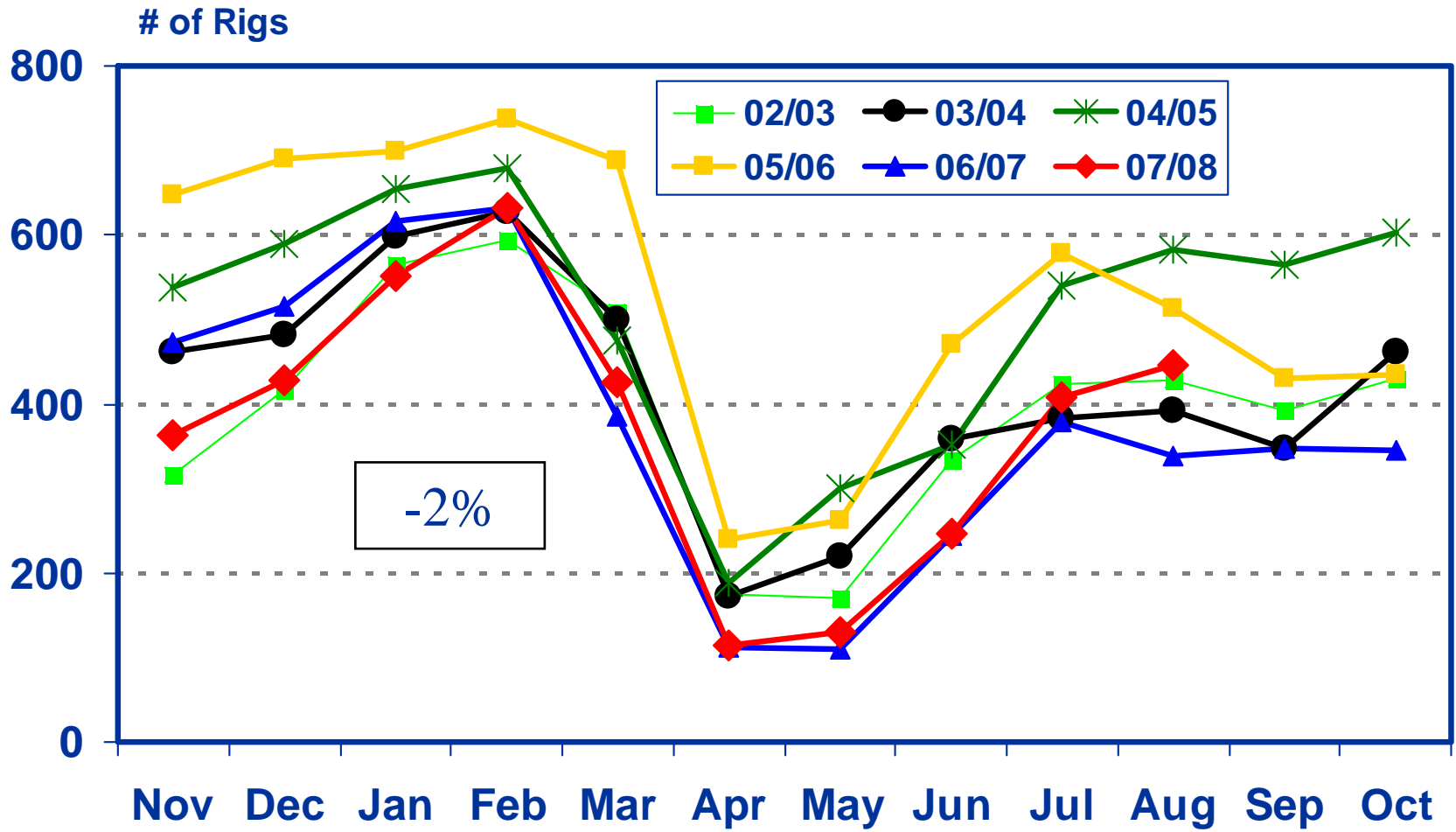


- **Gas well drilling down 22% compared to last summer**
 - Connections down by half that much so far this summer
- **Economic woes, falling oil prices greasing gas price slide**
 - Strong U.S. supply growth also limiting prices
- **Western Canada storage levels at record high**
 - Record WCSB storage injection rate this summer
- **Exports dropped by about 800 MMcf/d this summer**
 - Continuing declines in exports expected this winter

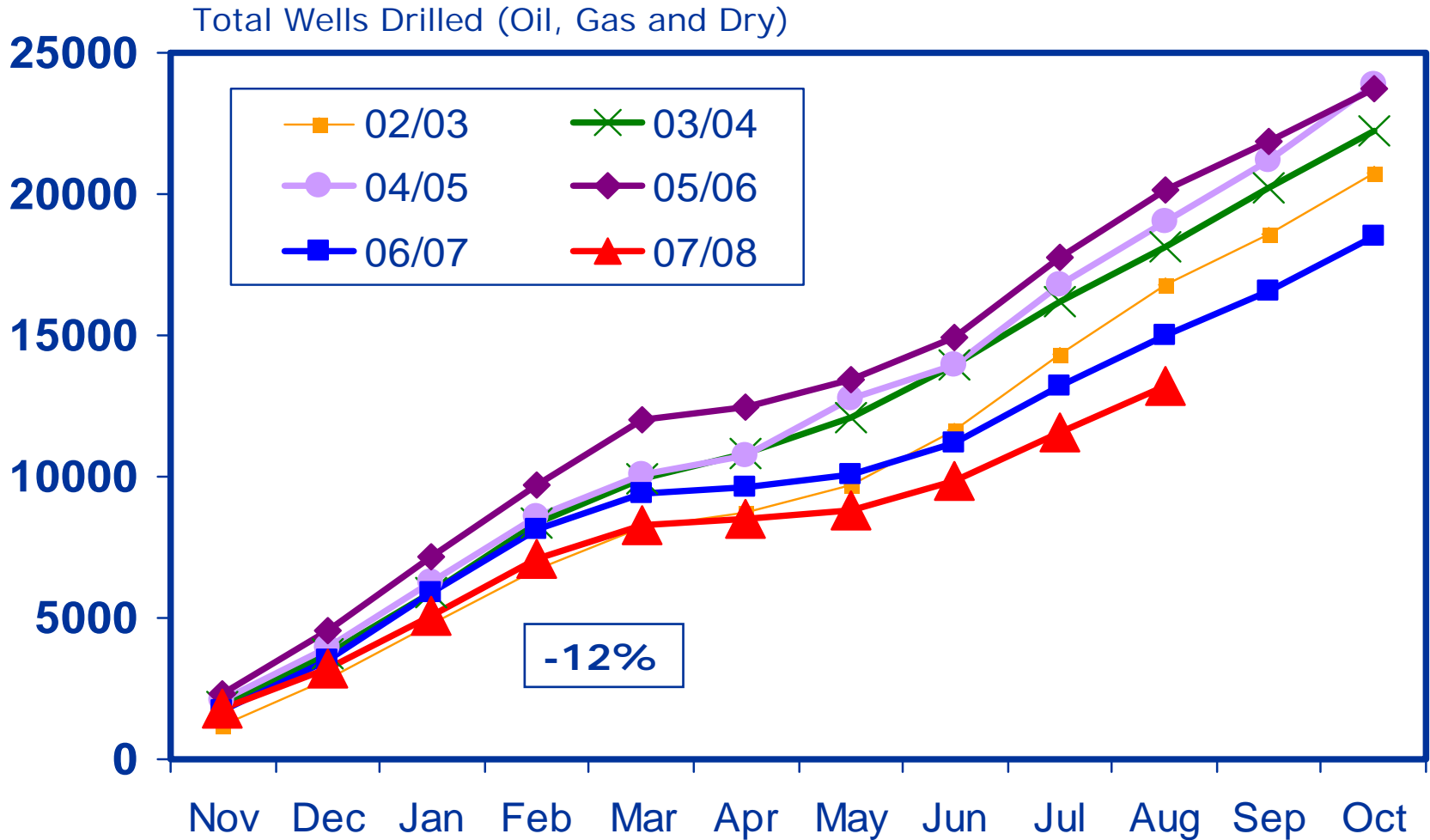
AECO/NIT Gas Prices



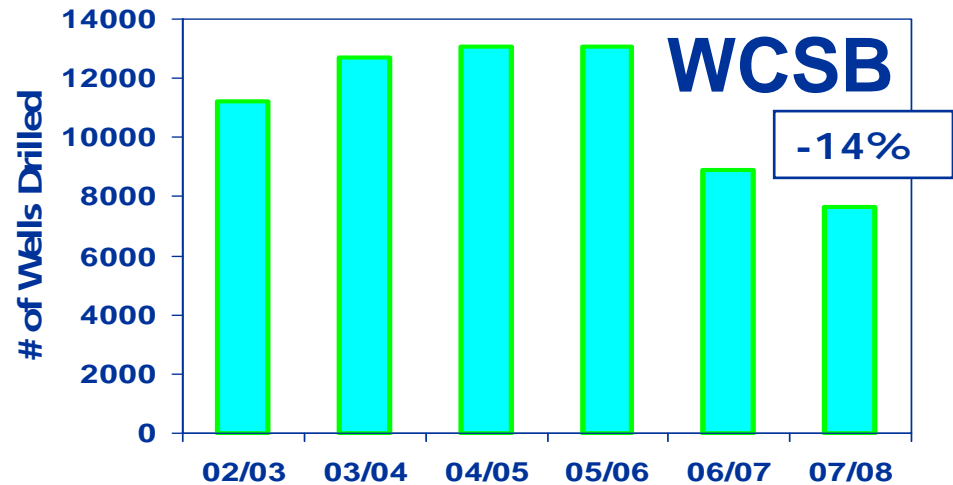
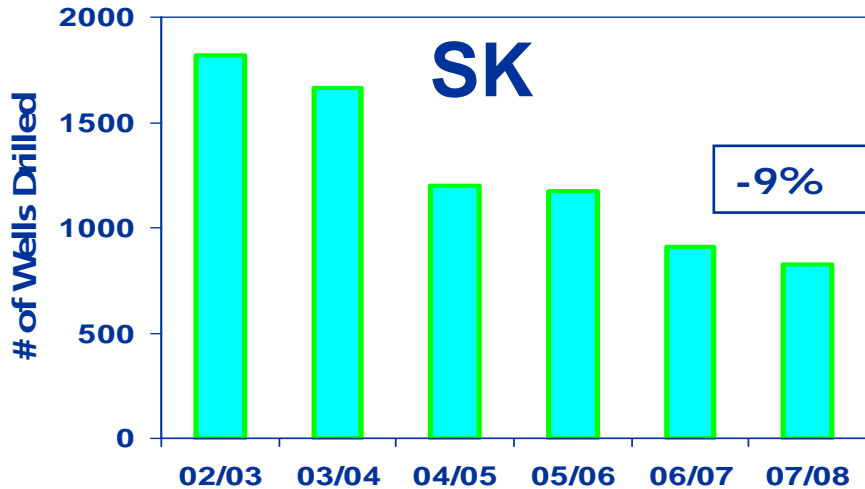
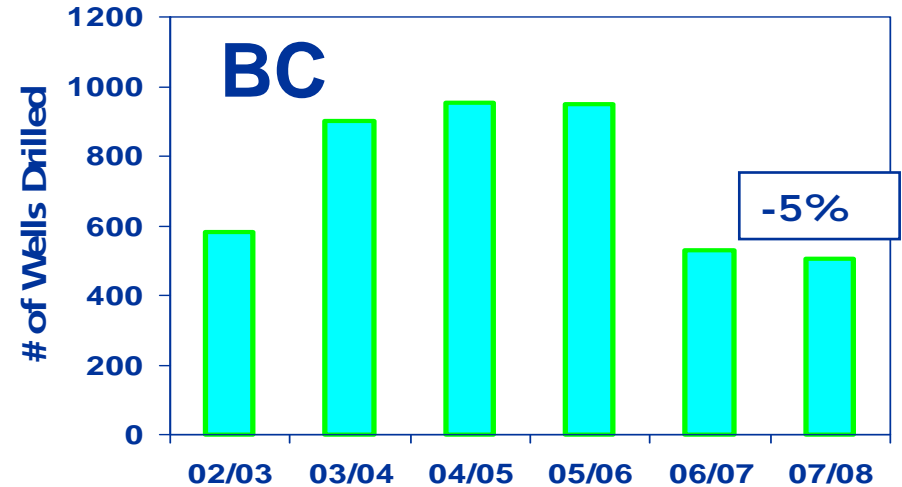
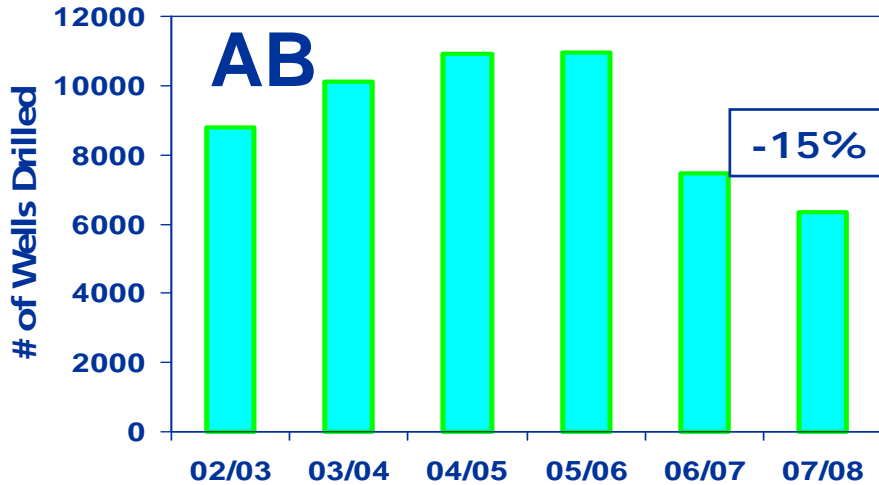
WCSB Active Drilling Rigs



