Western Canada Winter 2012
Supply / Demand Outlook

Cynthia Loke

TransCanada
In business to deliver

Observations



- **WCSB gas drilling is the lowest in 15 years**
  - However new well productivity continues to increase due to horizontal drilling
- **US supply growth continues to pressure AECO / NIT prices**
  - Storage injections are providing support to gas prices
- **Western Canada storage levels could be at record high levels by the end of summer**
  - Record high injections to date
- **WCSB exports are expected to decline this winter**
  - Due to market competition and increased WCSB demand

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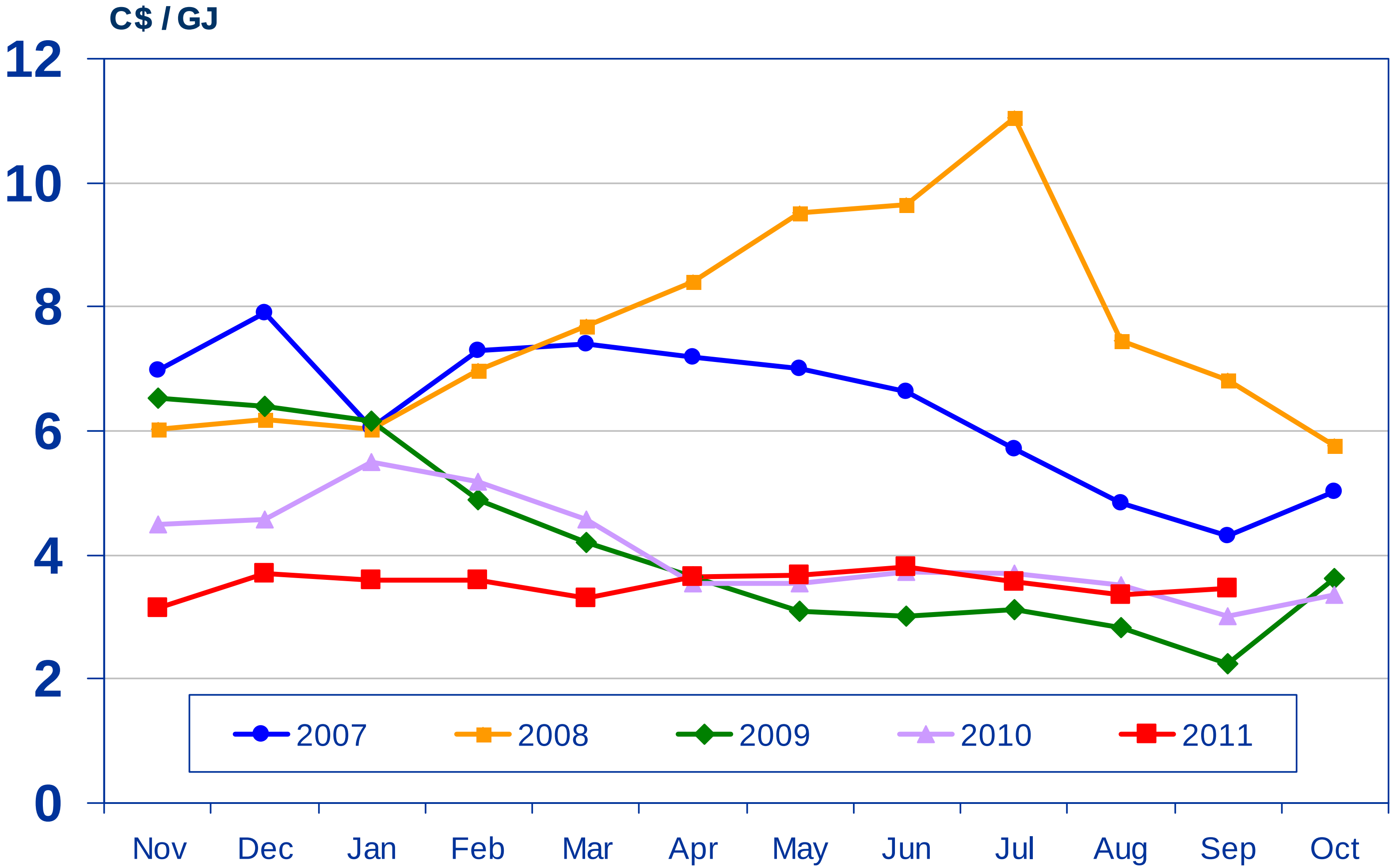
AECO / NIT Gas Prices



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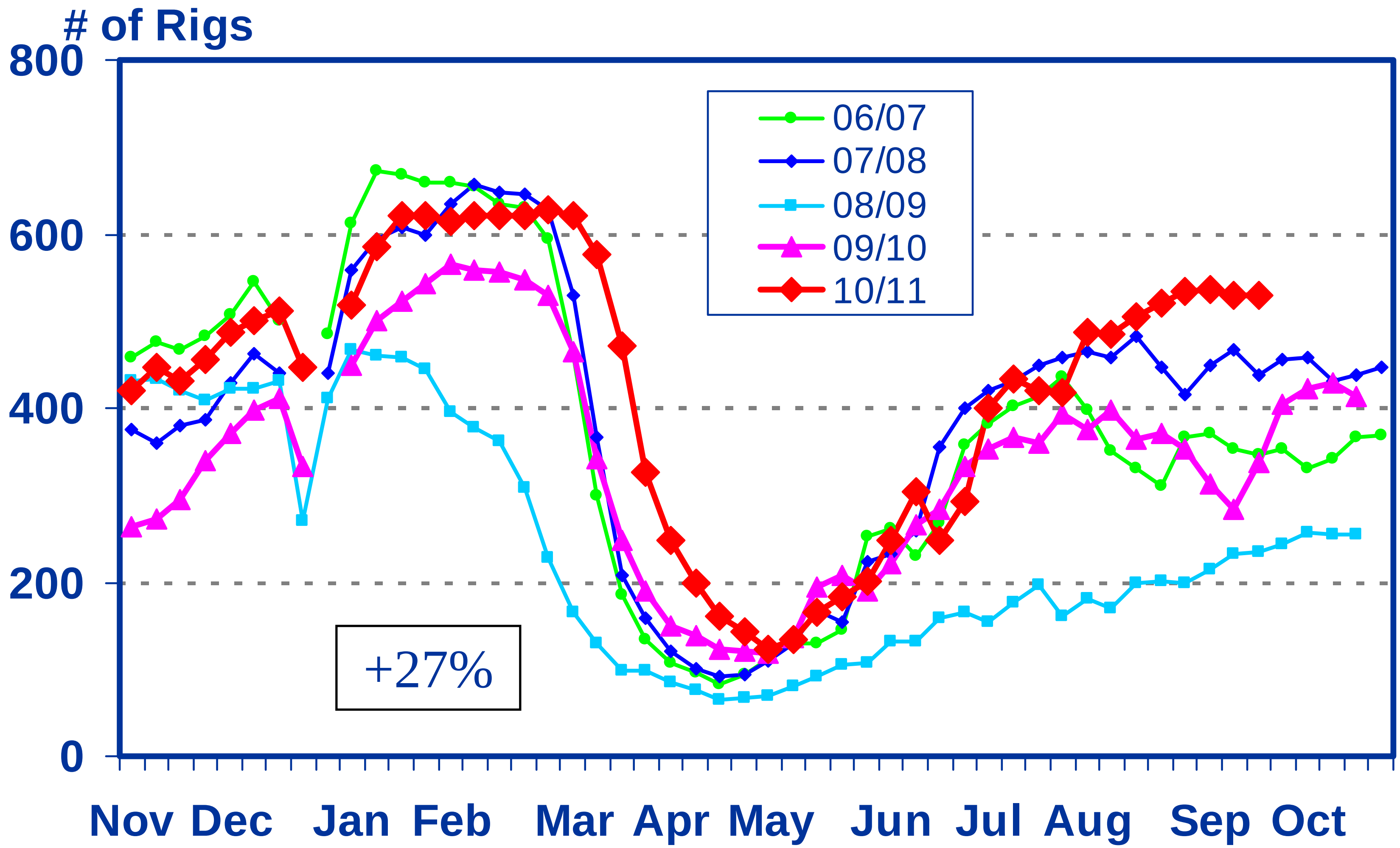
WCSB Active Drilling Rigs



Data to Sept. 9

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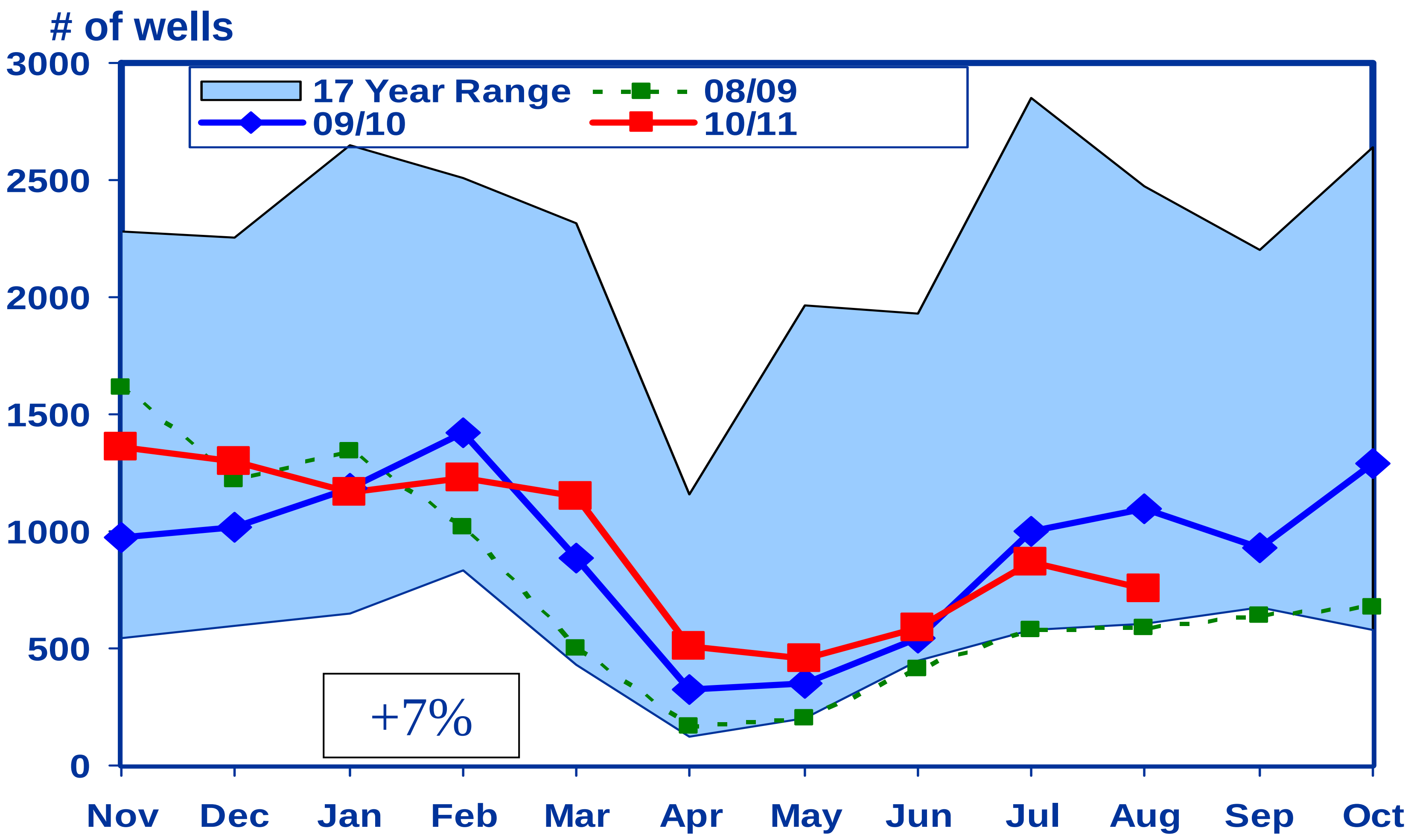
WCSB Total Wells Drilled / Month



