



Western Canada Winter 2010/11 Supply Outlook

Craig Yano



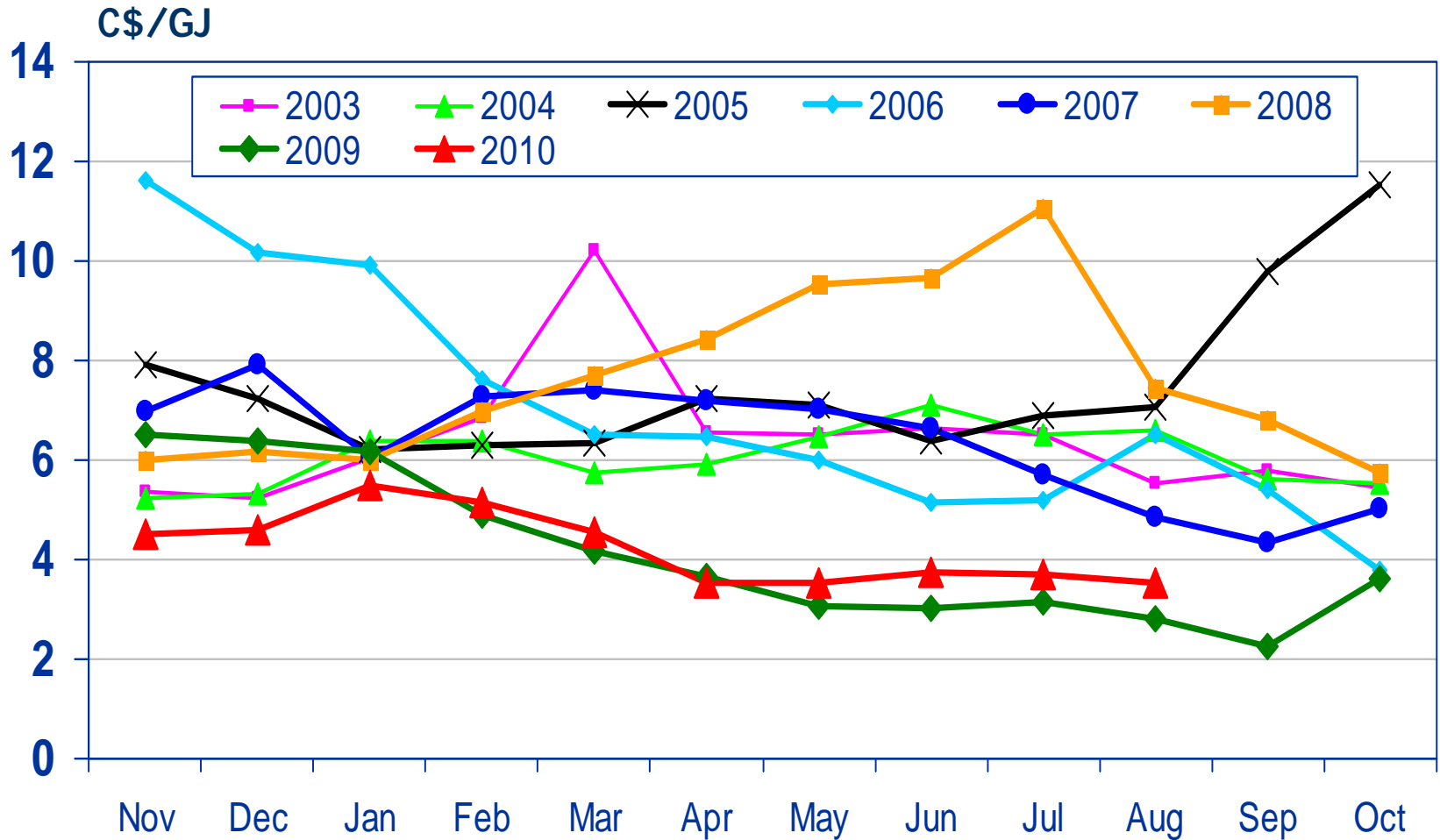
TransCanada
In business to deliver

Observations

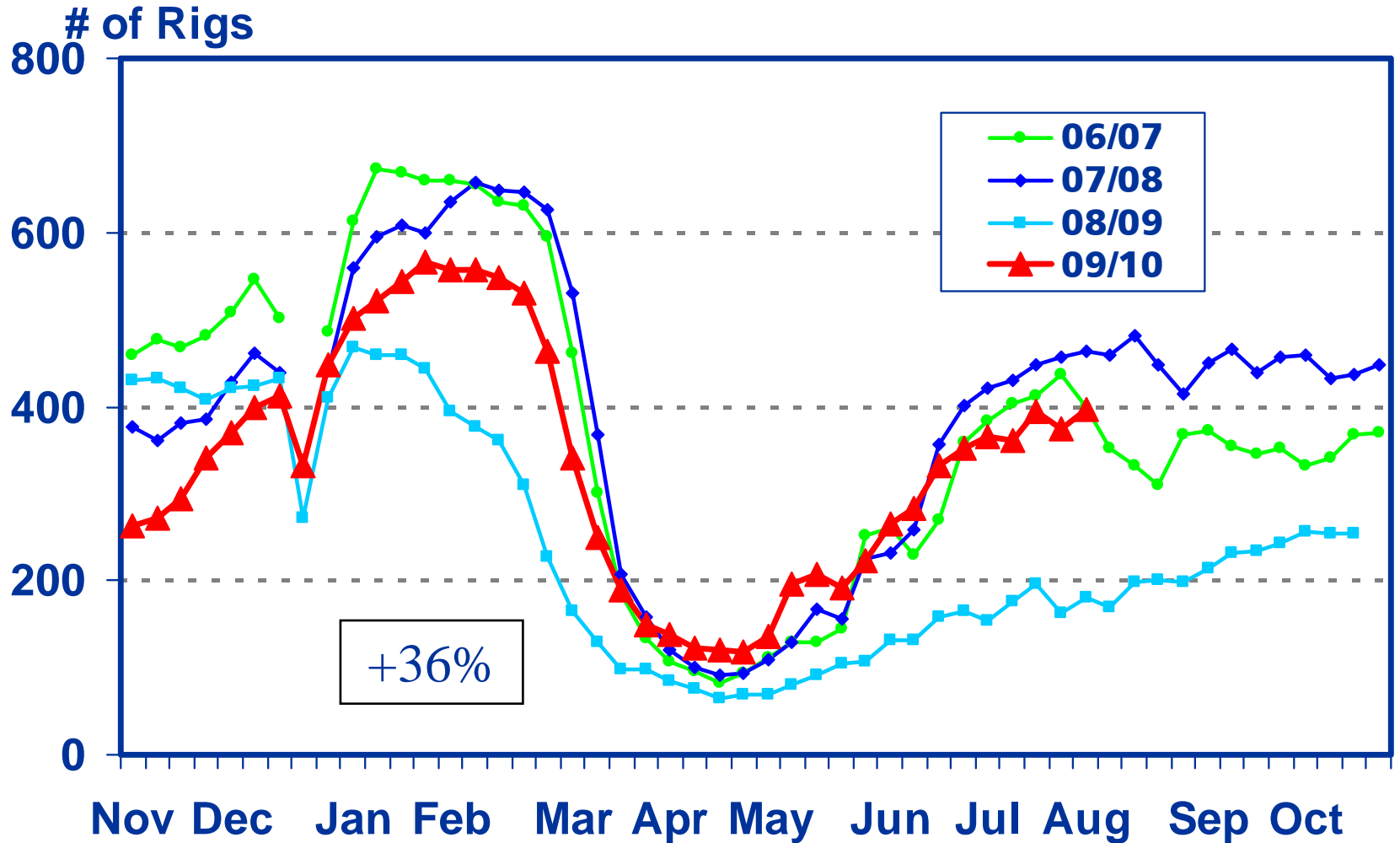


- **WCSB gas drilling slump continues this summer**
 - However, more horizontal wells and higher IP's
- **Summer AECO/NIT gas price is still languishing**
 - The current average price is 38% below the 10 year average
- **Western Canada storage has dropped below record high**
 - Lowest injection rate in 10 years
- **Supply growth expected in the next few years**
 - Significant unconventional supply coming on stream

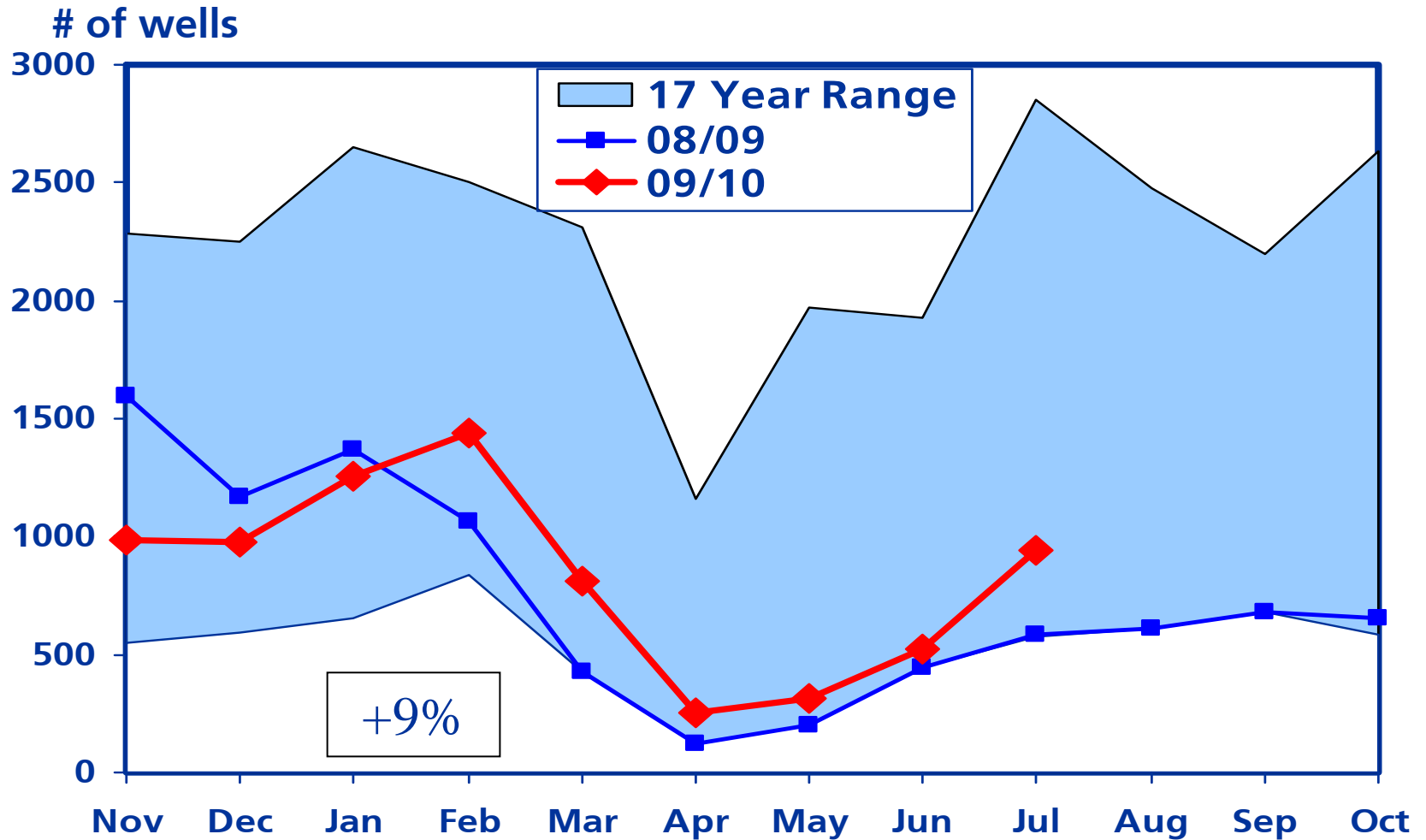
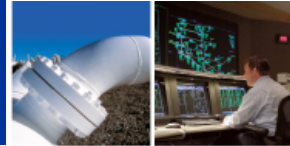
AECO/NIT Gas Prices