WCSB Drilling Activity

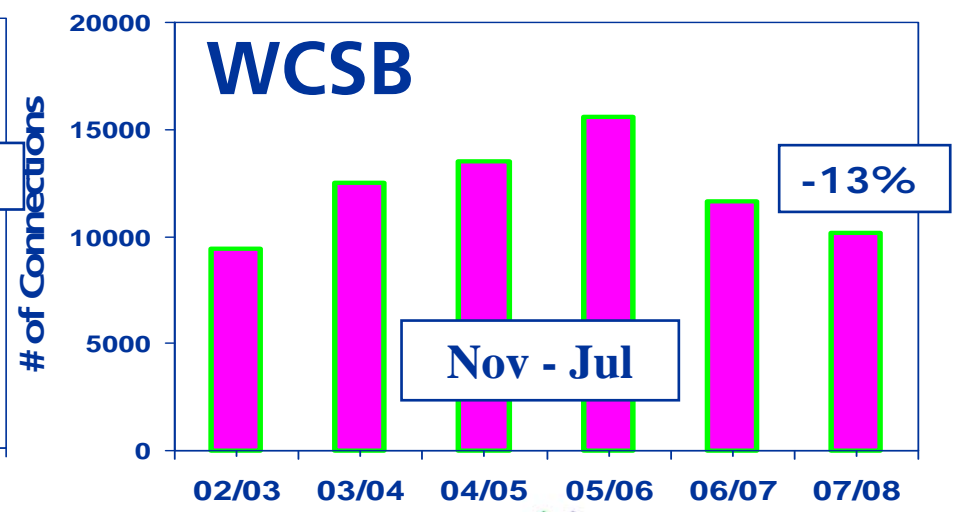
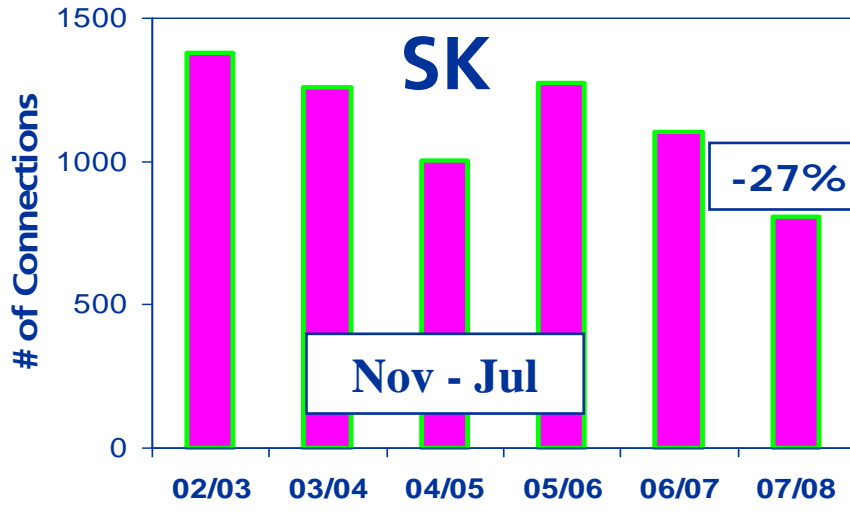
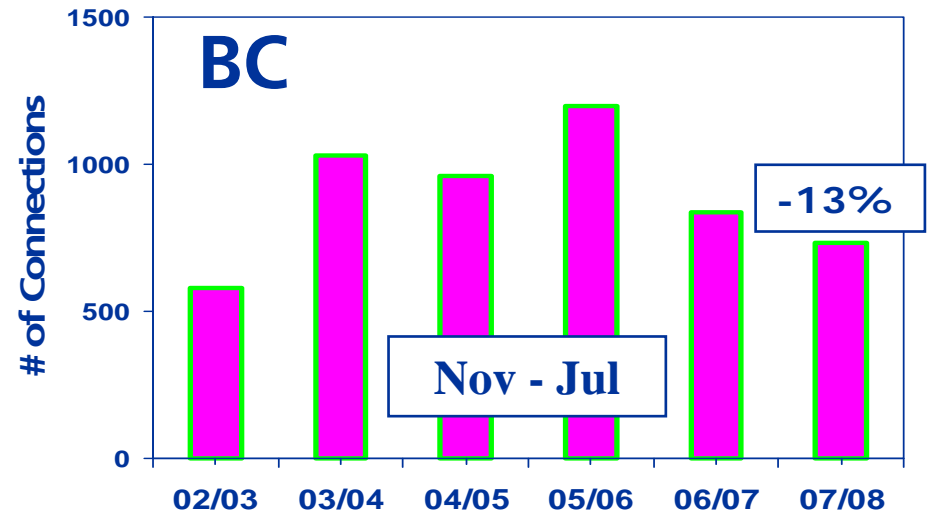
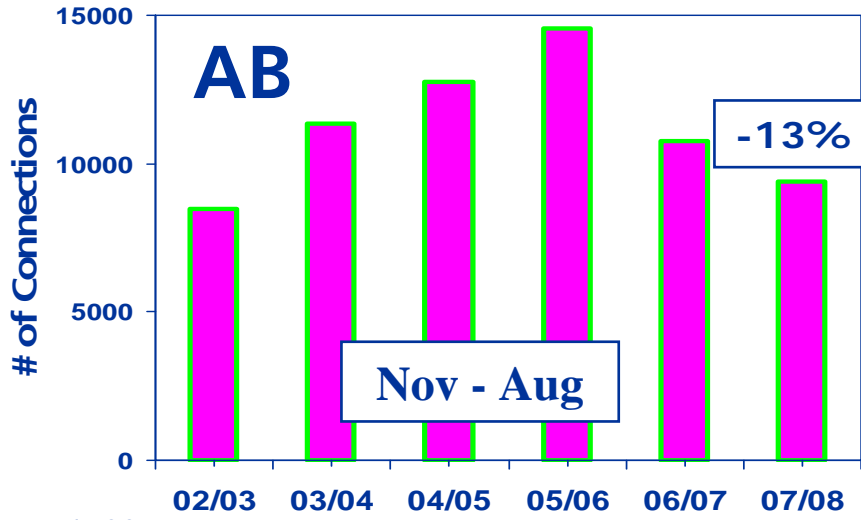


