

Western Canada Summer 2009 Supply & Demand Outlook

Craig Yano

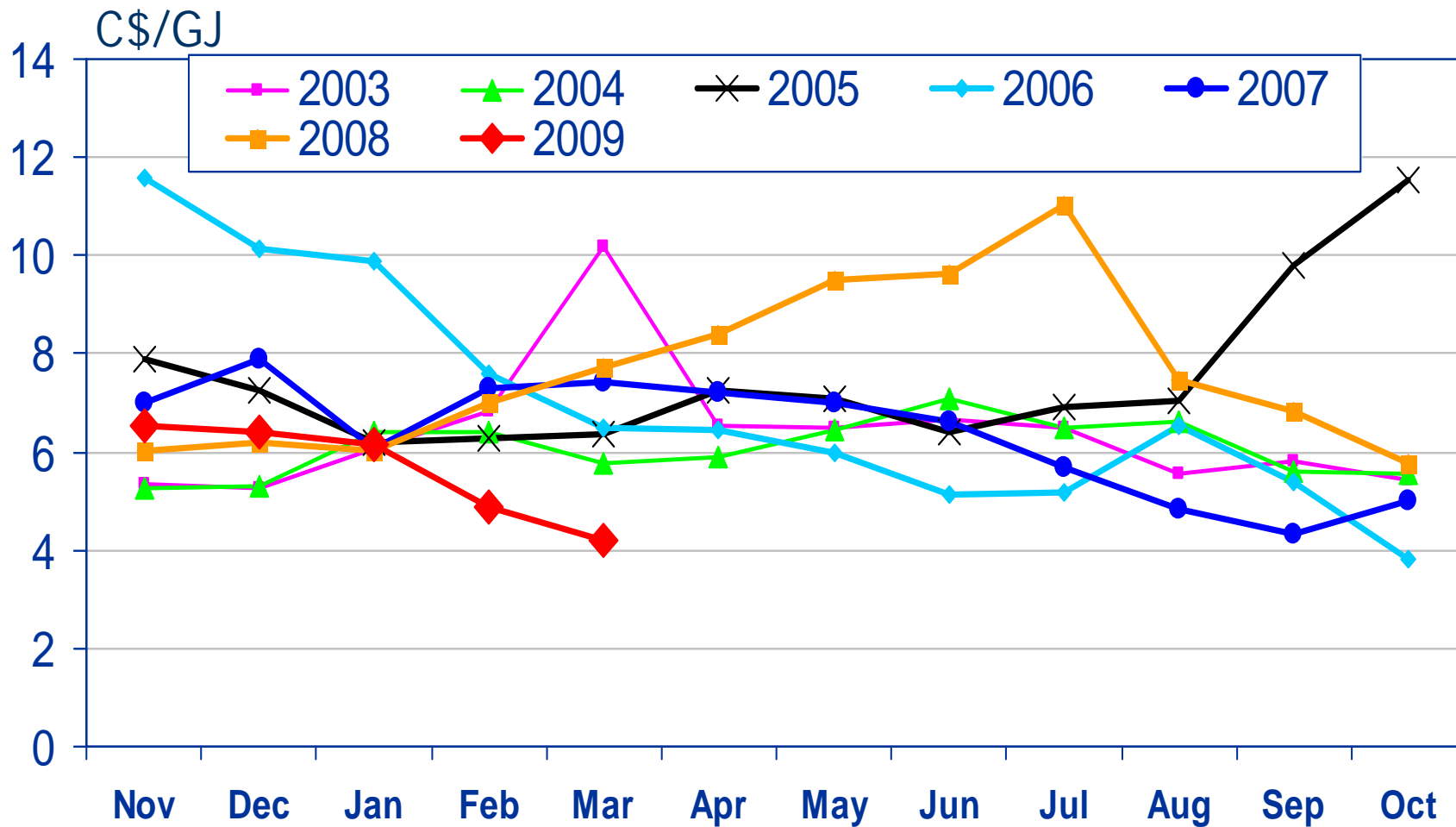


Observations

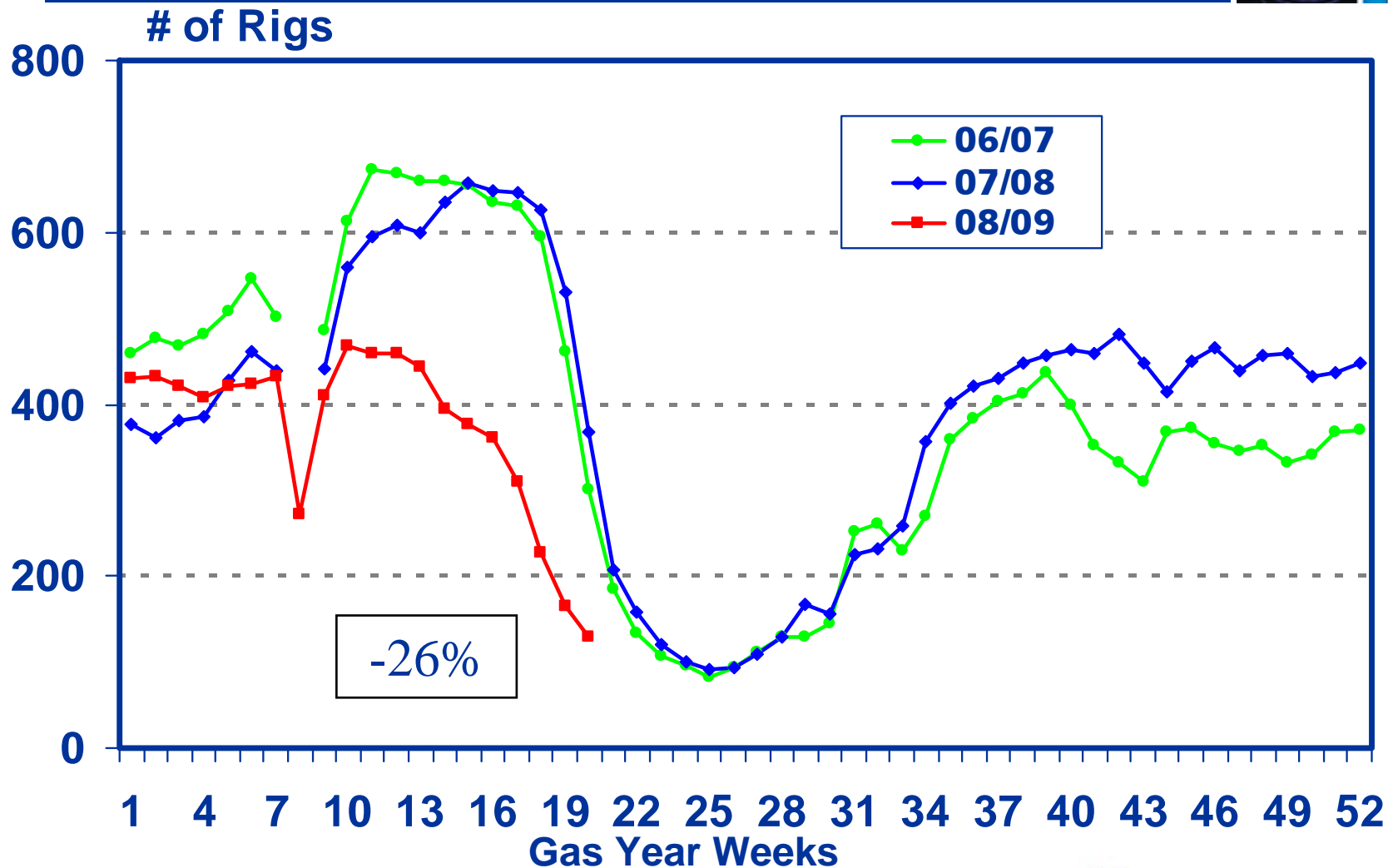


- **Severe decline in WCSB drilling this winter**
 - More of the same expected this summer
- **Falling U.S. gas demand, high storage levels and continuing U.S. supply growth hindering gas prices**
 - Coal to gas switching, stabilizing oil prices and low drilling activity should level gas prices
- **Western Canada storage is at record high level**
 - About 200 MMcf/d less injection required this summer compared to last summer
- **Exports down by about 1 Bcf/d this winter**
 - Exports will continue to fall this summer
- **Winter Alberta System receipts average 10.1 Bcf/d**
 - Within our 9.9 – 10.2 Bcf/d forecast