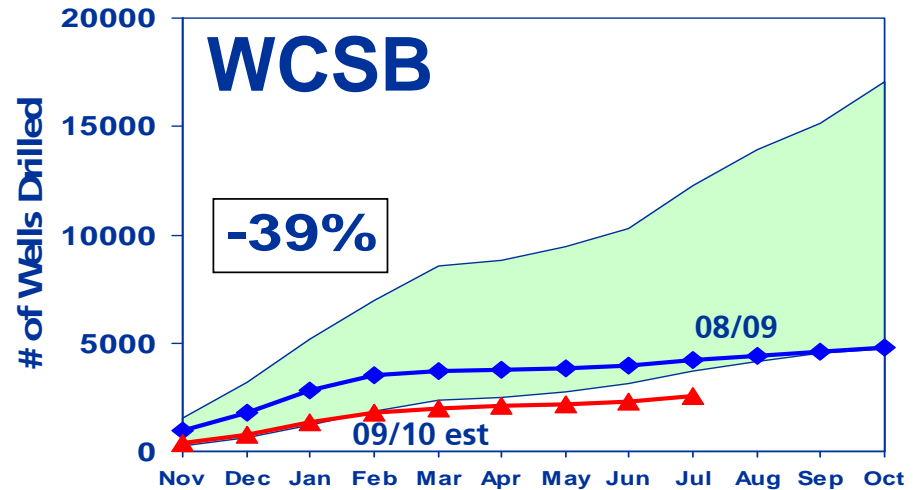
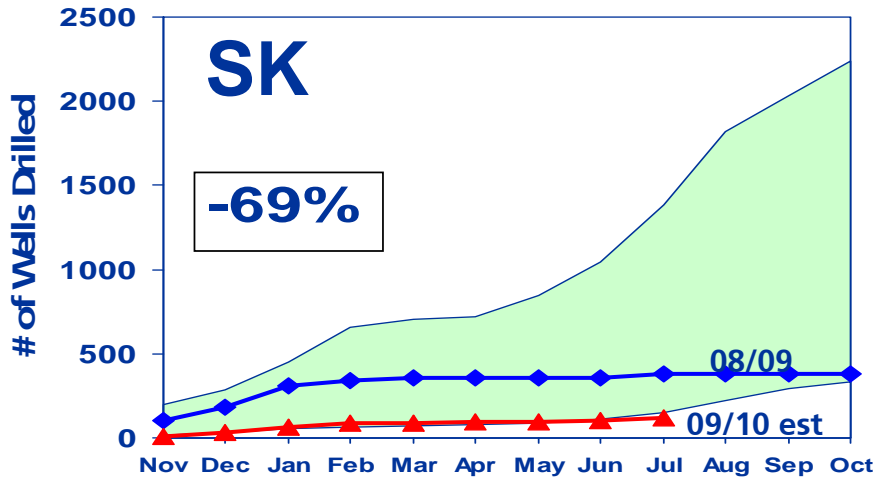
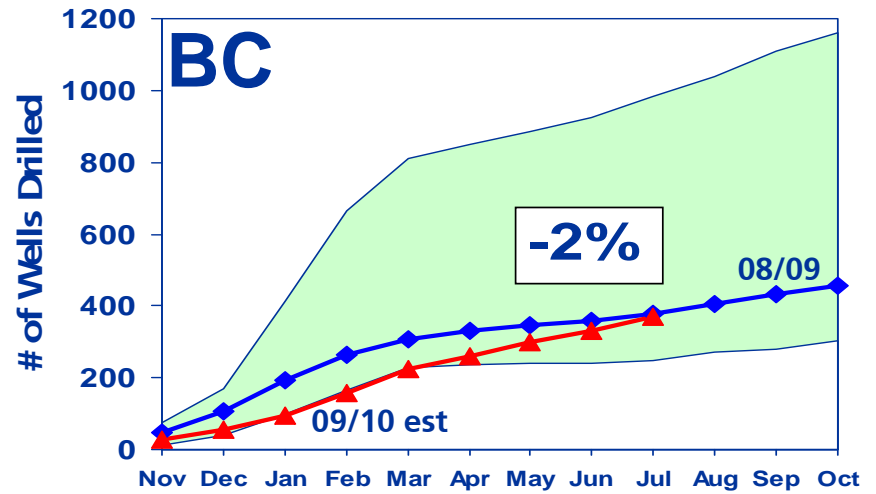
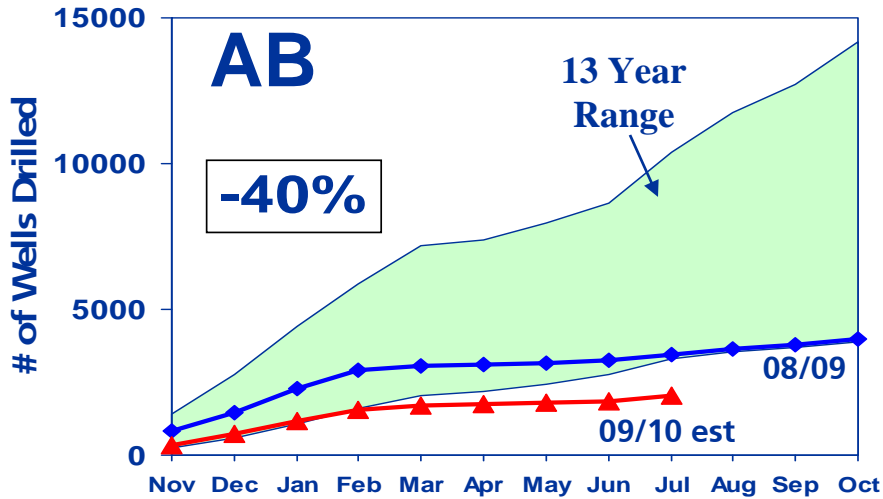
WCSB Active Drilling Rigs



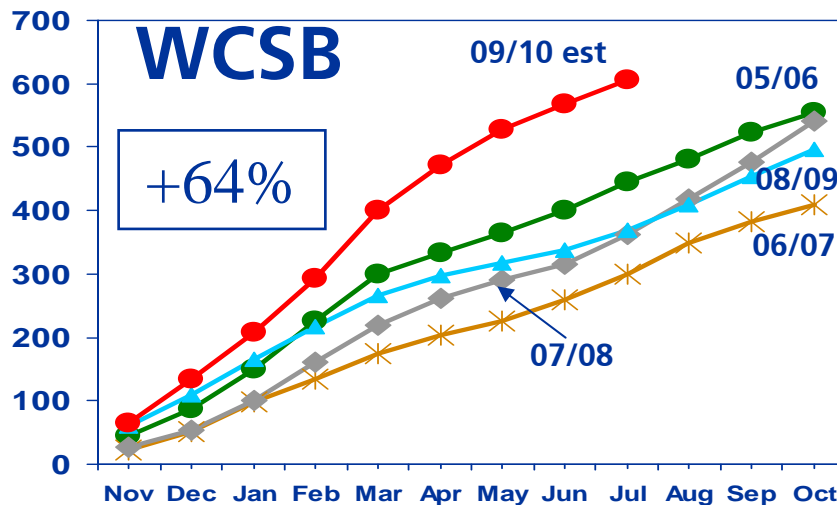
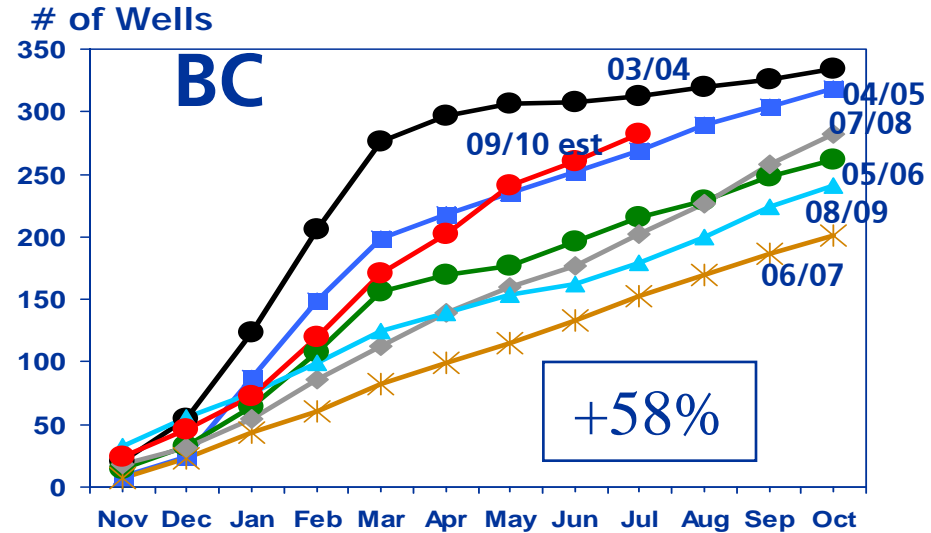
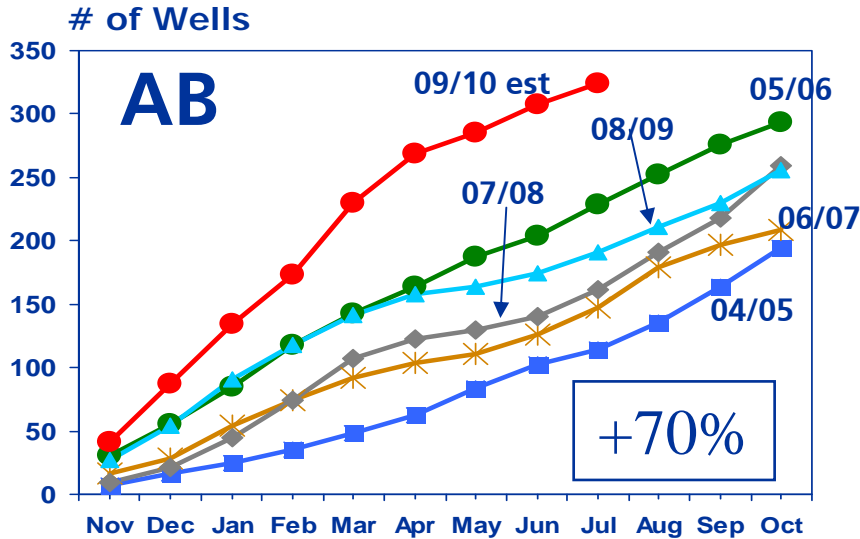
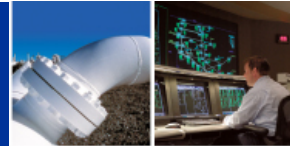
WCSB Total Wells Drilled/Month