Cumulative Gas Wells Drilled By Province

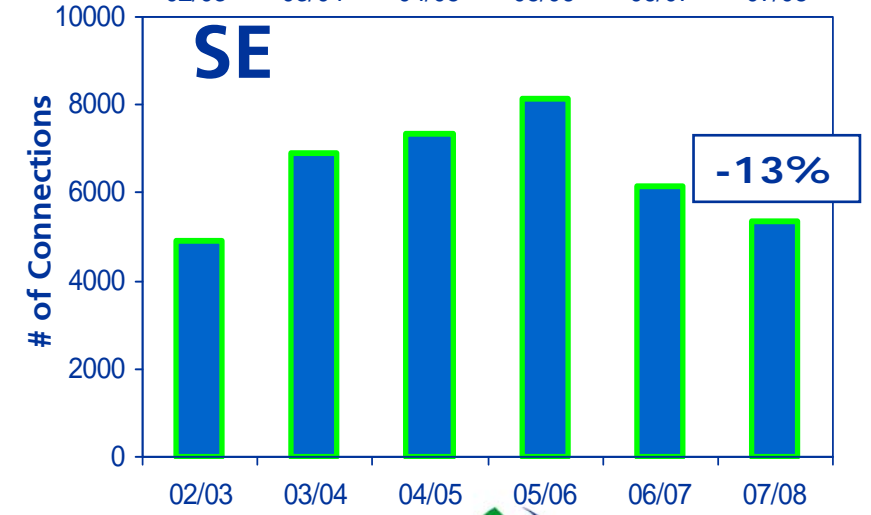
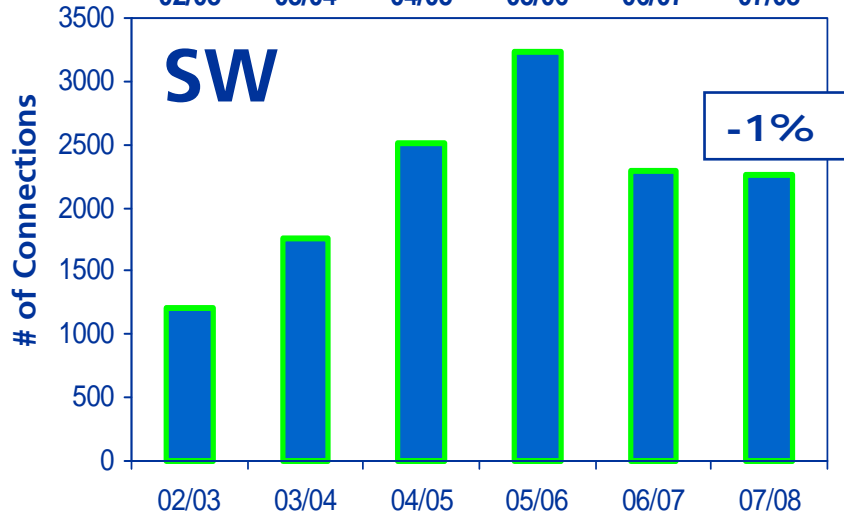
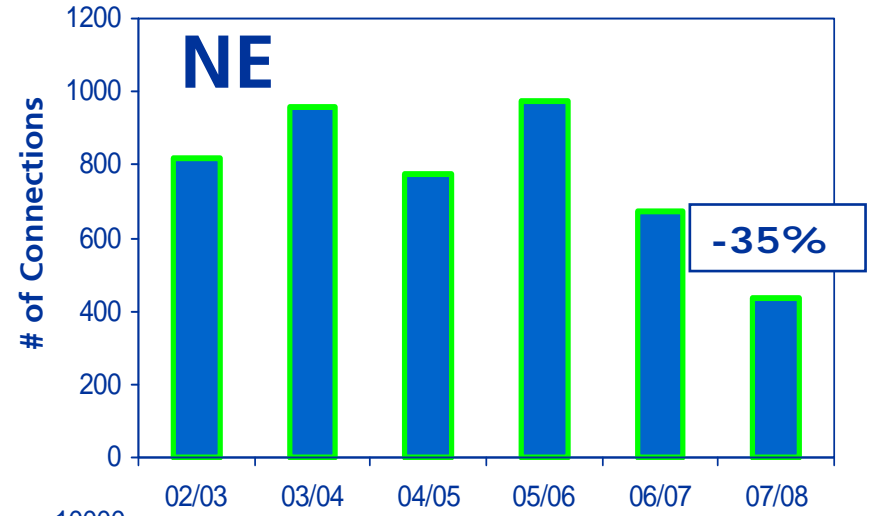
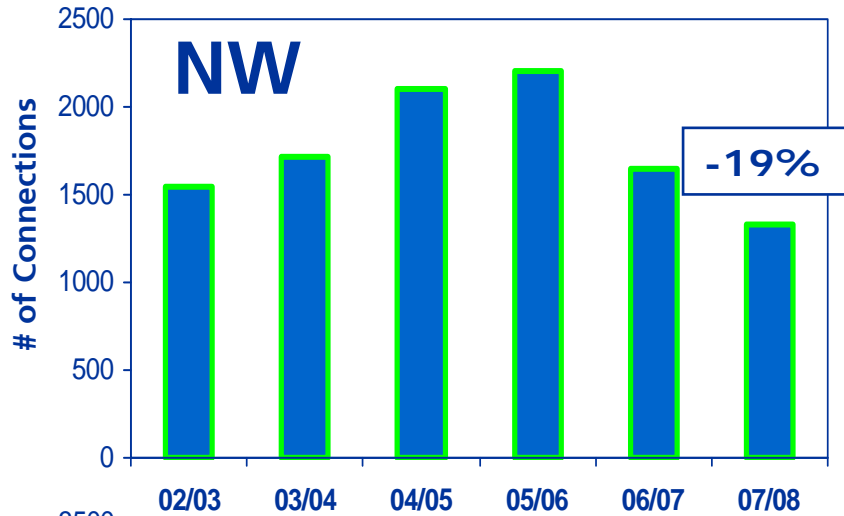


All data comparing Nov. – Aug.

Cumulative Gas Well Connections By Province

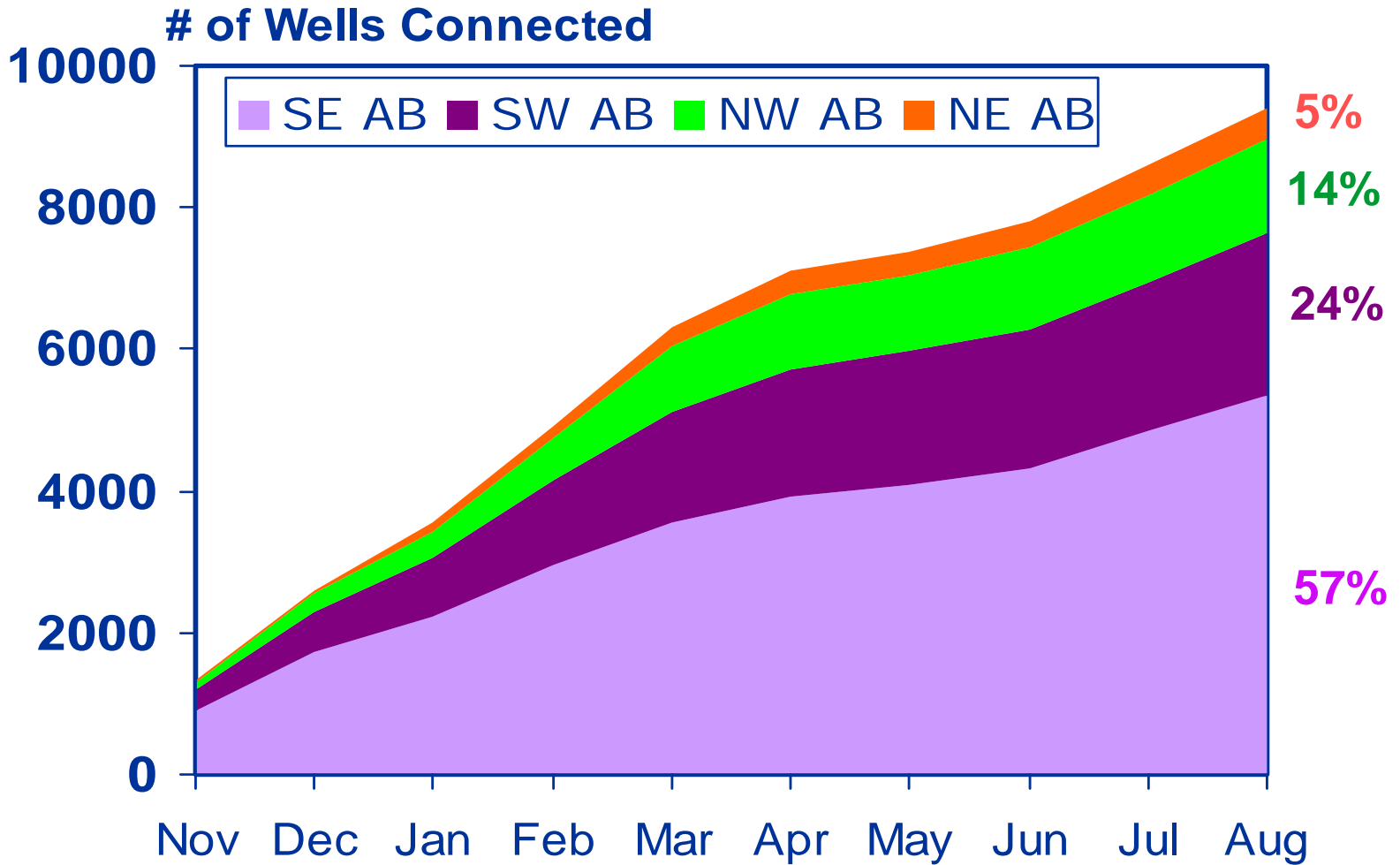


Alberta Gas Well Connections By Quadrant

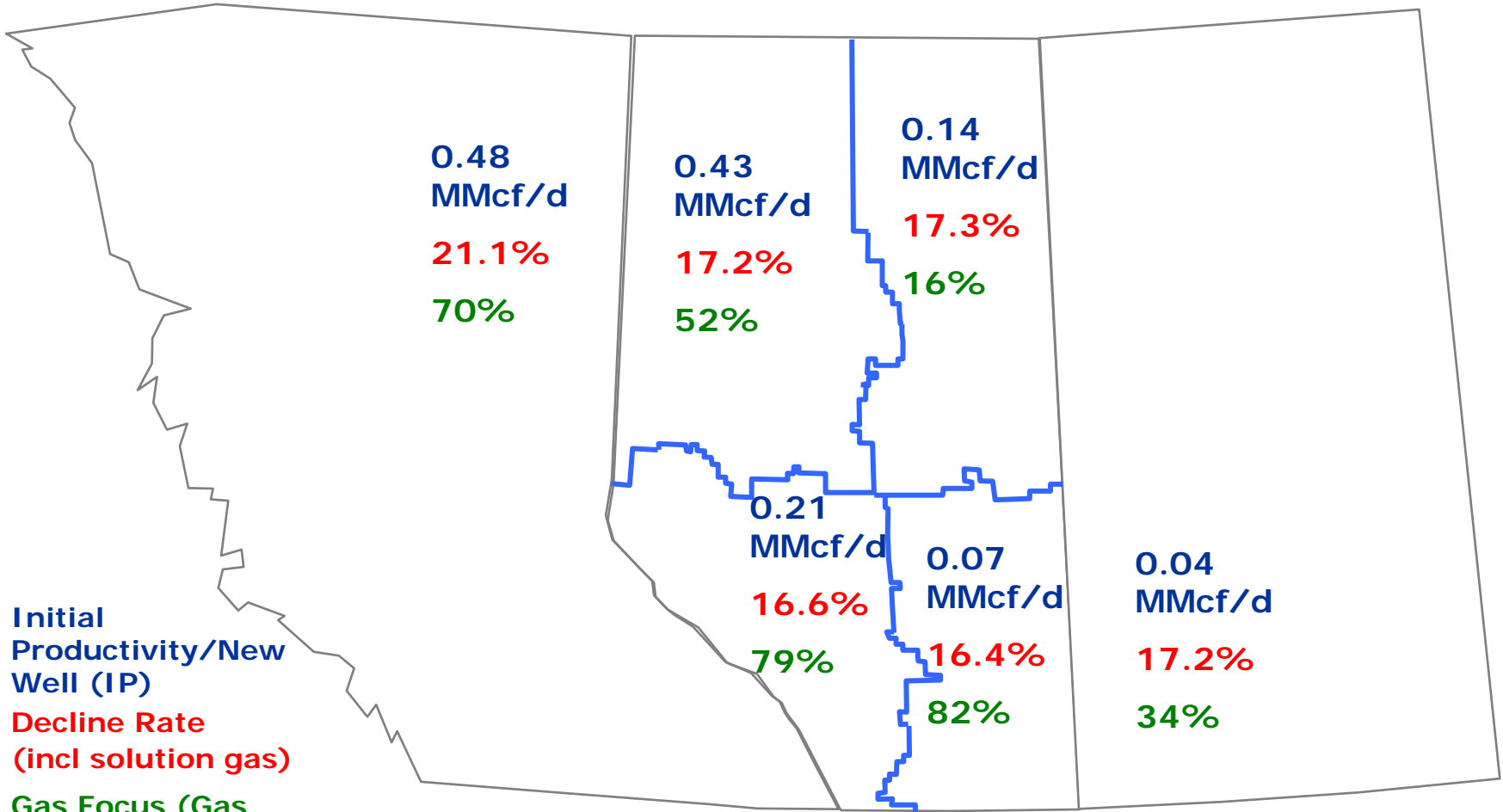


All data comparing Nov. – Aug.