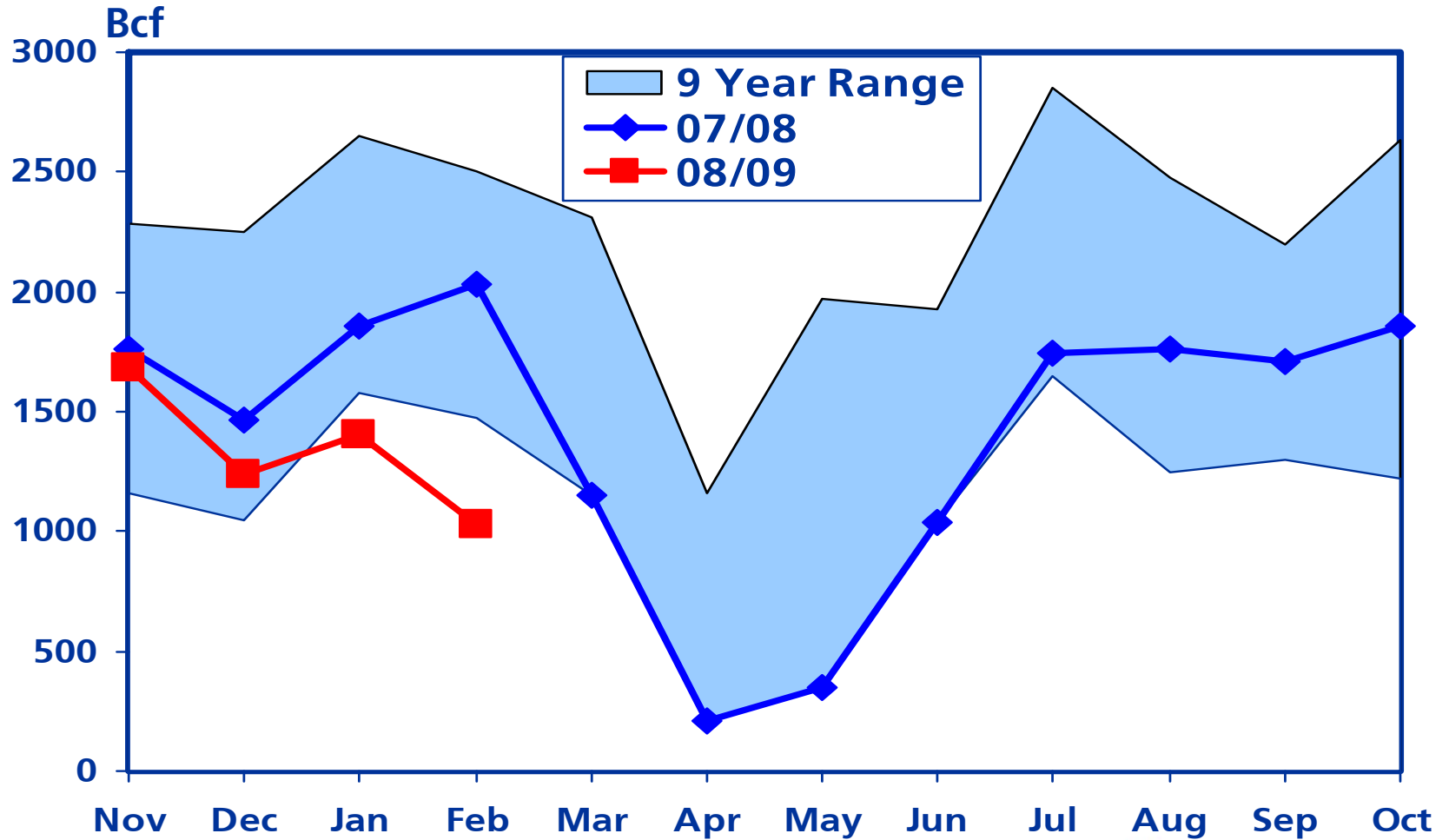
AECO/NIT Gas Prices



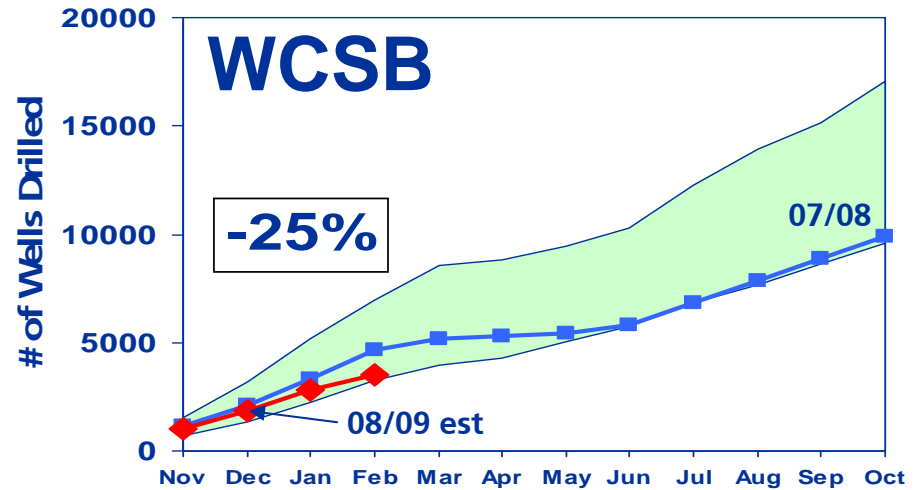
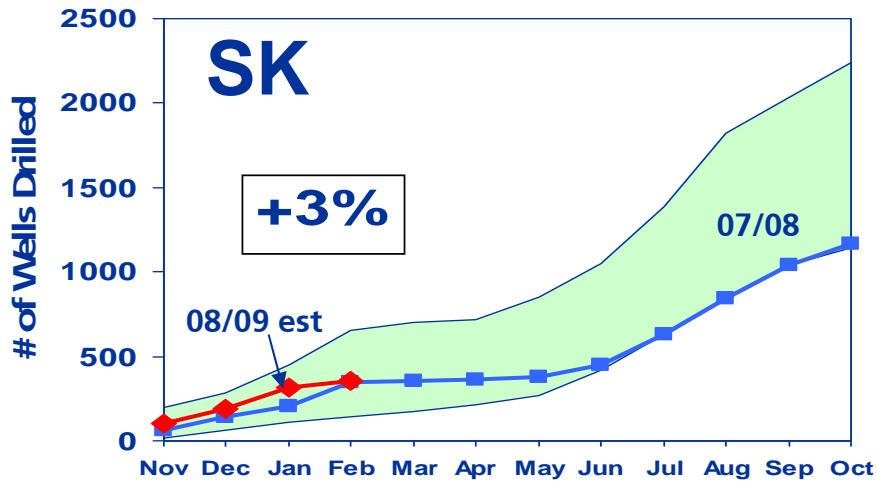
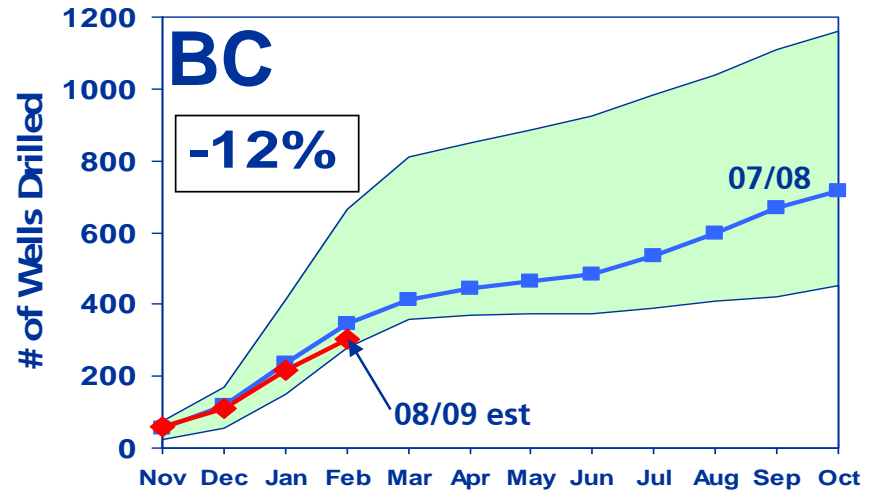
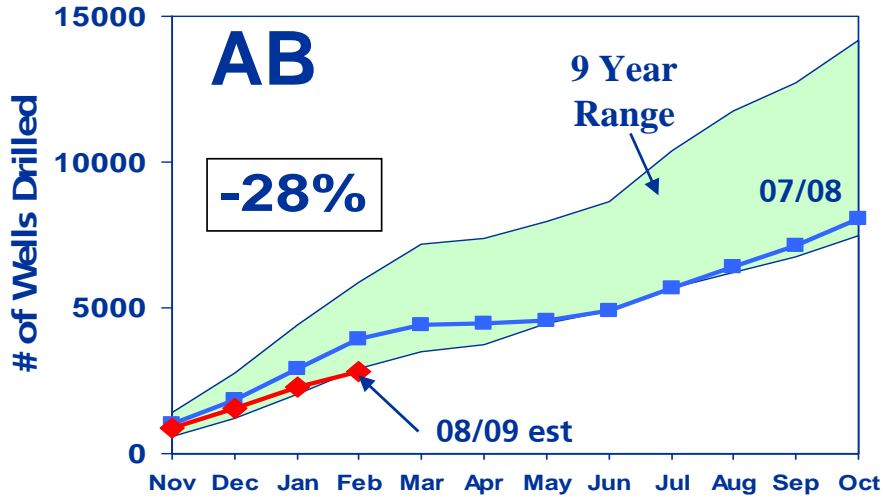
WCSB Active Drilling Rigs



