The Latest Developments in the Canadian Oil Landscape

Prepared for:

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GPAC PJVA 30 YEARS 1985-2015

October 29, 2015

CAPP
CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS
Canada's Oil and Natural Gas Producers

CAPP RESPONSIBLE CANADIAN ENERGY™

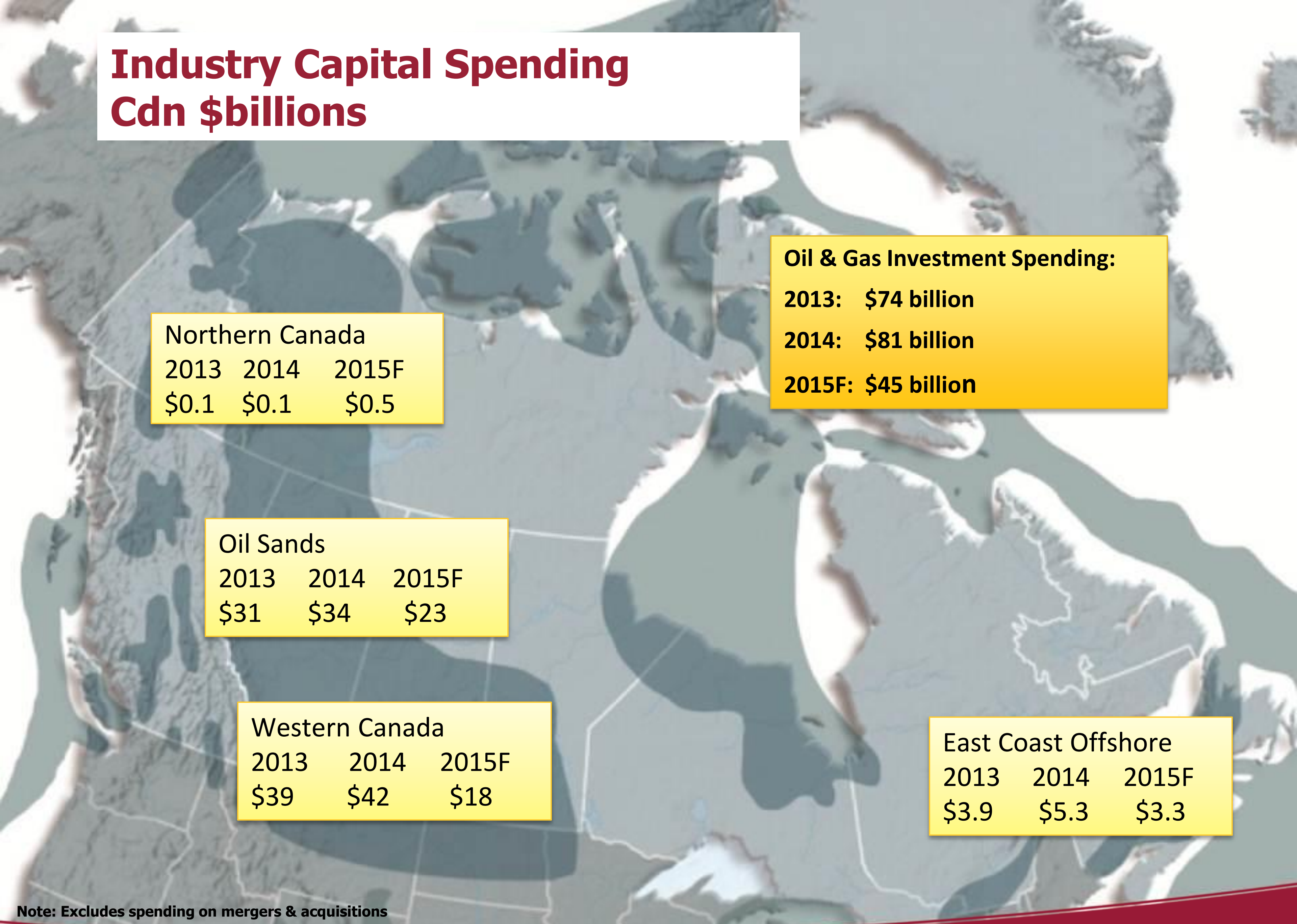
Canadian Association of Petroleum Producers

- **Represents large and small producer member companies**
  - Explore for, develop and produce natural gas, natural gas liquids, crude oil, and oil sands throughout Canada
  - Produce about 90 per cent of Canada's natural gas and crude oil
- **Associate members provide a wide range of services that support the upstream crude oil and natural gas industry**
- **Part of a national industry with revenues from oil and natural gas production of about $120 billion a year**

Presentation Overview

1. **Industry Environment Highlights**
2. **Canadian Oil Production**
   - Eastern Canada vs Western Canada
   - Conventional Production
   - Oil Sands Production
3. **Markets**
   - Change in N. American Market Dynamics
   - Traditional markets and Future Outlook
4. **Transportation Review and Outlook**
5. **Summary**

Industry Capital Spending
Cdn $billions



Northern Canada

2013	2014	2015F
$0.1	$0.1	$0.5

Oil Sands

2013	2014	2015F
$31	$34	$23

Western Canada

2013	2014	2015F
$39	$42	$18

Oil & Gas Investment Spending:

2013: $74 billion

2014: $81 billion

2015F: $45 billion

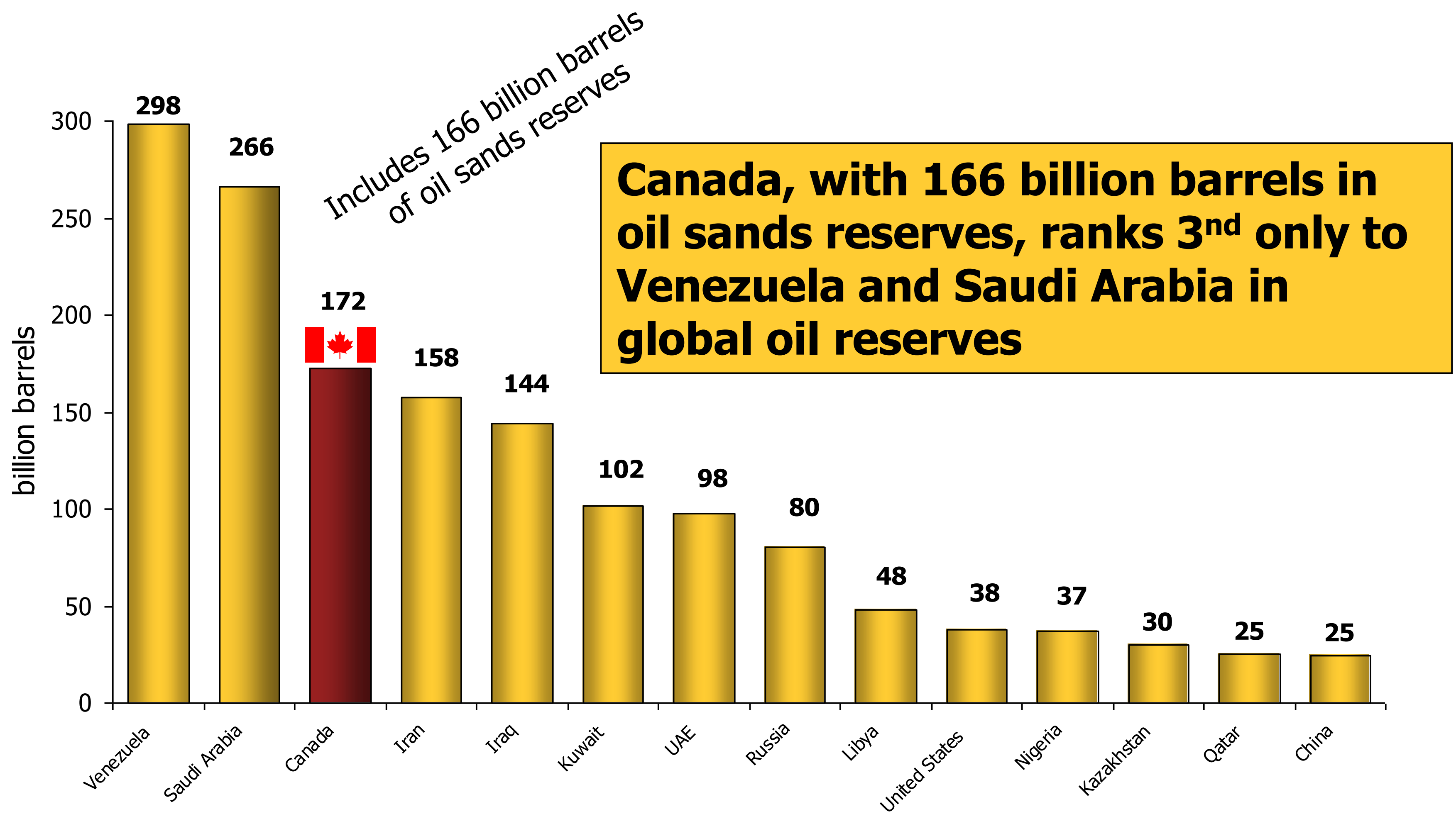
East Coast Offshore

2013	2014	2015F
$3.9	$5.3	$3.3

Note: Excludes spending on mergers & acquisitions

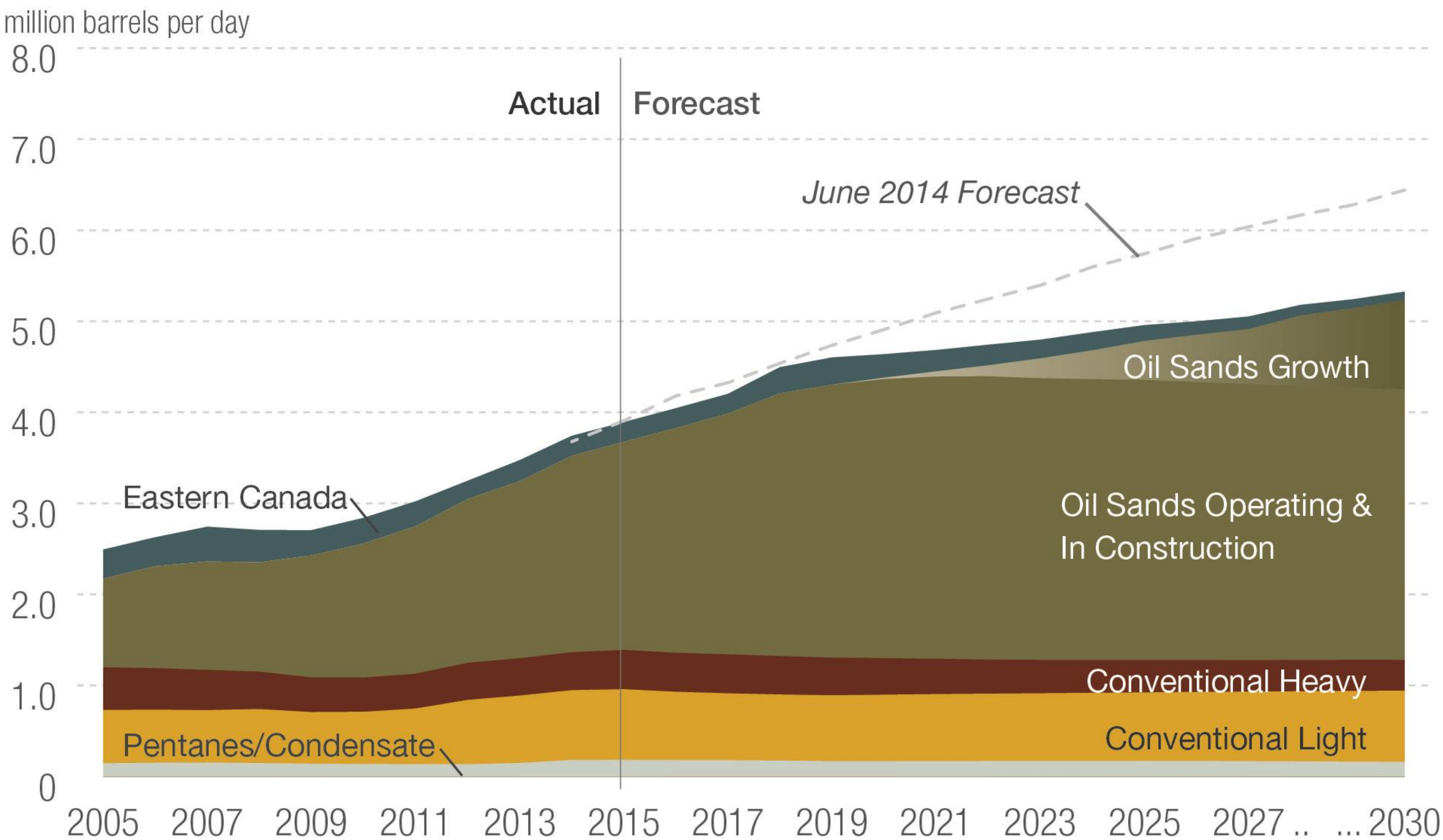
Crude Oil Prices – WTI Spot

Global Crude Oil Reserves by Country

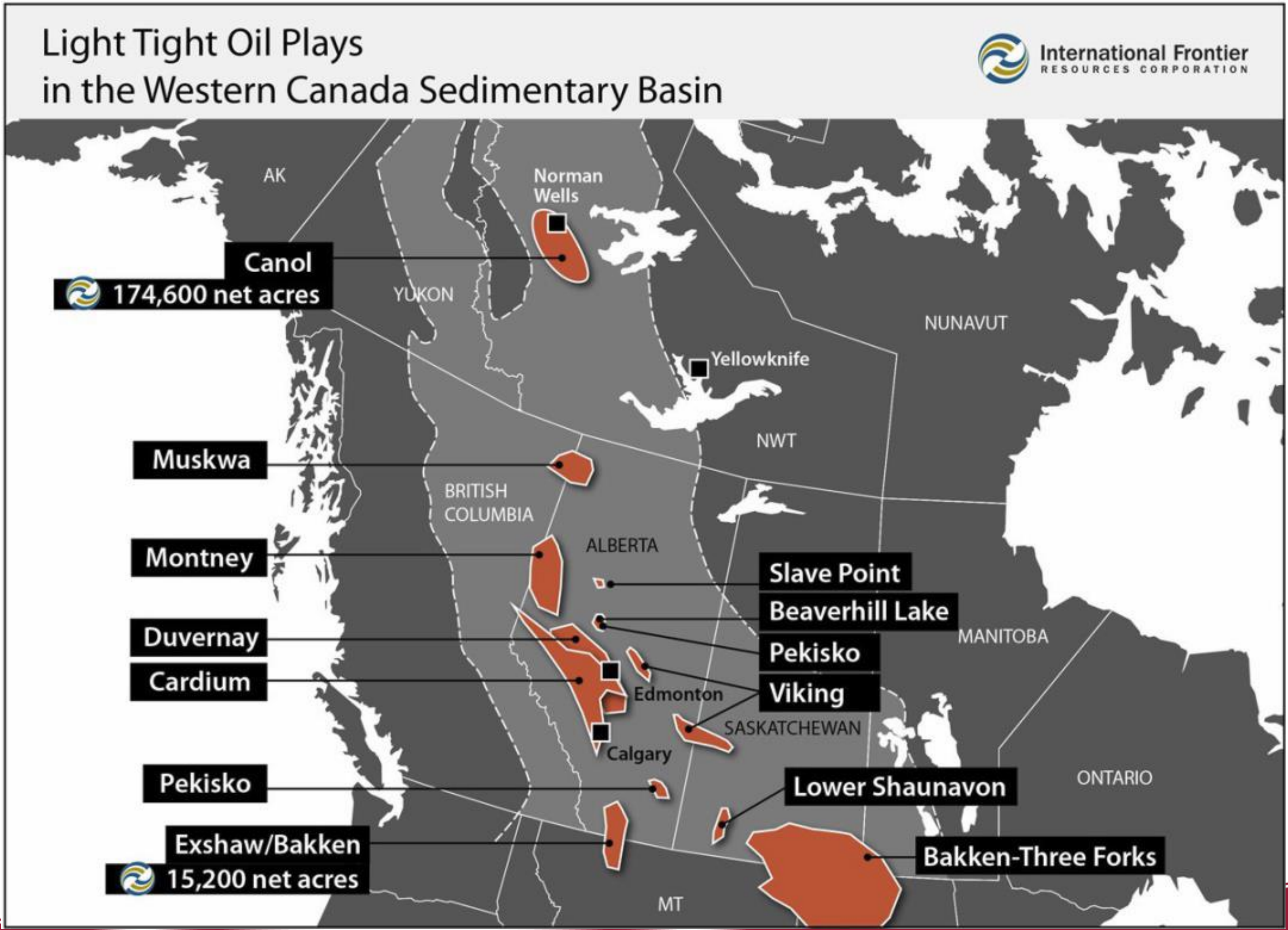


Source: Oil & Gas Journal Dec. 2014 & AER 2015

Canadian Oil Sands (Bitumen & SCO) & Conventional Production – Operating & In Construction + Growth



