

WCSB Gas Production Forecast Alberta New Well Connection Scenarios

CERI March 25, 2008

Purpose:

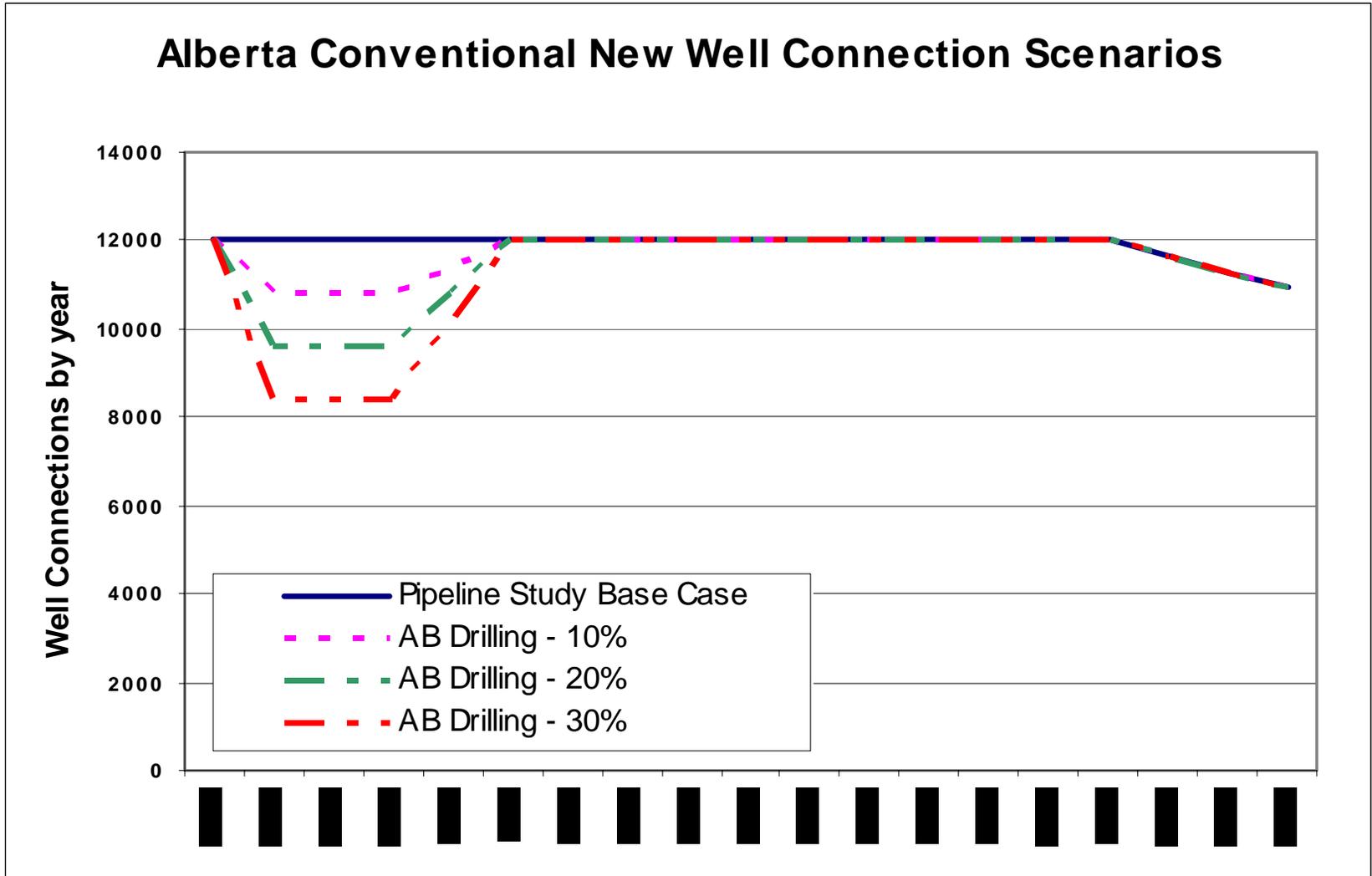
To examine the effect of a reduced Alberta well connection profile on the WCSB long term production forecast (2007-2024).