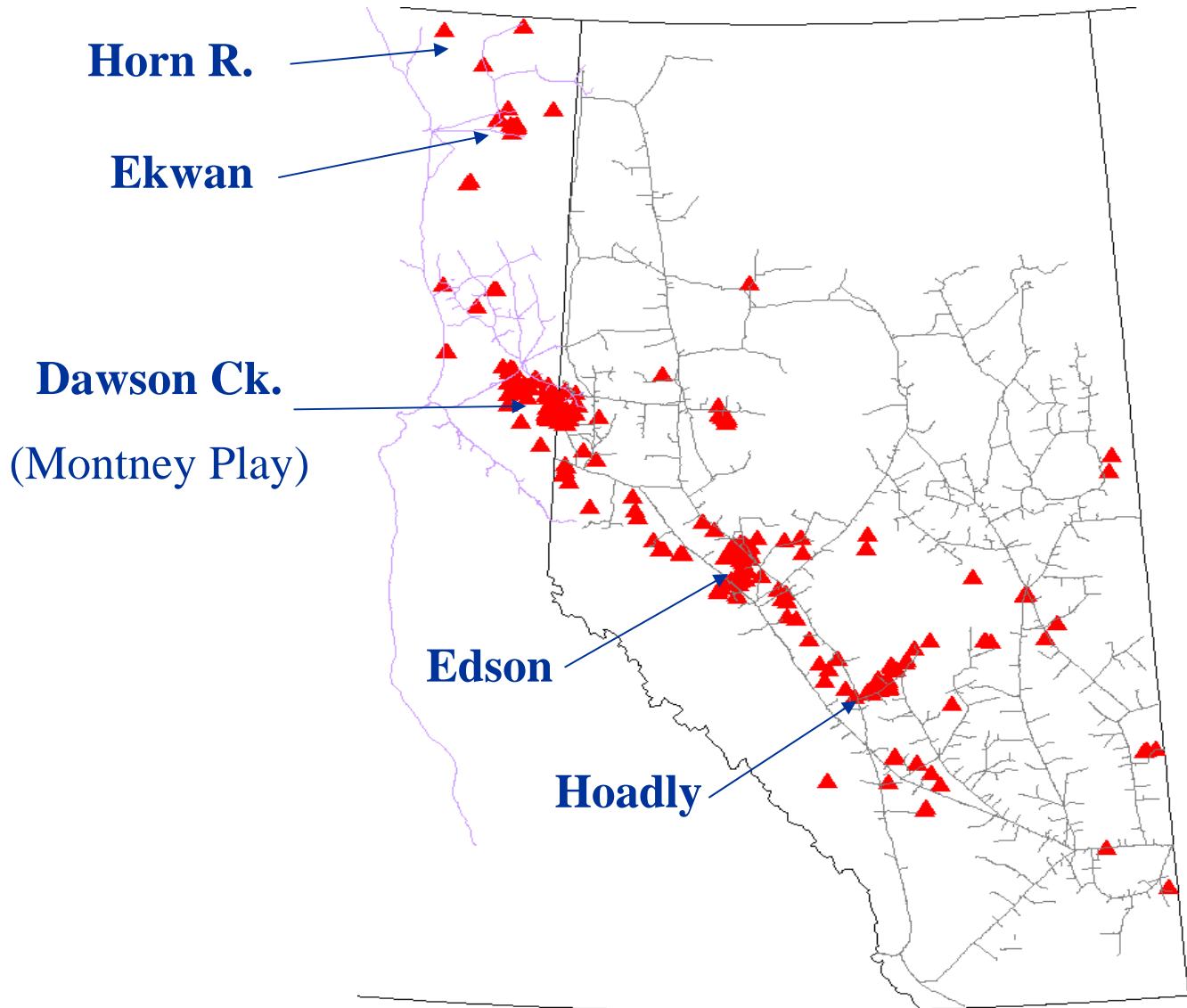
Cumulative Gas Wells Drilled By Province



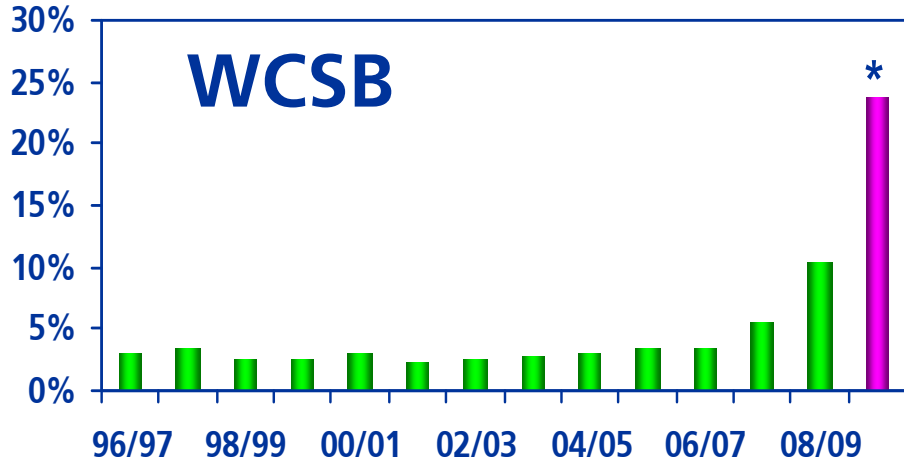
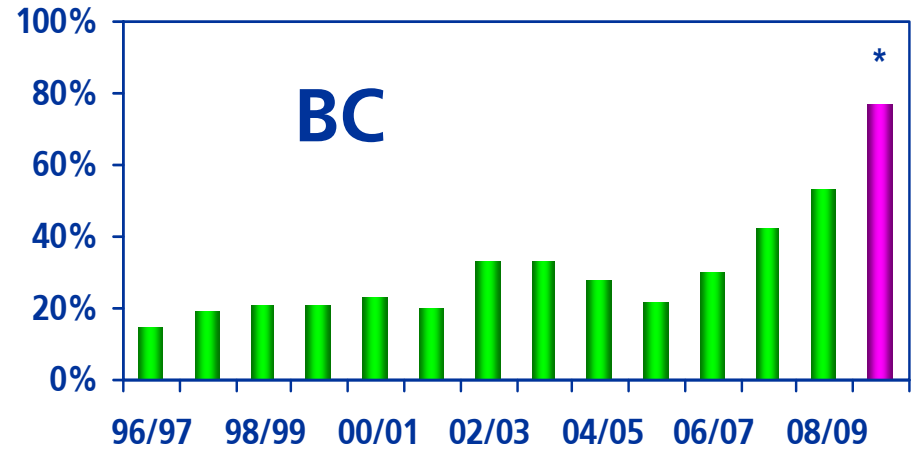
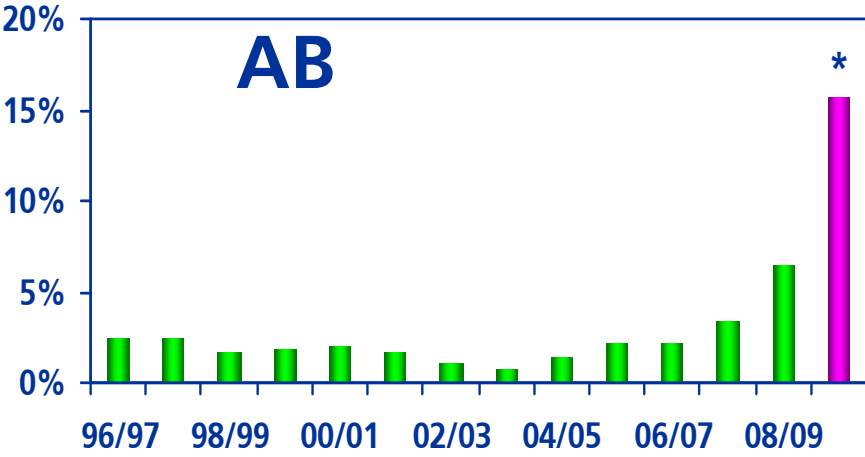
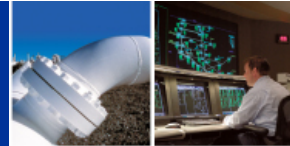
Horizontal Gas Wells Drilled By Province



Horizontal Gas Well Completions (1H 2010)



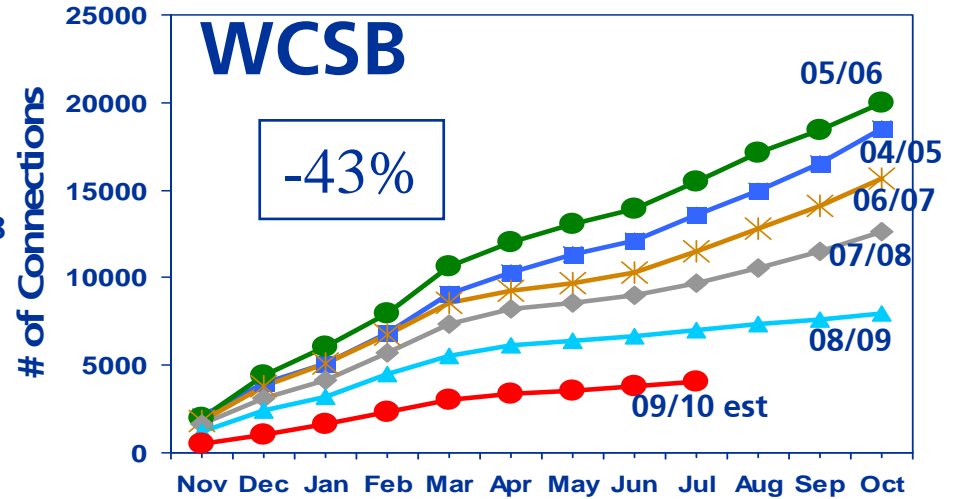
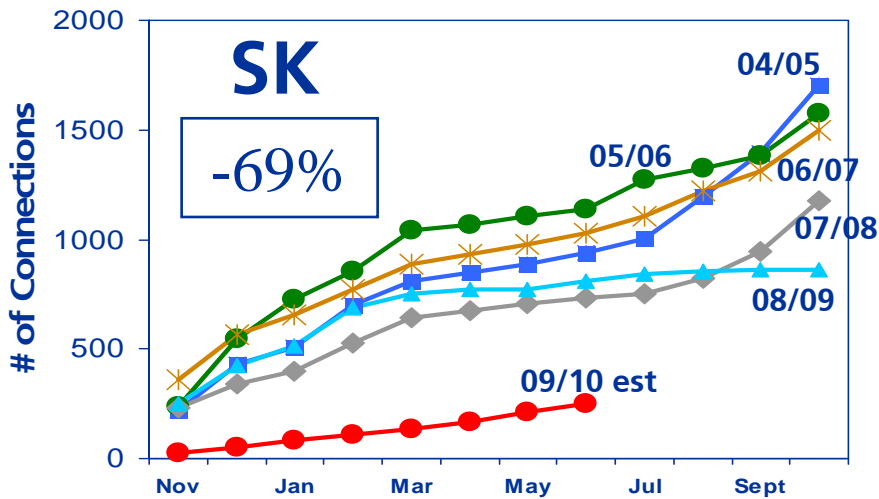
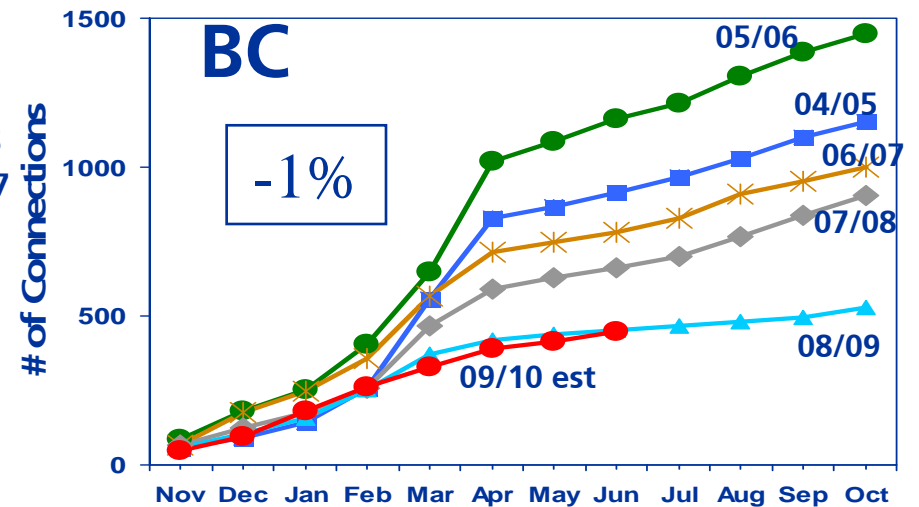
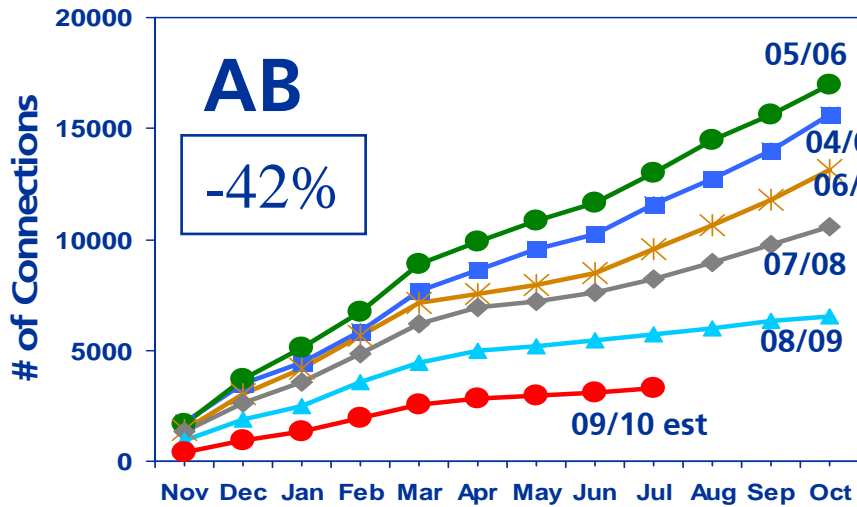
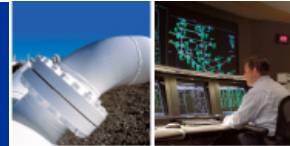
%Horizontal Gas Wells Drilled By Province*