location of tight oil land activity and drilling



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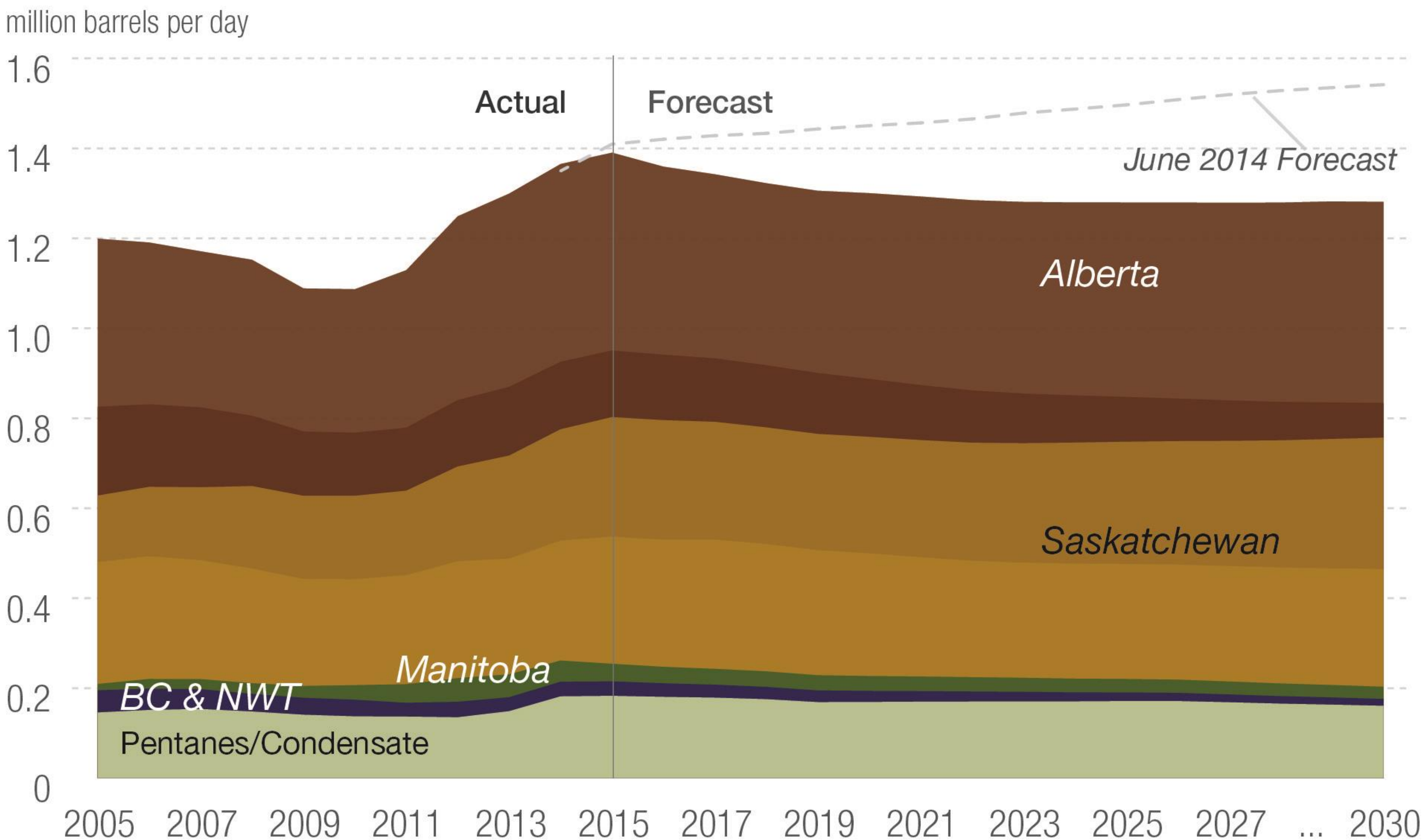
Western Canada - Conventional



Canada's Oil Sands Resource

166 billion barrels recoverable

- At current economics and with current technology
- Well over 100 years of production

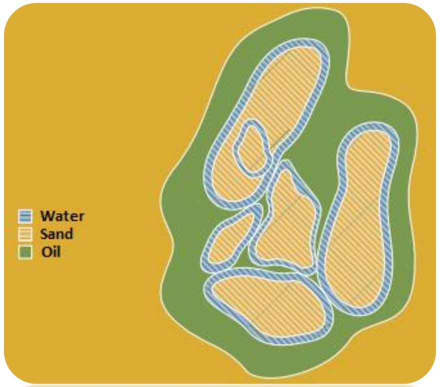
20% of resource is mineable

- Just under 3% of oil sands land area

80% of resource is drillable

- 97% of oil sands land area

What are oil sands?