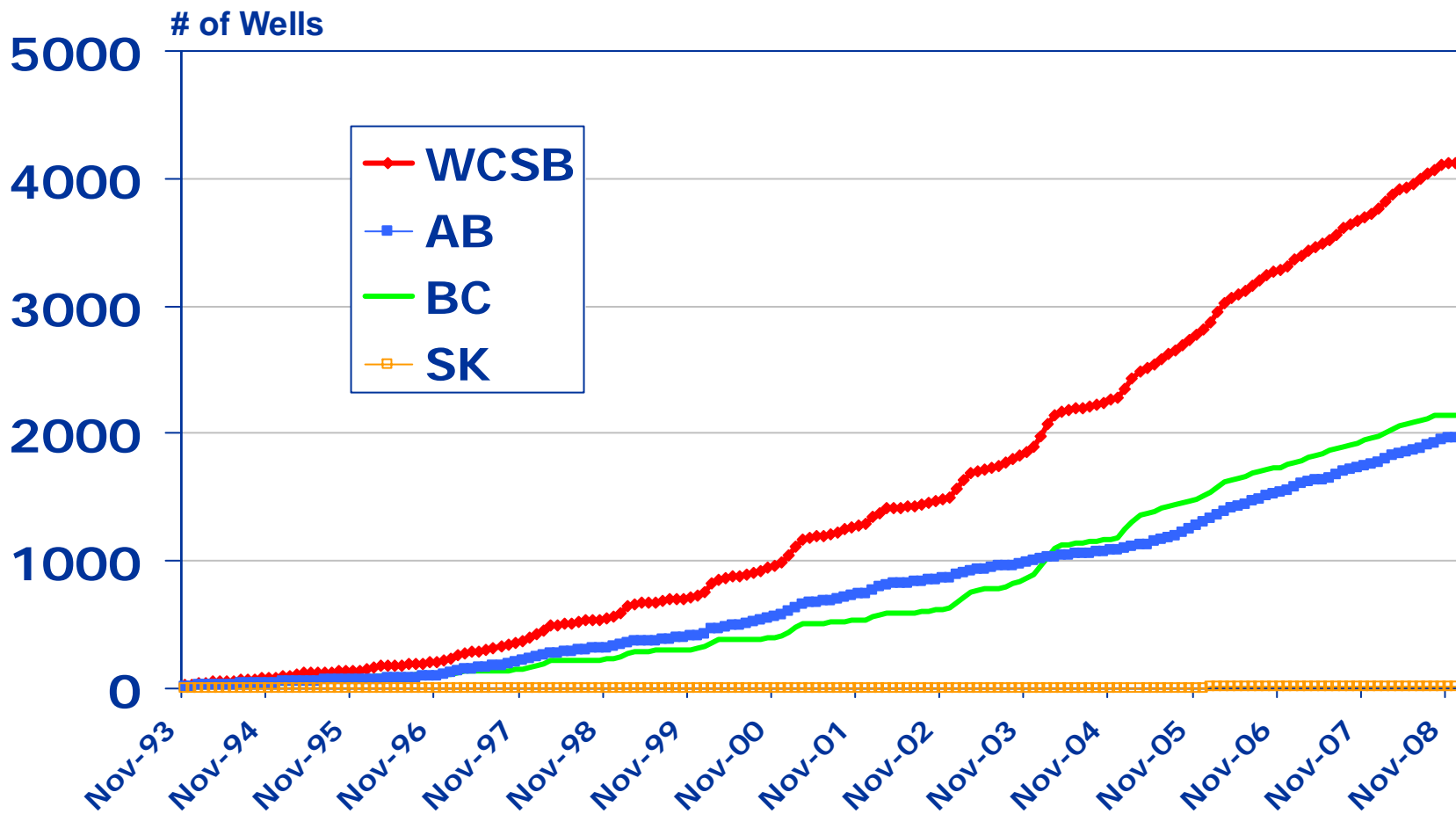
WCSB Total Wells Drilled/Month



Cumulative Gas Wells Drilled By Province

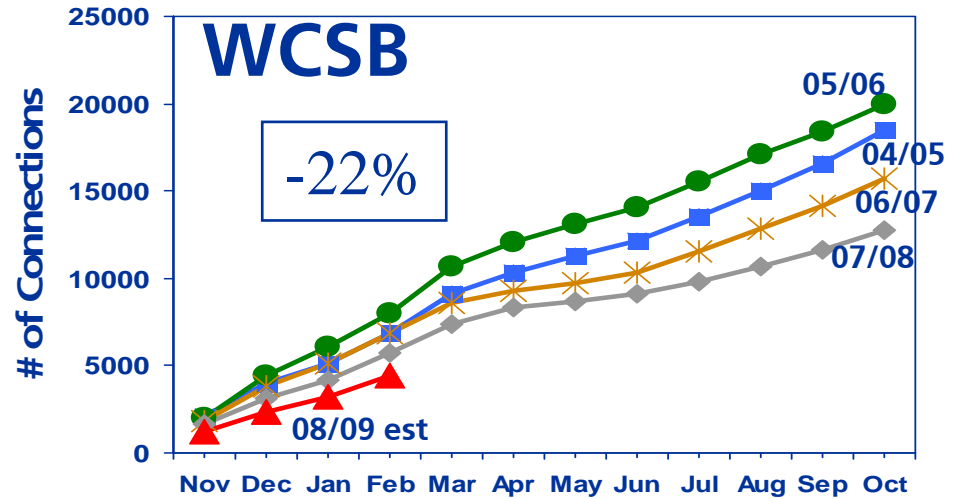
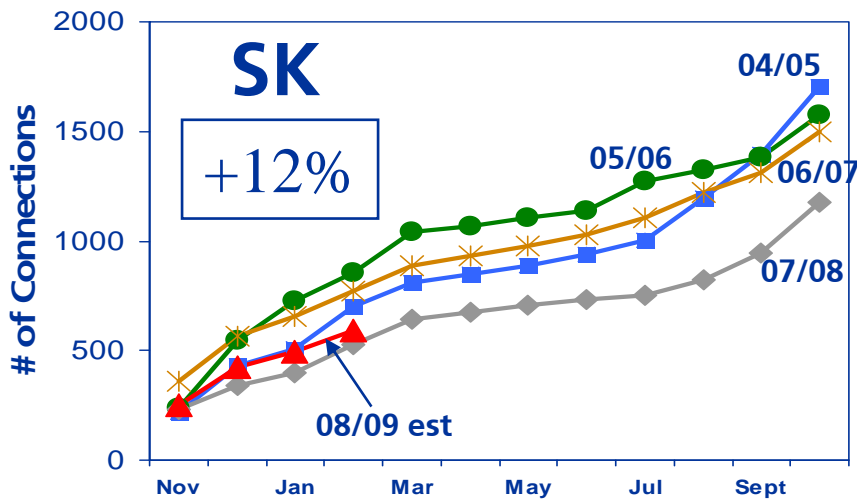
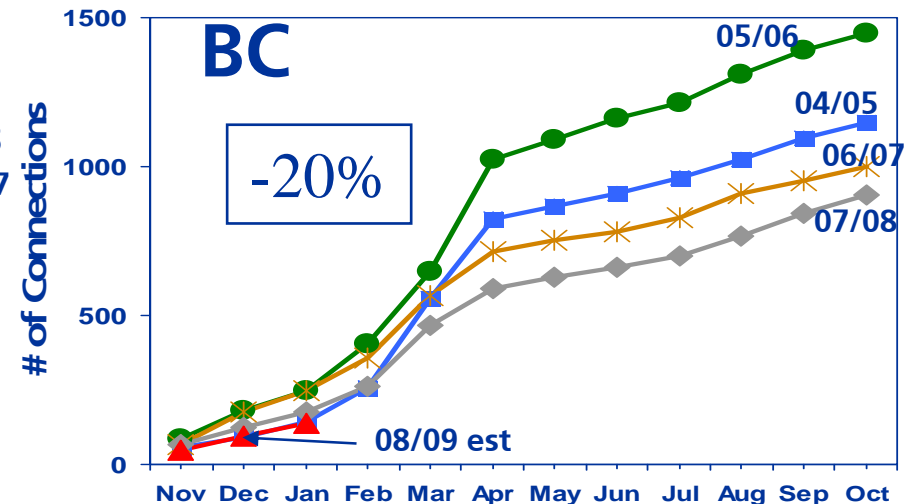
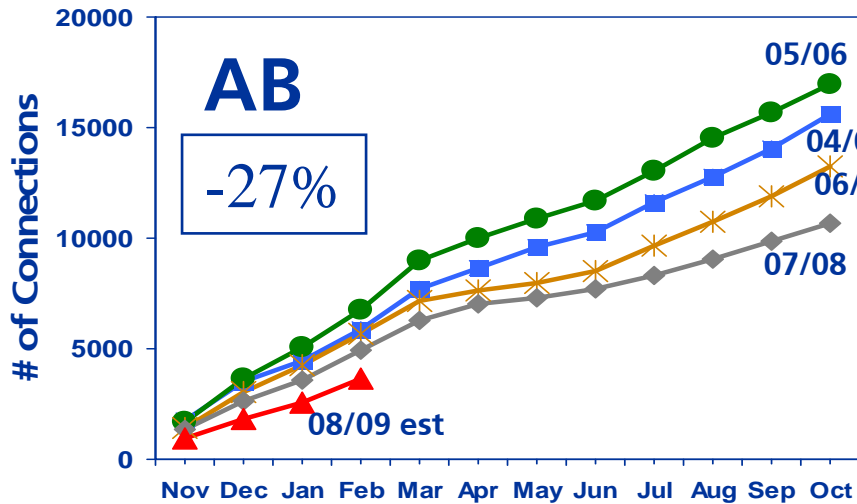


