

WIEB Oil Sands Working Group Conference Call Summary – August 19, 2004

- The bitumen and synthetic crude production forecast is based on information from companies on existing and proposed projects, and (later in the forecast) on generic projects. Risk factors determine which projects go ahead, based on oil prices and other factors.
- Oil sands natural gas consumption scenarios are based on purchased gas only. Gas produced and consumed in oil sands processes is not included in Alberta's gas production or reserves data. All of the scenarios are based on the EUB's forecast to 2013 and the EUB's rate of purchased gas use by technology. Except for the "high gas price" scenario, forecast is based on gas prices in the Cdn\$4.25-4.50/Mcf range and oil prices of US\$24-26 WTI.
- EUB scenario labelled "current technology" assumes straight-line growth in oil sands demand for natural gas and no change in technology. This scenario is viewed as having a relatively low probability of occurring.
- The "annual improvement" scenario assumes a 1% annual improvement in efficiency of natural gas use for oil sands. This improvement in efficiency is consistent with expectations of industry.
- The "efficiency gains" scenario assumes a 5% annual improvement in efficiency of gas use in oil sands. This improvement will result from increased production and use of gas generated in upgrading process (converting heavy crude into light sweet crude) and improved technology.
- The "high gas price" scenario assumes a Cdn\$6.00/Mcf gas price (about US\$4.50/MMBtu), held constant over the forecast time frame, and a US\$24-26/barrel WTI oil price. This would result in a decline in purchased gas consumption, and the development of alternate technologies, such as coal, coke or bitumen gasification
- Estimated gas consumption per barrel of oil produced is provided in table below:
 - Mining – 300 cubic feet of gas per barrel of oil produced
 - Cyclic steam injection – 1150
 - Thermal – 860
 - Primary – 1160
- A reference case would likely be somewhere in between the "annual improvements" and "efficiency gains" scenarios. The oil sands group will look into developing a reference case. The scenario will depend in part on what is assumed for gas and oil prices and the Canada-US exchange rate.
- Next steps – Follow up questions for oil sands group. In the next meeting, members of Alberta's electricity group will discuss the capability of oil sands plants to generate electricity, and transmission constraints. Please send direct questions for Alberta to follow up on. Alberta will send a copy of the EUB's consumption by sector to the group. The forecast period will be examined to identify whether a need for data beyond the 2015 time period exists.