Two Methods of Oil Sands Recovery

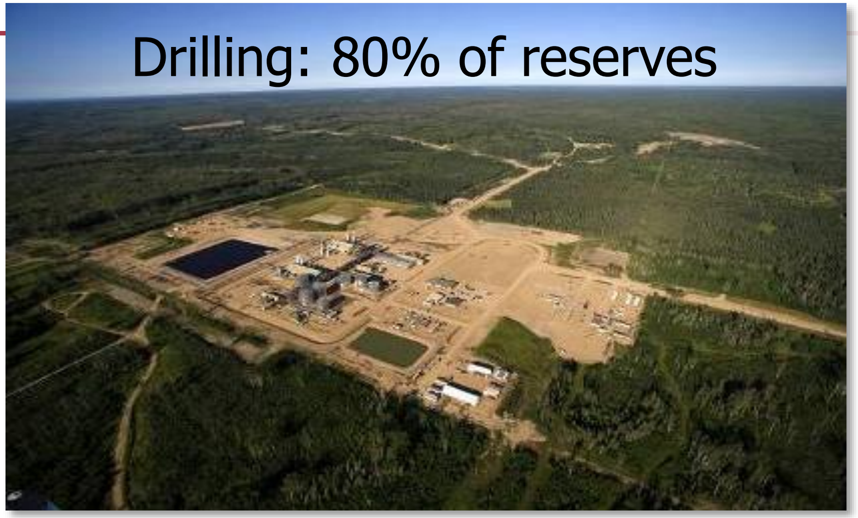
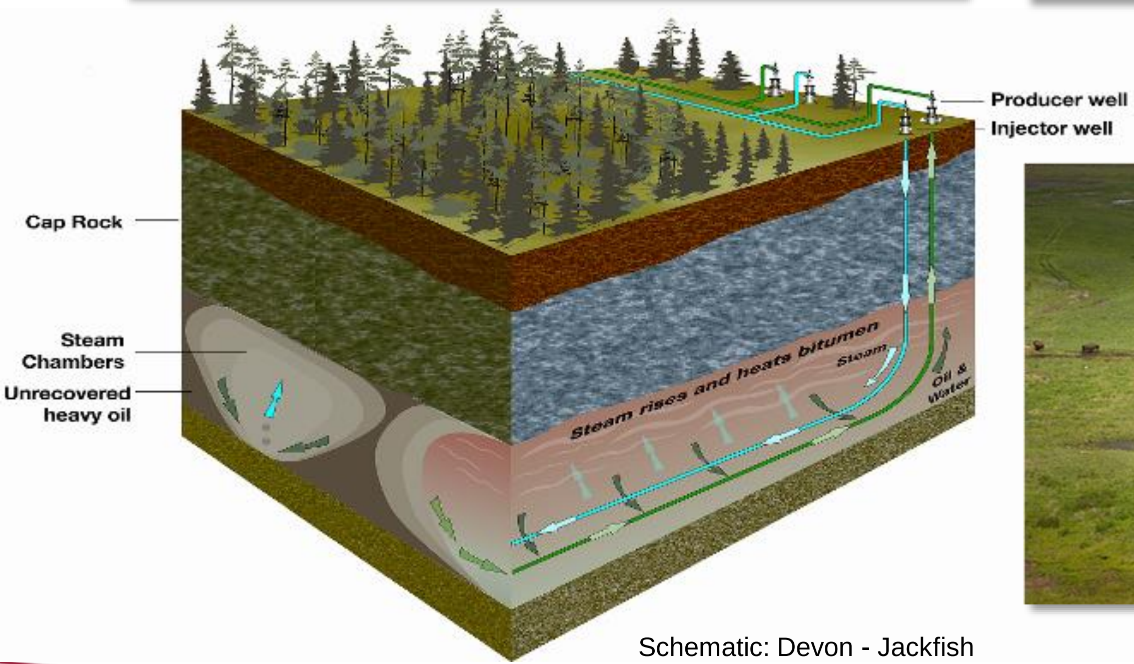
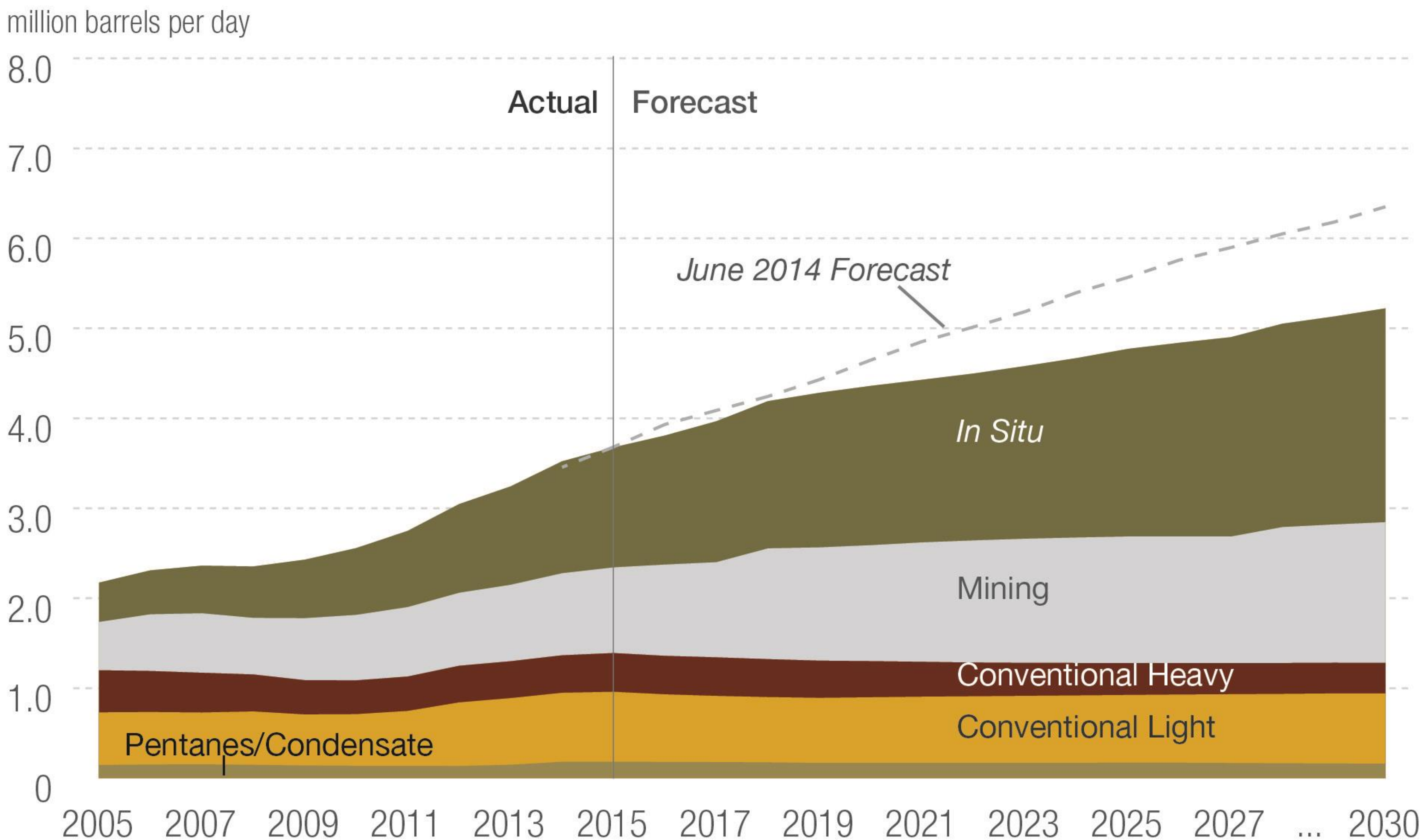