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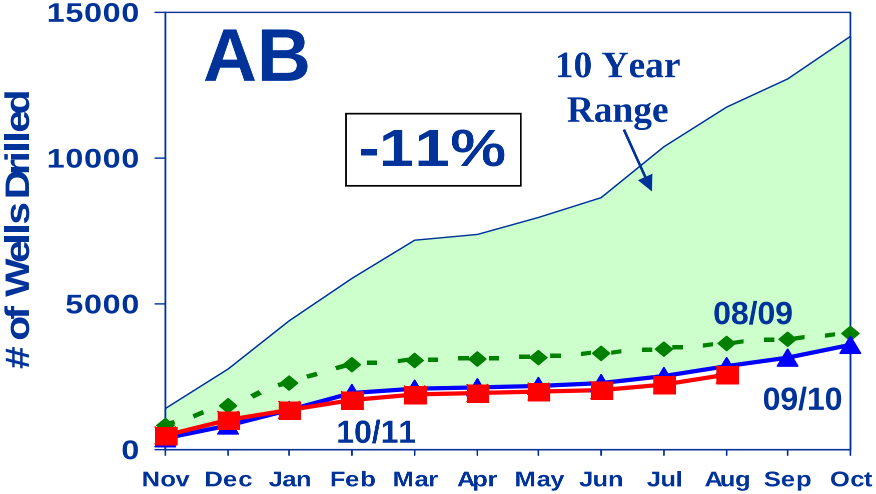
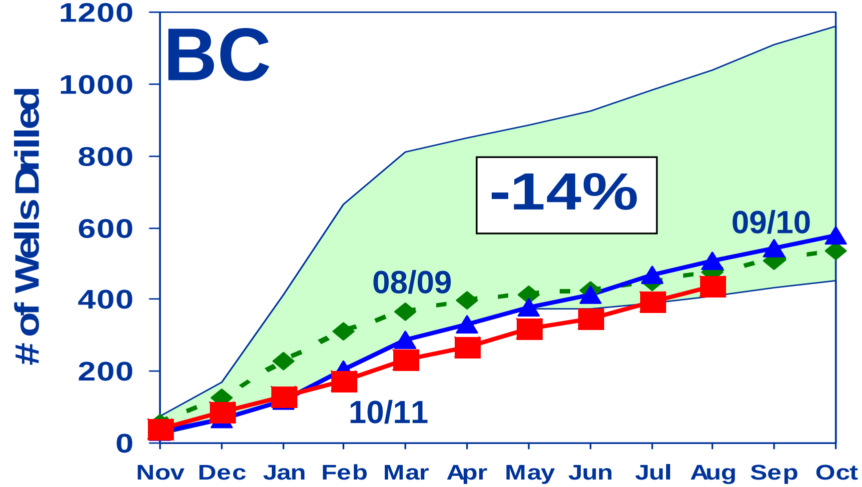
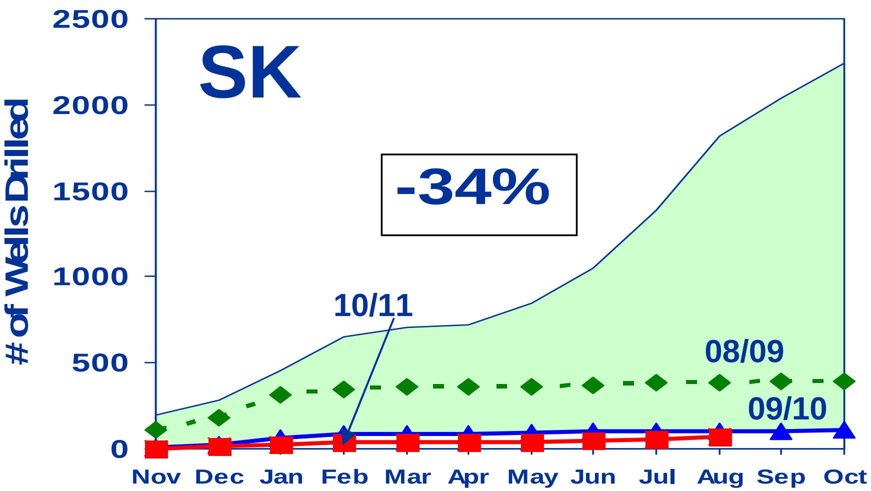
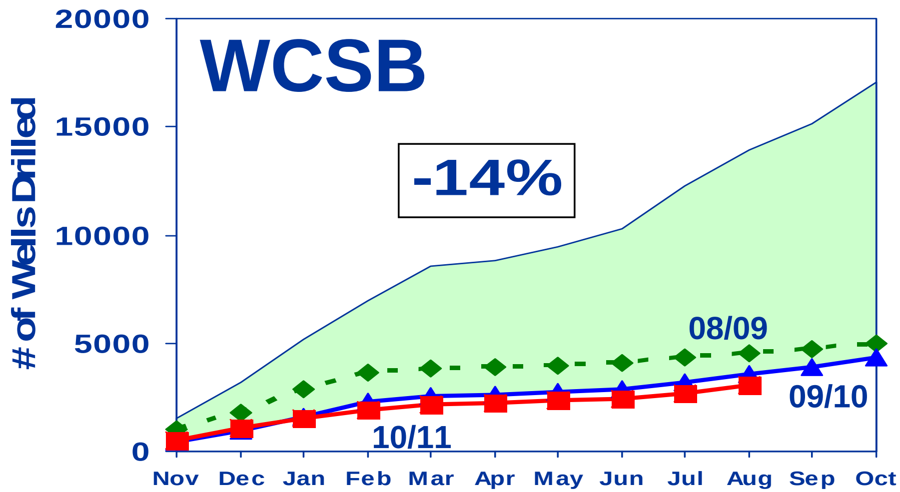
Cumulative Gas Wells Drilled By Province









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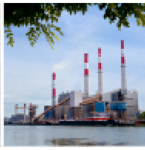
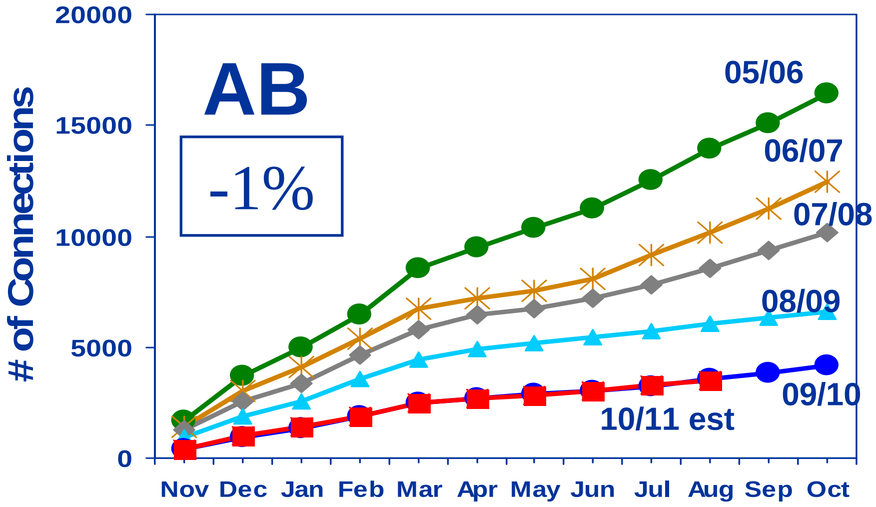
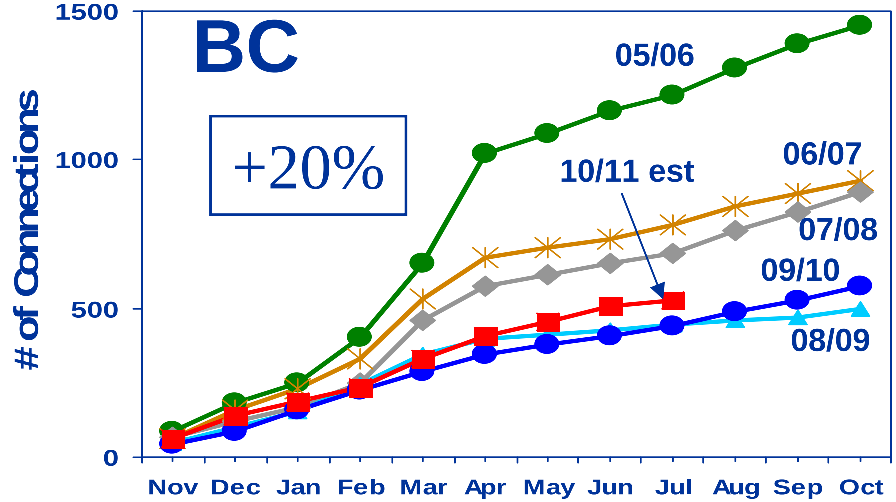
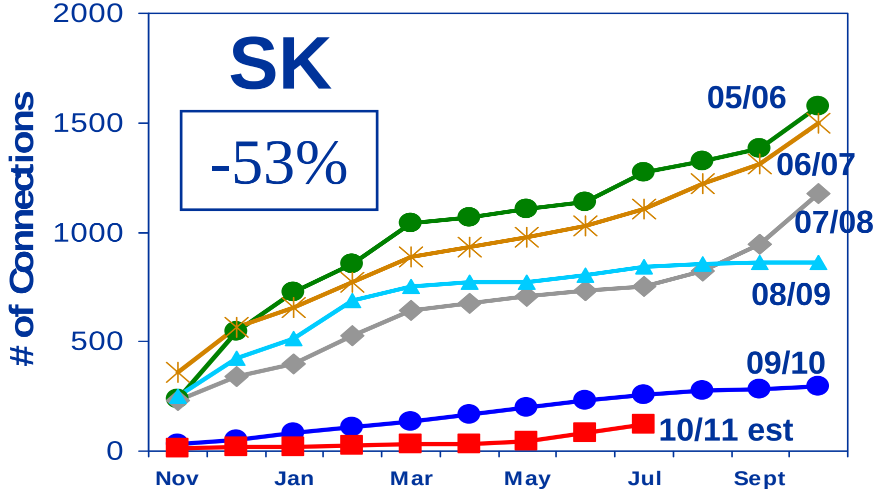
Cumulative Gas Well Connections By Province