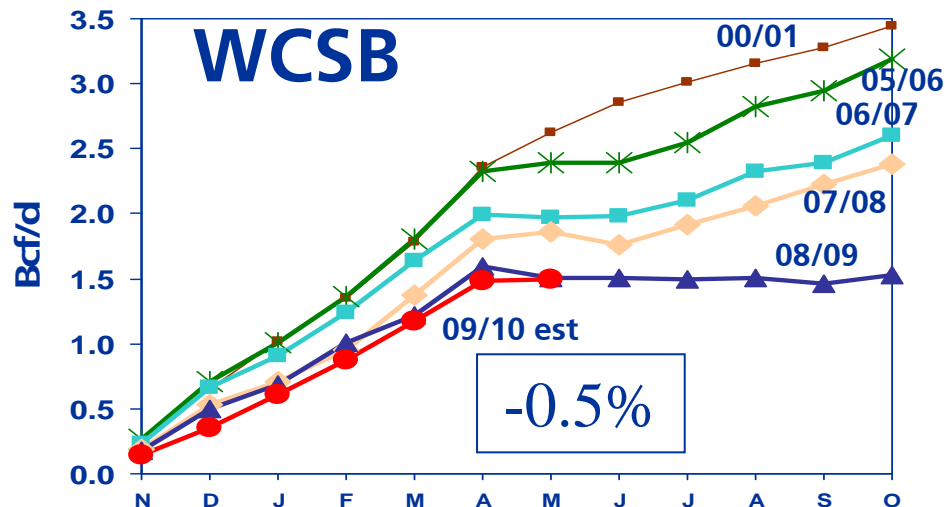
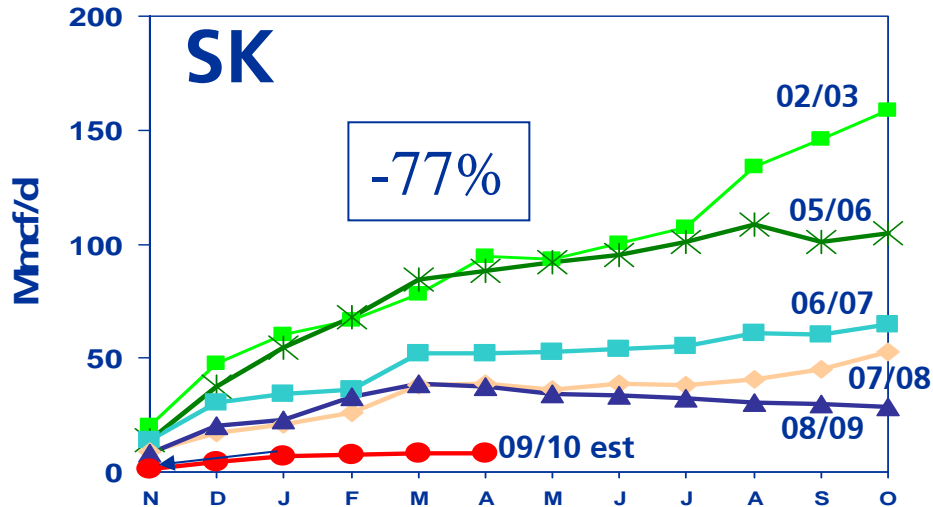
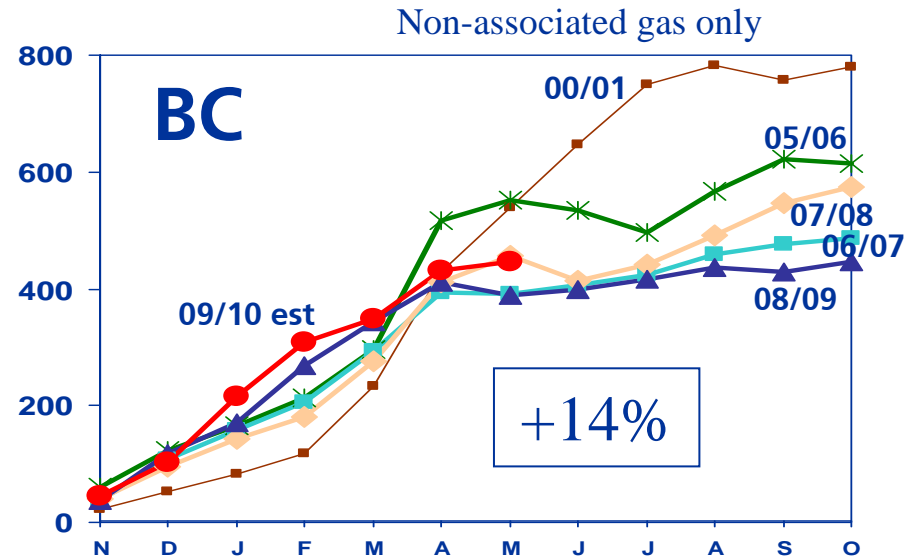
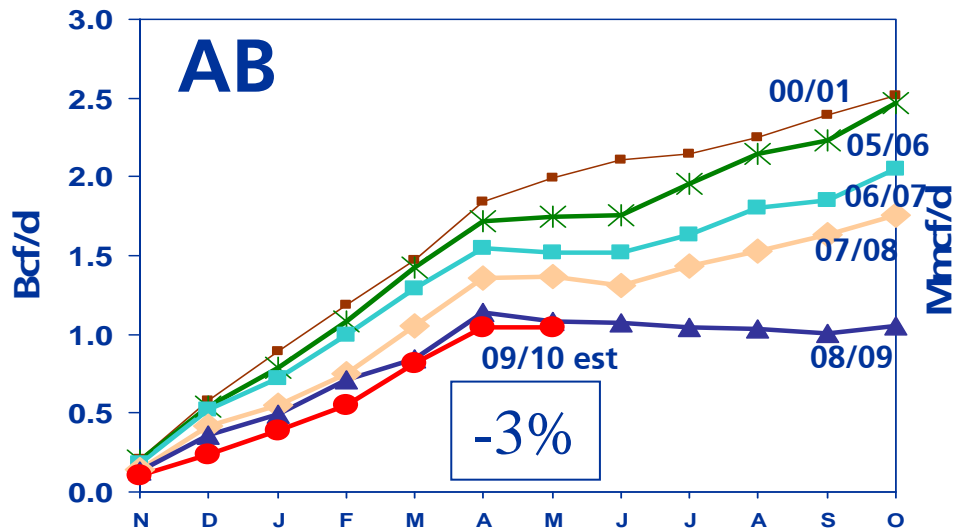
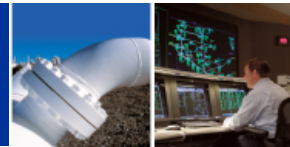
* To July