Assumptions:

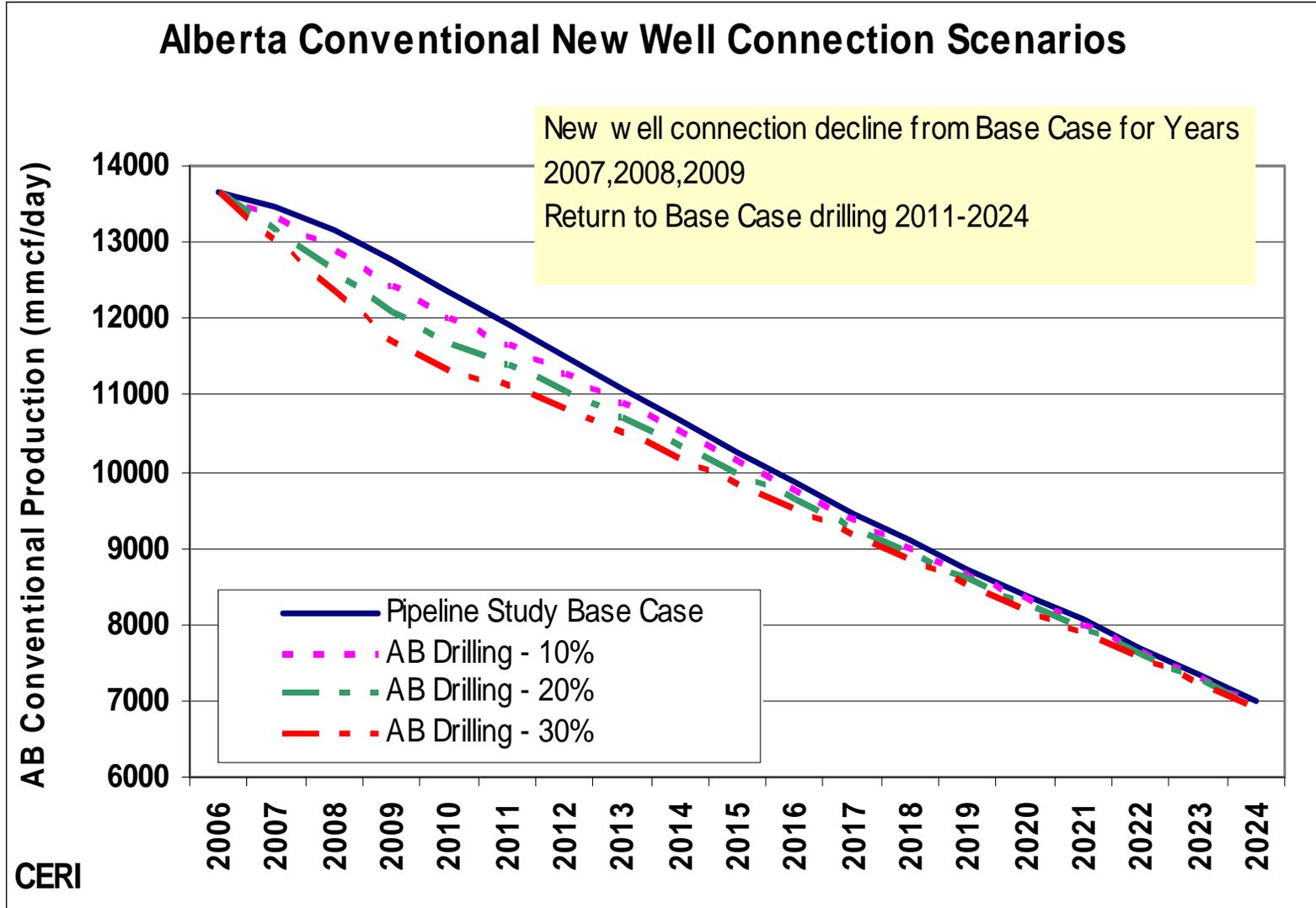
- Alberta new well connections will be reduced by 10%, 20% and 30% from the WCSB Base Case as defined in the "Capacity of the Western Canada Natural Gas Pipeline System Study dated October 2006 (Volume 1) and November 2007 (Volume 2). This curtailment in new well connections will apply to the years 2007, 2008, 2009 followed by a return to the base case connection profile for the years 2011-2024
- Alberta unconventional gas production forecast (CBM) as per Base Case.
- British Columbia conventional and tight gas production forecast as per Base Case.
- Saskatchewan conventional and unconventional gas production forecast as per Base Case.
- Kitimat LNG, Mackenzie Valley Pipeline and Alaska Highway gas volumes as per Base Case.