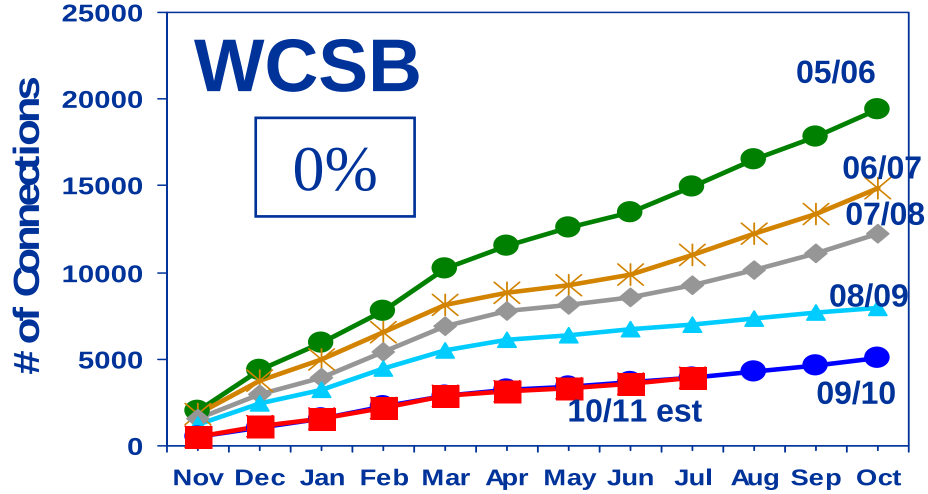












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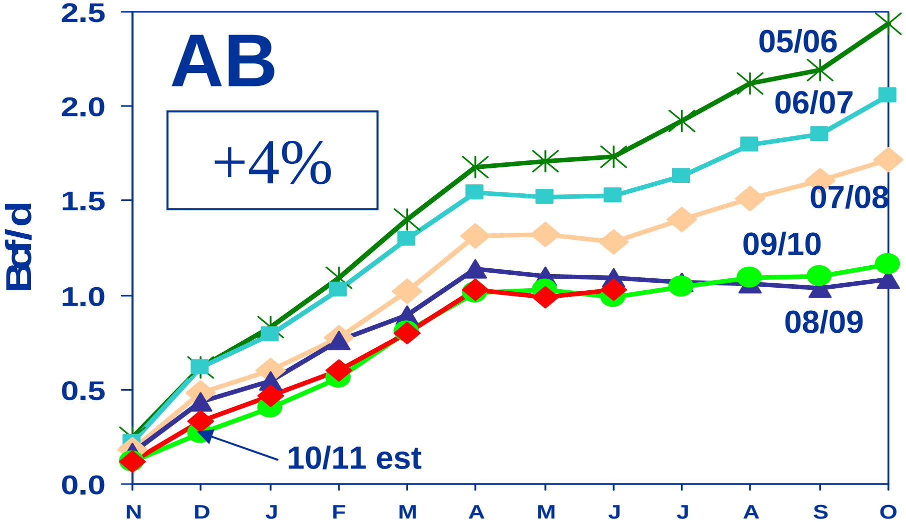
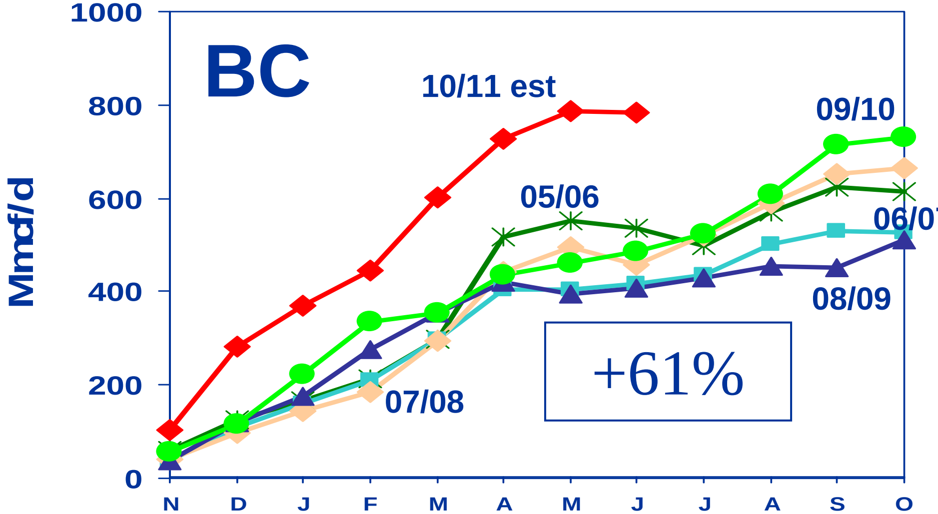
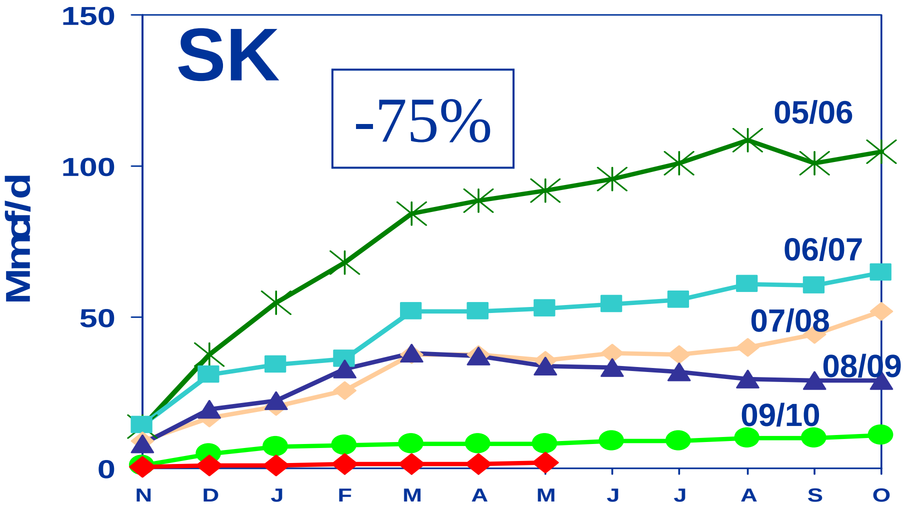
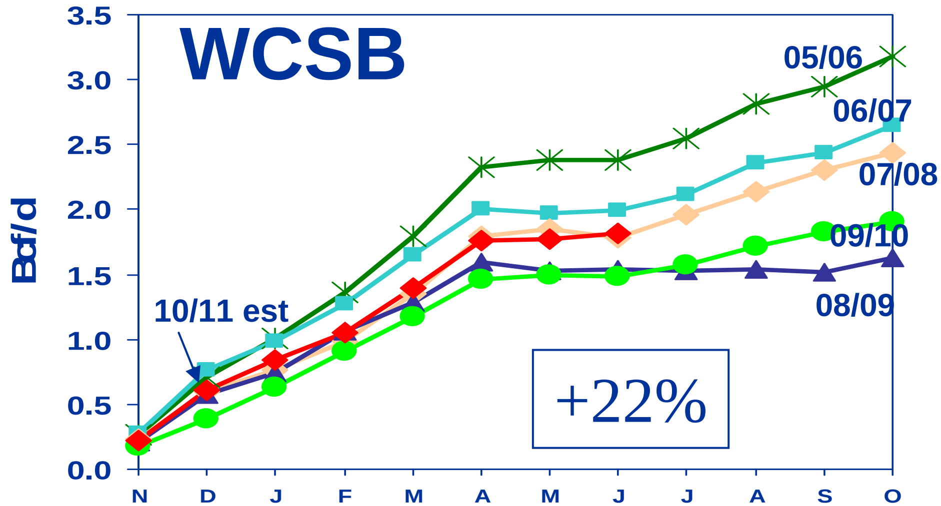
New Tie-in Supply By Province

Non-associated gas only









New supply is higher despite decline in drilling due to stronger well productivity.

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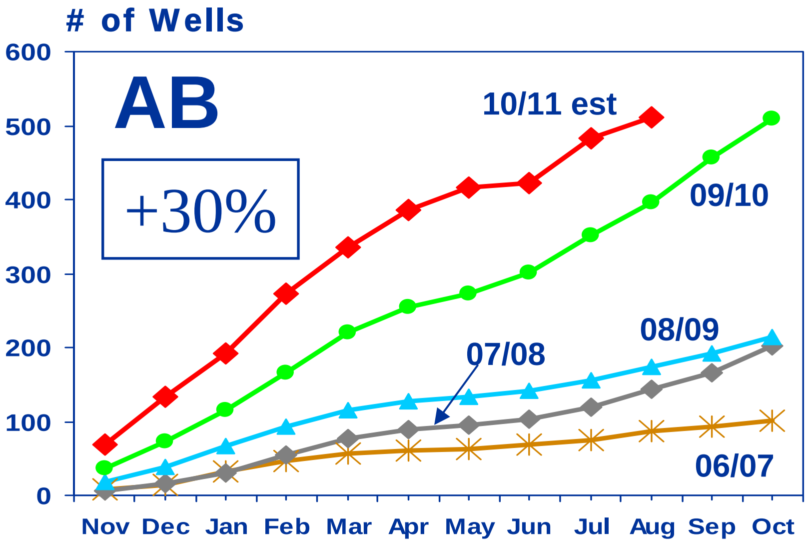
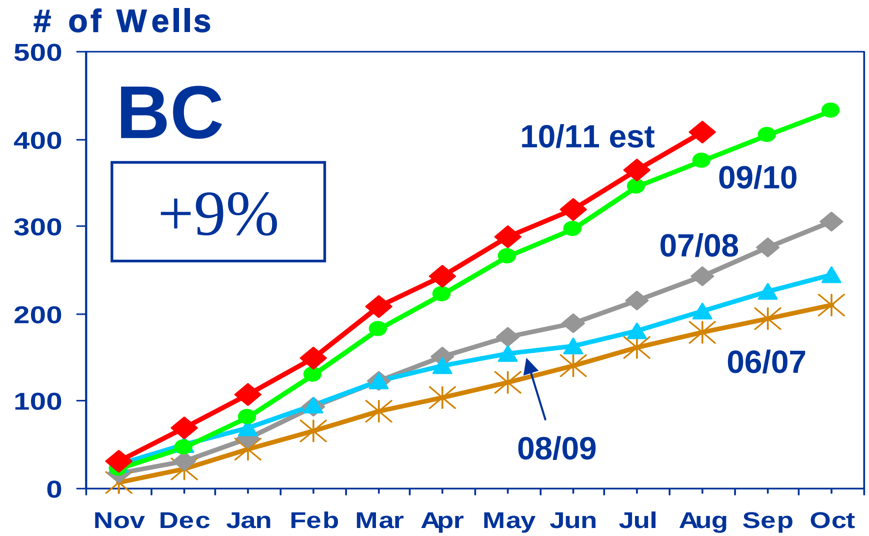
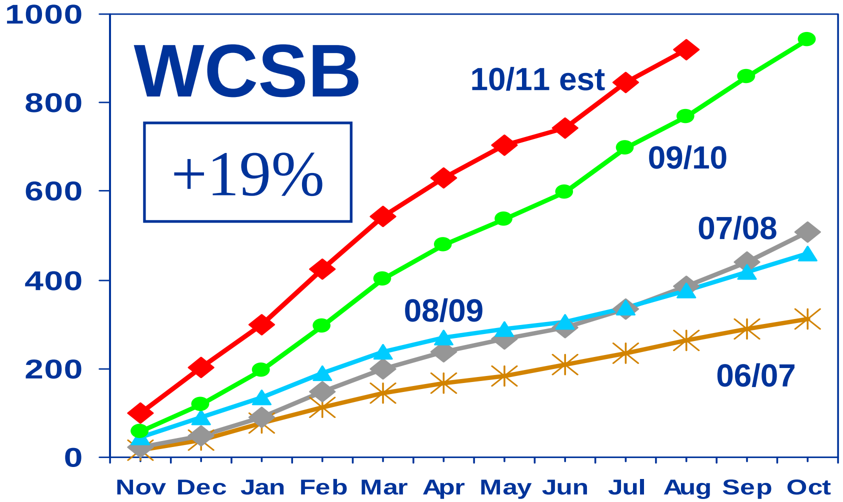
Horizontal Gas Wells Drilled By Province