*Percentage of total gas wells

Cumulative Gas Well Connections By Province

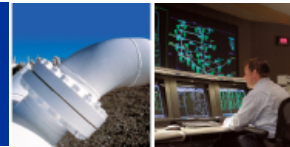


New Tie-in Supply By Province

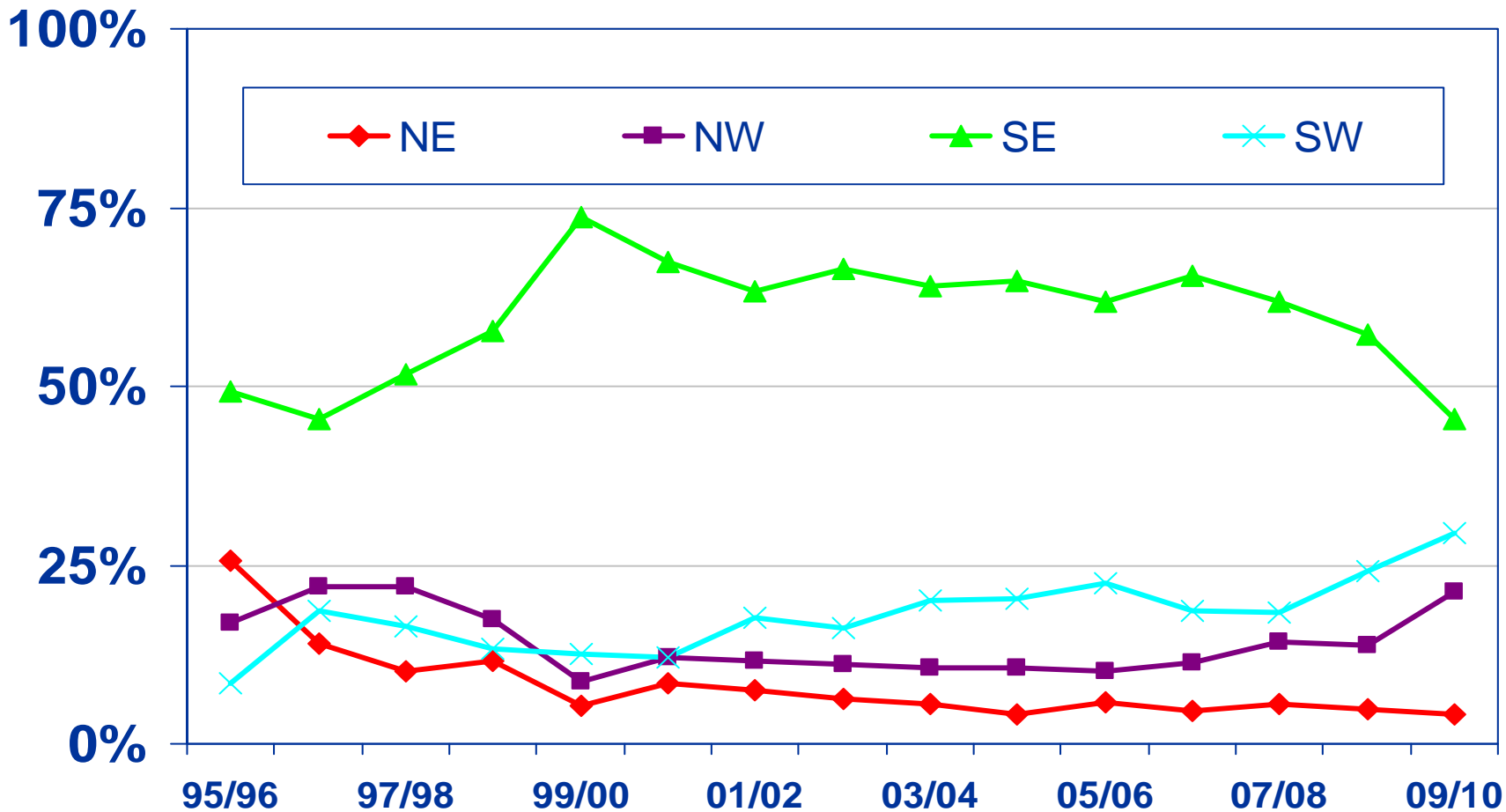


Other factors besides activity drive new gas supply!!

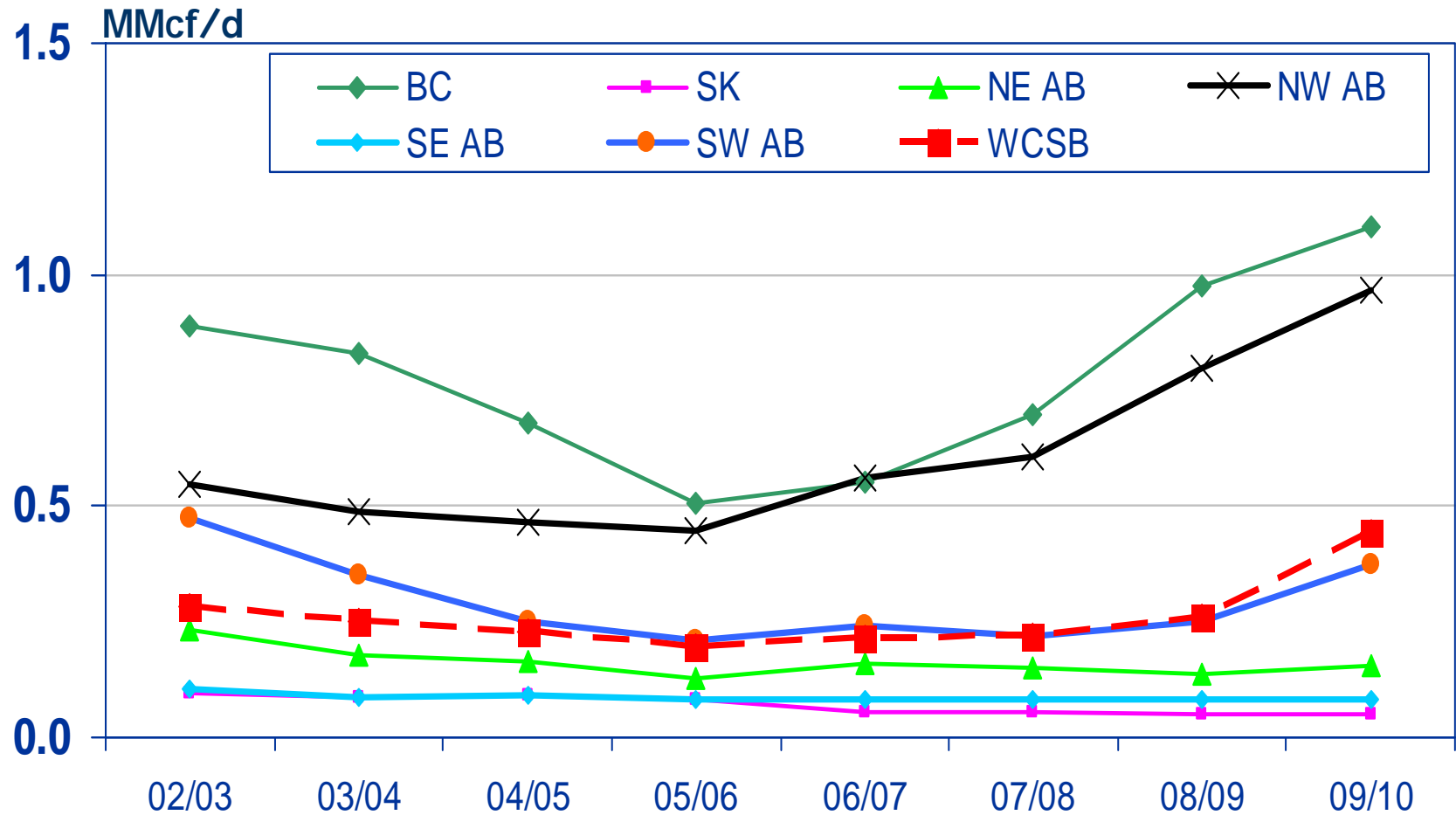
Alberta Cumulative Gas Wells Connected By Quadrant (November– July)