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)

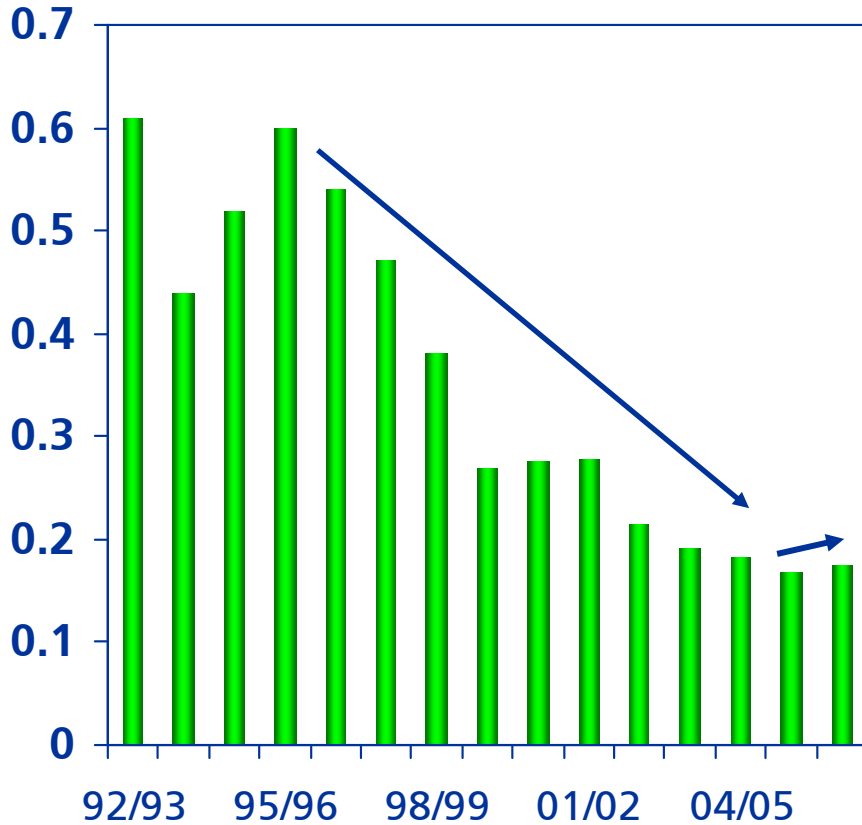


WCSB Initial Gas Well Production Rates/Decline Rate



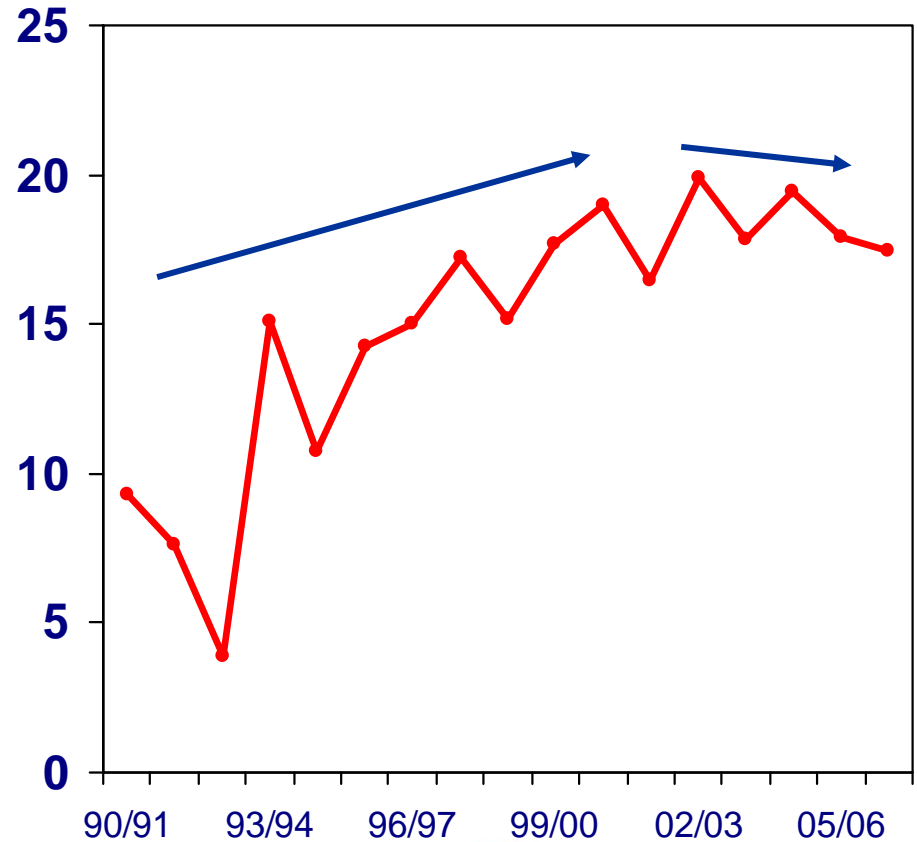
Initial New Well Production Rate

MMcf/d/well

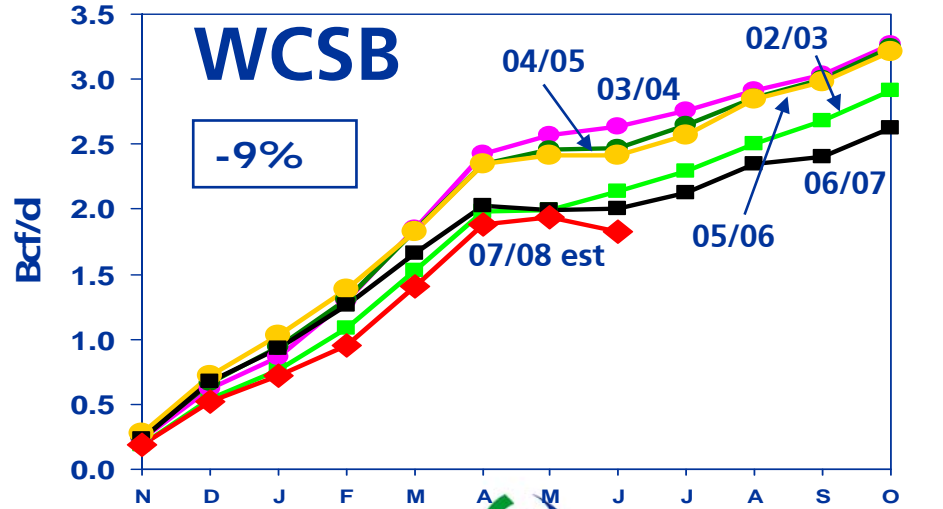
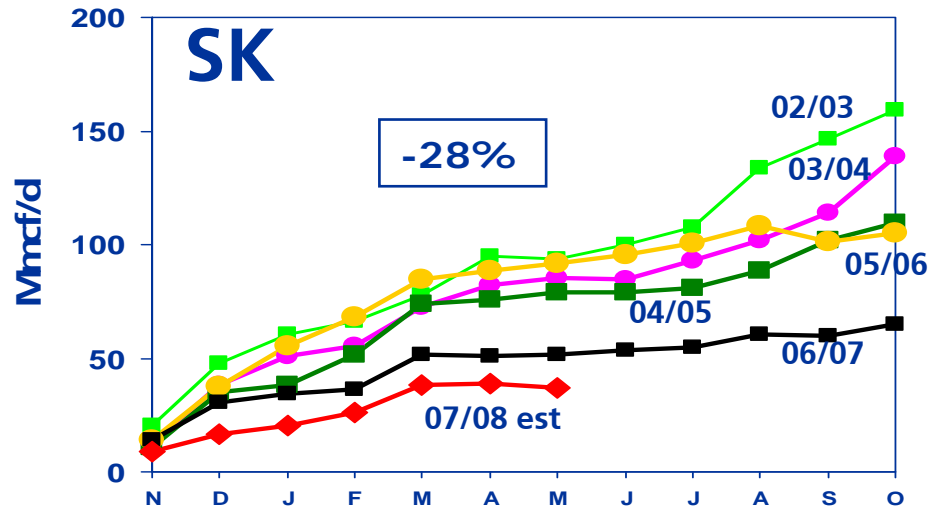
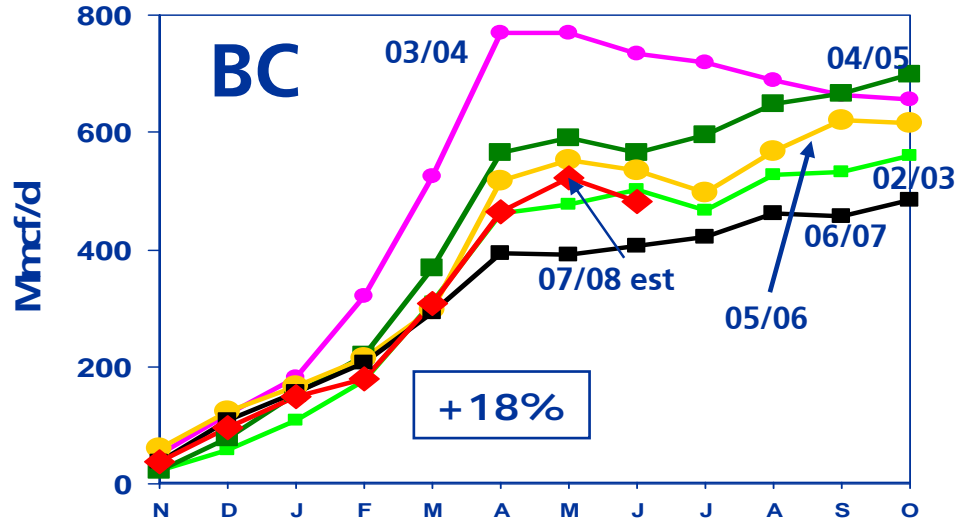
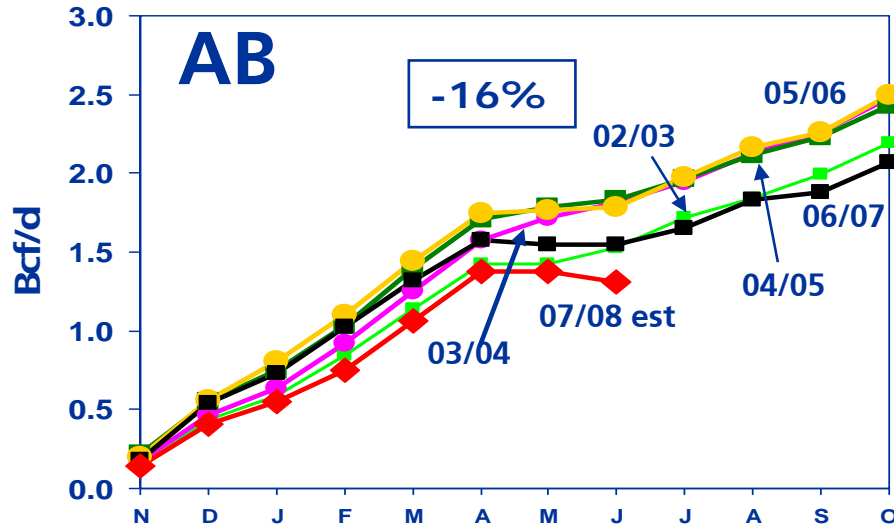