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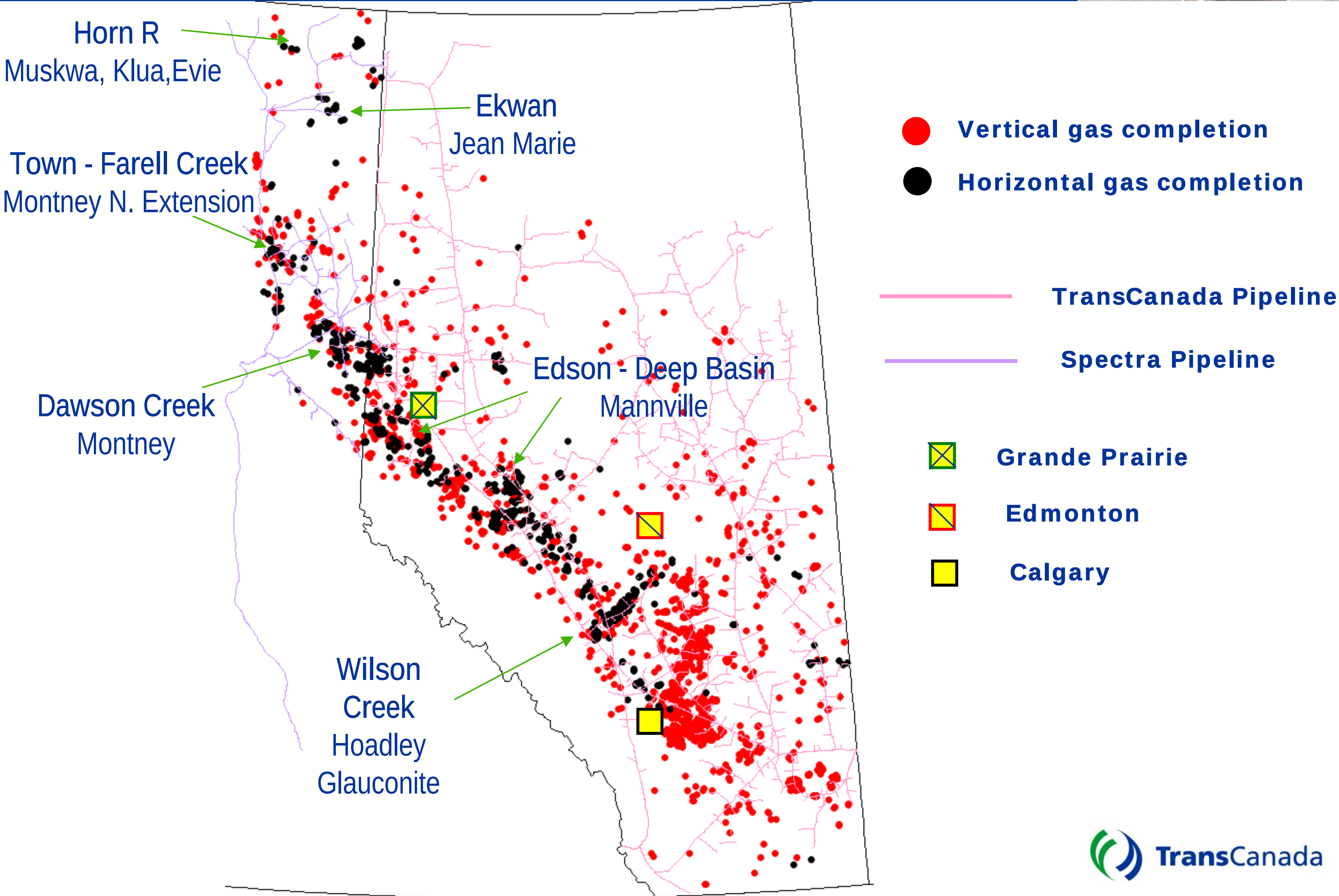
2011 Gas Well Completions



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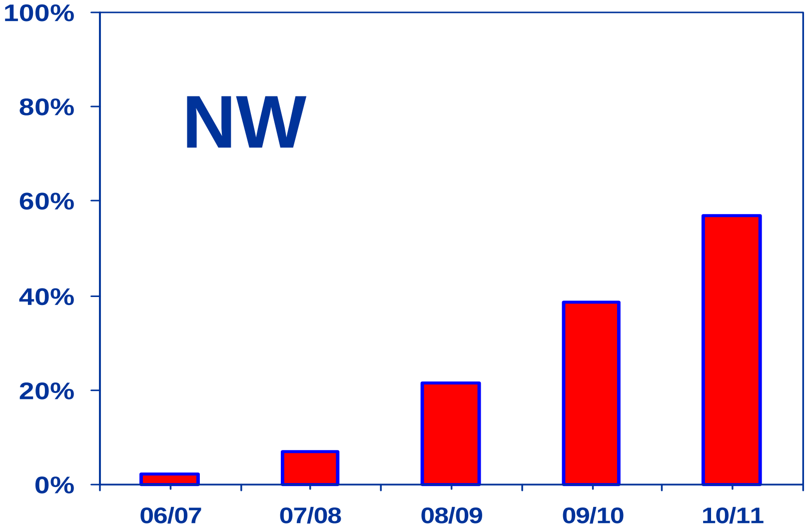
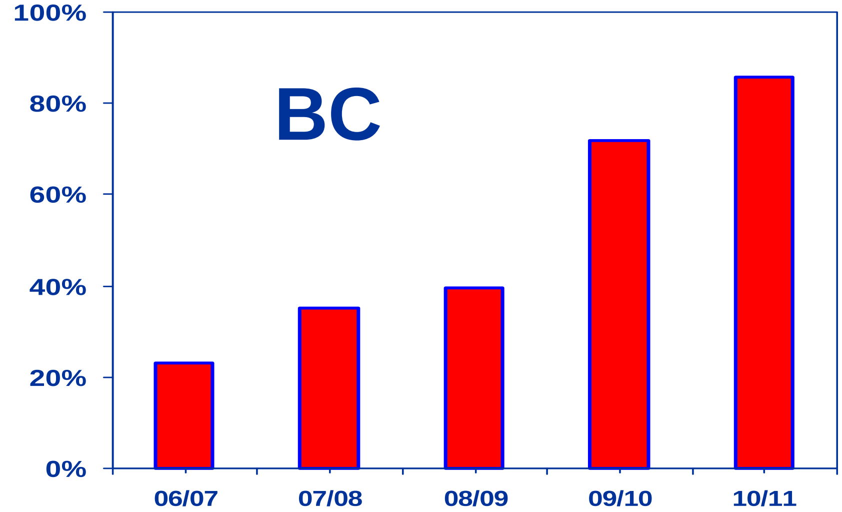
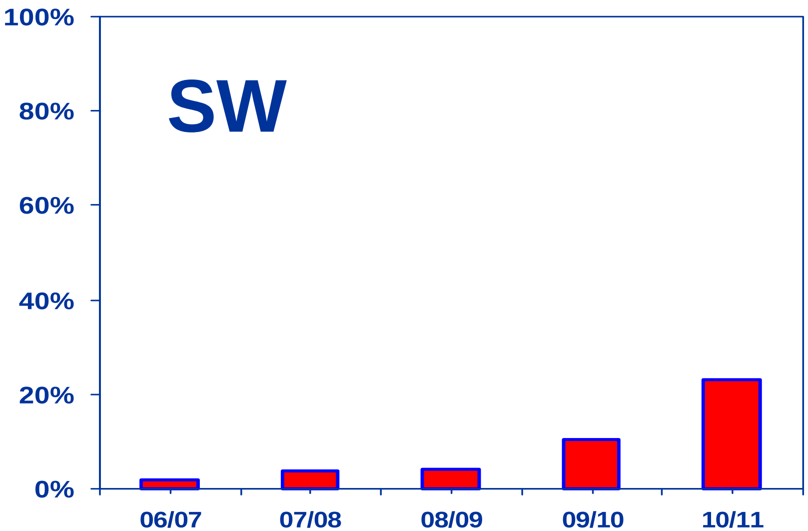
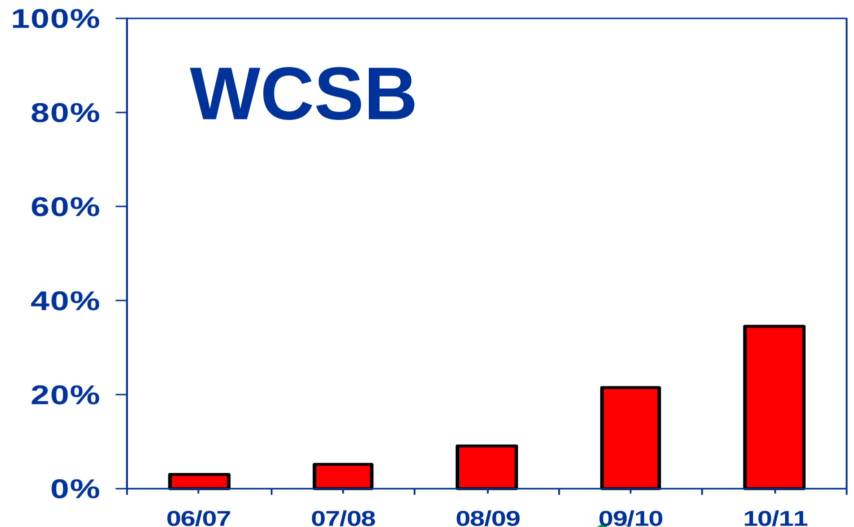
% Horizontal Gas Wells Drilled By Area