% of AB Connections



Initial Well Productivity by Region



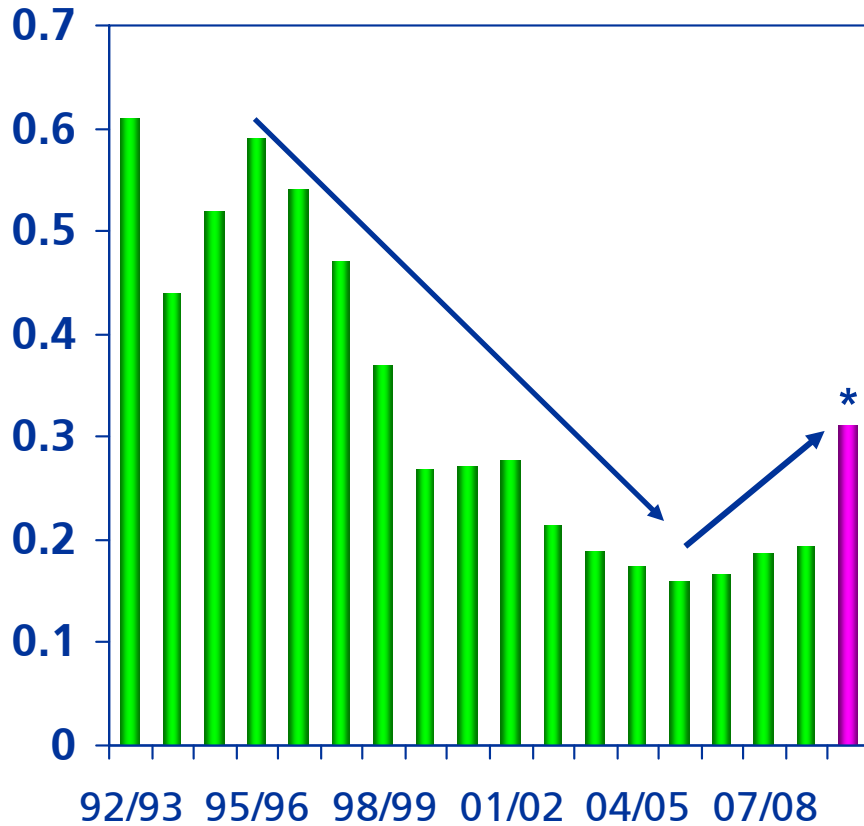
Apr. comparison

WCSB Initial Gas Well Production Rates/Decline Rate



Initial New Well Production Rate

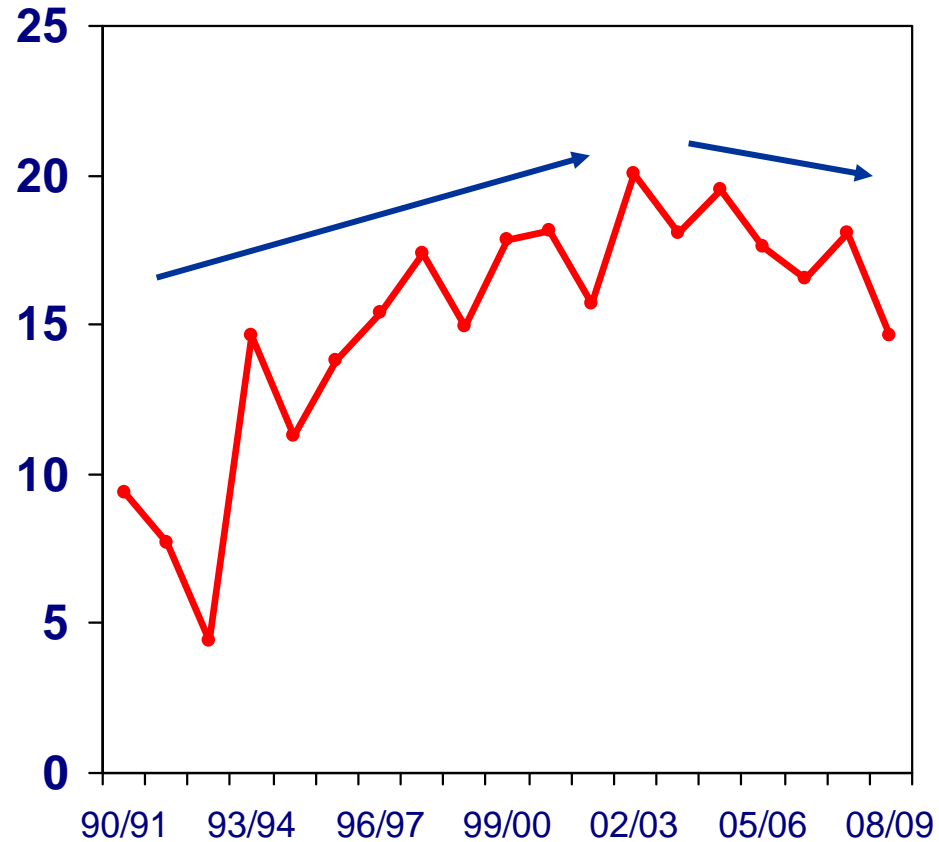
MMcf/d/well



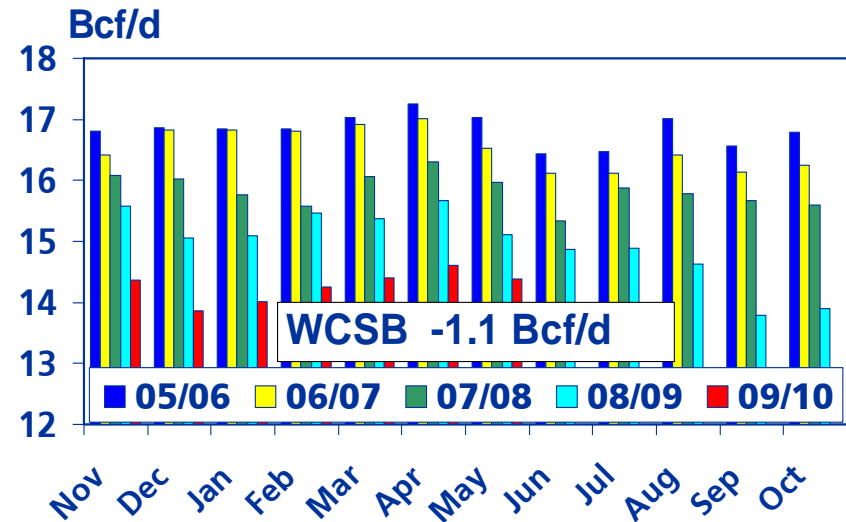
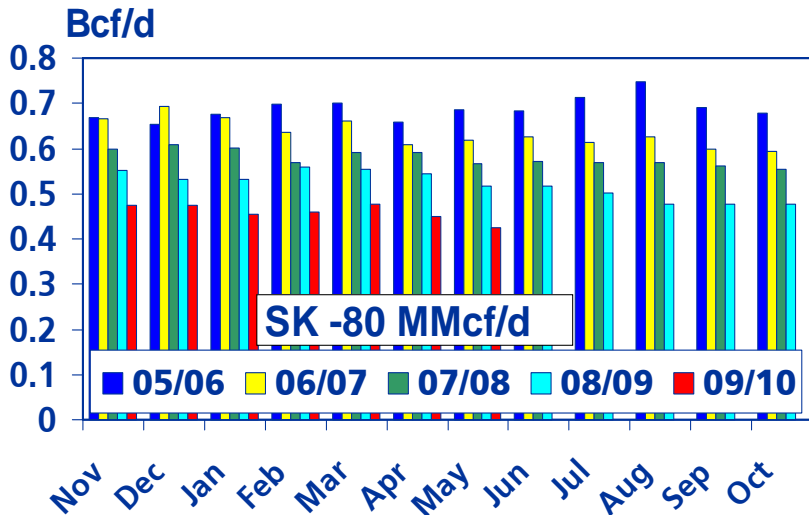
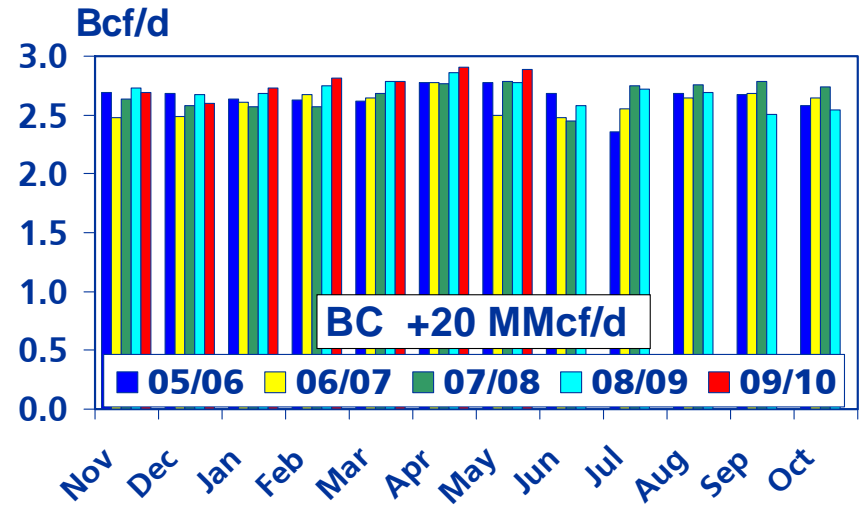
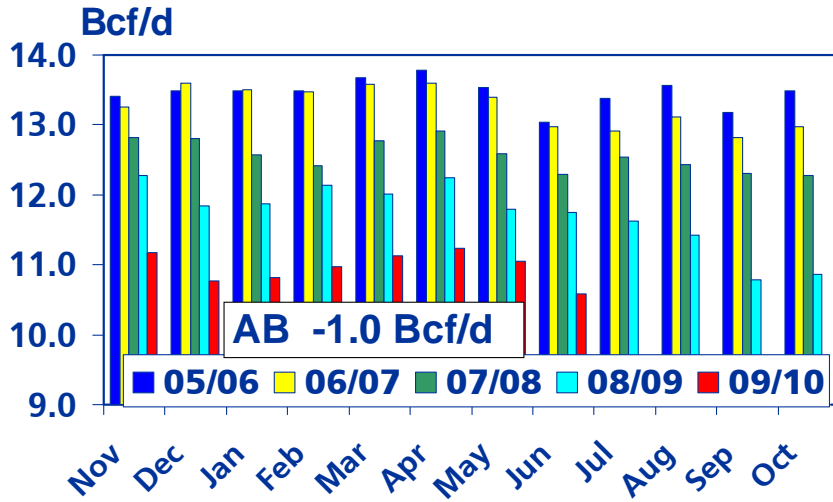
* forecast

Composite Decline Rate

%

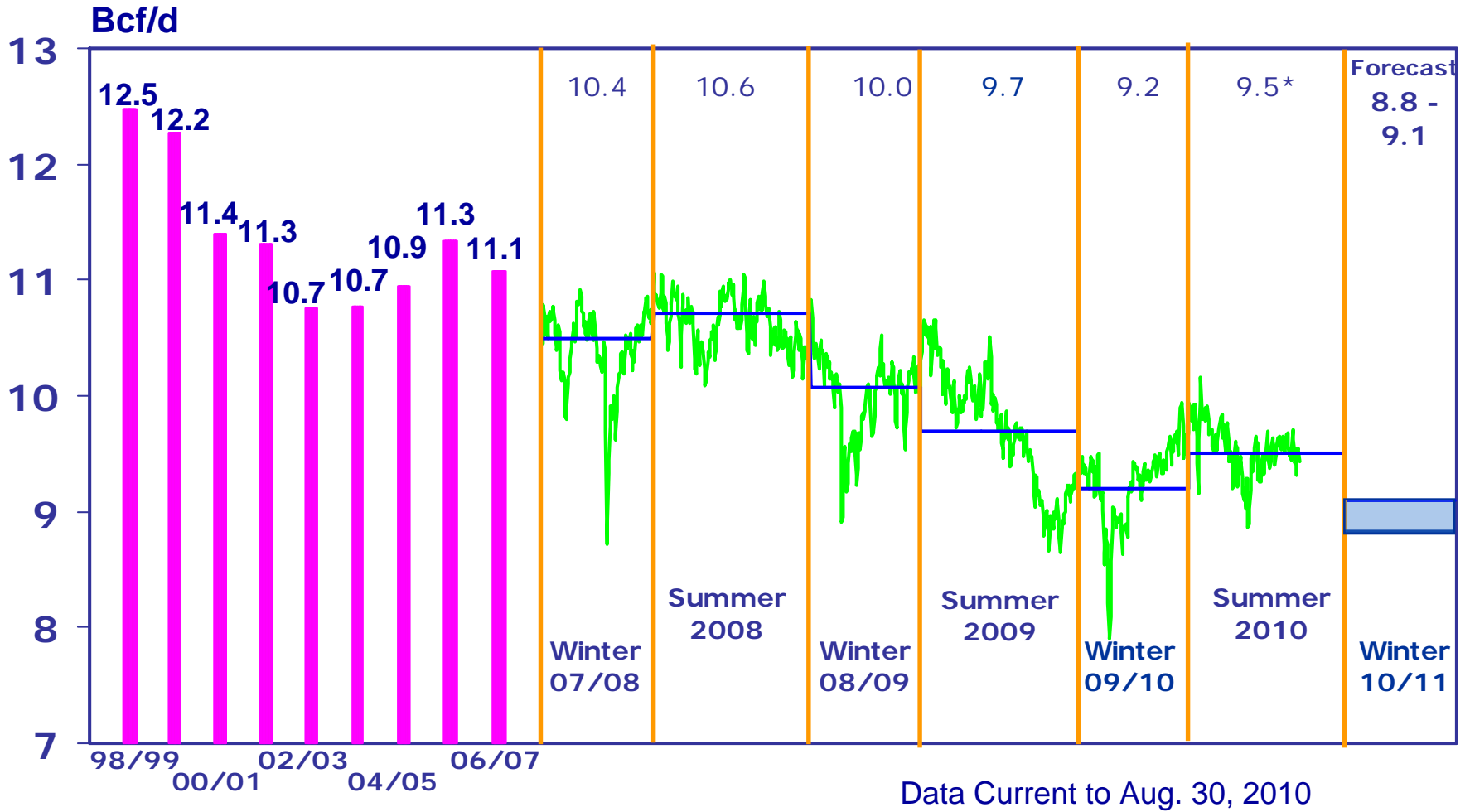
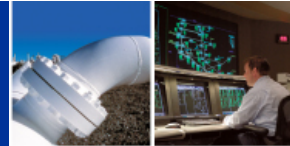


WCSB Monthly Production



Marketable gas from Government sources, includes solution gas (some reporting lag)