WCSB Gas Production Forecast Base Case New Well Connection Forecast)

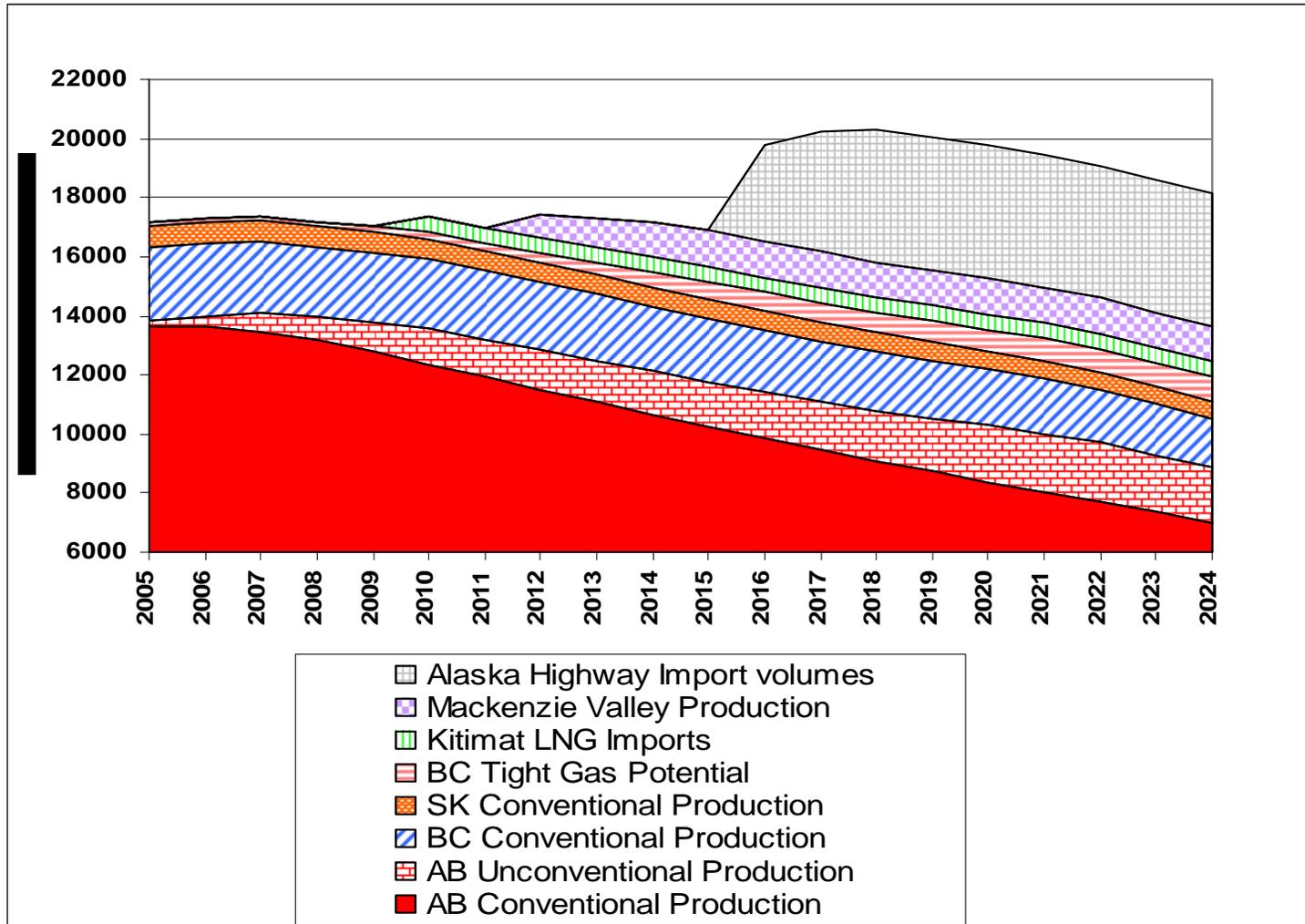
Alberta Conventional New Well Connection Scenarios