Composite Decline Rate

%

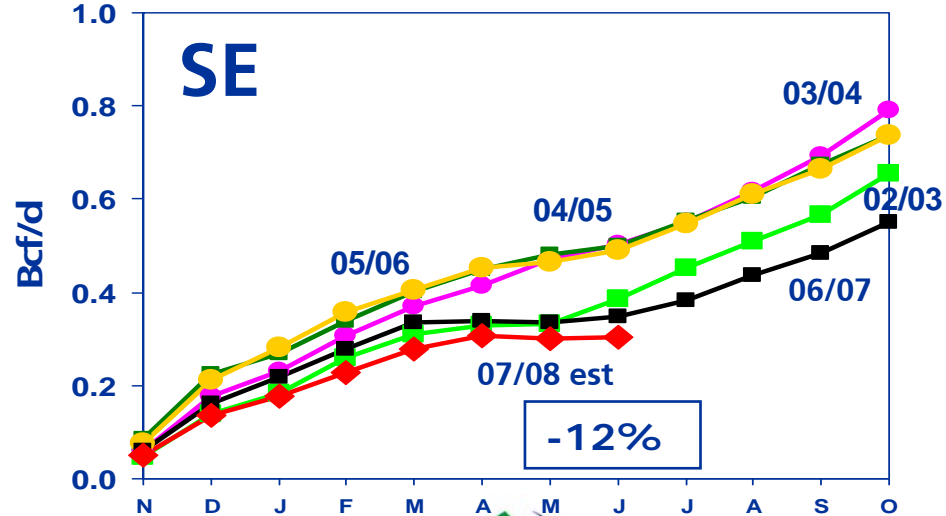
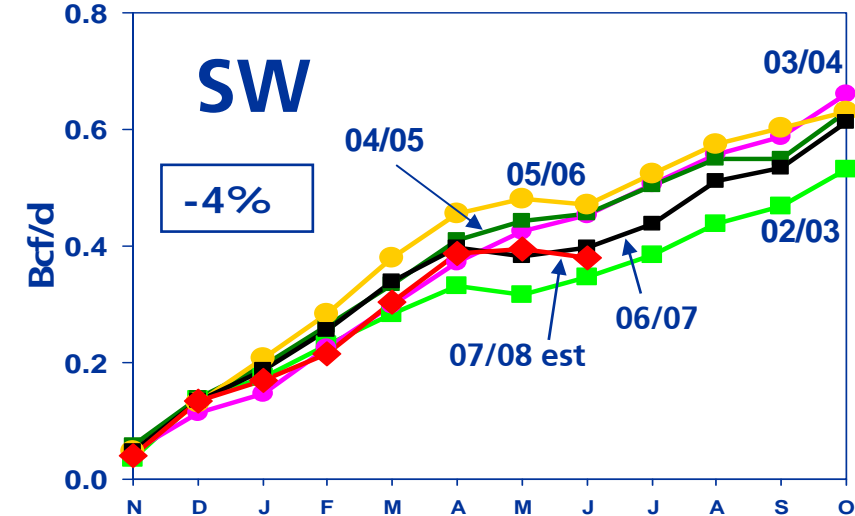
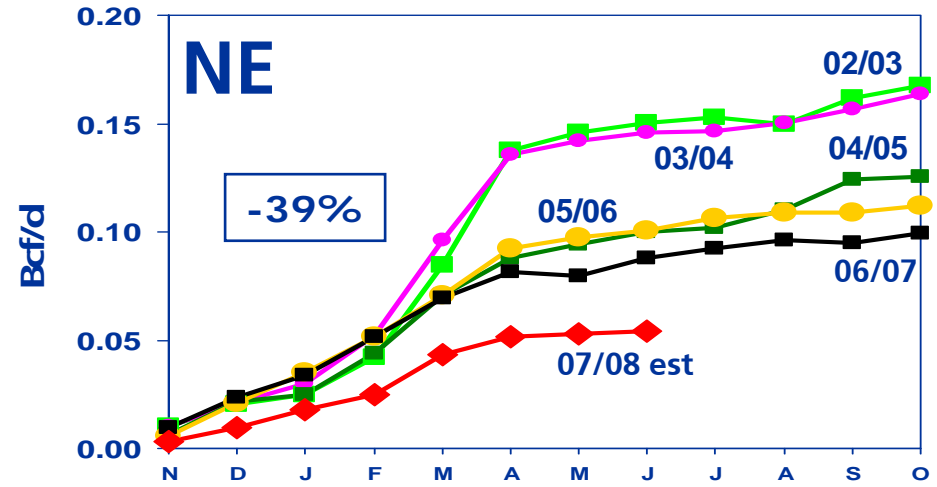
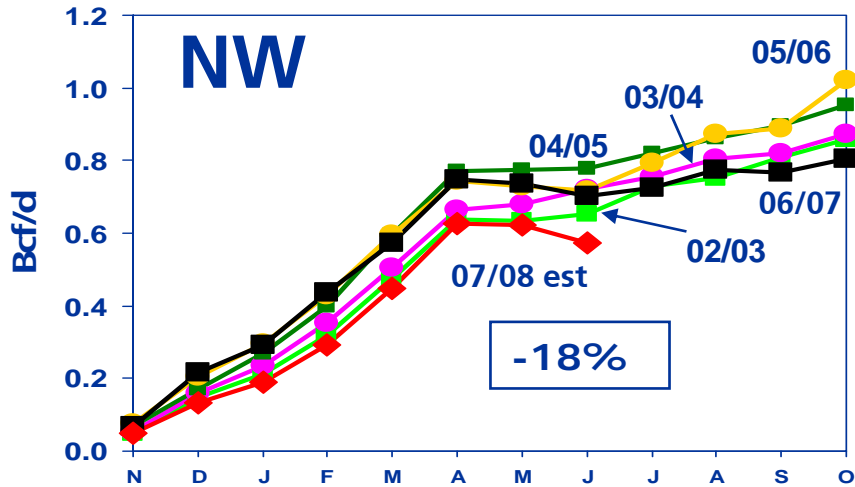


New Tie-in Supply By Province



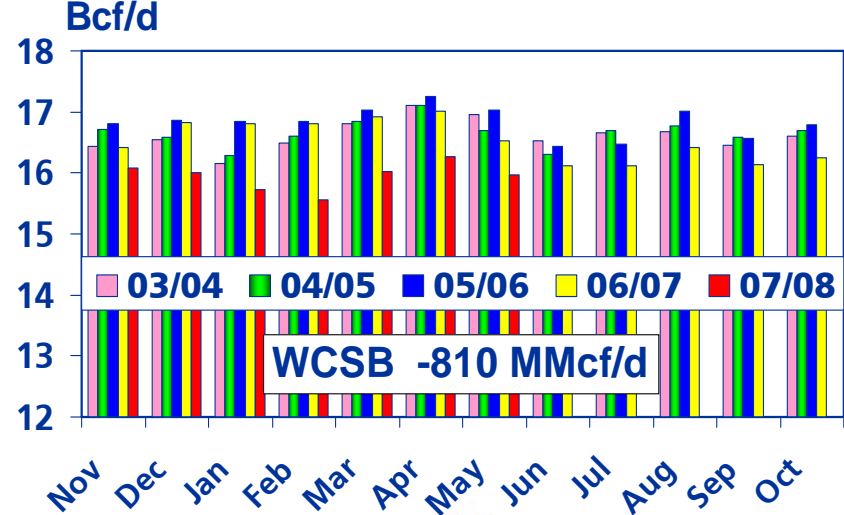
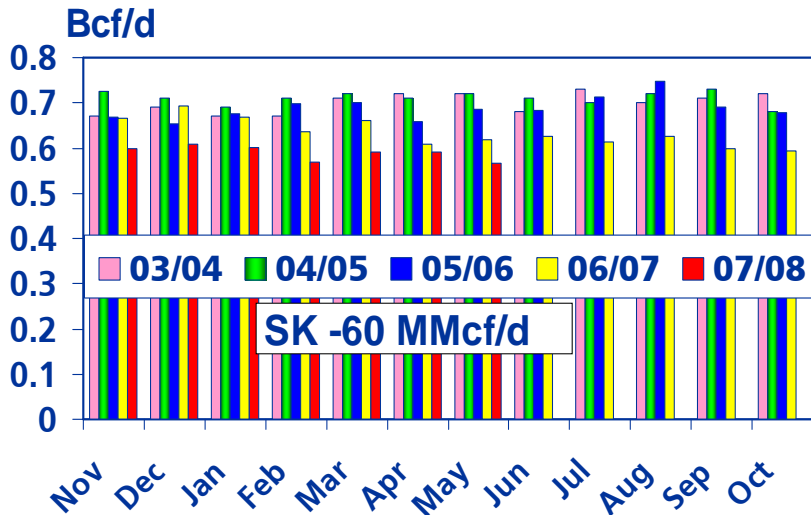
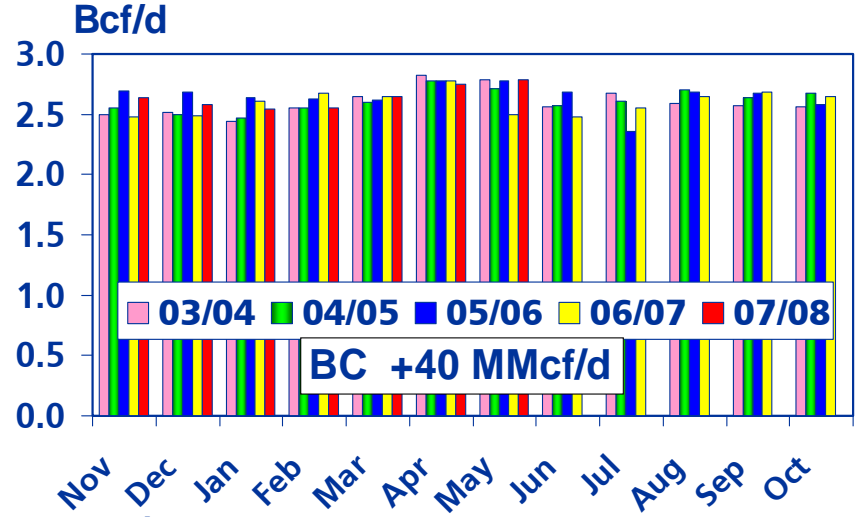
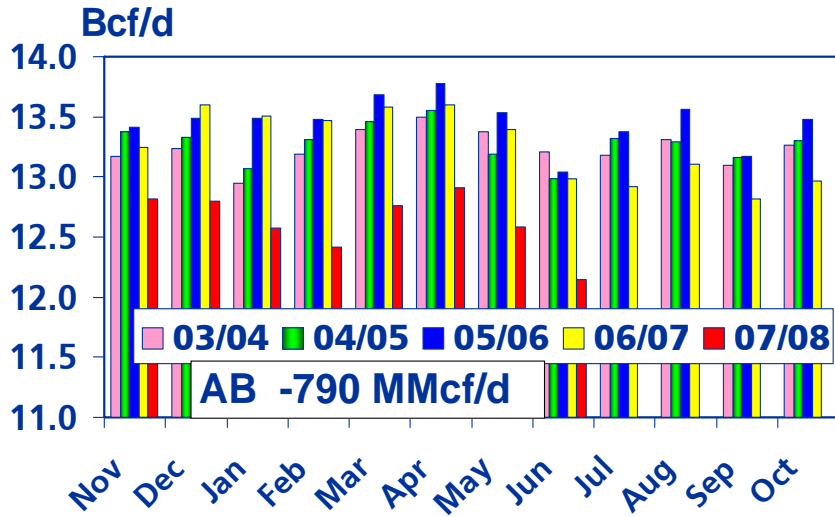
Non-associated gas only