WCSB Horizontal Gas Wells Drilled

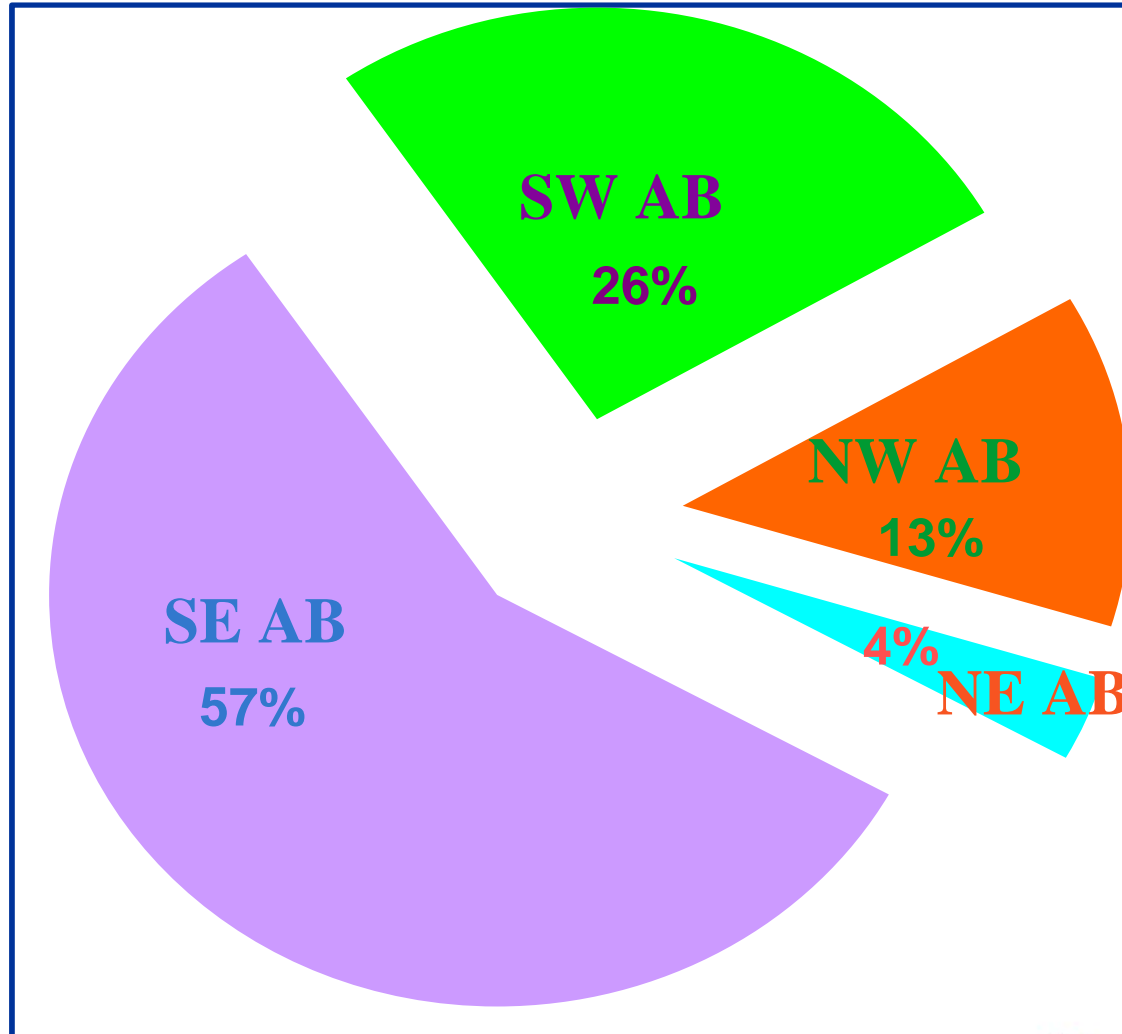


Data to Dec. 2008

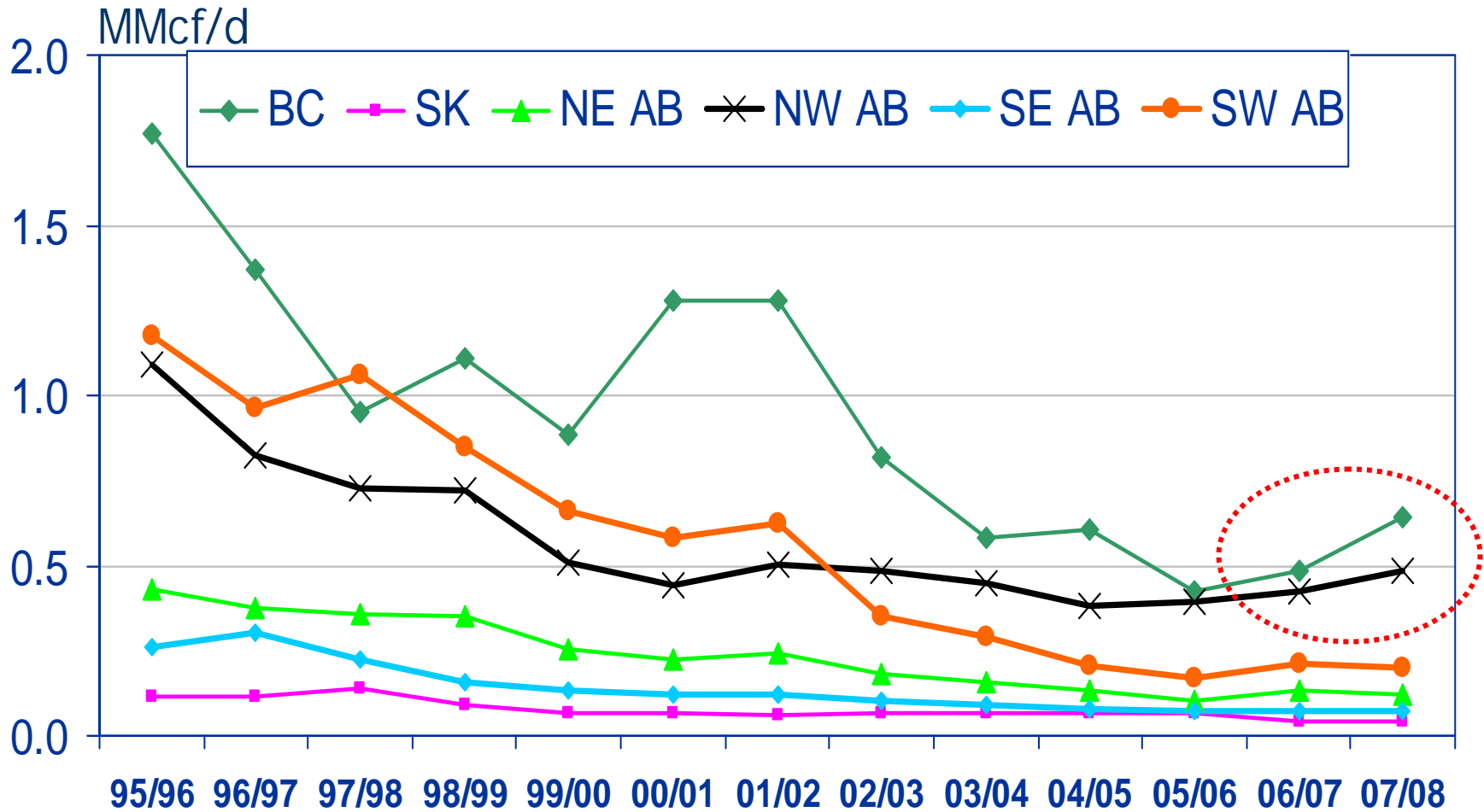
Cumulative Gas Well Connections By Province