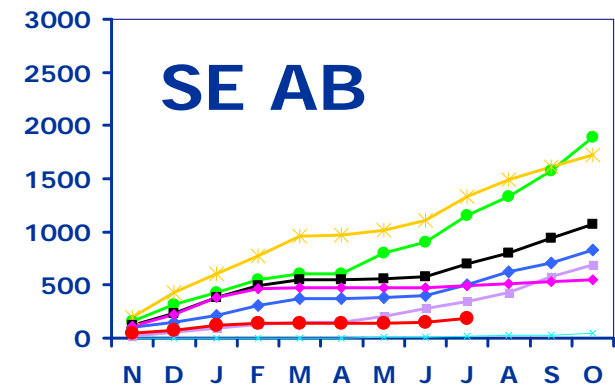
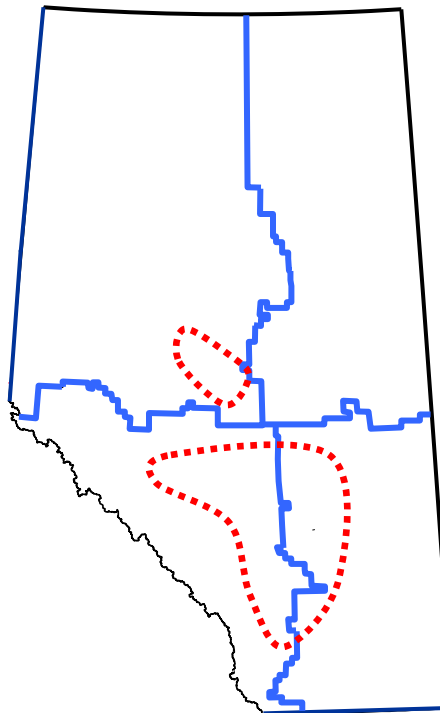
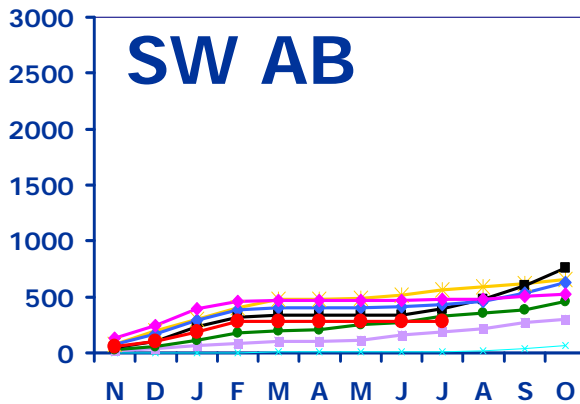
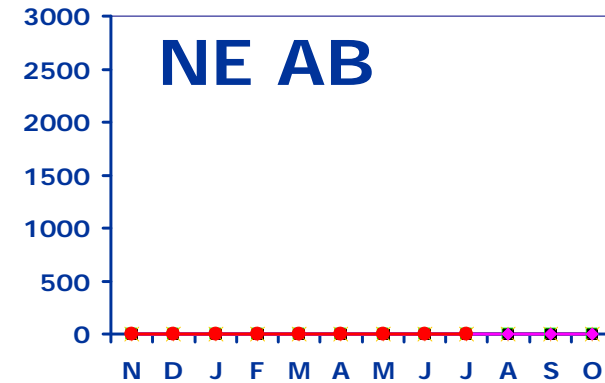
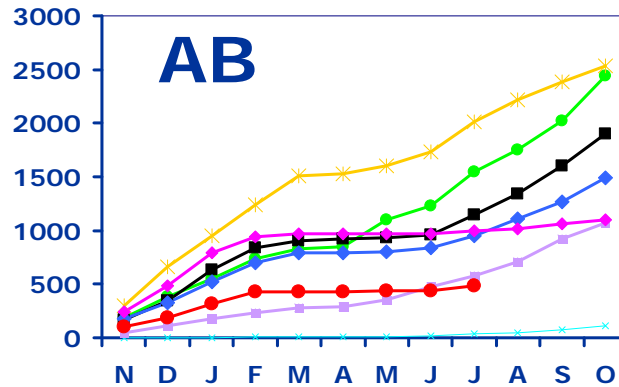
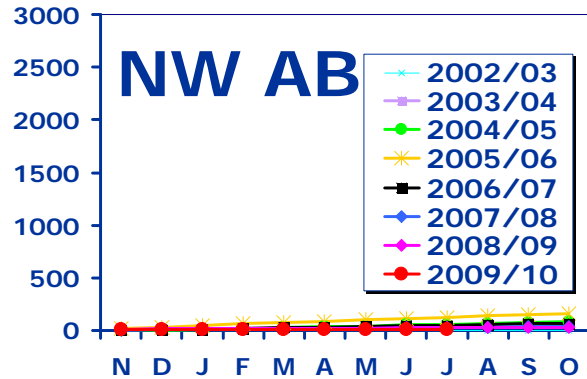
Seasonal Flows on the Alberta System



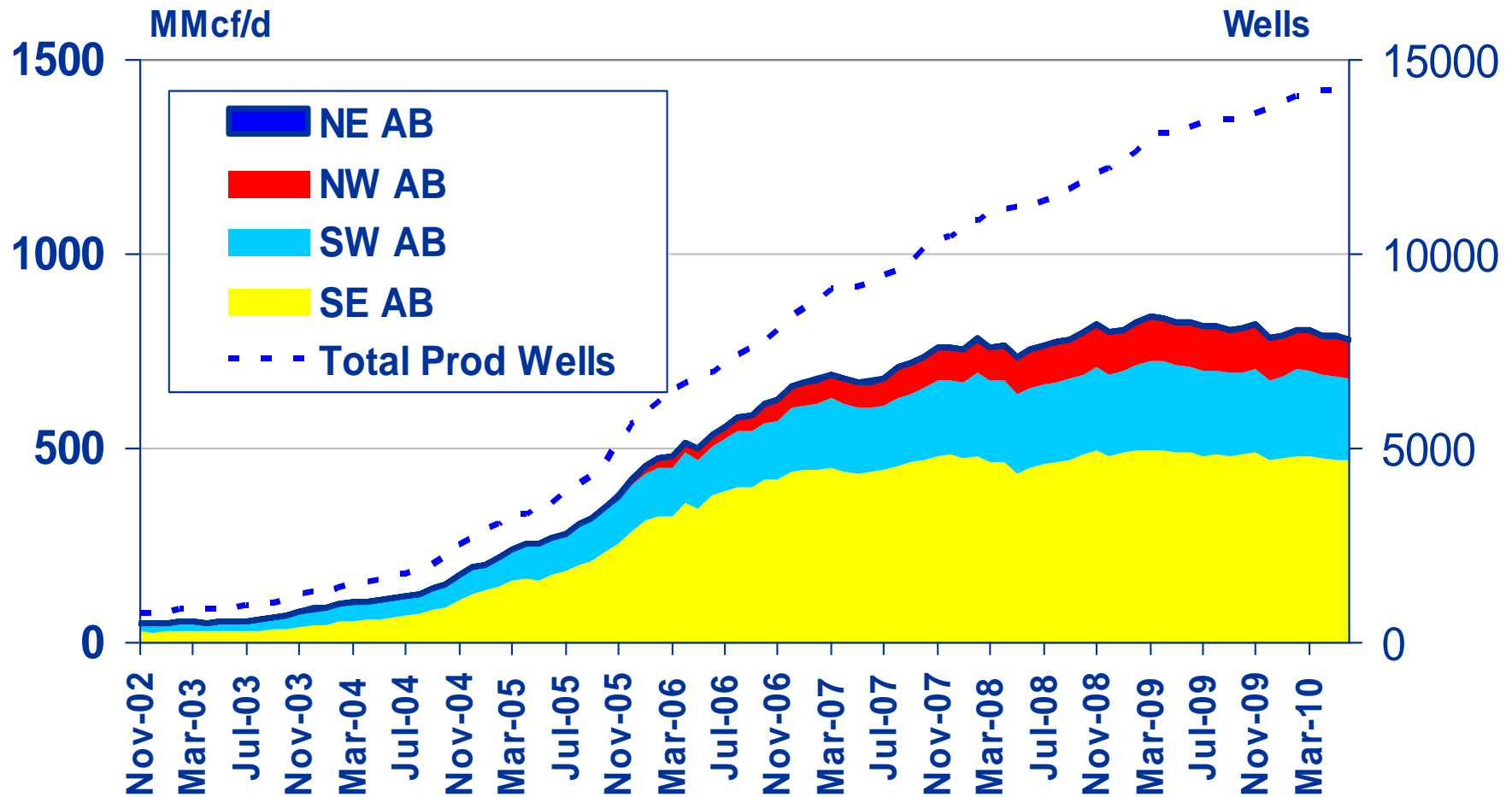
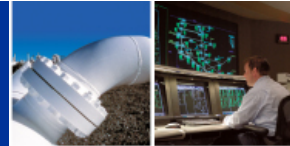
Excluding Storage