Alberta New Gas Tie-in Supply By Quadrant



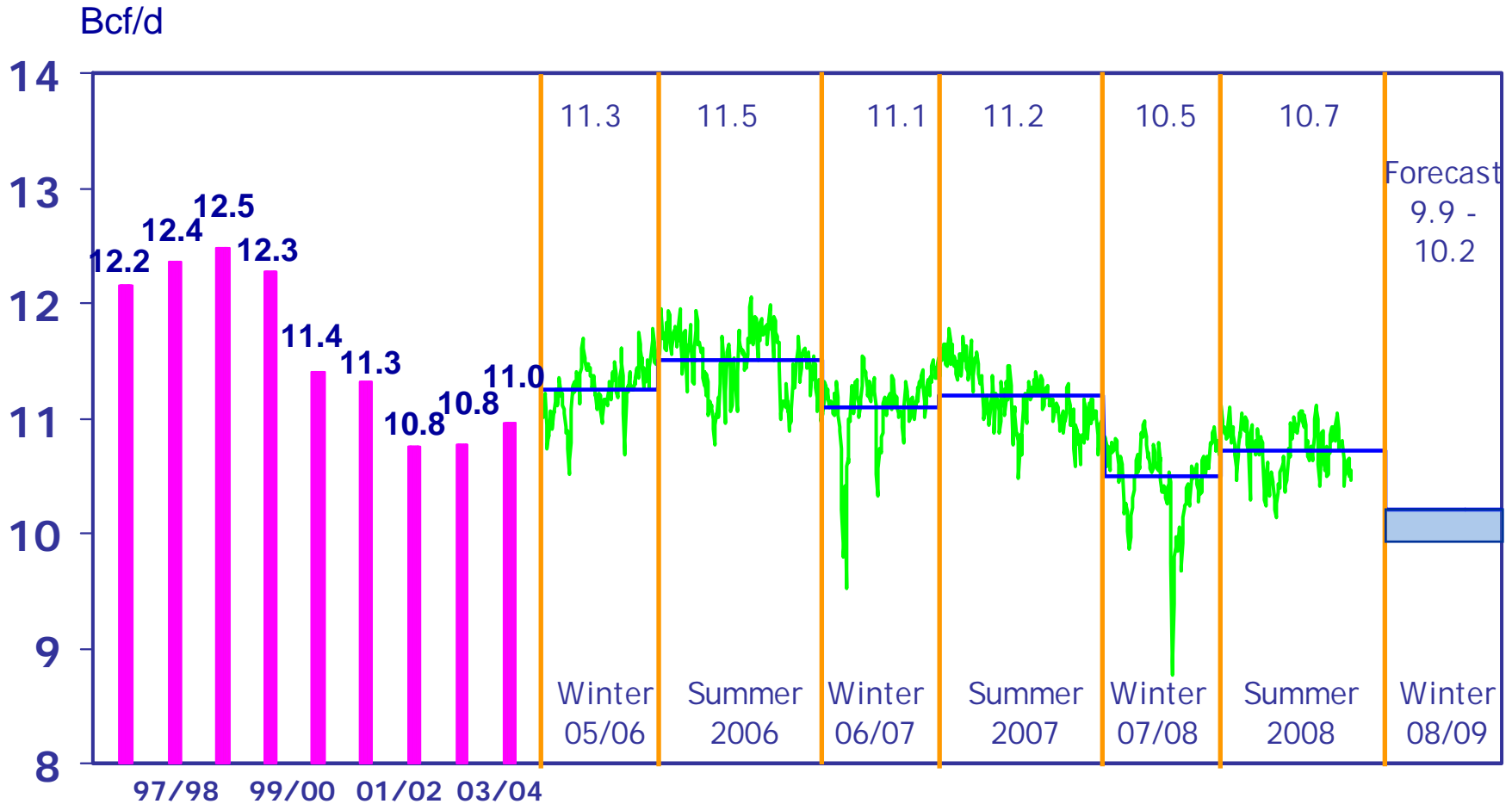
Non-associated gas only

WCSB Monthly Production



Marketable gas from Government sources, includes solution gas

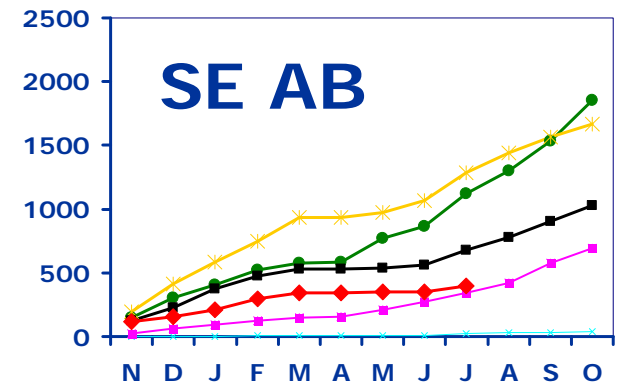
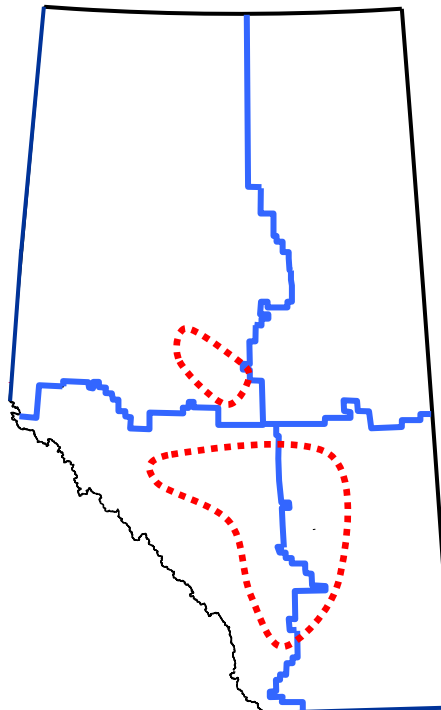
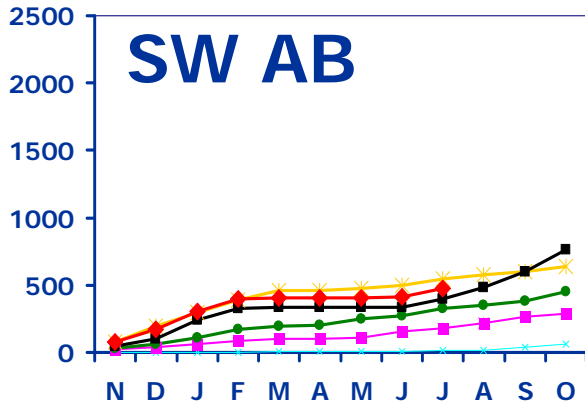
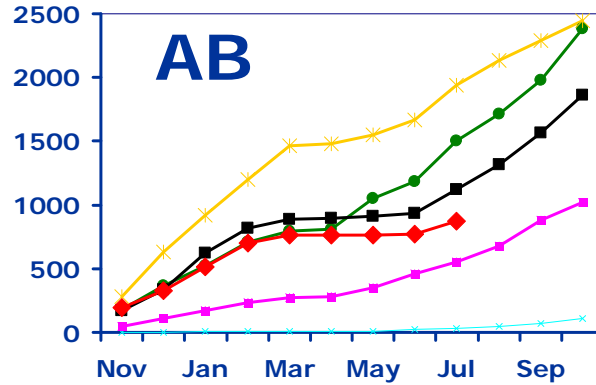
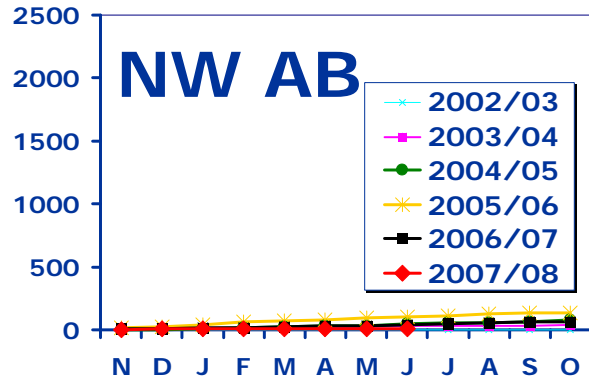
Seasonal Flows on the Alberta System