Nov. to Jul. comparison

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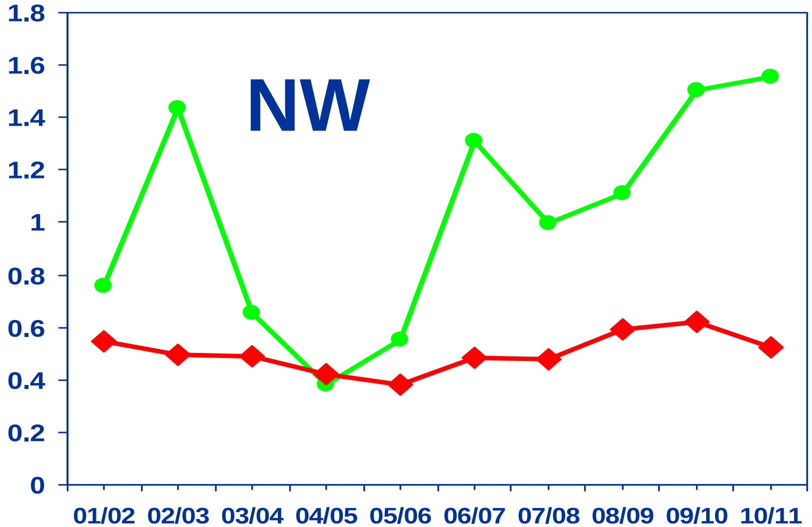
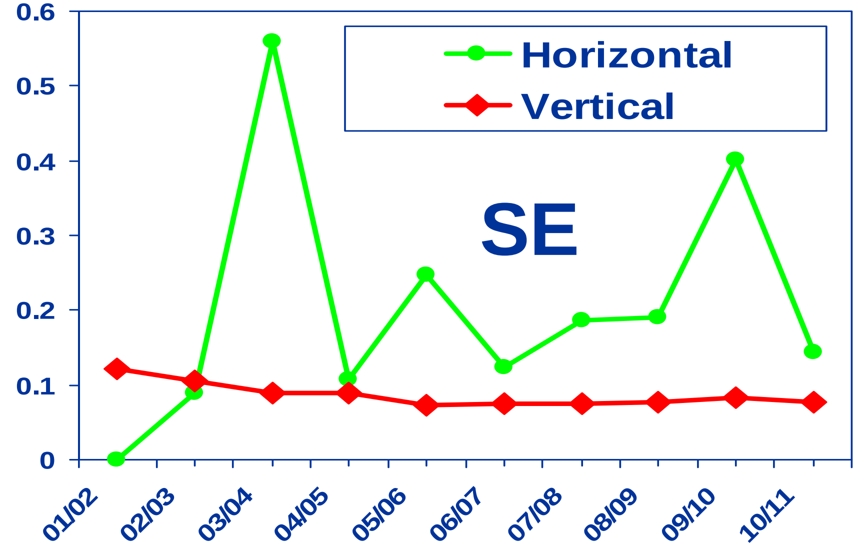
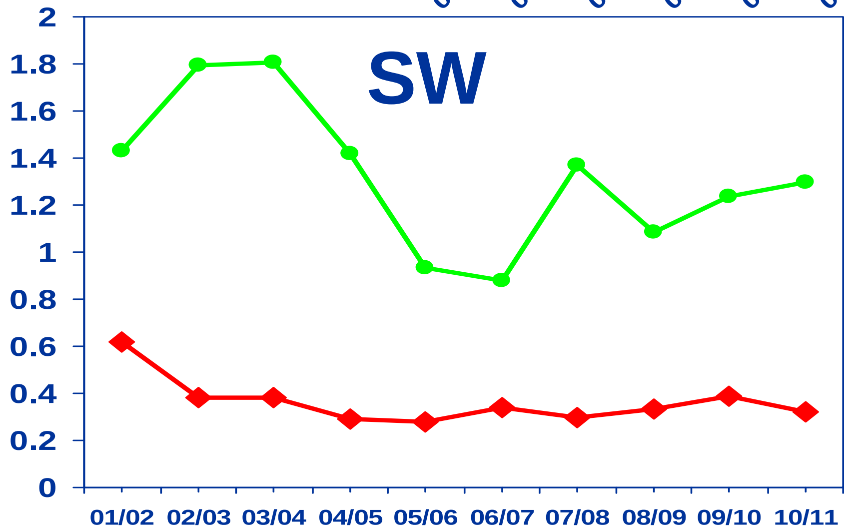
Horizontal and Vertical Initial Production Rates by AB Quadrant







Nov. to Jun. comparison

CBM Wells have been excluded

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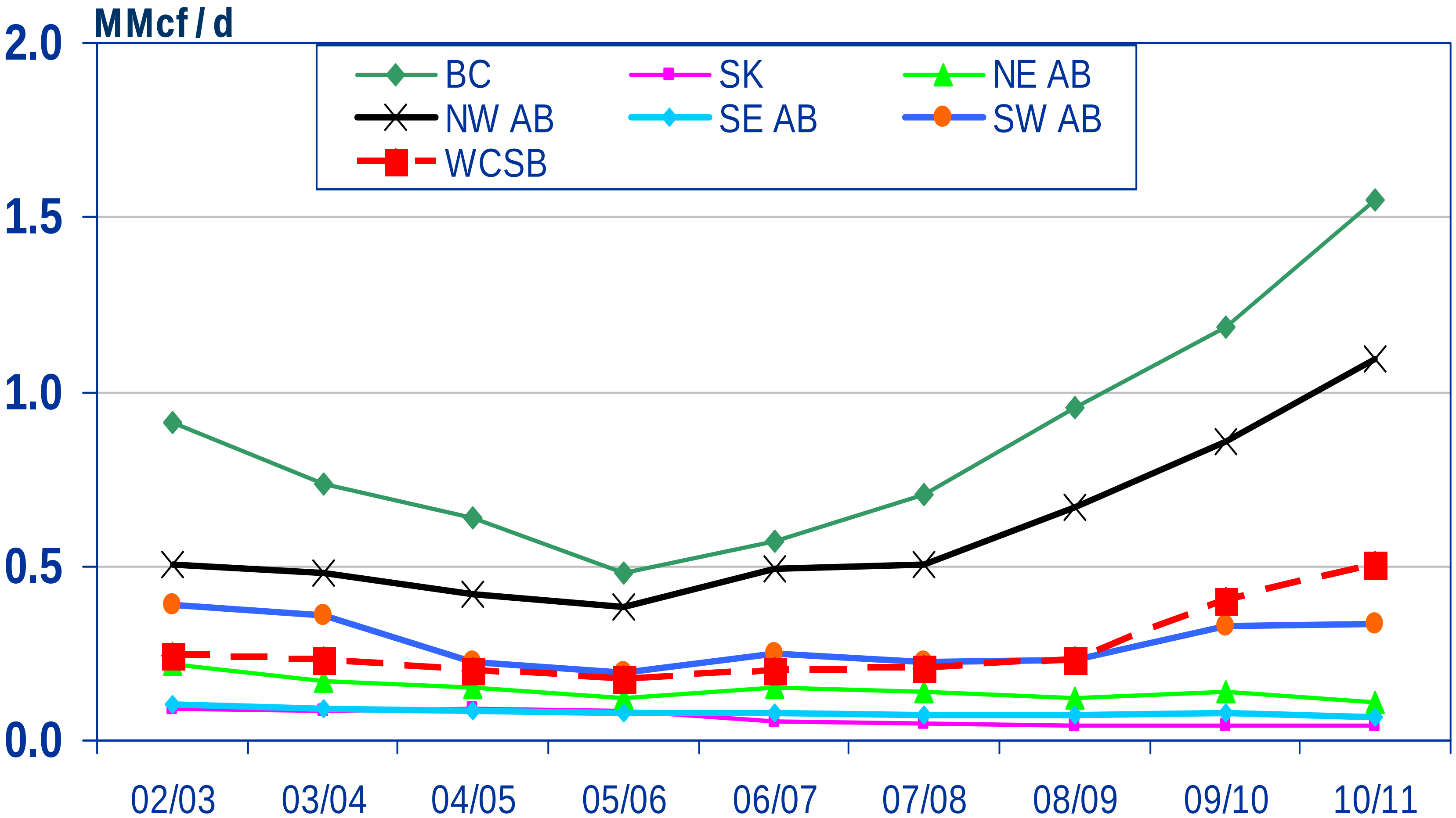
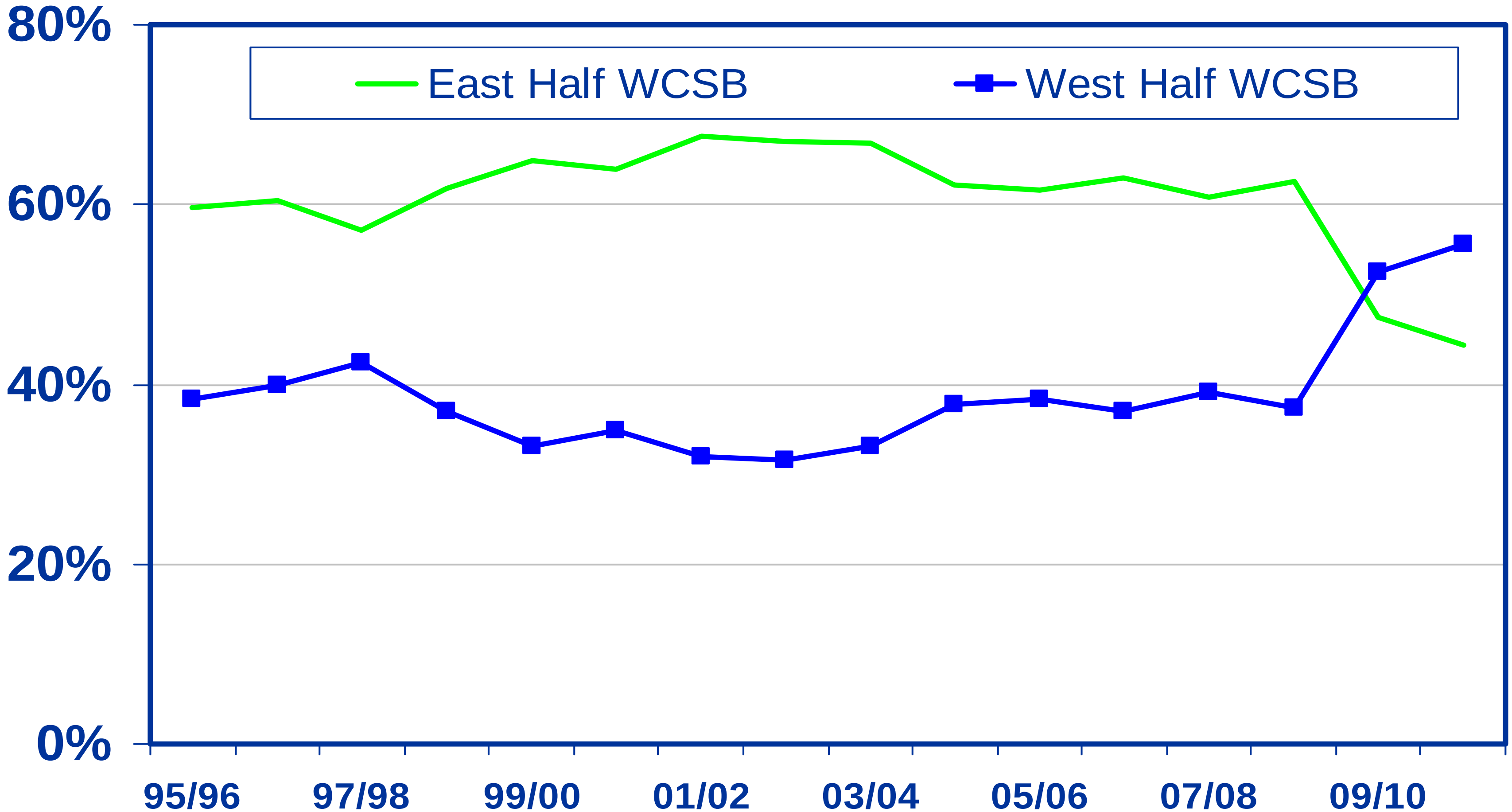
Initial Well Productivity by Region