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



Initial Well Productivity by Region

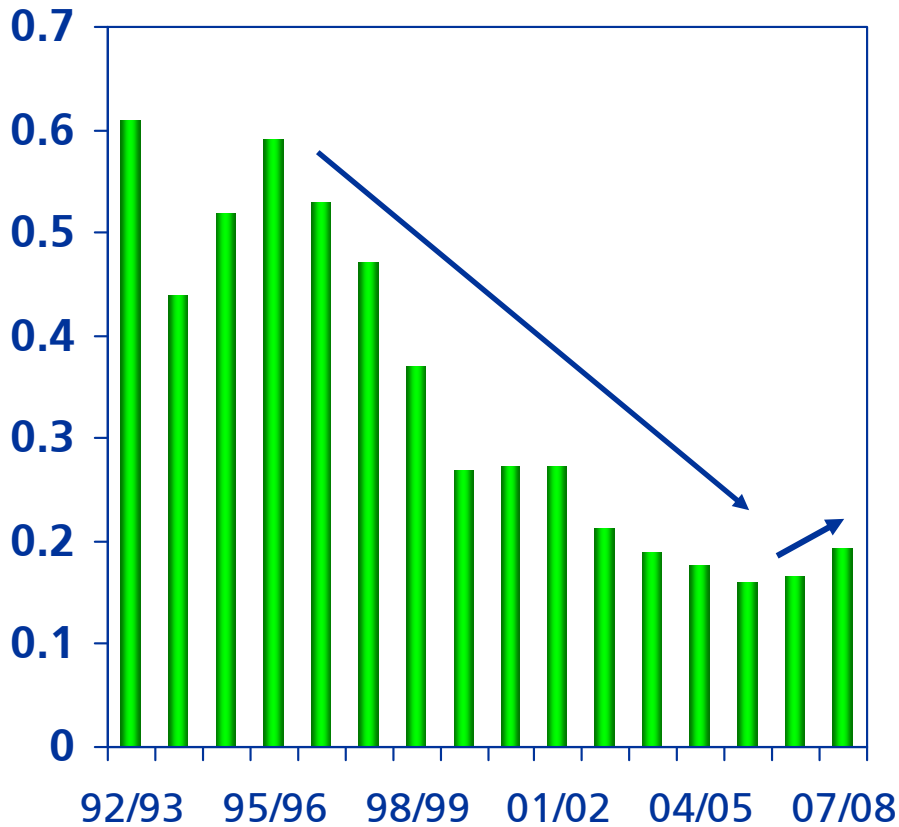


WCSB Initial Gas Well Production Rates/Decline Rate



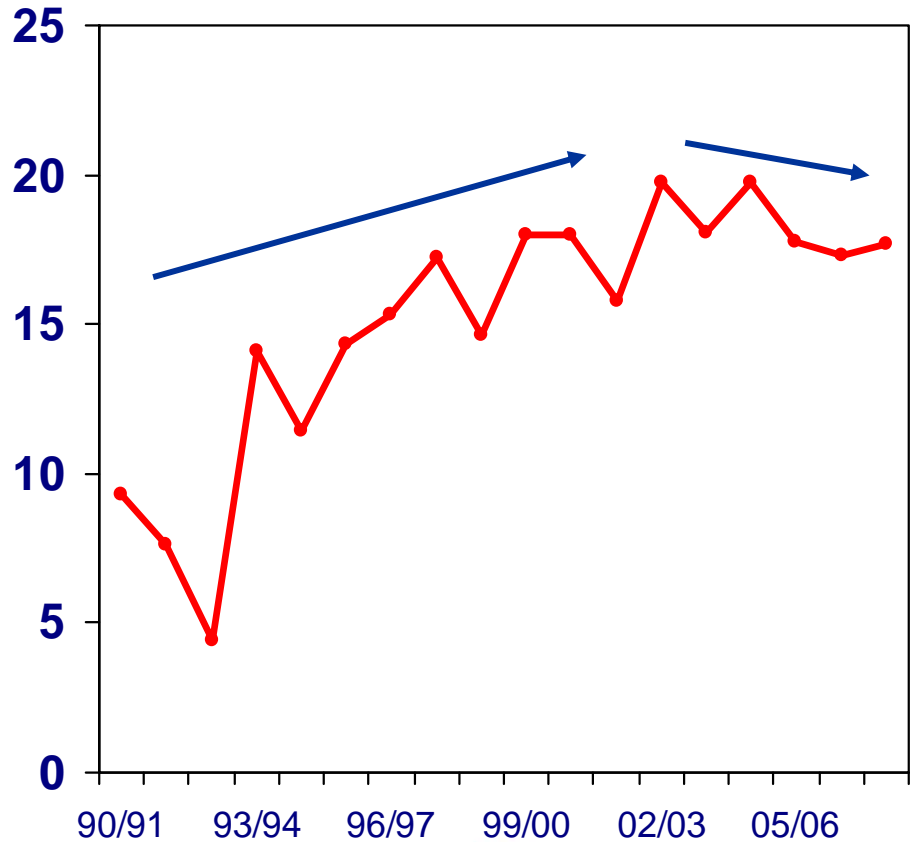
Initial New Well Production Rate

MMcf/d/well

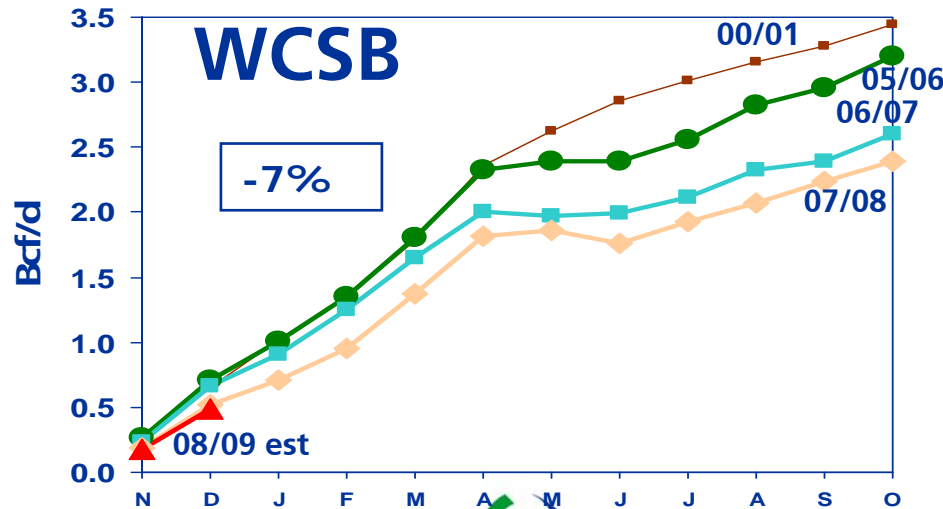
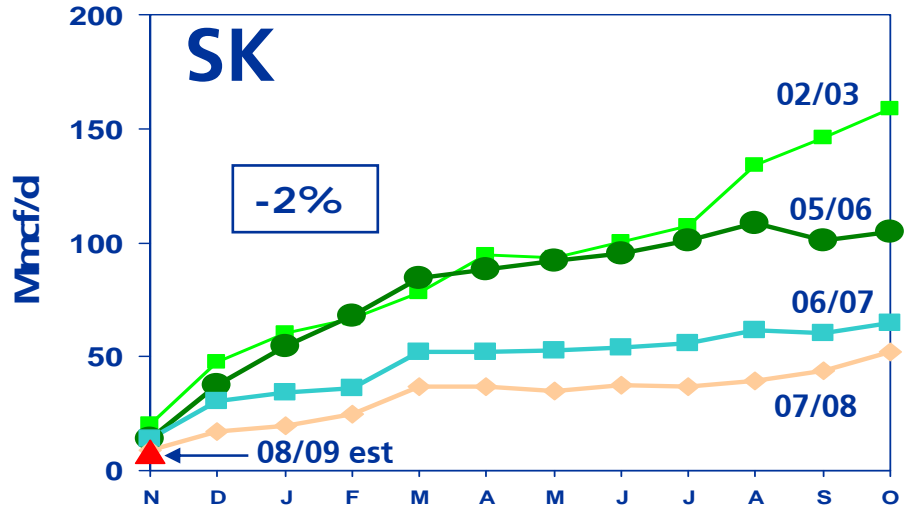
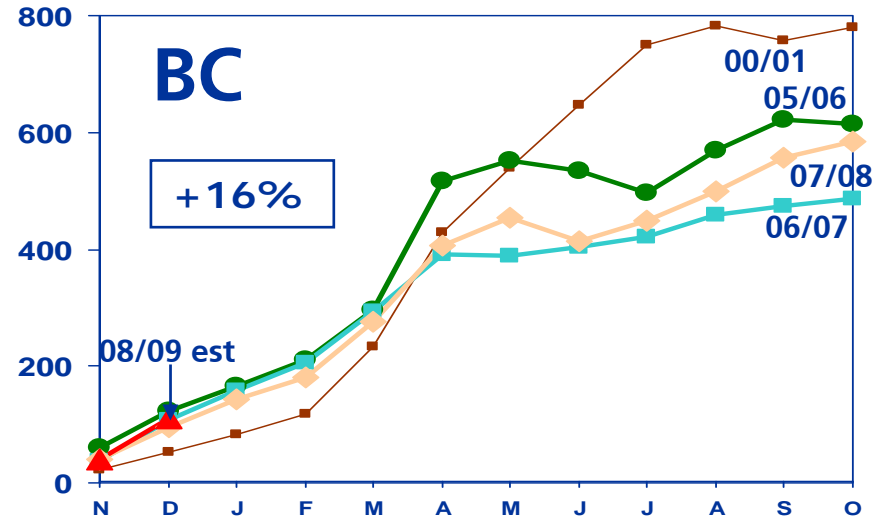
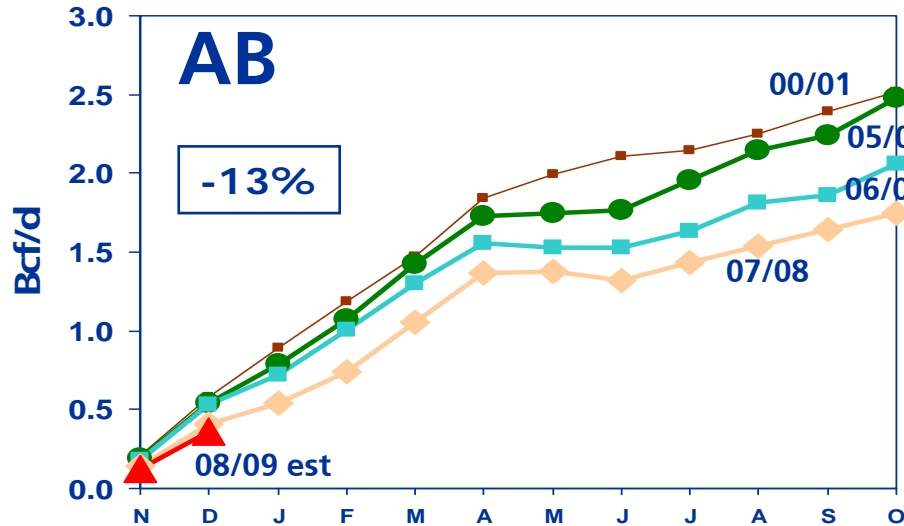


Composite Decline Rate

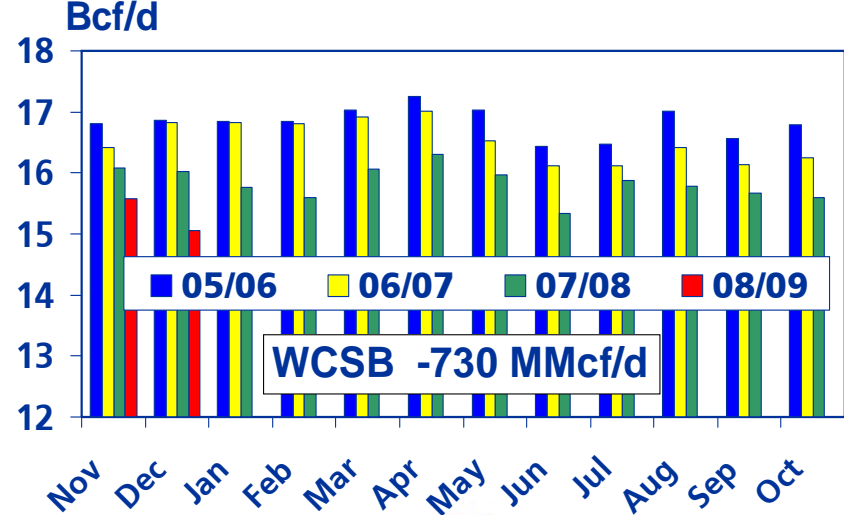
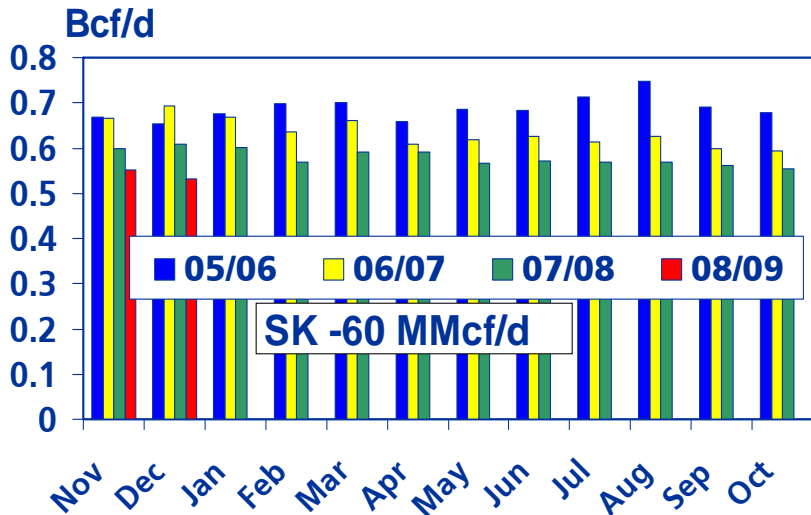
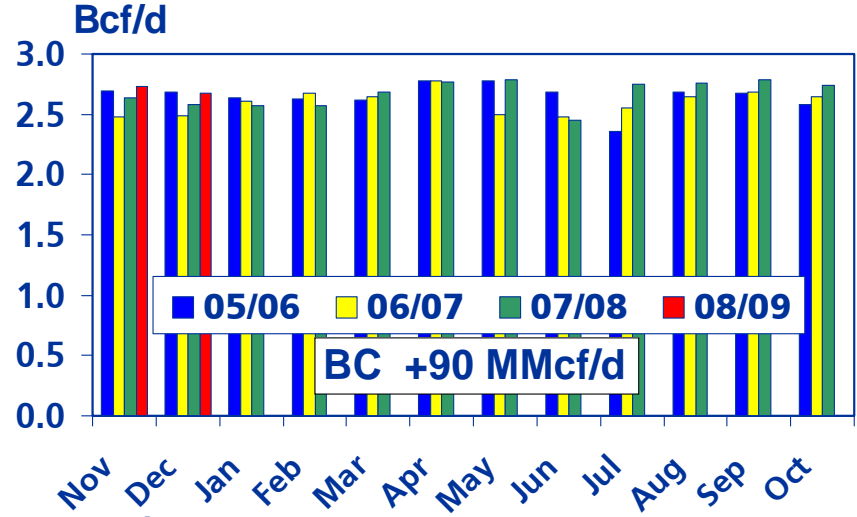
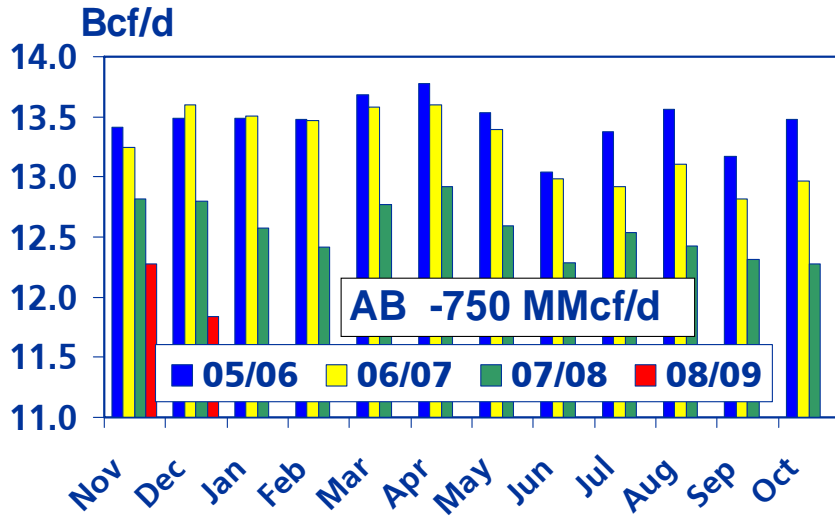
%