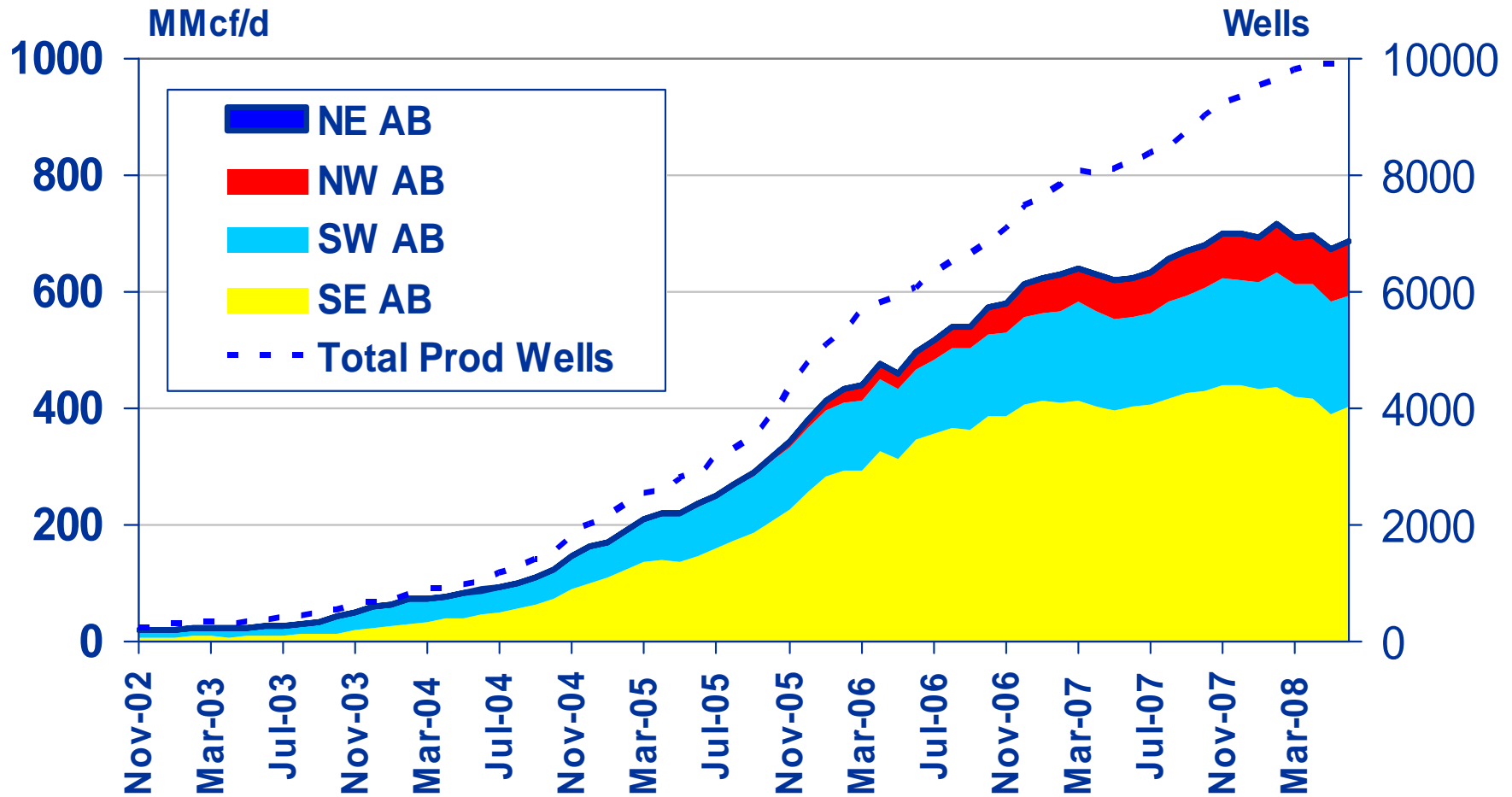
Excluding Storage

Data Current to Sep. 17, 2008

Drilled Alberta CBM Wells By Region

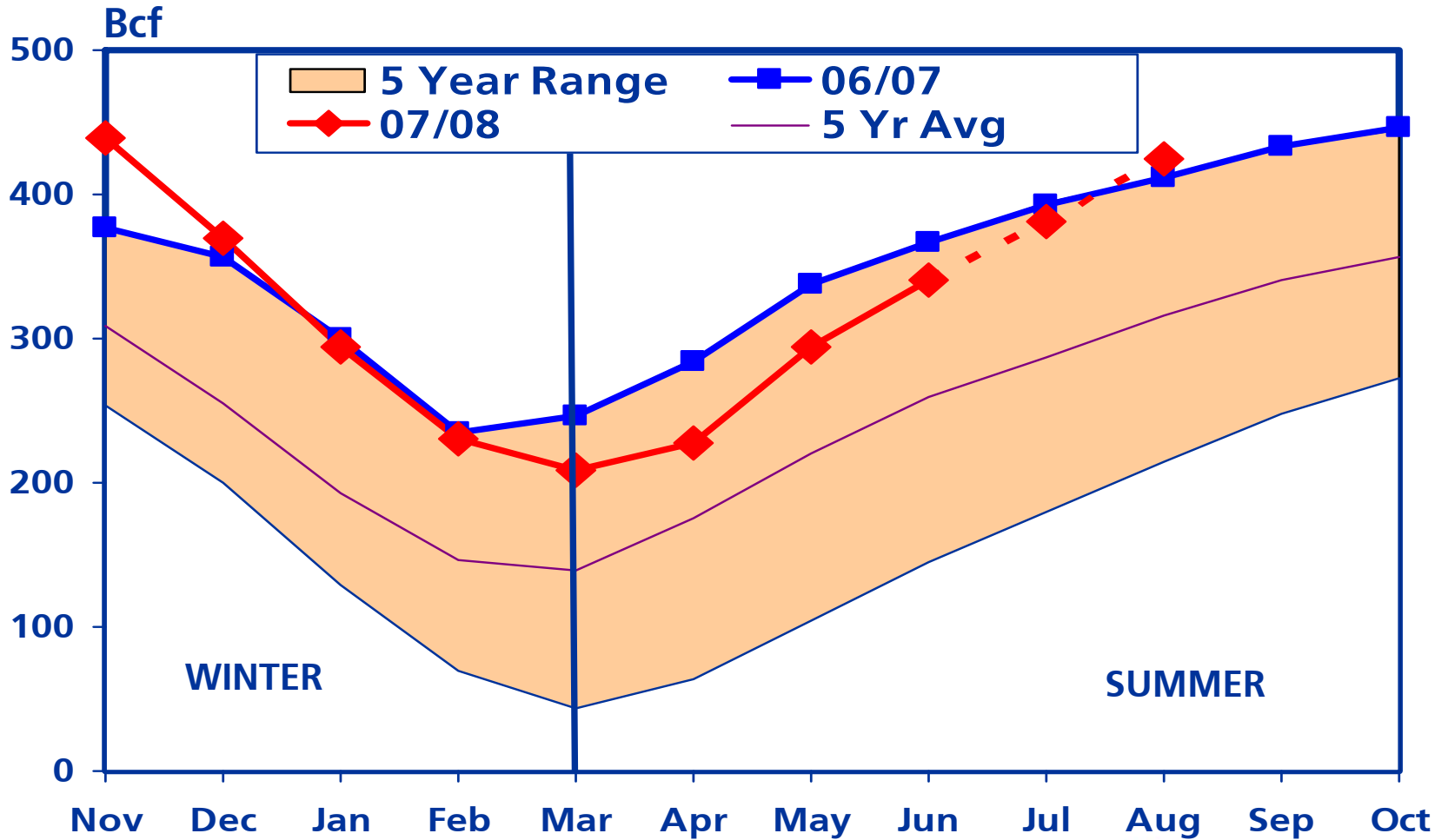


WCSB Coalbed Methane Production



Data as of June 2008

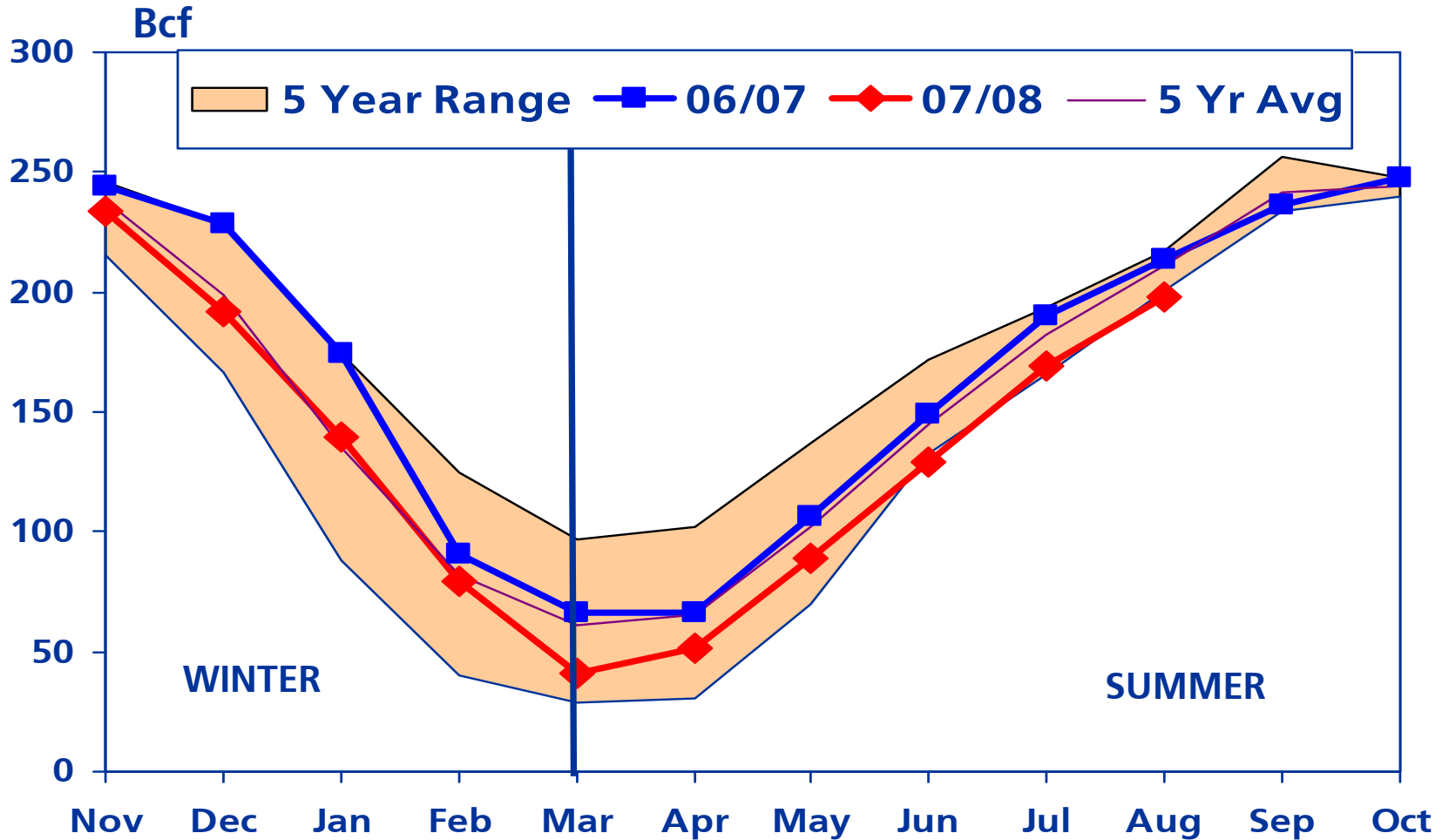
Western Canada* Working Gas In Storage



Source: BC, Sask, AB governments, TransCanada

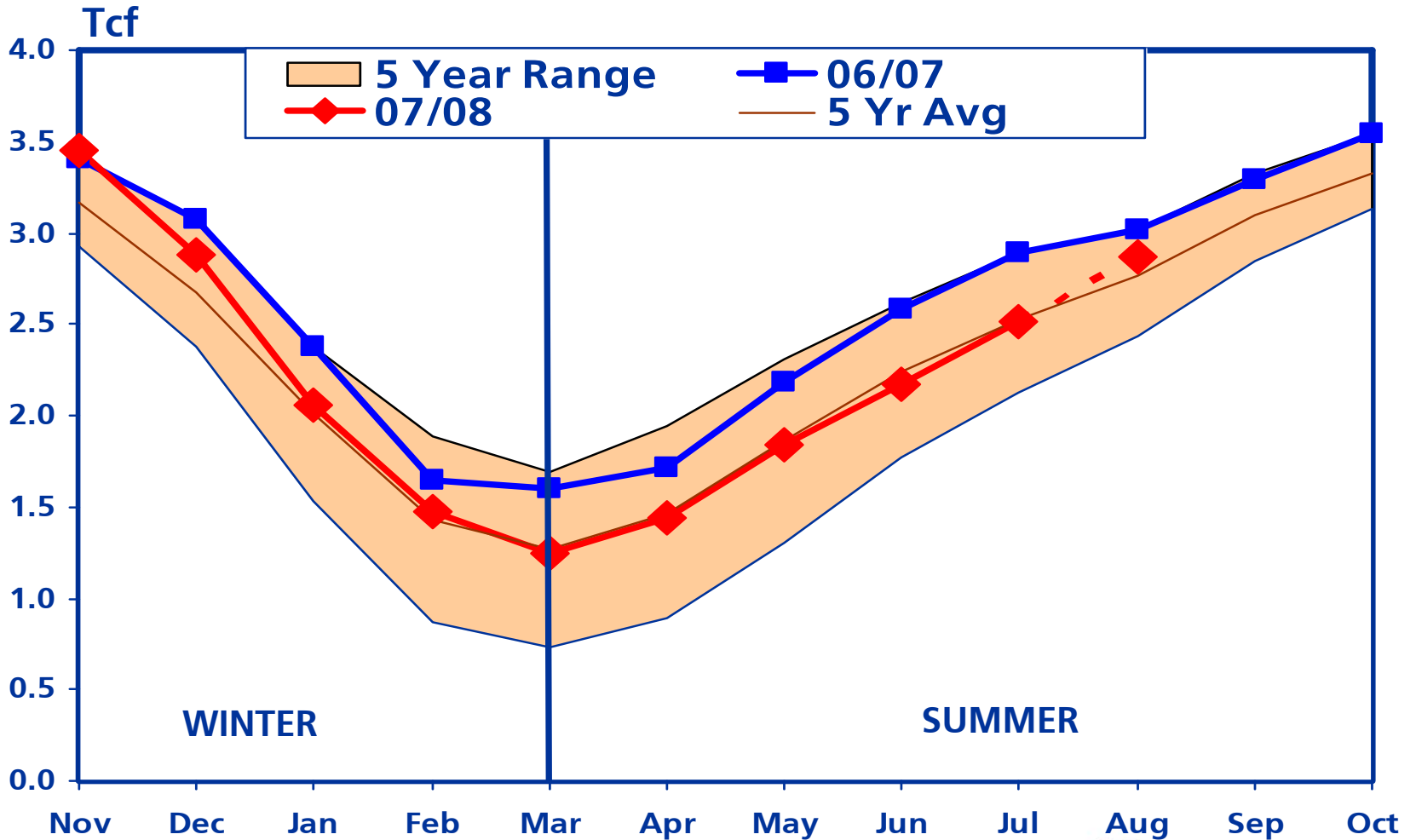


Eastern Canada Storage Status



Source: Canadian Enerdata

U.S. Storage Status

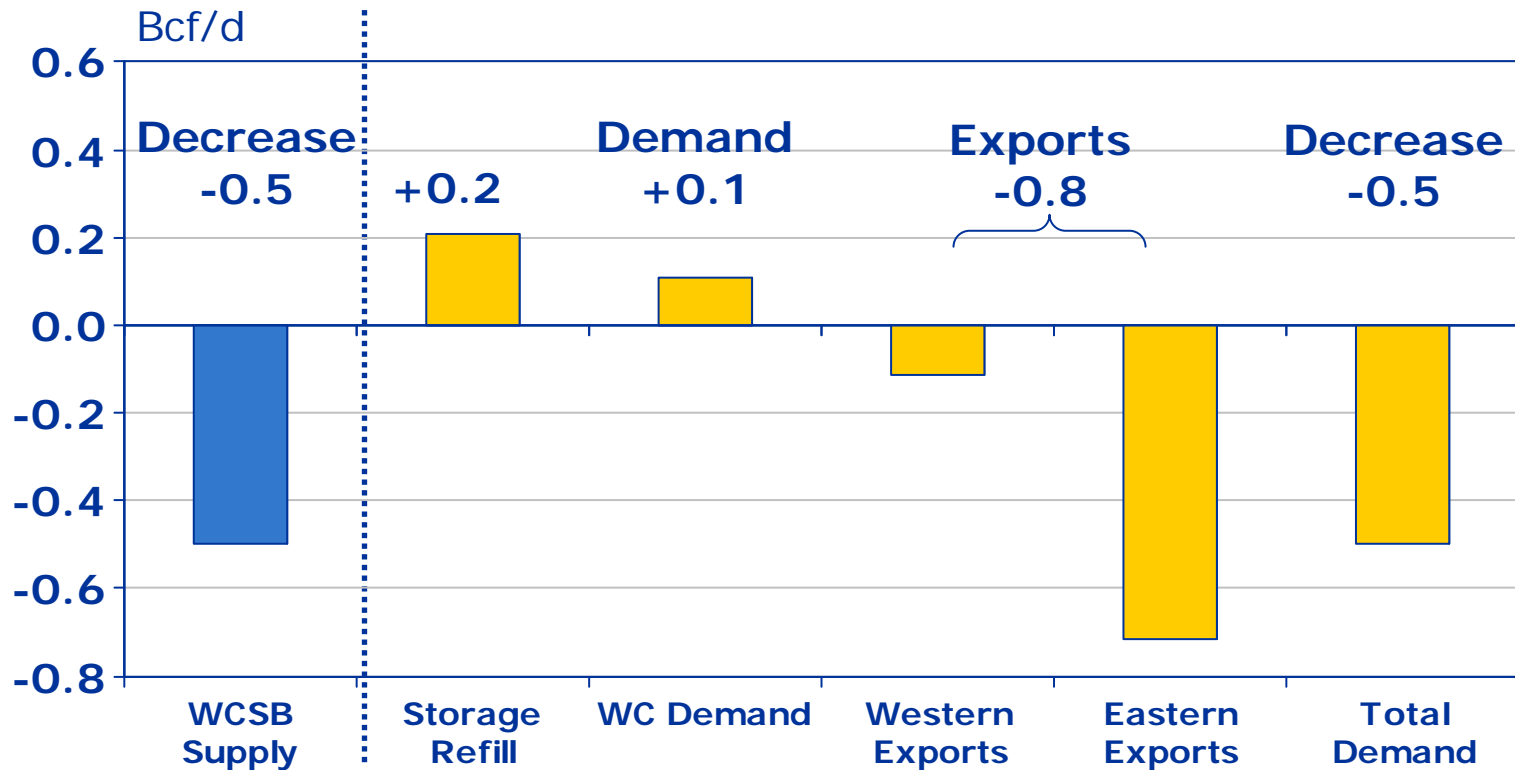


Source: EIA

WCSB Summer 2008 (estimate*)