Photo: ConocoPhillips - Surmont



Schematic: Devon - Jackfish

Western Canada Oil Sands (Operating & In Construction + Growth) & Conventional



Markets

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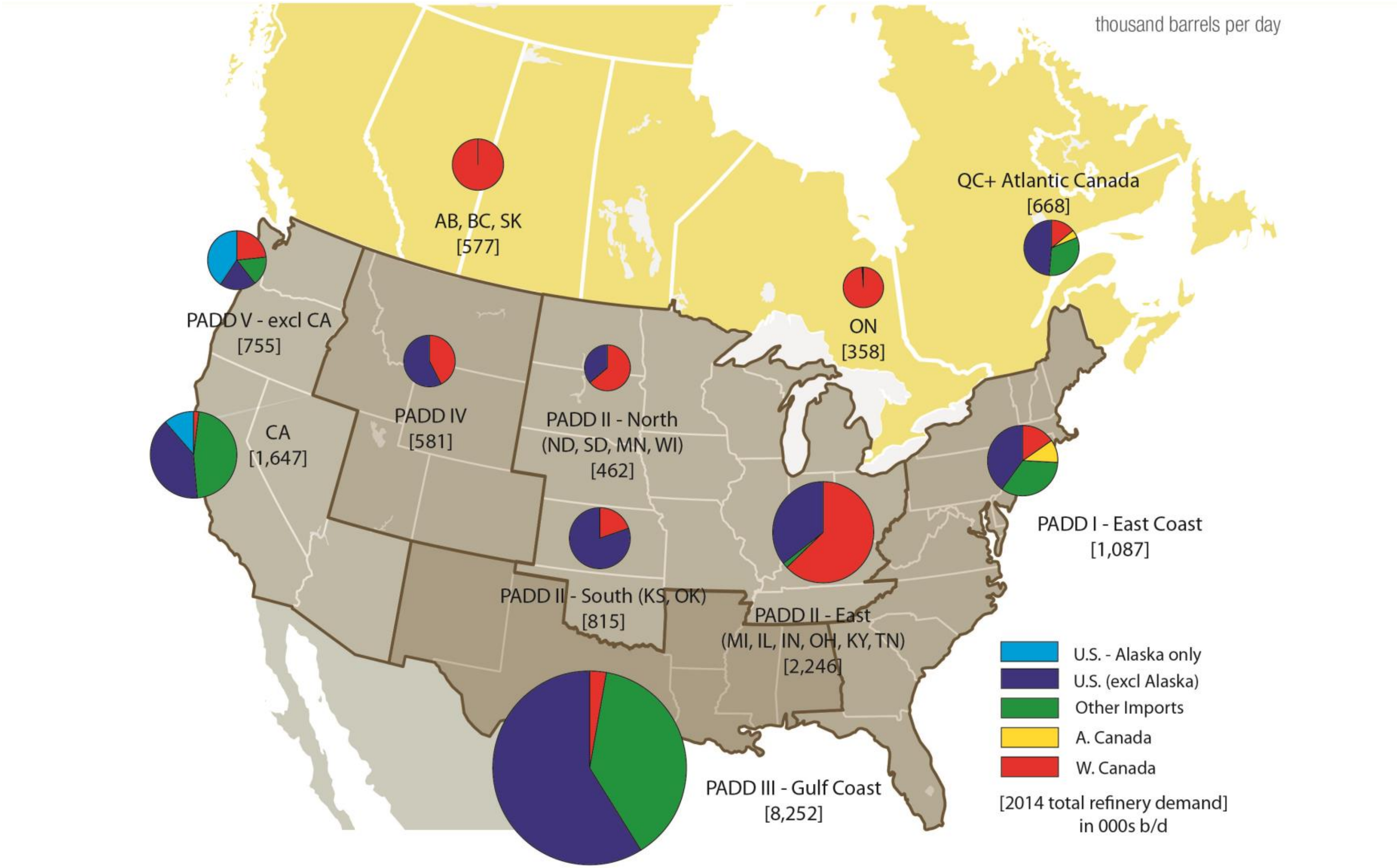
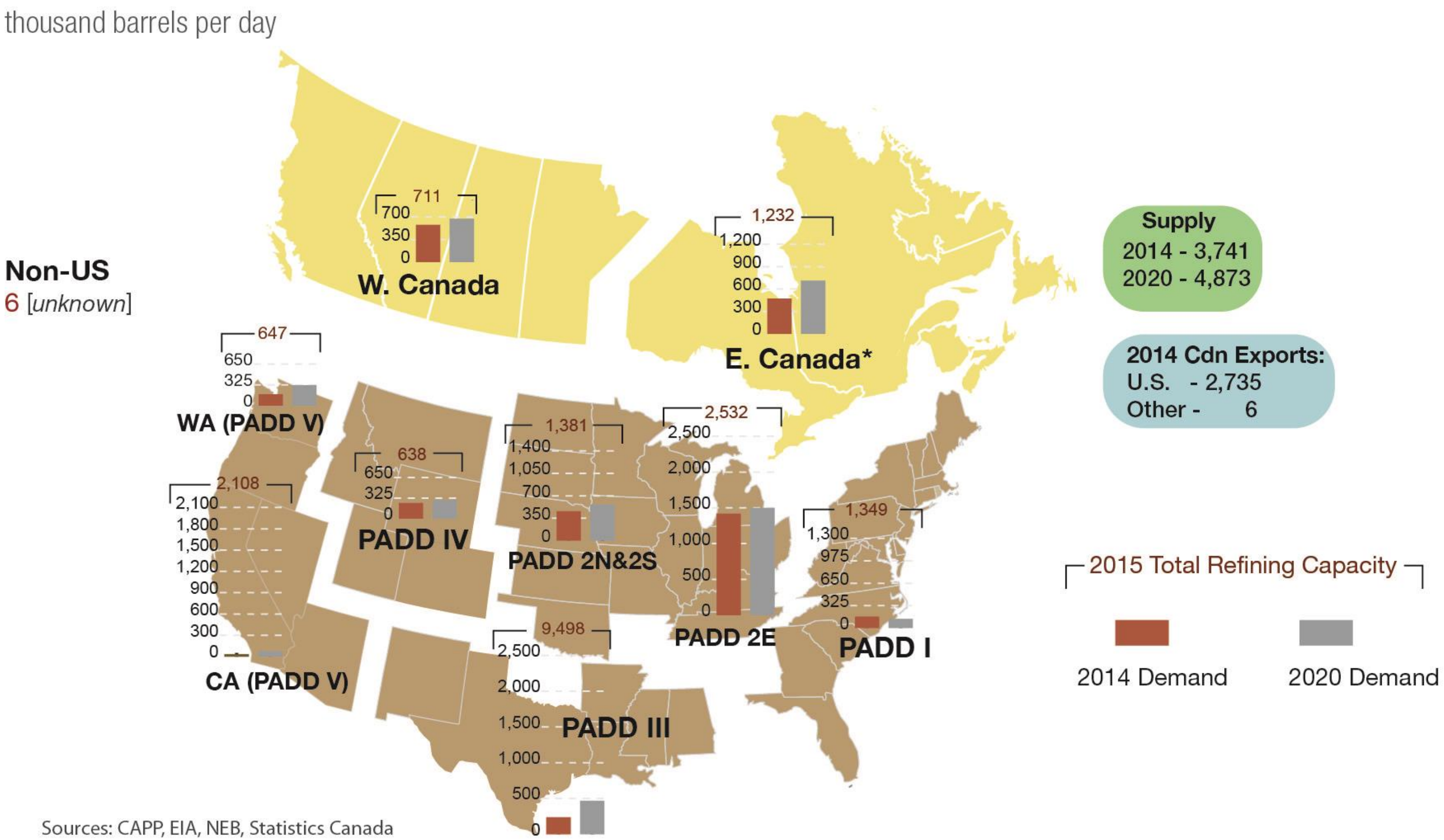
2014 Canada and US Refinery Demand



Source: CAPP, CA Energy Commission, EIA, Statistics Canada

CAPP Refiner Survey and Market Outlook to 2020

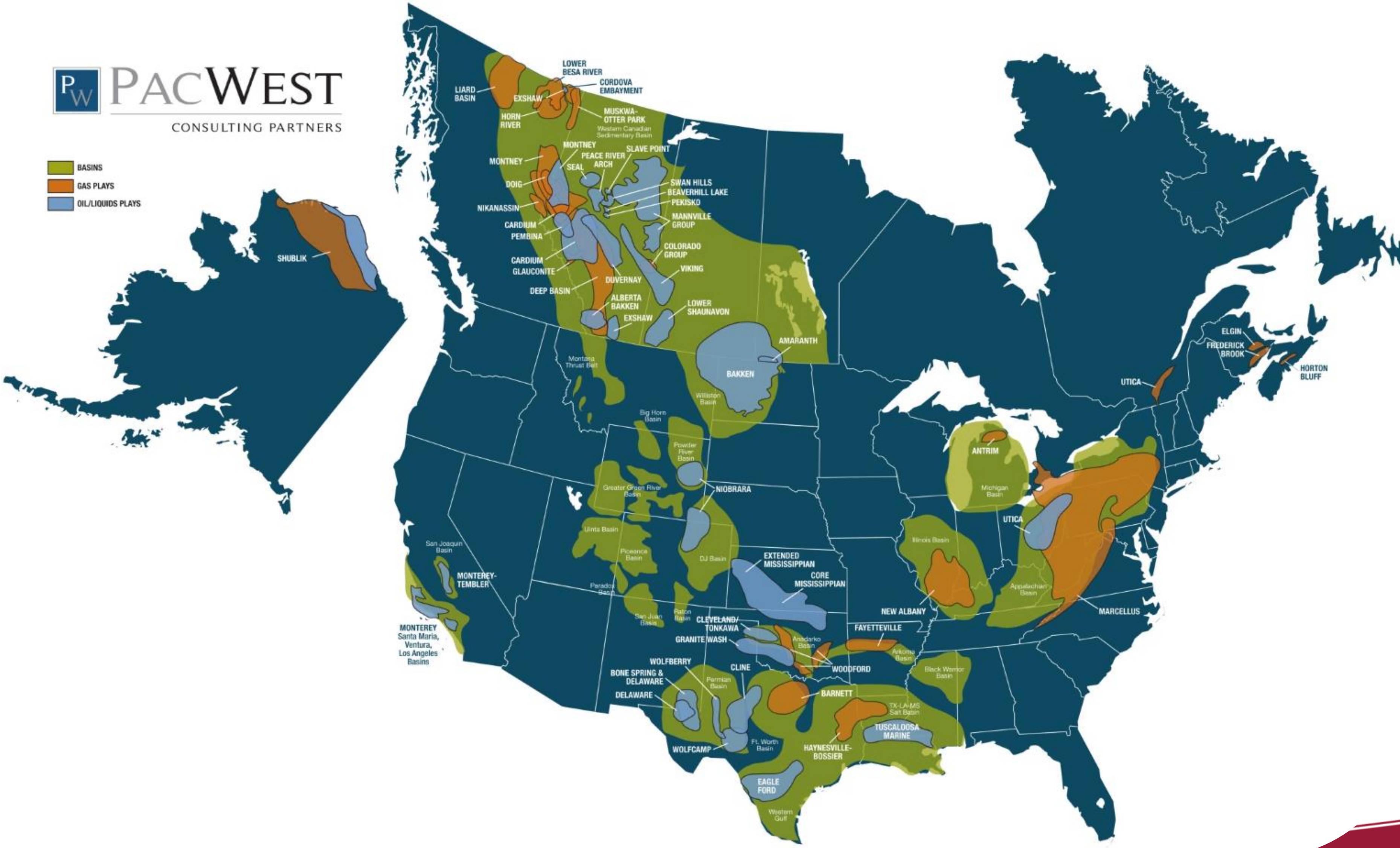


Sources: CAPP, EIA, NEB, Statistics Canada

* E.Canada demand for W. Canadian crude oil in 2014 consisted almost entirely of receipts from Ontario. Projected receipts in 2020 include growth from Québec and Atlantic provinces.

Note: 2014 demand does not equal available supply due to factors including inventory adjustment, timing differences, and the potential for U.S. production transiting in Canada before being refined in the U.S. being reported as Canadian exports.