New Tie-in Supply By Province

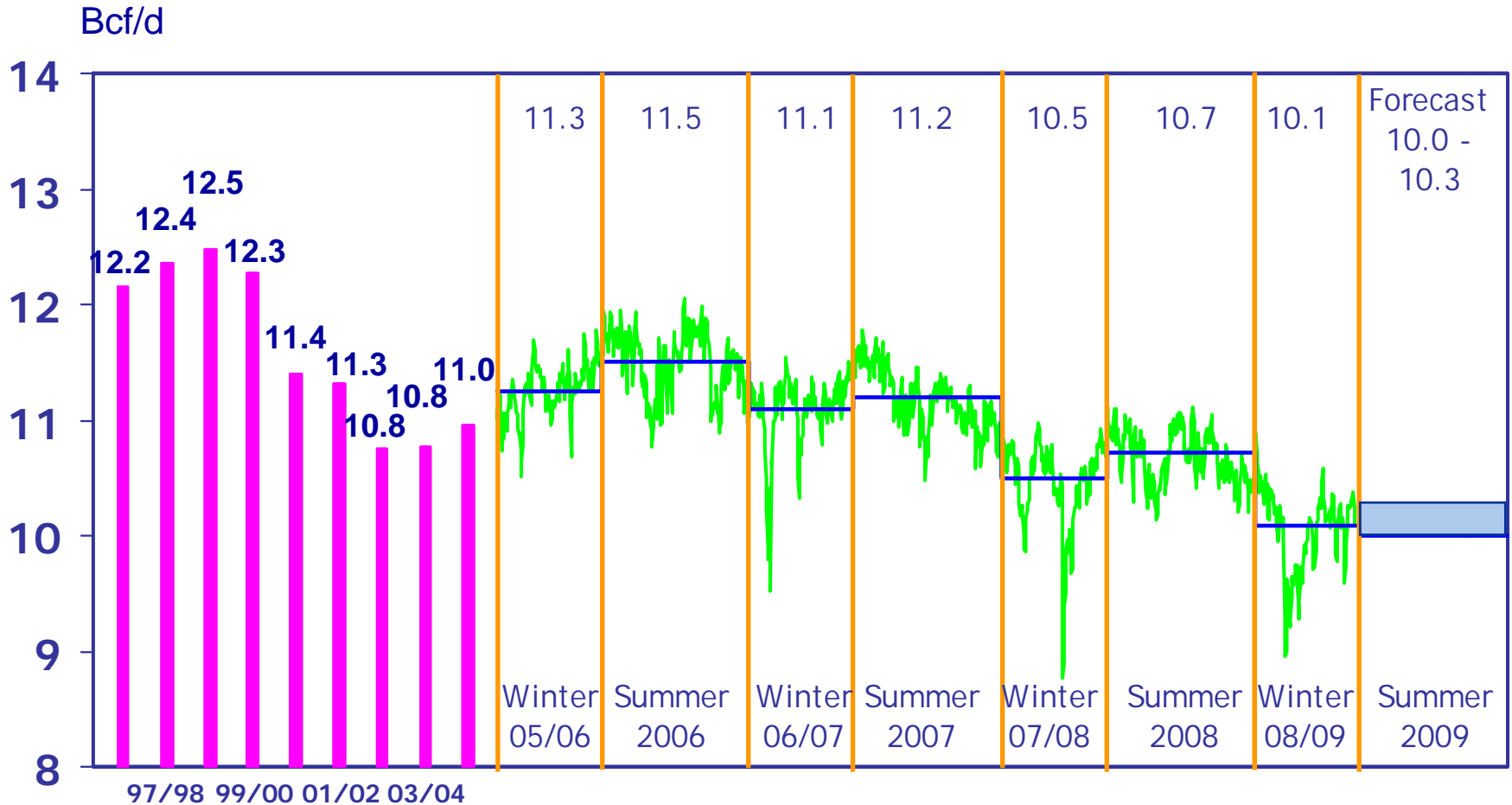


WCSB Monthly Production



Marketable gas from Government sources, includes solution gas

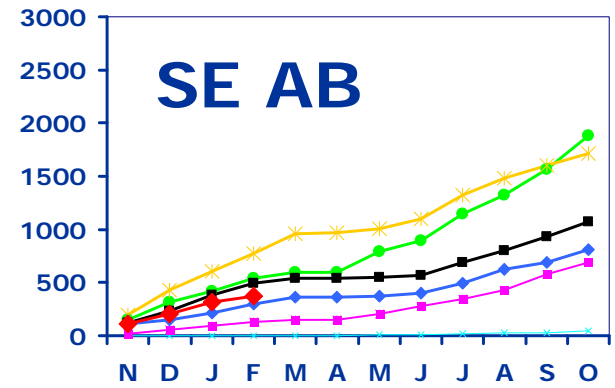
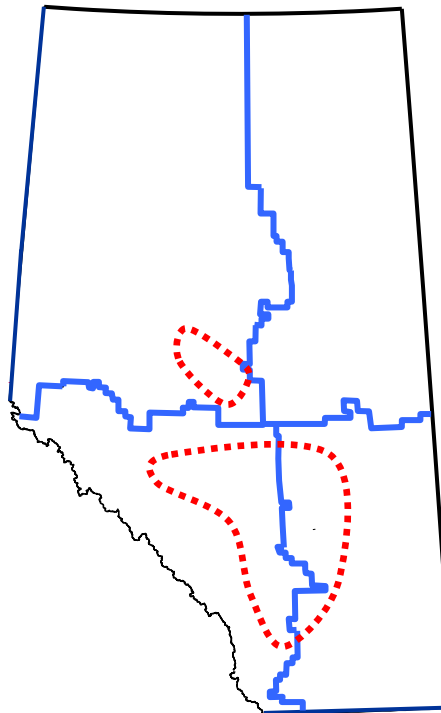
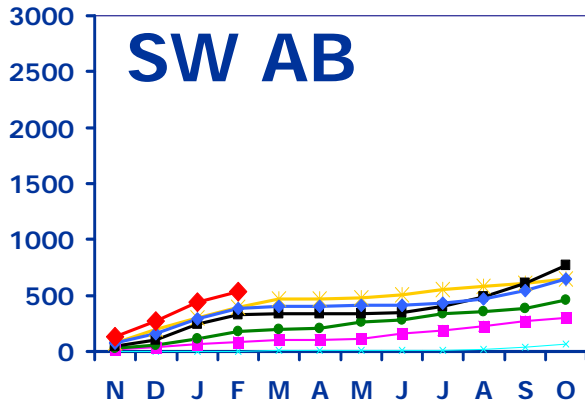
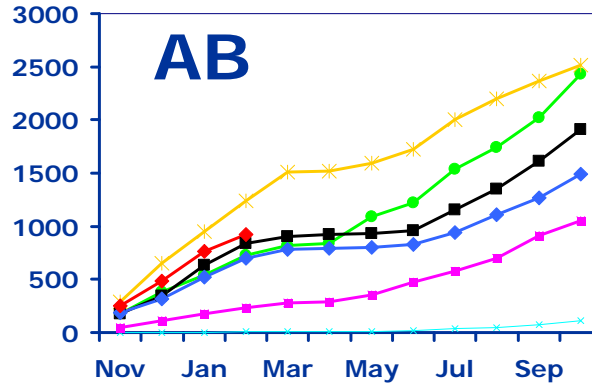
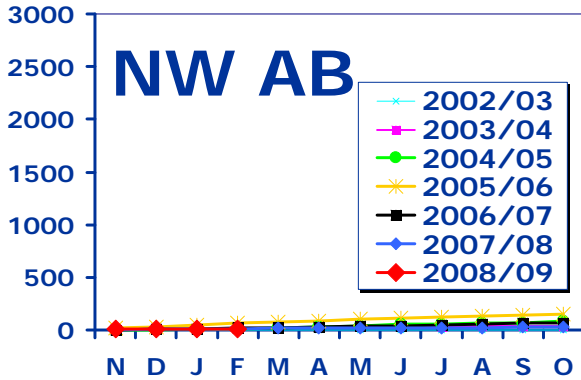
Seasonal Flows on the Alberta System