Nov. to Jun. comparison

Shift in Gas Well Connections

% of WCSB Connections



Nov. to Jul. comparison

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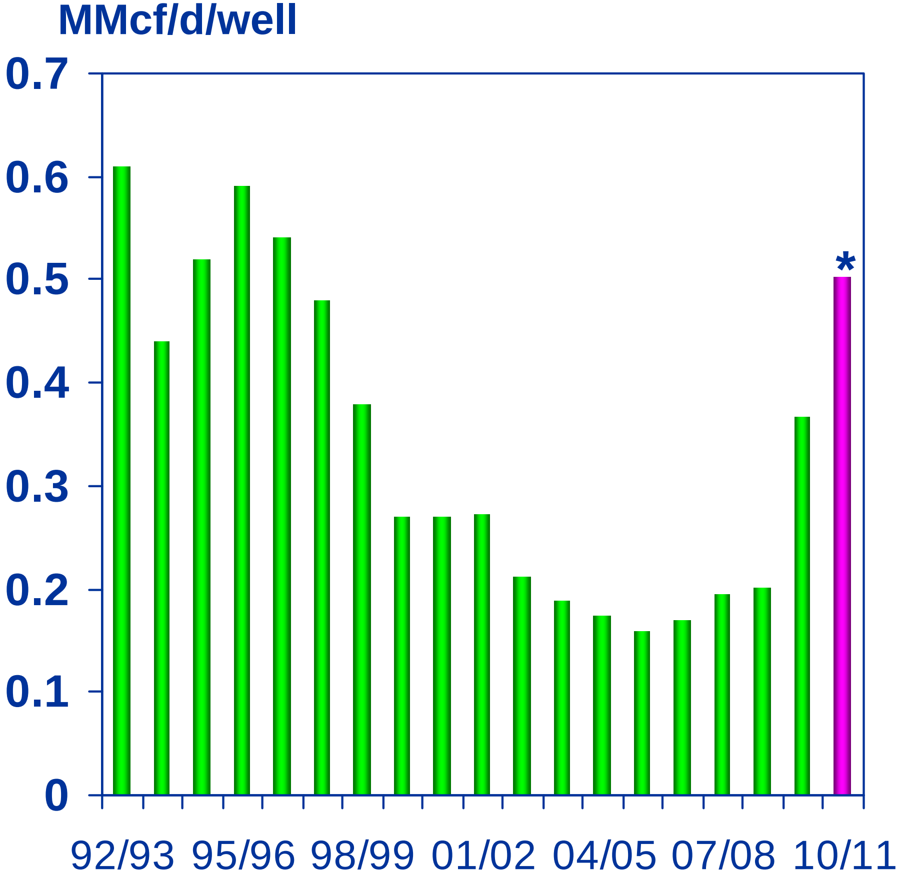
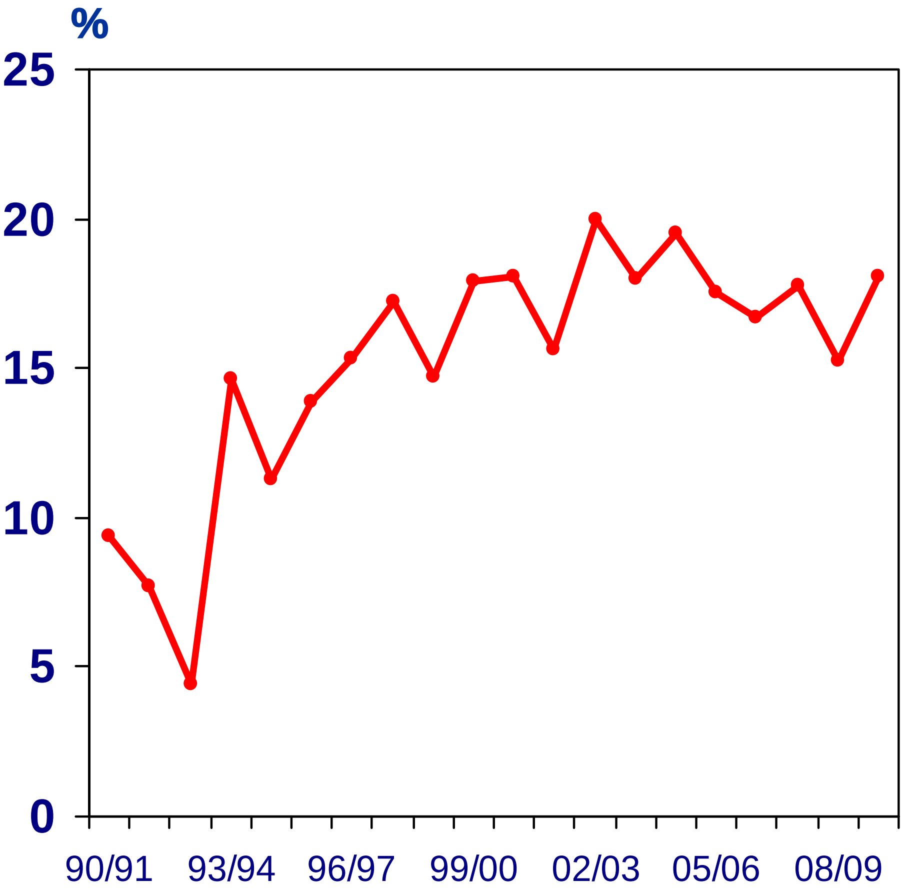
WCSB Initial Gas Well Production Rates / Decline Rate

Initial New Well Production Rate



* estimate

Composite Decline Rate



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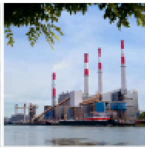
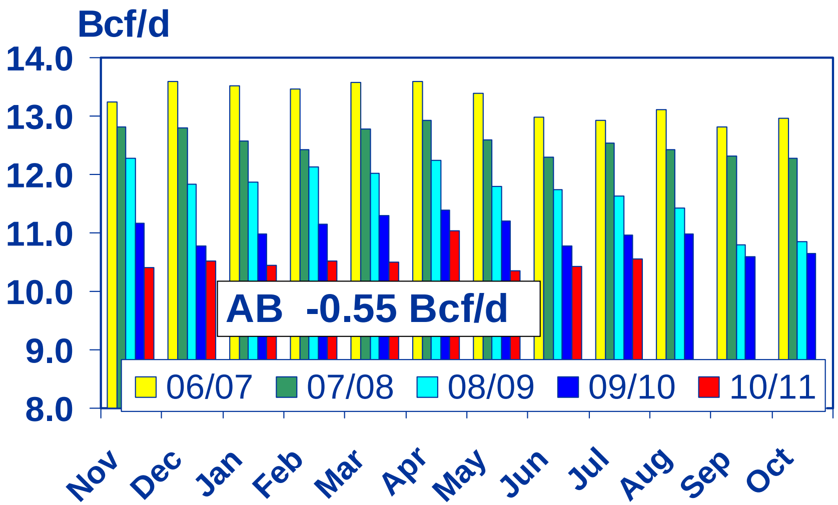
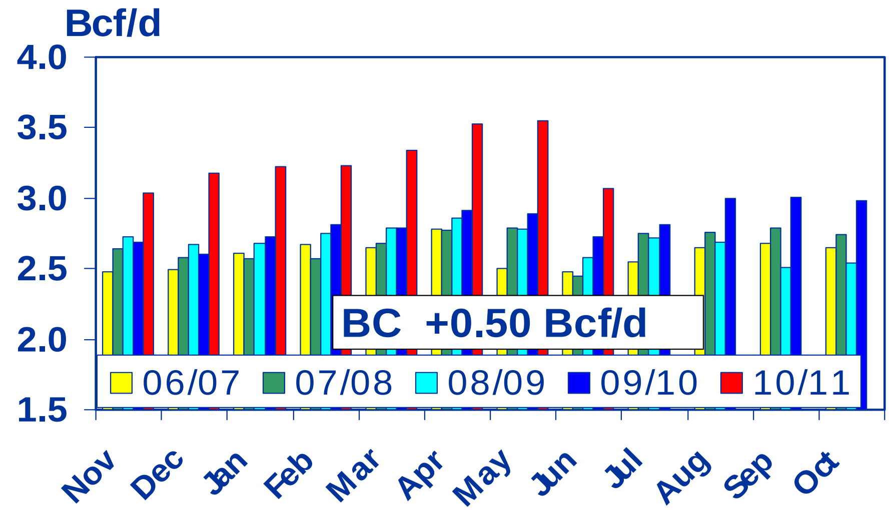
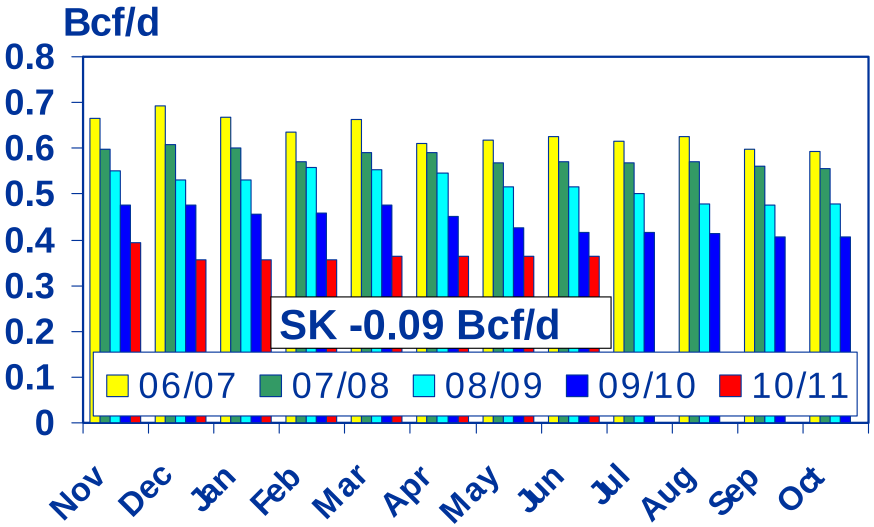
WCSB Monthly Production to June 2011