North American Shale Plays



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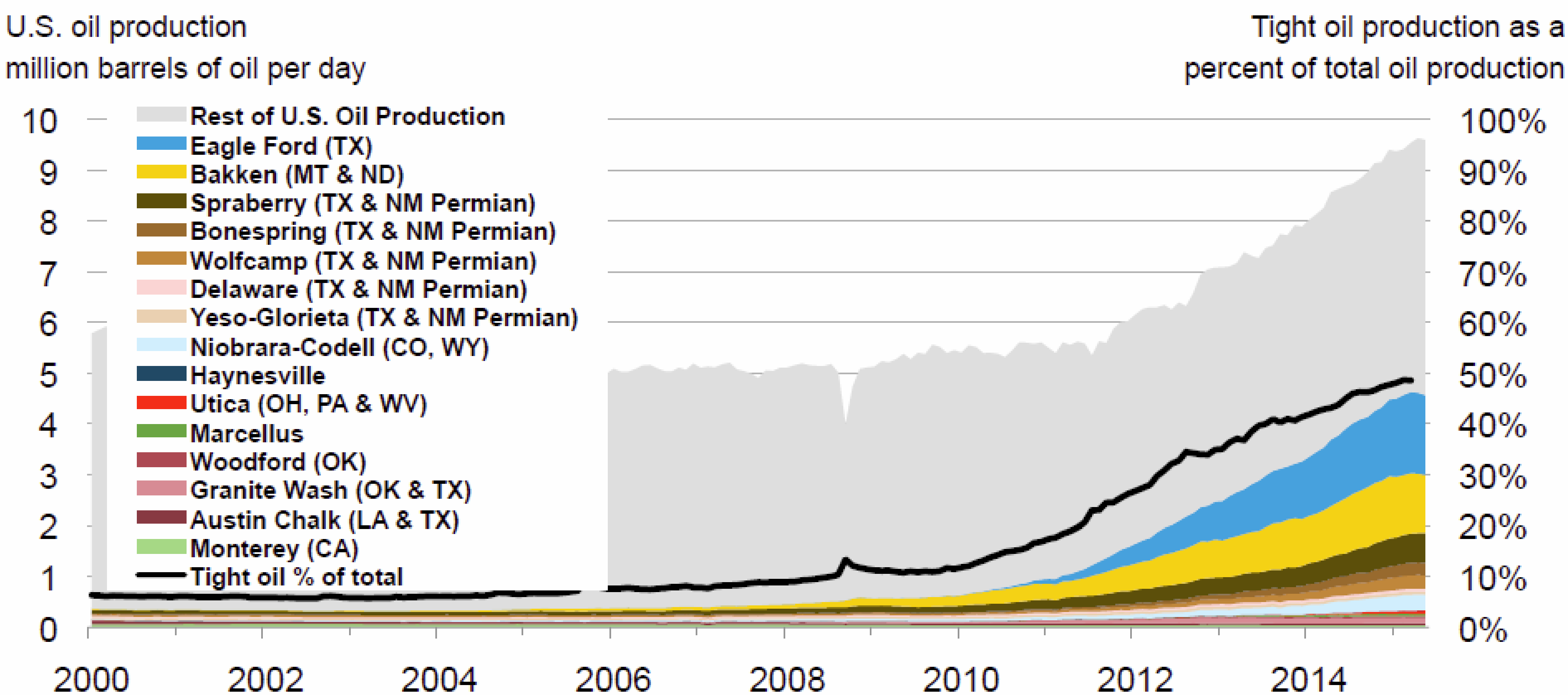
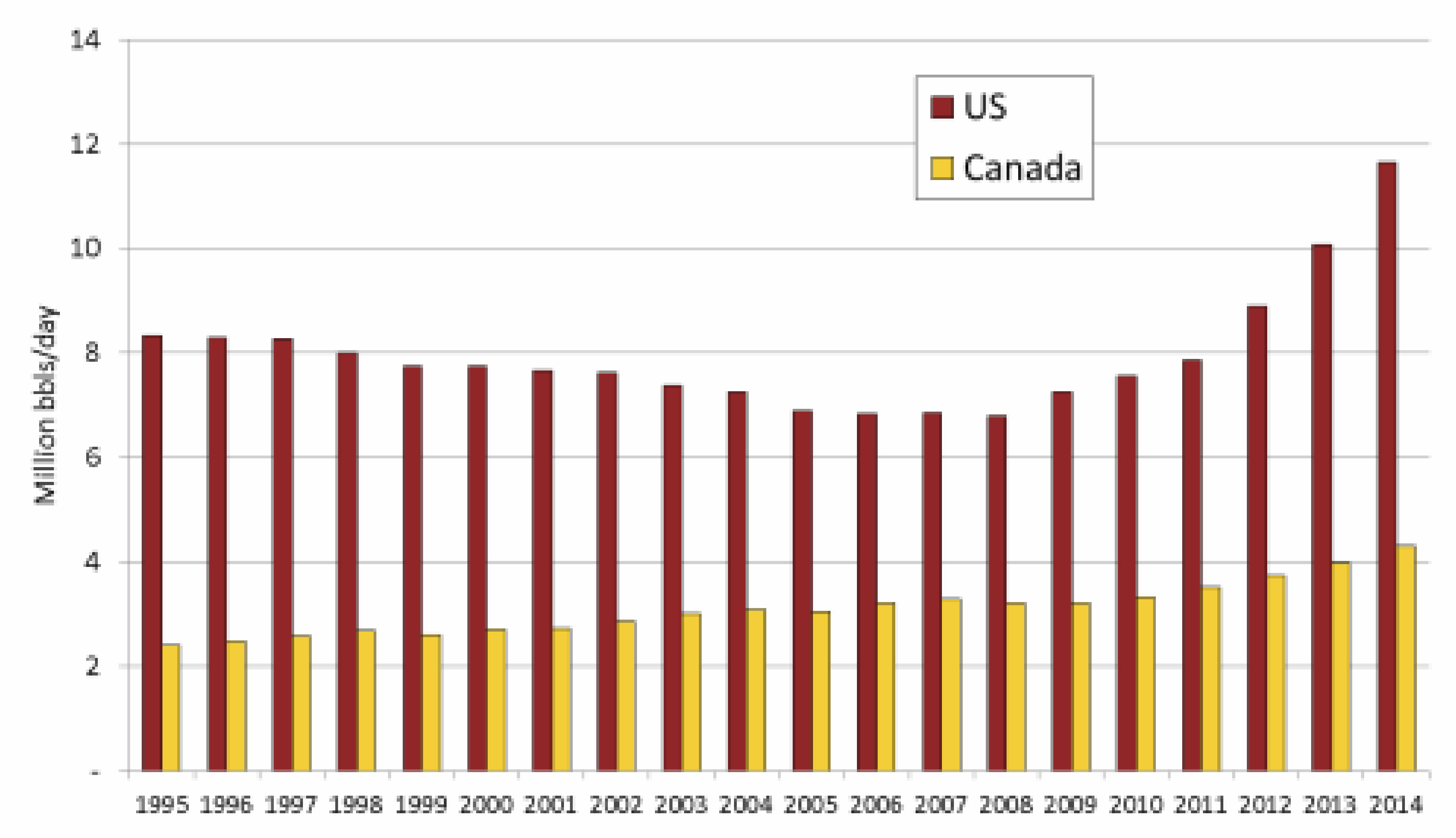
US Tight Oil Production by Basin