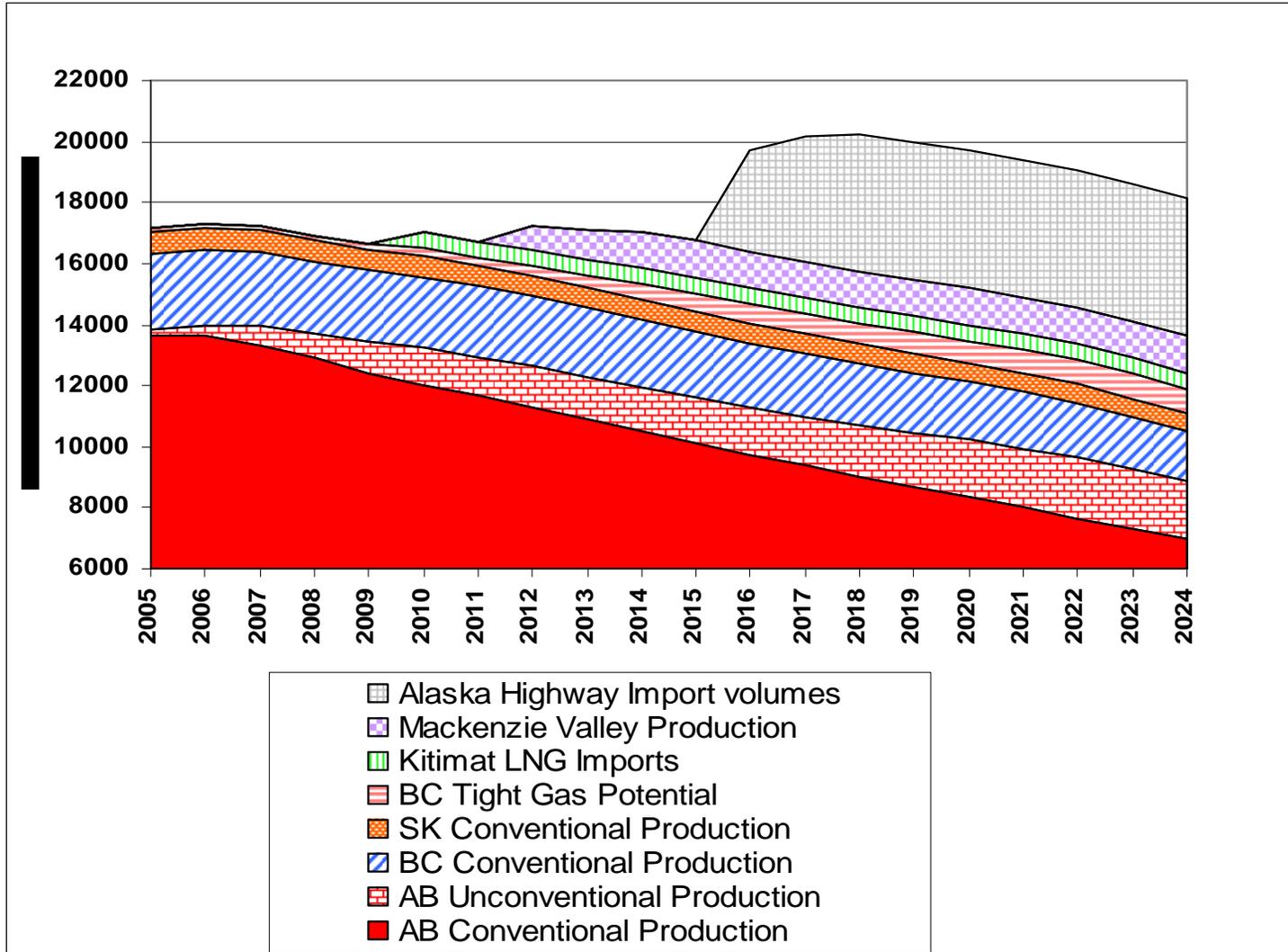
WCSB Gas Production Forecast Base Case (AB Conventional Production)