Year-over-Year Changes

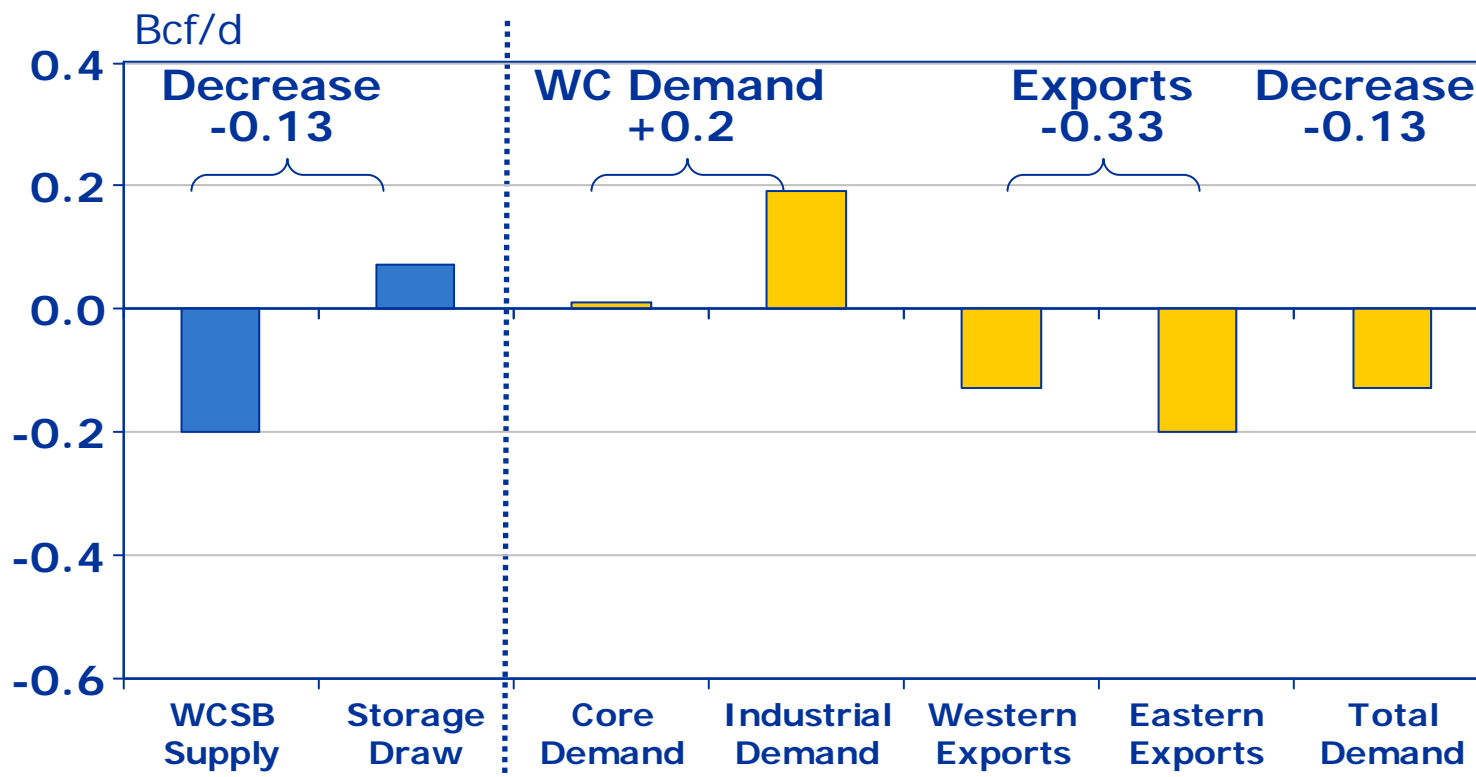


* Estimate as of Sept 17

WCSB Winter 2008/09 (forecast)



Year-over-Year Changes



Conclusions



- WCSB supply will decline by 300 – 400 MMcf/d winter over winter.
- Significant increase in BC initial production rates (IP) offsetting decline in Alberta IP's.
- Throughput on the Alberta System is expected to average 9.9-10.2 Bcf/d this winter compared to 10.5 Bcf/d last winter.
- Western Canada exports to decrease by about 0.33 Bcf/d this winter due to higher intra-WCSB demand and lower supply.