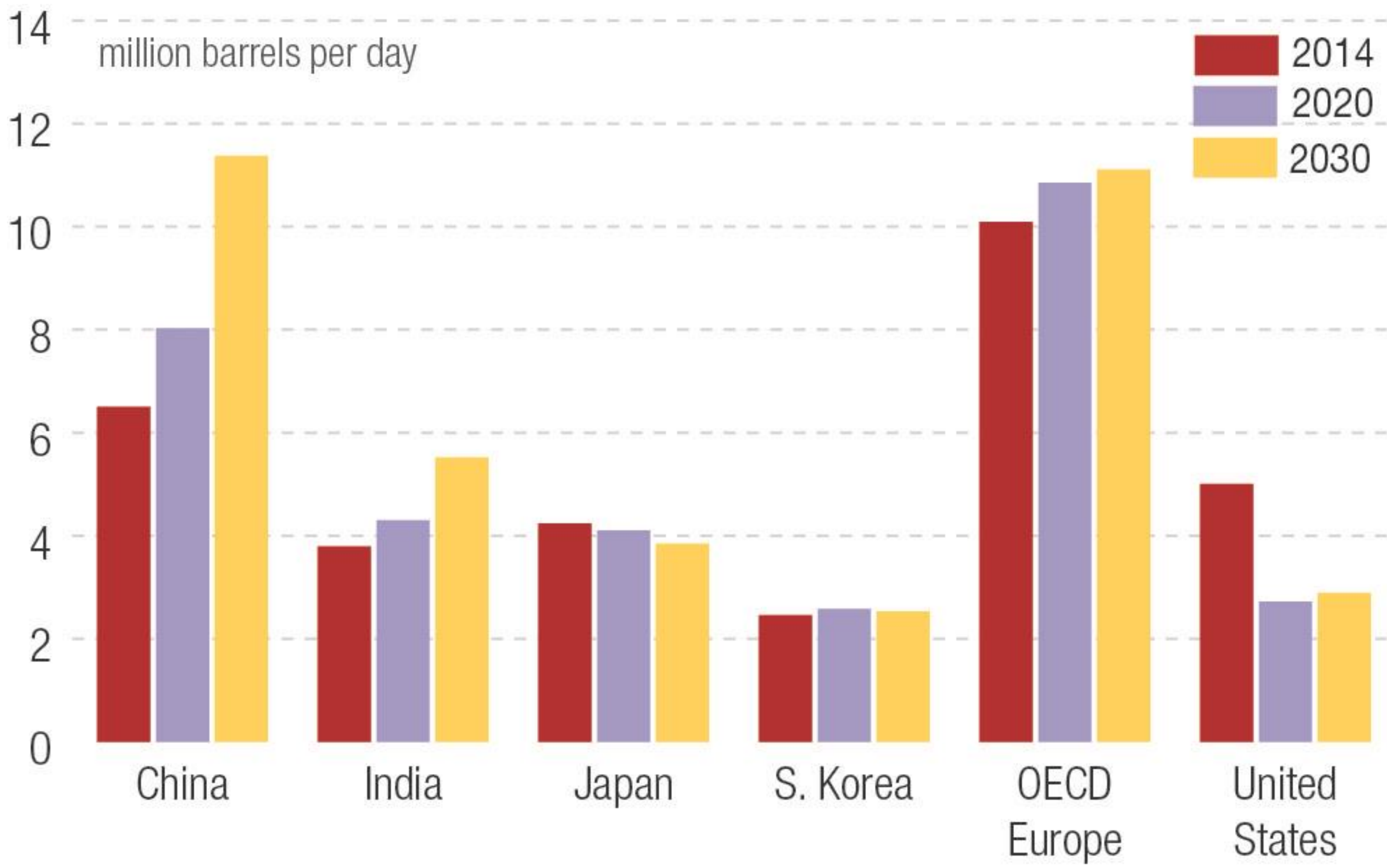


Source: U.S. Energy Information Administration

North American Crude Oil Production



Global Net Oil Imports: 2014 to 2030



Source: EIA Annual Energy Outlook 2015

Transportation Network

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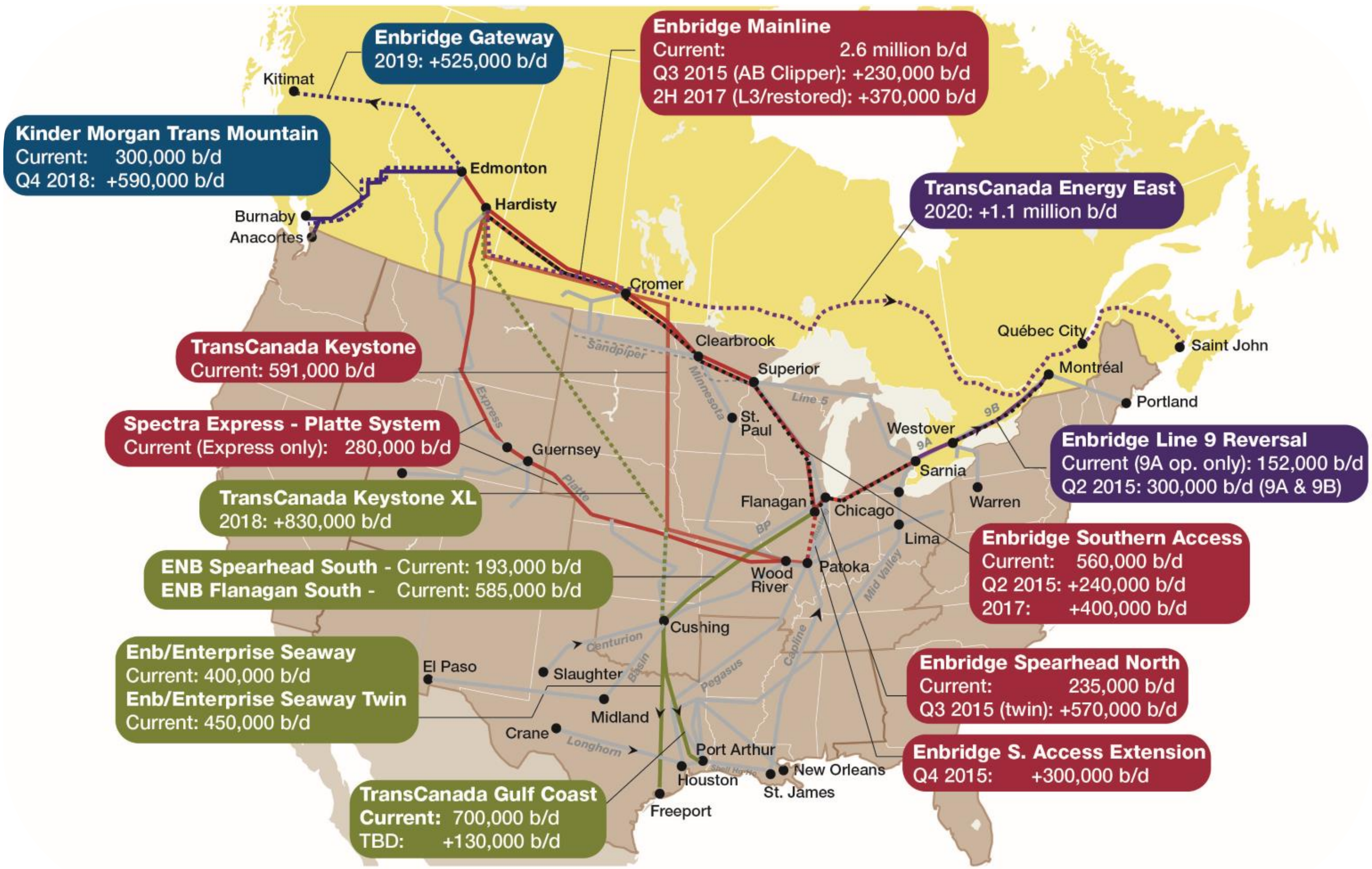
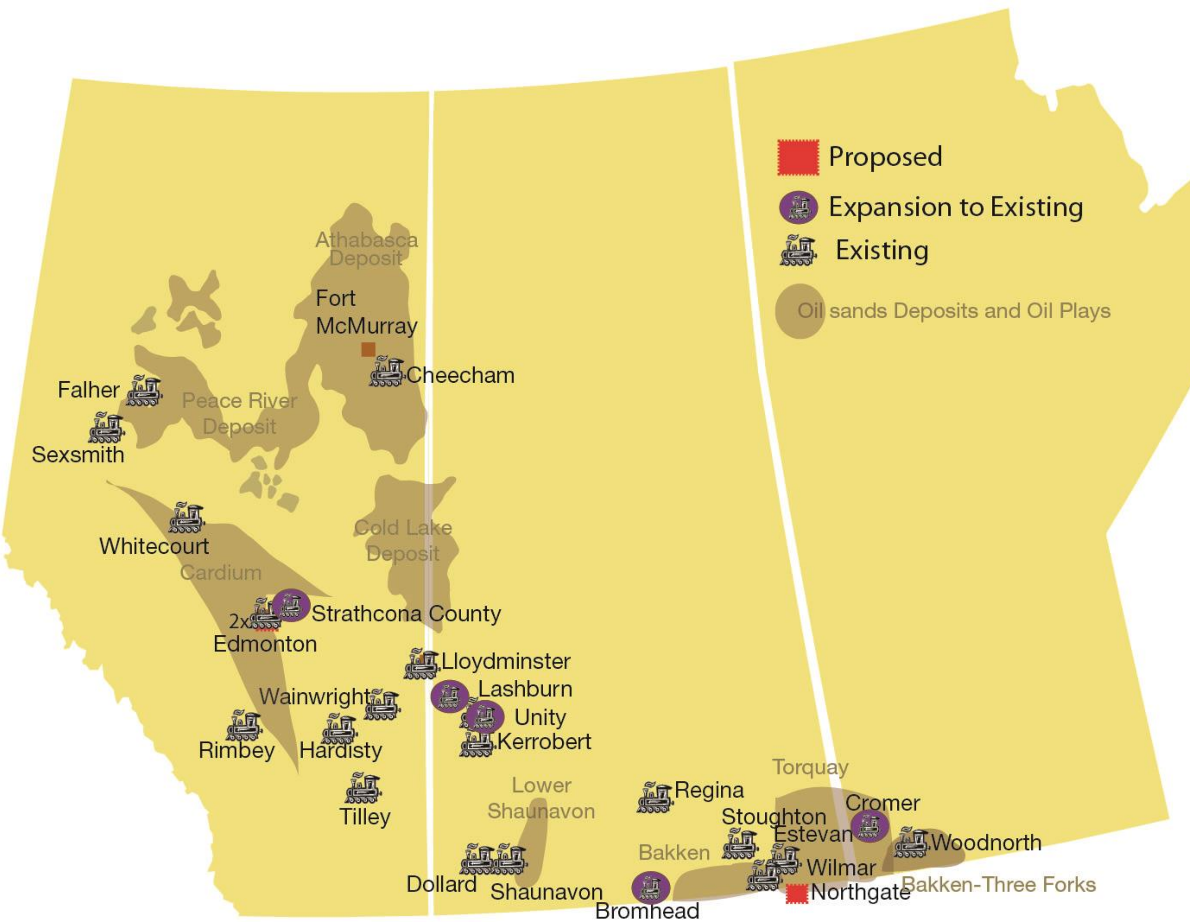
Existing and Proposed Canadian & US Crude Oil Pipeline Projects