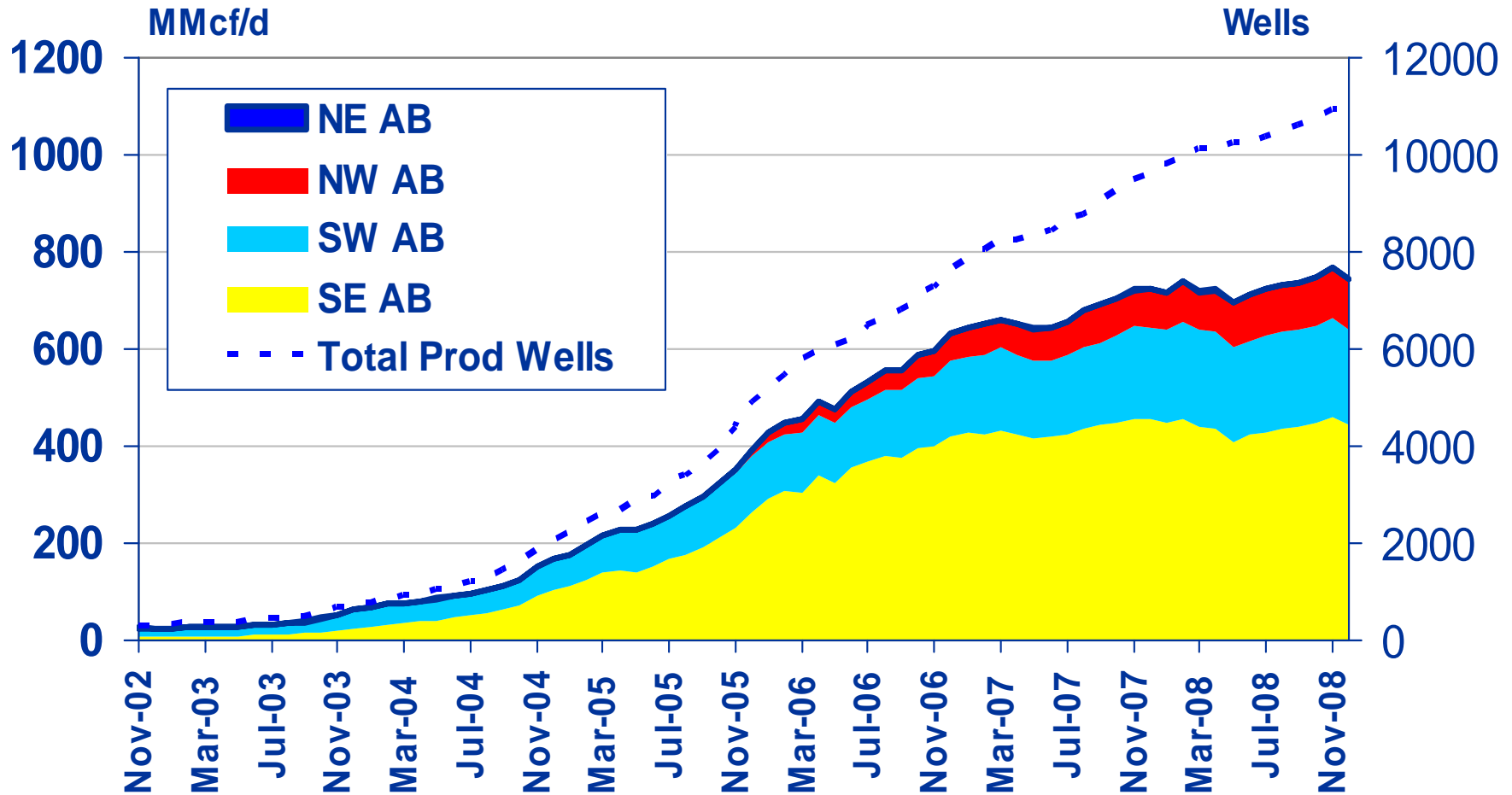
Excluding Storage

Data Current to Mar. 25, 2009

Drilled Alberta CBM Wells By Region

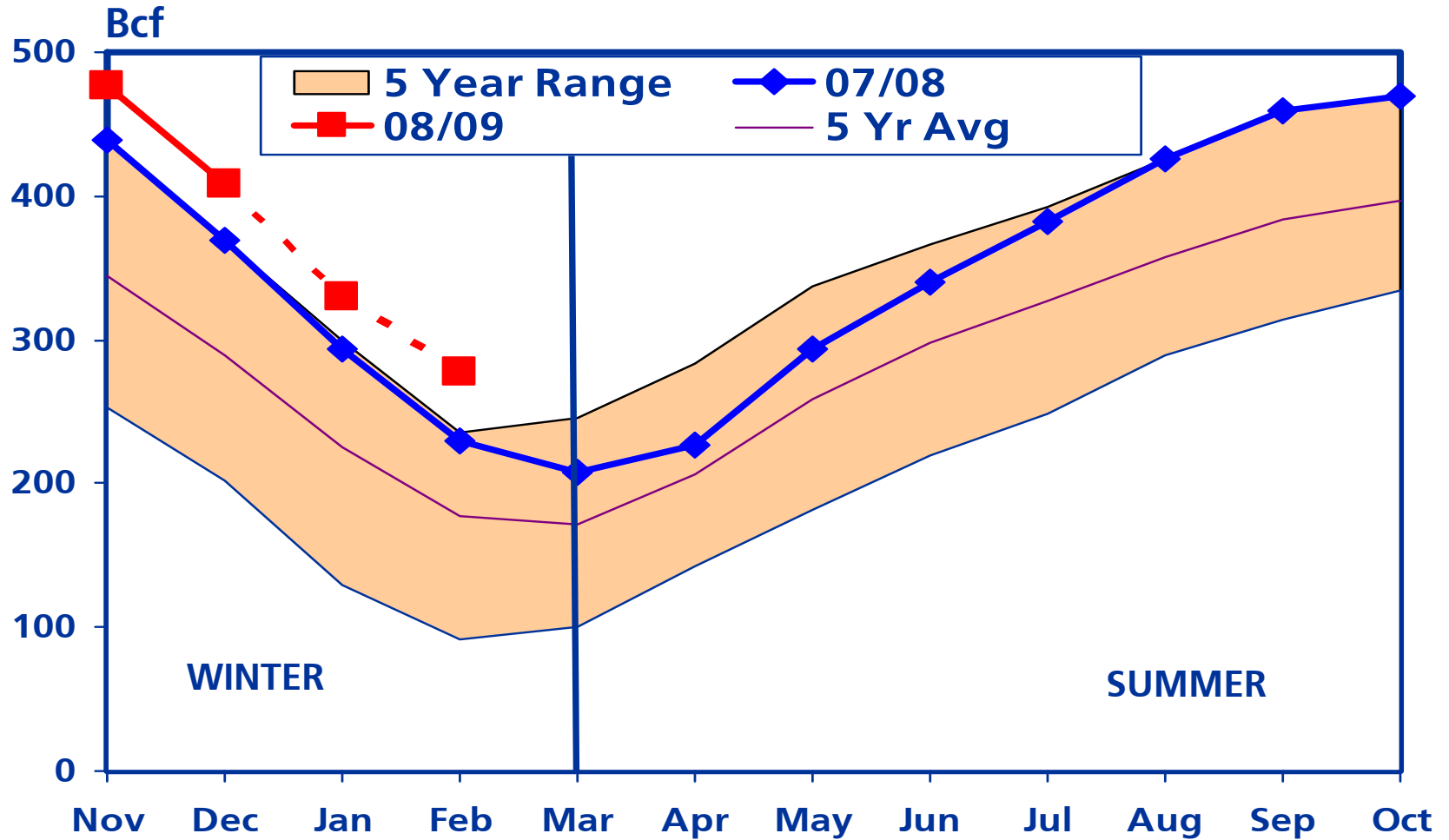


WCSB Coalbed Methane Production



Data as of Dec. 2008

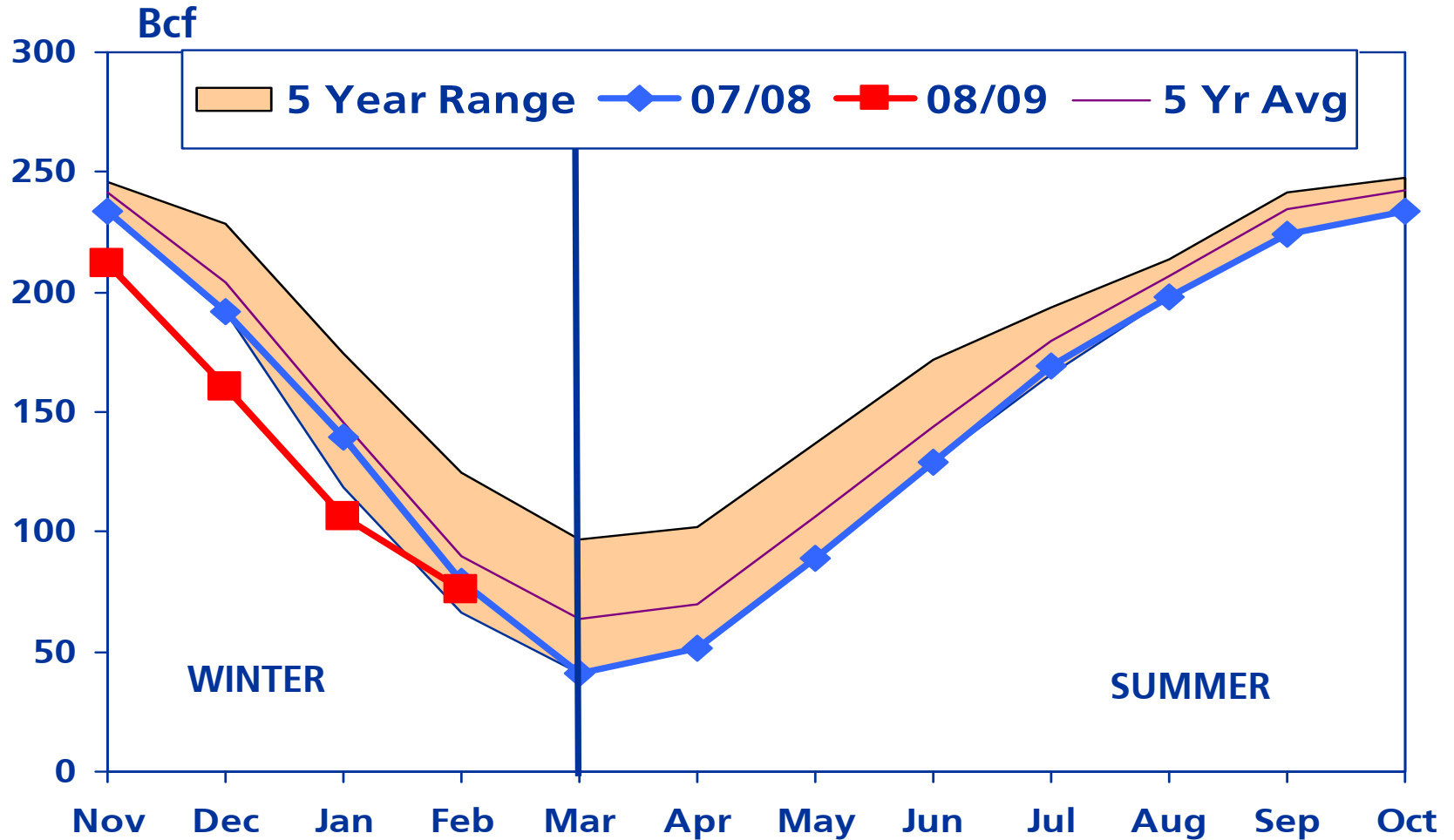
Western Canada* Working Gas In Storage



Source: BC, Sask, AB governments, TransCanada

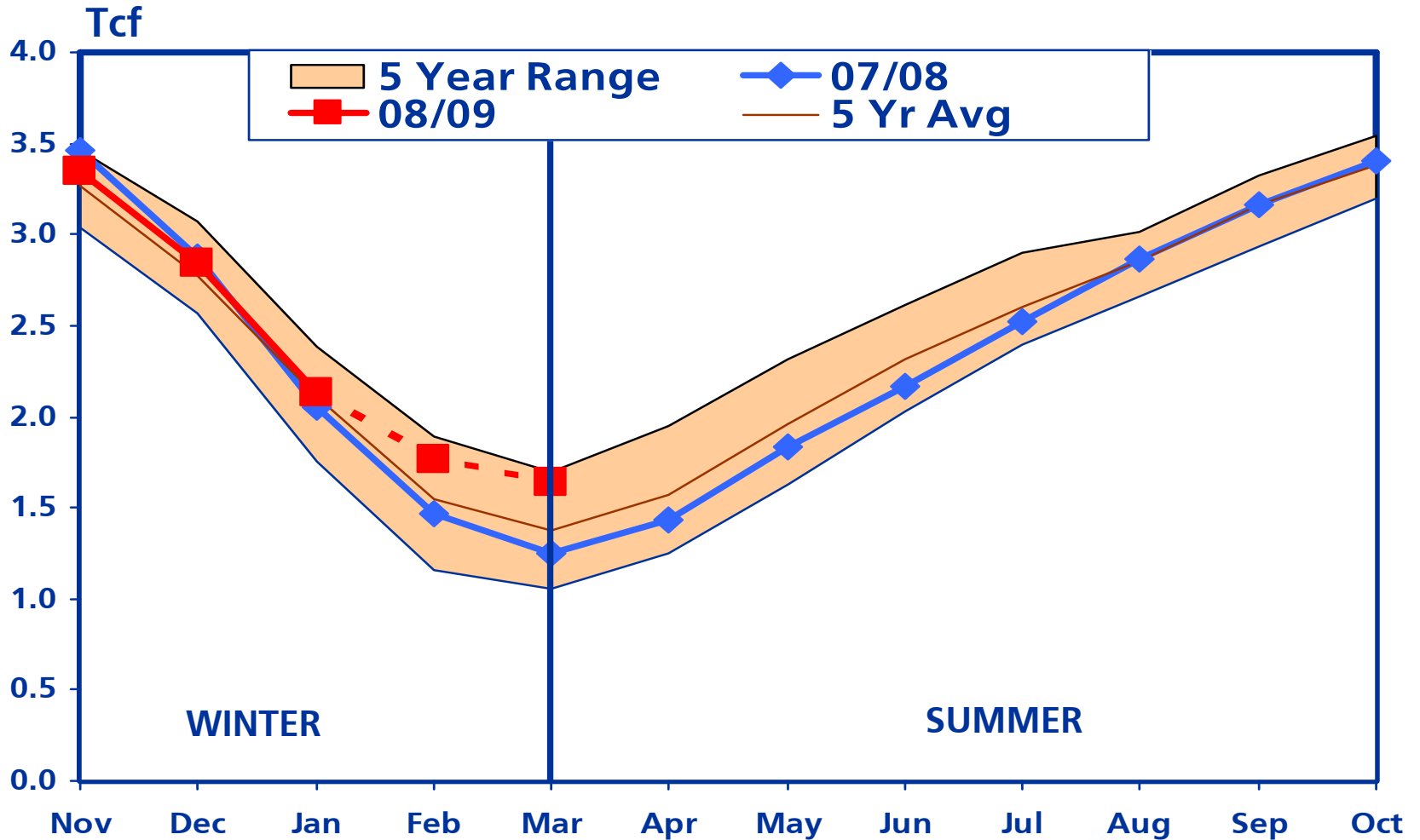


Eastern Canada Storage Status



Source: Canadian Enerdata

U.S. Storage Status

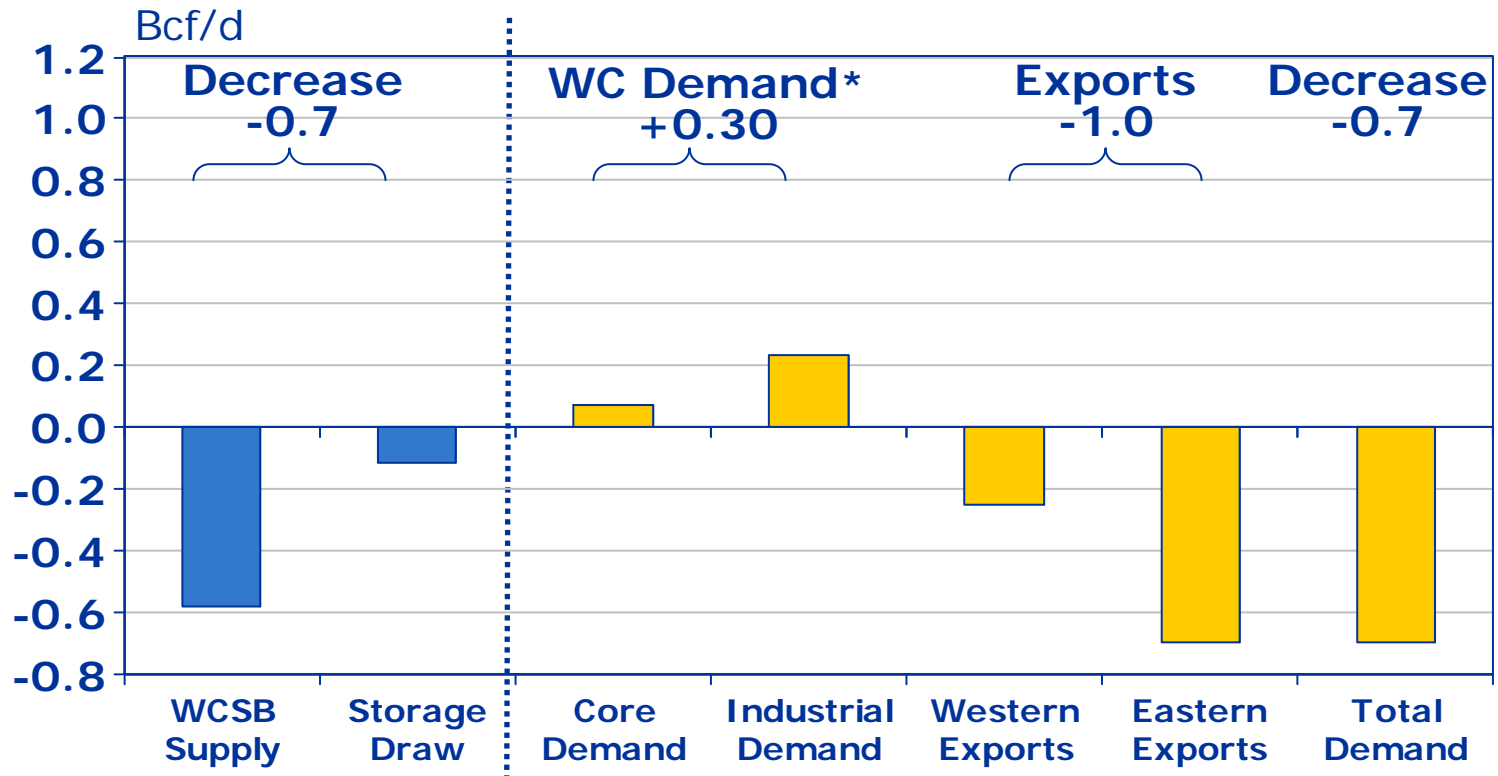


Source: EIA

WCSB Winter 2008/09 (estimate)