* estimate

Drilled Alberta CBM Wells By Region

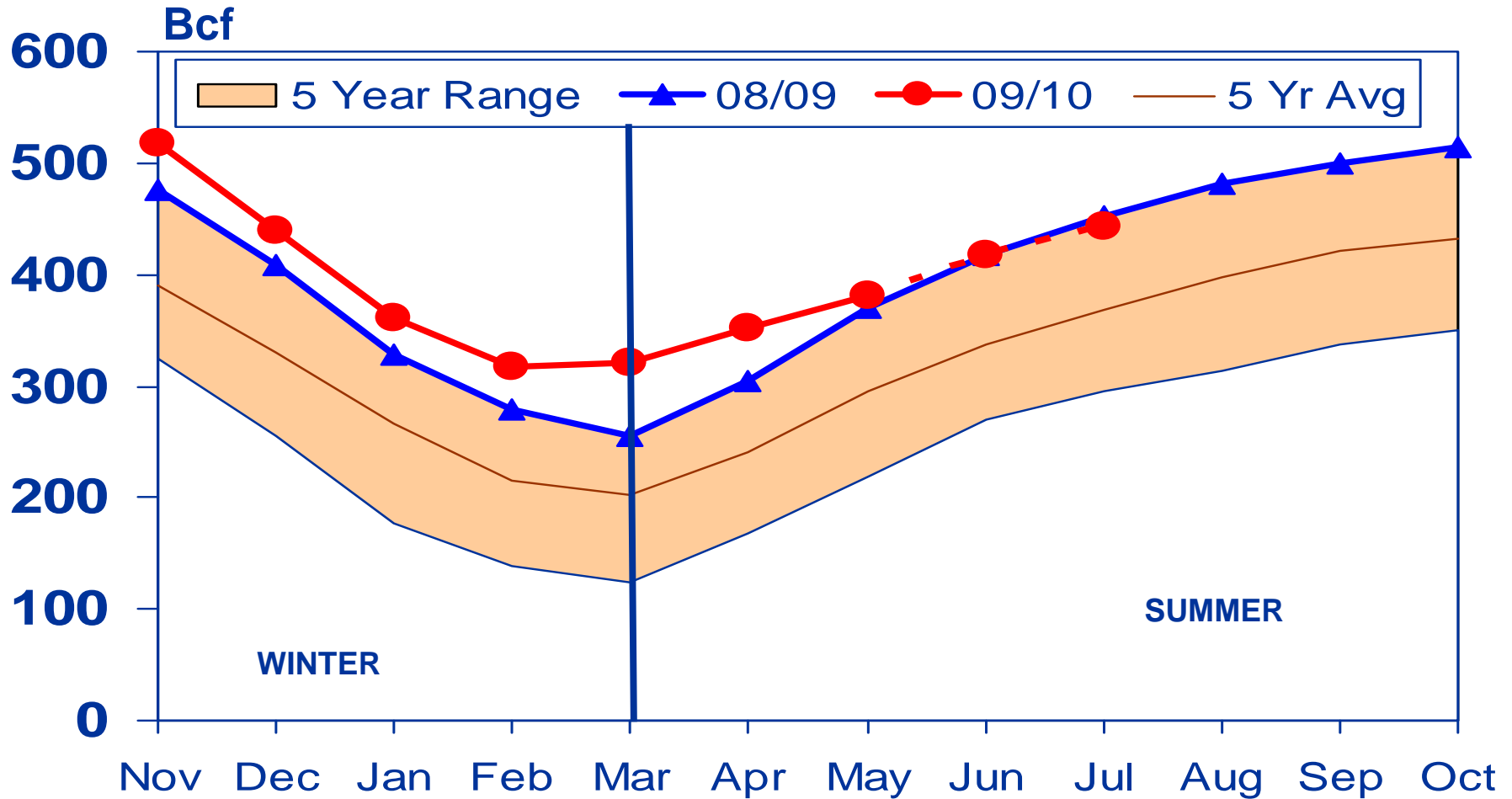


WCSB Coalbed Methane Production



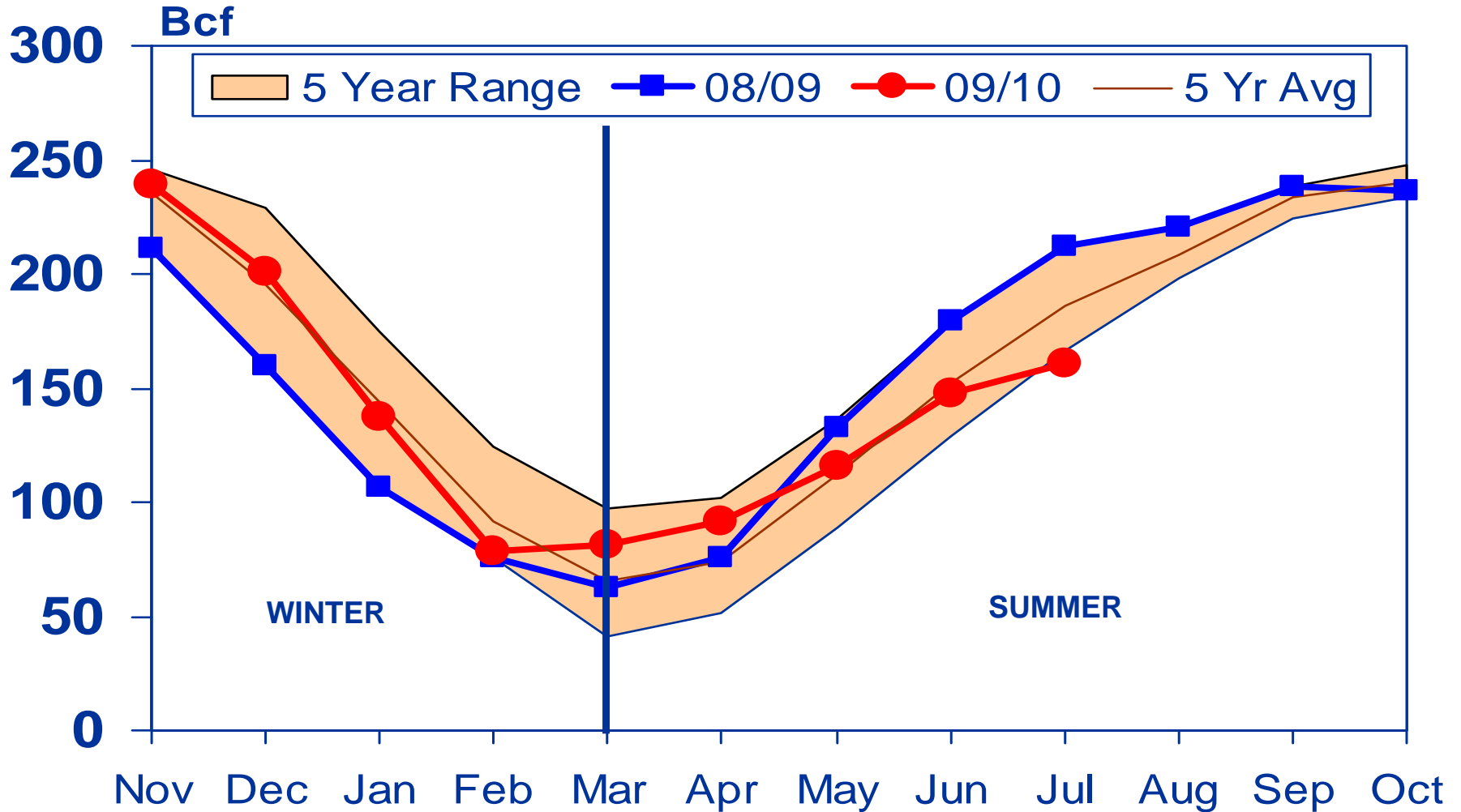
Data as of June 2010

Western Canada* Working Gas In Storage



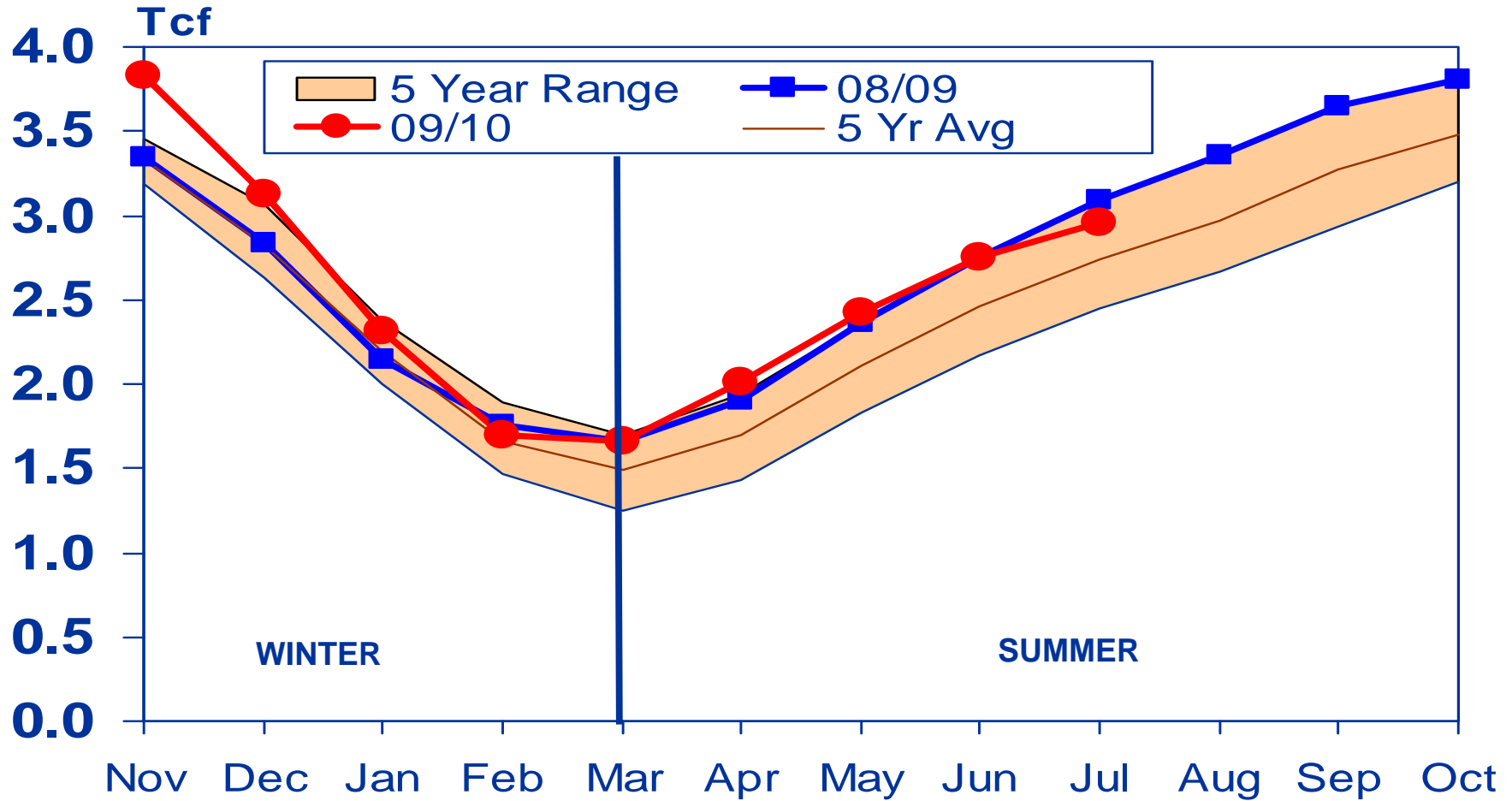
Source: BC, Sask, AB governments, TransCanada

Eastern Canada Storage Status



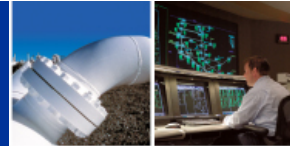
Source: Canadian Enerdata

U.S. Storage Status

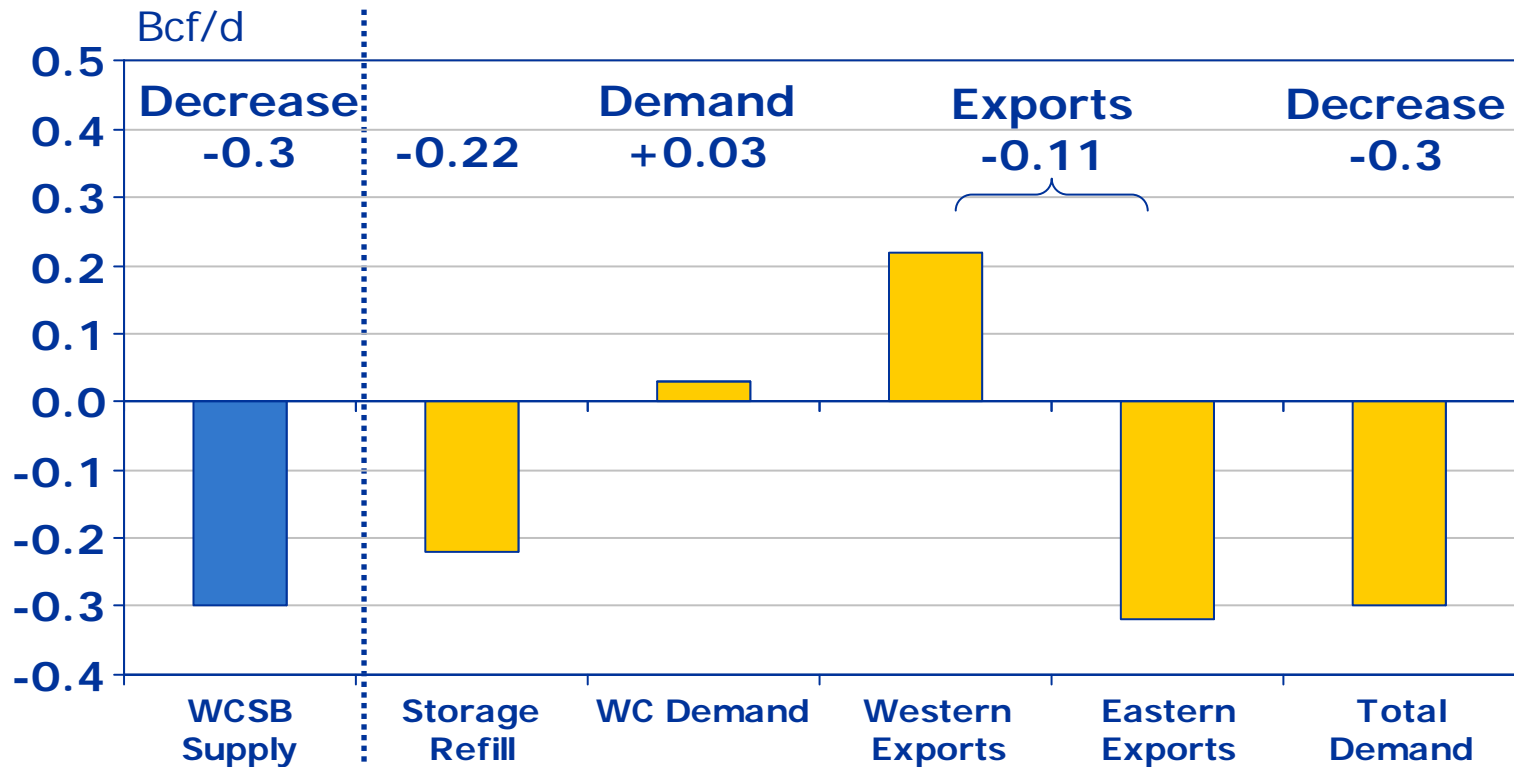


Source: EIA

WCSB Summer 2010 (estimate*)



Year-over-Year Changes



* Estimate as of Sep 7

Conclusions



- WCSB supply expected to decline by 600 - 700 MMcf/d in 2010; 100 - 200 MMcf/d decline expected in 2011.
- Higher initial well productivity (IP) is partially offsetting lower gas activity.
- Throughput on the Alberta System is expected to average 8.8 – 9.1 Bcf/d this winter compared to 9.2 Bcf/d last winter.
- Unconventional gas supply development will contribute to supply growth in the next few years