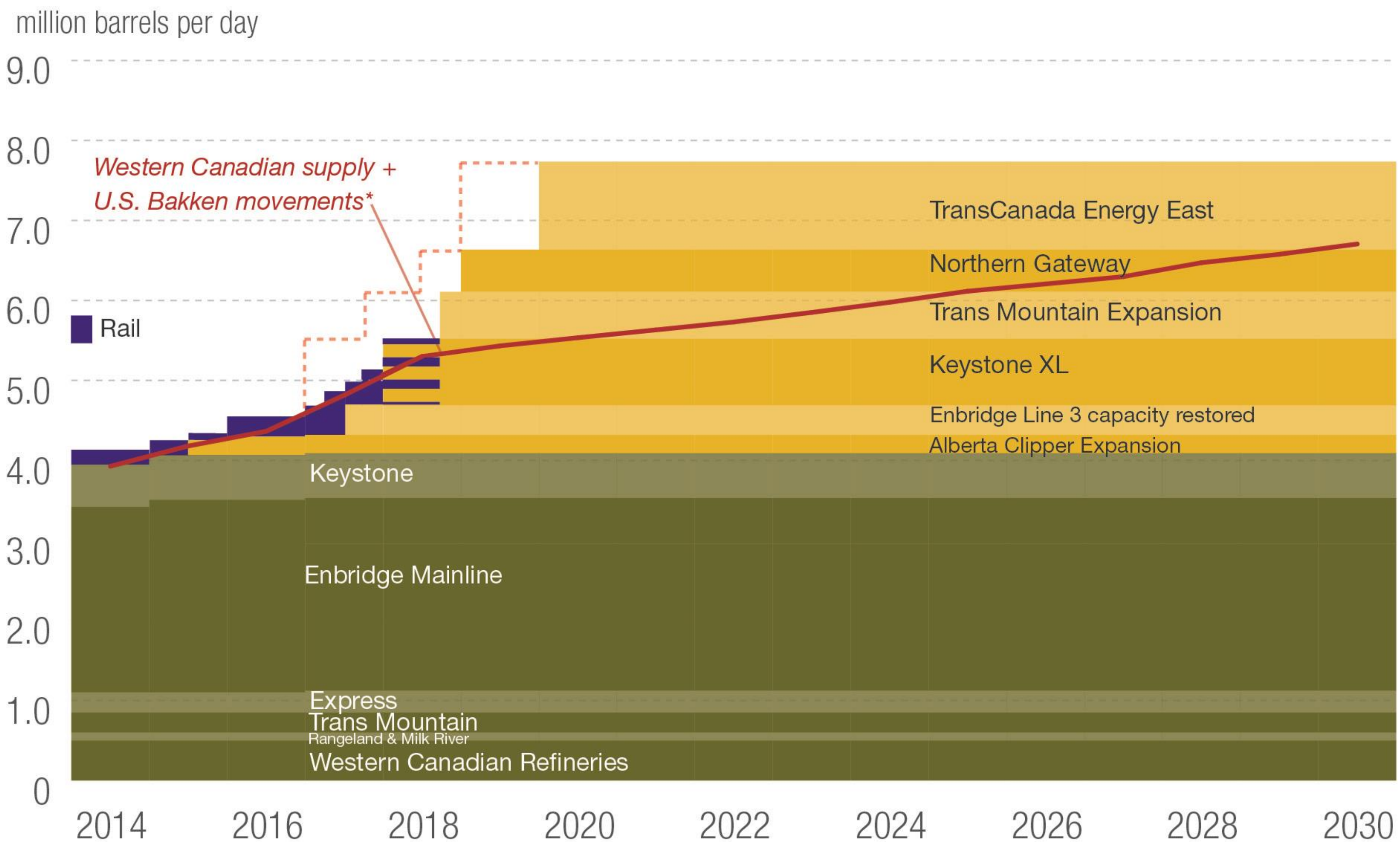
Rail Loading Terminals in Western Canada



Major* Announced Rail Uploading Terminals in Western Canada			
Operator	**Location**	**Expanded / Proposed Capacity** ('000 b/d)**	**Scheduled Startup**
	ALBERTA		
Keyera/ Enbridge	Cheecham	32	Operating since Oct 2013
Grizzly	Conklin	10	Operating since Mar 2014; expansion potential
Canexus	Bruderheim (near Edmonton)	100	Operating; Expandable
Gibson	Edmonton	20 (expandable to 40)	Q3 2015
Keyera/Kinder Morgan	Edmonton	30 to 40	Operating since September 2014
Pembina	Edmonton	40	Operating
Gibson/USDG	Hardisty	120 (expandable to 240)	Operating since July 2014; expansion 18 months from decision
Altex	Lynton (Ft. McMurray)	15	Operating
Kinder Morgan /Imperial	Strathcona County	210 to 250	Operating since April 2015
	SASKATCHEWAN		
TORQ Transloading	Bromhead	20 +58	Operating; Expansion planned
Crescent Point	Dollard	27	Operating; Expansion Q2 2014
Altex	Lashburn	35 +25	Operating; Expansion underway
TORQ Transloading	Lloydminster	25	Operating; Expandable to 88
Ceres Global	Northgate	35	Construction on hold; Expandable to (70,000)
Crescent Point	Stoughton	45	Operating
Altex	Unity	15	Operating
TORQ Transloading	Unity	22 +44	Operating; Expansion underway
	MANITOBA		
Tundra	Cromer	30 +30	Operating; + ultimate expansion
TOTAL	776,000 b/d + potential expansions		

*Facilities with less than 15,000 b/d are not shown
**Capacities of facilities are not exactly comparable due to differences within factors used to determine capacity such as operating hours, available car spots and contracts in place.

Transportation Capacity vs 2015 Supply Forecast



*Refers to the portion of U.S. Bakken production that is also transported on the Canadian pipeline network.
Capacity shown can be reduced by temporary operating and physical constraints.

Key Conclusions

- **Continuing to attract industry investment is an important goal**
  - Enables future discussions on:
    - Optimization, Responsible development, Innovation, Diversification
- **CAPP continues to anticipate increased output from oil sands**
- **Infrastructure development and access to markets continues to be key to the development of Canadian oil sands.**
- **Many fundamental factors that could have impact**