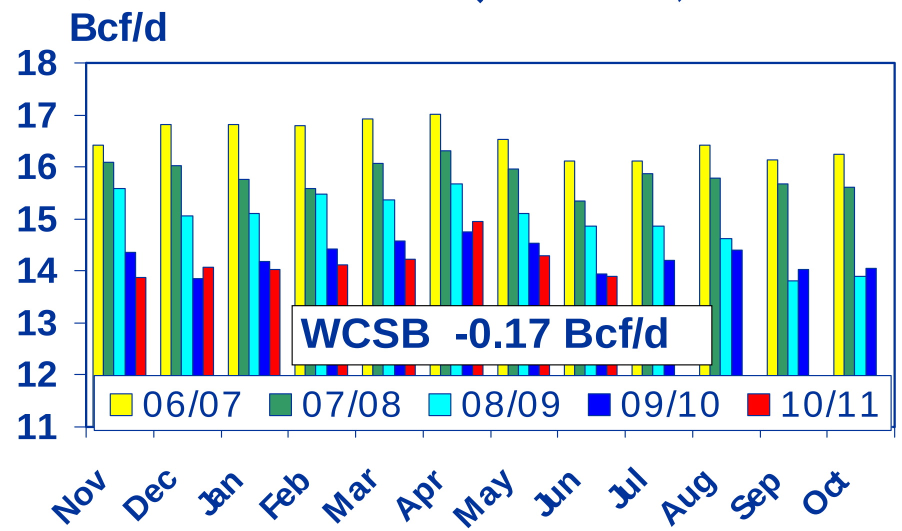












Marketable gas from Government sources, includes solution gas (some reporting lag)

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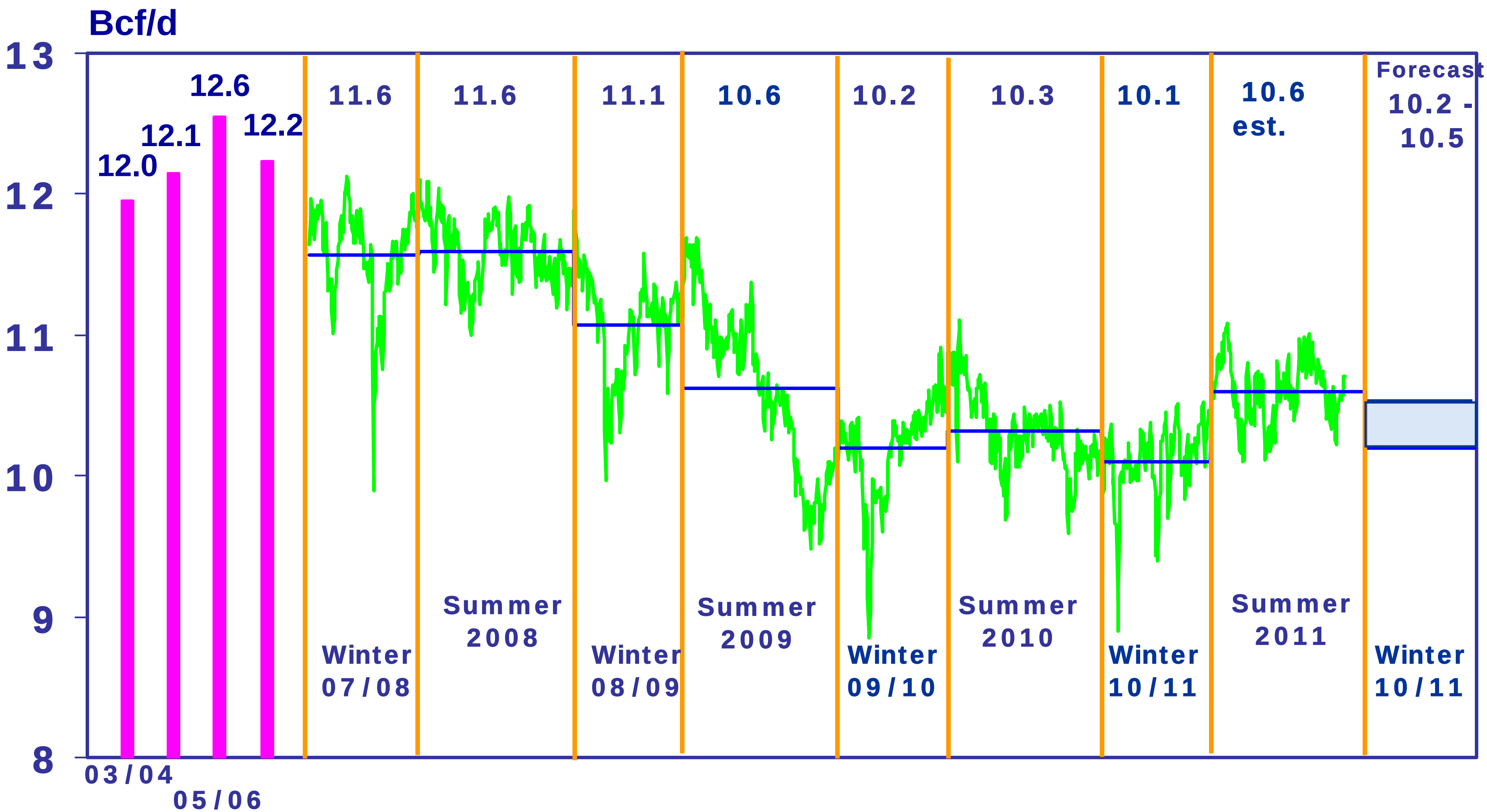
Seasonal Flows on the Alberta System



Excluding Storage, including ATCO

Data Current to Oct. 2, 2011

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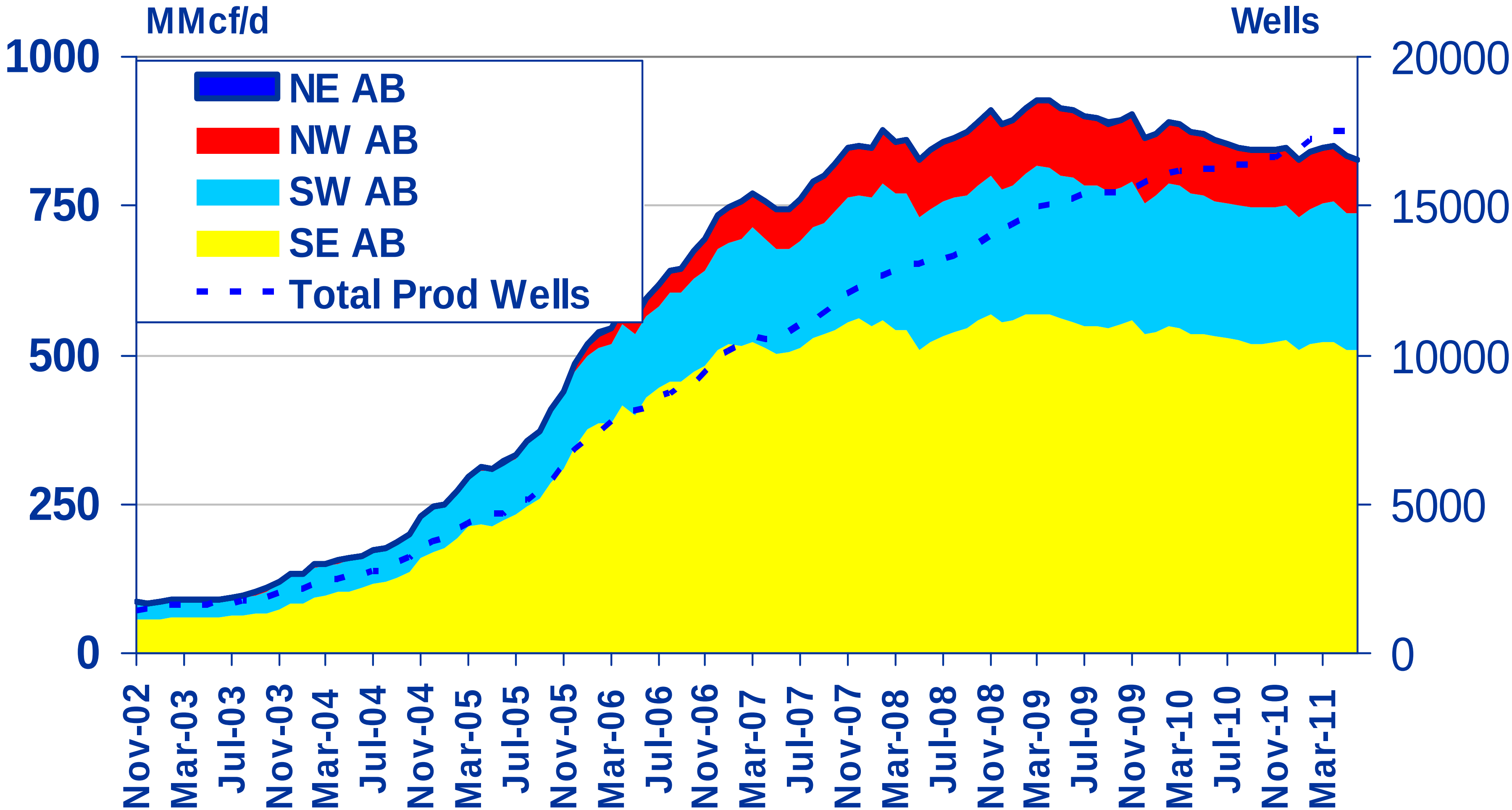
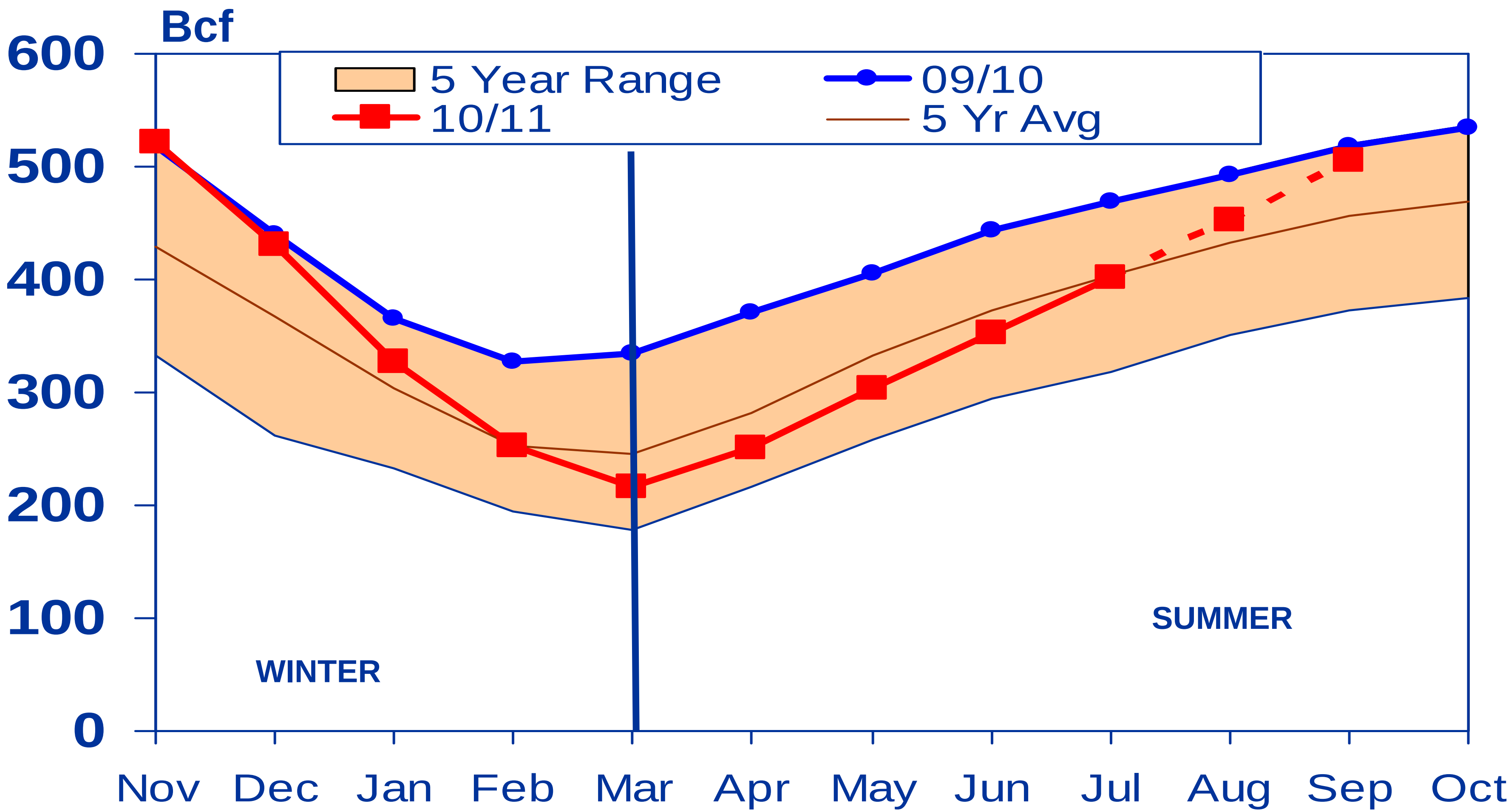
WCSB Coalbed Methane Production



