

# Canadian Oil Outlook

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# Canadian Oil Outlook

## Supply

 **Conventional**

 **Unconventional**

## Constraints

 **Transportation**

 **Refining**

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## Conventional

### Steady Decline

 2009 Production – 1.2 million bbls/d

 2025E Production estimate of 589,000 bbls/d

 9000 wells drilled in 2009 – 25 per cent were oil





 Cardium is the wild card

 Production declining at annual rate of about 3 per cent

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## Unconventional

### Oil Sands

-  Production 1.3 mmbbls/d 2009
-  Production 3.3 mmbbs/d 2025
-  Primary growth in production will come from in-situ operations
-  Environmental challenges remain





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- 🌐 **Other Factors to Consider**
  - 🌐 **Global Economy**
  - 🌐 **US Economy**
  - 🌐 **OPEC and Non-OPEC production**
  - 🌐 **Efficiency gains and peak demand**
  - 🌐 **China and India**
  - 🌐 **Role of Technology**

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## Transportation

### Situation of Overcapacity

-  Southern Access expansion – 400,000 b/d
-  Keystone and Alberta Clipper adds 1.5 mmbbls/d but oil sands producing below that threshold
-  Altex pipeline now a plan to ship bitumen by rail to the west coast
-  Gateway

# Canadian Oil Outlook

- 🌐 Refining – A bigger Issue
  - 🌐 US Refinery Utilization set to Decline
    - 🌐 Flat oil consumption implies decreased utilization
    - 🌐 Canada's heavy oil producers have their choice of customers
    - 🌐 Increasing ethanol blending requirements from 10 to 15 per cent
    - 🌐 Under-utilization in the Gulf Coast already in evidence
    - 🌐 Tough to justify the economics of building an upgrader in Canada – or anywhere in North America
    - 🌐 Impact on differentials

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## Conclusions

- The unconventional barrel rules Canada's oilpatch
- Canada set to capture greater share of US market as imports from Saudi Arabia, Venezuela and Mexico continue to decline – even if demand is flat
- Current pipeline capacity adequate to support increased exports to the US
- Market diversification increasingly important
- Throne Speech with commitment to decreasing regulatory burden very positive
- Oil is a better story today than 12 months ago