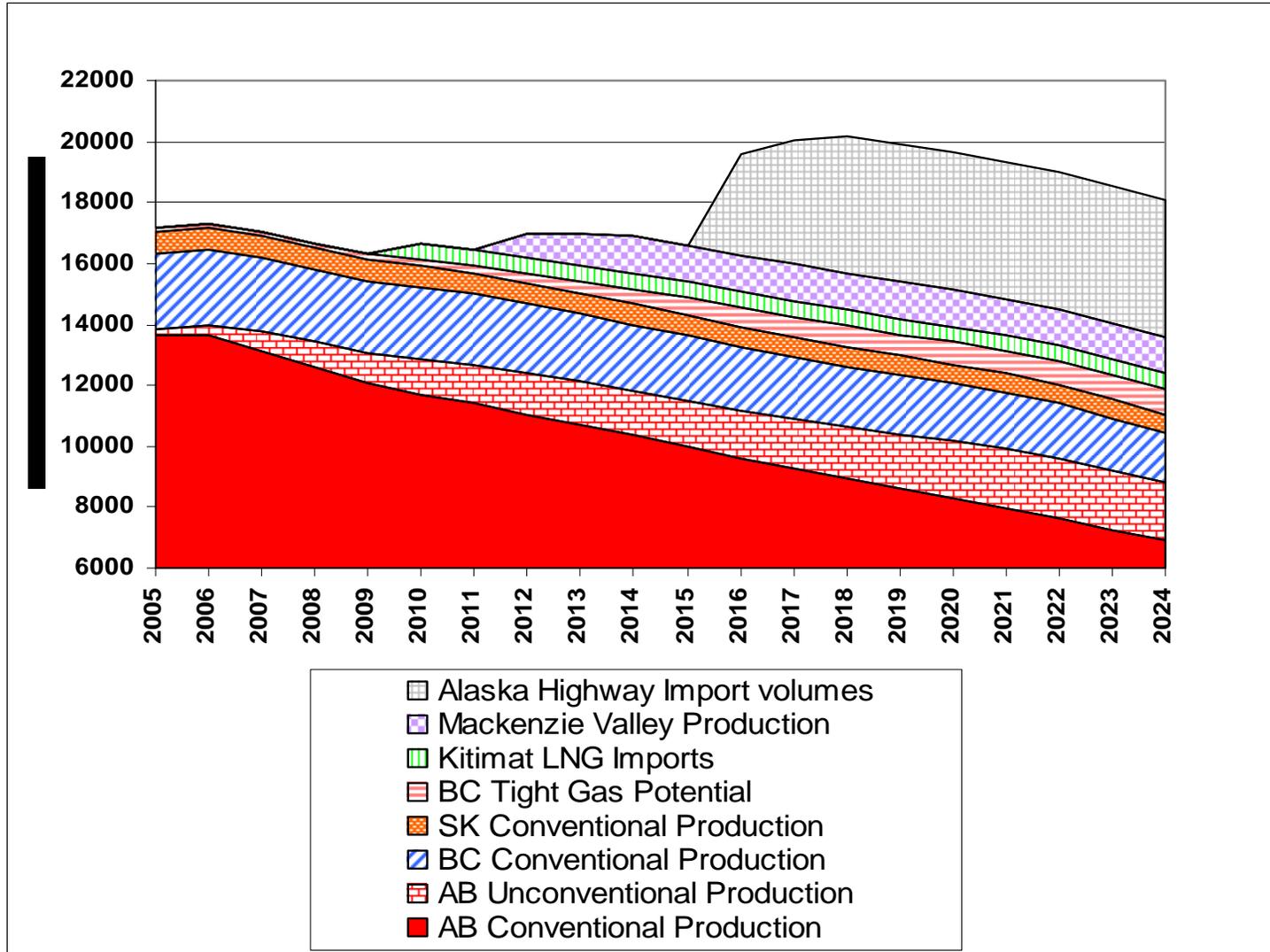
WCSB Gas Production Forecast Base Case



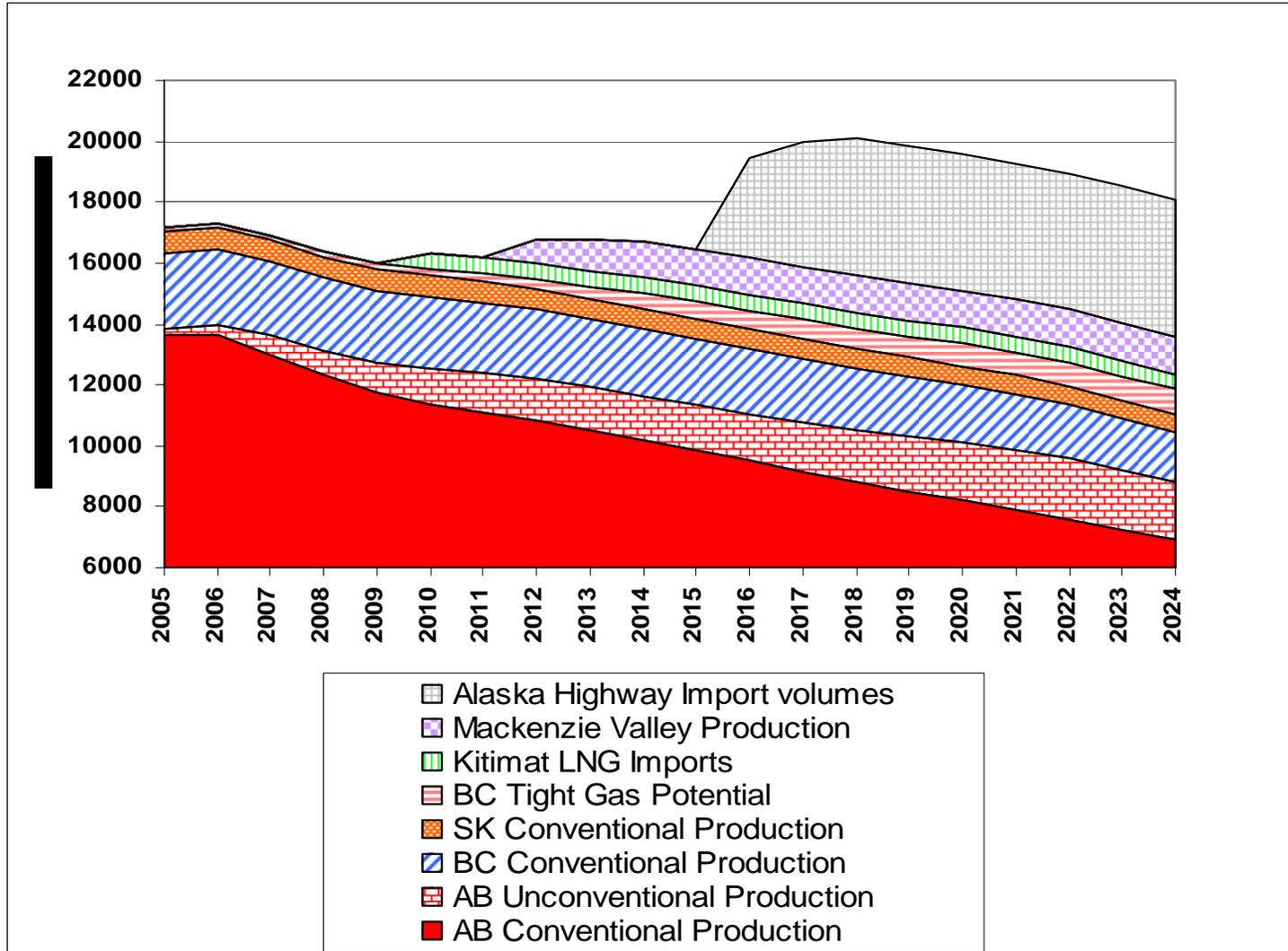
WCSB Gas Production Forecast Base Case (AB wells - 10%)



WCSB Gas Production Forecast Base Case (AB wells - 20%)



WCSB Gas Production Forecast Base Case (AB wells - 30%)



WCSB Gas Production Forecast Observations



Alberta historical production records are indicating that on average a new conventional well connection will experience production declines of 32%, 25%, 21% and 20% for the first four years of production and 19% per year for the remaining production years. This implies, and is demonstrated by the previous charts, that a curtailment in new well connections for a given year will only significantly affect the basin delivery for the subsequent 9-11 years. After 11 years of production the deliverability from those wells will have declined to less than 10 % of their initial production rate.

A curtailment in new well connections for the years 2007 – 2010 will only significantly affect the production from the WCSB basin up to 2018. After 2018 the lost production from the curtailment will be less than 10% of the initial production rates if the wells had been connected in the 2007 – 2010 time frame). This assumes the connection profile returns to the Base Case forecast of new well connections by 2011 and follows the Base Case forecast after that point in time.