Year-over-Year Changes

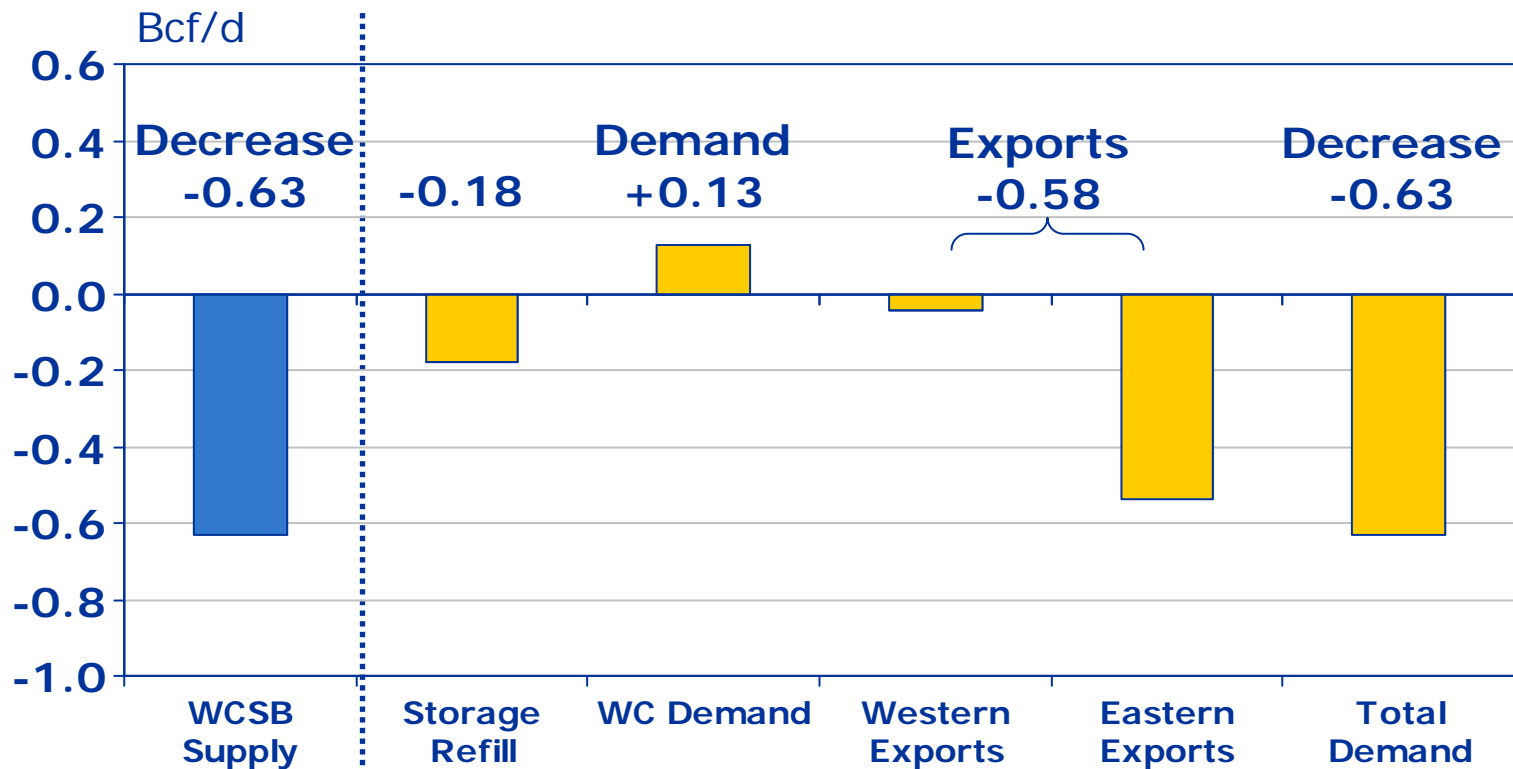


* Estimate as of March 25, 2009

WCSB Summer 2009 (forecast)



Year-over-Year Changes



Conclusions



- WCSB supply expected to decline by 600 MMcf/d in 2009.
- Highgrading of locations continues for the 3rd year in a row, especially in BC and NW Alberta.
- Throughput on the Alberta System is expected to average 10.0-10.3 Bcf/d this summer compared to 10.7 Bcf/d last summer.
- Western Canada (WC) exports to decrease by 0.6 Bcf/d this summer due to higher WC demand, lower U.S. market demand and lower supply.