

FOR IMMEDIATE RELEASE

EUB and NEB Release Alberta Conventional Natural Gas Potential Report

Calgary, AB (Tuesday, 8 March 2005) The National Energy Board (NEB) and the Alberta Energy and Utilities Board (EUB) (the Boards) will jointly release a report entitled *Alberta's Ultimate Potential for Conventional Natural Gas* on Wednesday, 9 March 2005.

The report estimates that Alberta's ultimate potential for marketable conventional natural gas is 6276 billion cubic metres (223 trillion cubic feet). The report shows that 2838 billion cubic metres (101 trillion cubic feet) of conventional natural gas remains to be developed. Of that amount, there is 1104 billion cubic metres (39 trillion cubic feet) discovered and 1734 billion cubic metres (62 trillion cubic feet) undiscovered. Data from 320,000 wells drilled to December 2004 was used to arrive at the numbers.

In 1994, the Boards signed a *Common Reserves Database Agreement* Memorandum of Understanding. Honouring this agreement, the Boards began work on the joint study in 2001, the first collaborative effort by the two Boards who, respectively, prepare estimates of energy supply and demand on provincial and national scales. The report enables estimates to be made about the volume of conventional natural gas available to meet future Canadian domestic and export demands.

Canada fulfils an important role in the North American natural gas market. Today, Canada provides about 25 per cent of the total North American gas production. Alberta is the major contributor to gas supply, accounting for almost 80 per cent of total Canadian production.

The NEB is an independent federal agency that regulates several aspects of Canada's energy industry. Its purpose is to promote safety, security, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament in the regulation of pipelines, energy development and trade. As part of its mandate the NEB monitors the supply of all energy commodities in Canada and publishes reports on energy, called Energy Market Assessment.

The EUB ensures that the discovery, development, and delivery of Alberta's resources and utilities services take place in a manner that is fair, responsible, and in the public interest.

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Note to editors: Please see backgrounder for more detailed information.

The full content of the report will be available on the EUB and NEB Web sites on Wednesday, 9 March 2005: <http://www.eub.gov.ab.ca> and <http://www.neb-one.gc.ca>.

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Backgrounder

This report is the first collaborative report for the EUB and the NEB. The two Boards prepare estimates of energy supply and demand on provincial and national scales. The size of the natural gas resource base is a key component required to make projections of future natural gas supply. In 2001, the Boards separately came to the conclusion that new analyses of Alberta's ultimate potential were required. Given the existing *Common Reserves Database Agreement* that applied to conventional oil and gas reserves and to demonstrate regulatory efficiency, the Boards decided to collaborate on a new study of Alberta's ultimate potential.

Highlights

Having regard for the inherent uncertainty in estimating geological prospects and predicting gas potential, the project team estimated a range for the ultimate potential for marketable conventional natural gas in Alberta to be 5765 billion cubic metres (205 trillion cubic feet) to 7134 billion cubic metres (253 trillion cubic feet), as shown in Table A. The Boards have adopted the medium case as their estimate of ultimate potential for marketable conventional natural gas. Note that this estimate does not include unconventional gas, such as coalbed methane. The new estimate for conventional natural gas will be used by both Boards in future supply projections.

Table A. Alberta's ultimate potential for marketable conventional natural gas

Case	Gas in place		Marketable gas	
	10 ⁹ m ³	Tcf	10 ⁹ m ³	Tcf
Low	9 731	345	5 765	205
Medium	10 583	376	6 276	223
High	12 012	426	7 134	253

Table B shows a breakdown of ultimate potential for natural gas into its components as of early December 2004 (production to end of October 2004).

Table B. Categorization of ultimate potential - medium case

Category	Gas in place		Marketable gas	
	10 ⁹ m ³	Tcf	10 ⁹ m ³	Tcf
Discovered	7 744	275	4 542	161
Cumulative production	5 863	208	3 438	122
Remaining discovered	1 882	67	1 104	39
Undiscovered	2 838	101	1 734	62
Ultimate potential	10 583	376	6 276	223
Remaining ultimate potential	4 720	168	2 838	101

Terminology

Ultimate potential refers to an estimate of the volume of marketable gas reserves that will be proven to exist in a geological basin or in a specific area after exploration has ceased, having regard for the geological prospects of that area and anticipated technology and economic conditions. At any point in time, ultimate potential is the sum of resources that have been discovered and resources that are still undiscovered. Discovered resources have been confirmed by wells drilled, while undiscovered resources are expected to be discovered by future drilling.

Cumulative production is the total amount of natural gas produced to a given date.

Gas in place is the volume of gas in the reservoir.

Recoverable gas is the volume that can be produced.

Marketable gas is the volume that remains after processing.

Remaining gas (ultimate potential minus cumulative production) represents the volume available to meet future market demands.