Data as of Jun. 2011

Western Canada* Working Gas In Storage



Source: BC, Sask, AB governments, TransCanada

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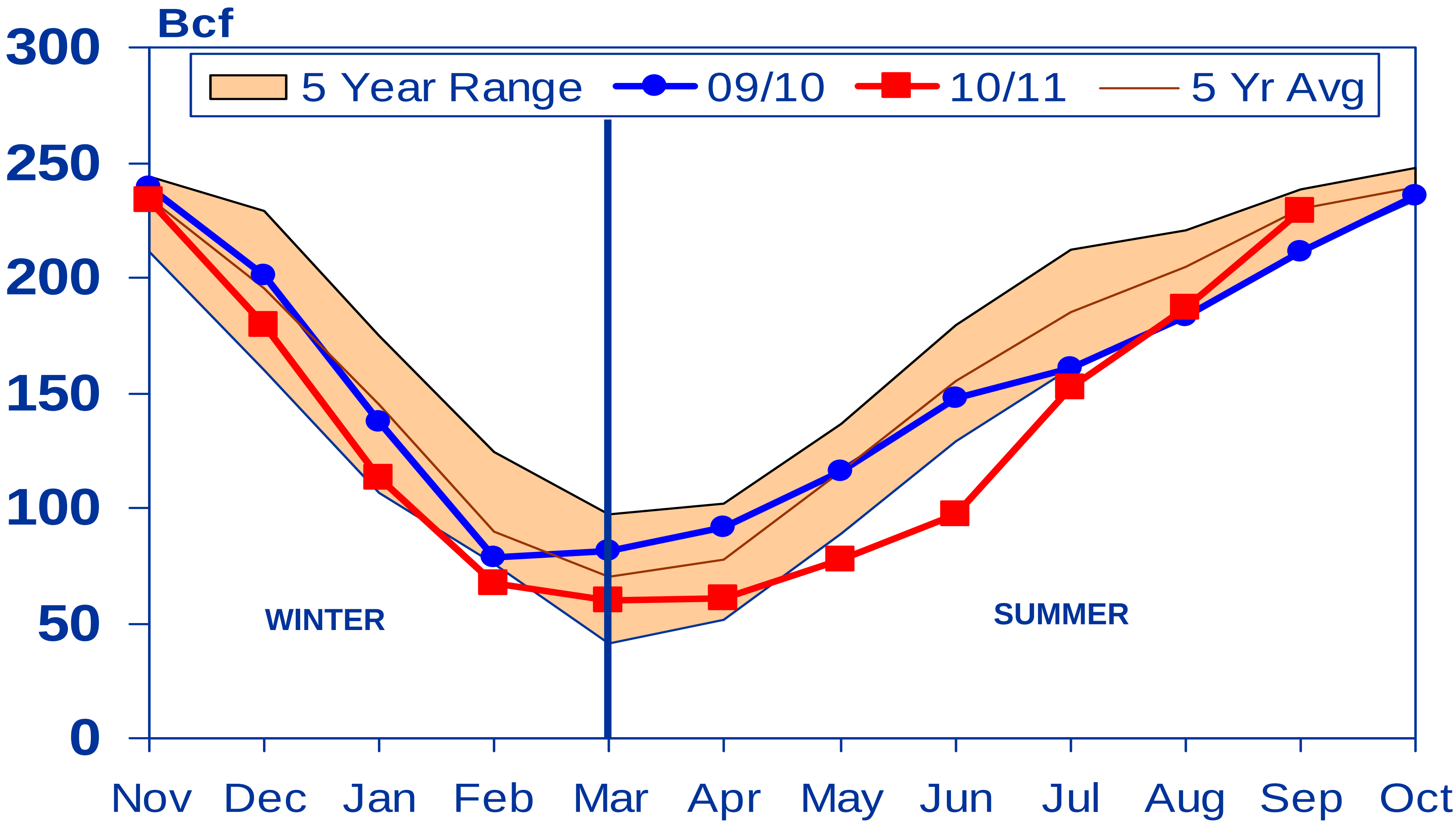
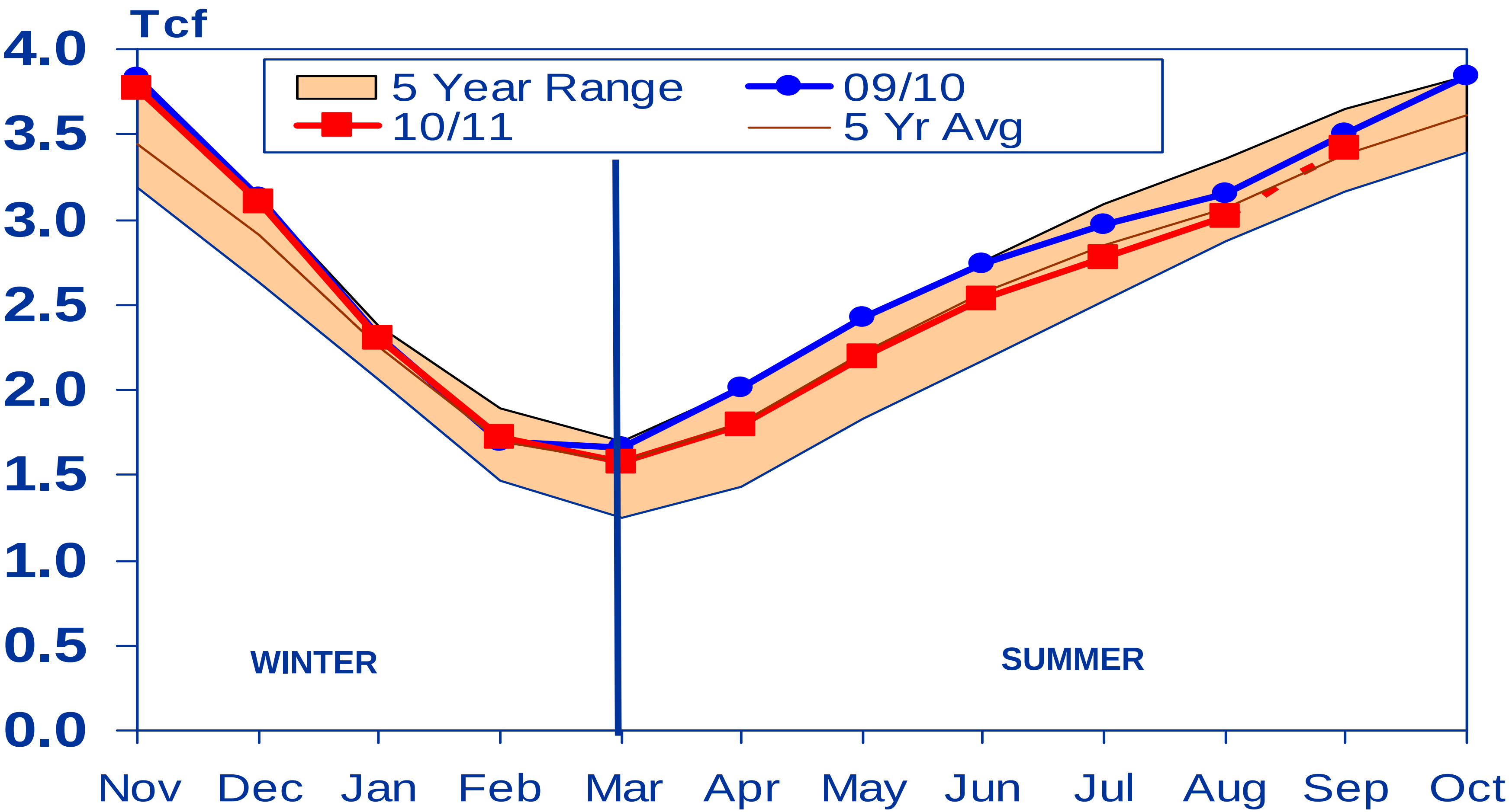
Eastern Canada Storage Status



Source: Canadian Enerdata

U.S. Storage Status



Source: EIA

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Conclusions



- WCSB supply expected to be flat in 2011, 100-300 Mmcf/d growth expected in 2012.
- WCSB demand expected to grow 200 Mmcf/d driven by increased oilsands demand.
- Initial well productivity (IP) will continue to grow with the increase in horizontal drilling.
- Throughput on the Alberta System is expected to average 10.2 – 10.5 Bcf/d this winter compared to 10.1 Bcf/d last winter (including ATCO flows).
- Unconventional gas supply development will contribute to supply growth in the next few years.

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