

Energy Update

May 4, 2012

Gasoline and Diesel Prices¹

Prices listed are retail prices including retail and refining margins as well as transportation costs.

City	Gas \$/litre (before taxes)	Diesel \$/litre (before taxes)	Provincial and other fuel taxes ² ¢/litre
Calgary	1.17	1.16	9
Edmonton	1.14	1.15	9
Vancouver	1.42	1.45	20.5 (21 for diesel)
Saskatoon	1.27	1.23	15
Winnipeg	1.21	1.21	11.5
Toronto	1.32	1.29	14.7 (14.3 for diesel)
Montreal	1.38	1.38	16.7
Moncton	1.32	1.36	10.7 (16.9 for diesel)
Halifax	1.34	1.32	15.5 (15.4 for diesel)
Charlottetown	1.28	1.29	15.8 (20.2 for diesel)
St. John's	1.38	1.38	16.5
Federal excise tax	10 cents. Five per cent GST is then charged on the retail price plus federal excise and provincial taxes.		

May 3, 2012

Natural Gas Prices

The New York Mercantile Exchange (NYMEX) is used as an international benchmark price for natural gas. Natural gas on the NYMEX is priced in U.S dollars per million British thermal units (MMBtu). This price is based on delivery at the Henry Hub in Louisiana. "Hub" describes the geographical location of a price reference.

Natural gas also has a North American benchmark: the AECO-NIT spot price. The AECO-NIT price is the Alberta gas trading price based on delivery at the Alberta Hub.

The AECO-NIT price is in Canadian \$/GJ where 1GJ = 0.948213 MMBtu.

¹ Source: [MJ Ervin & Associates](#), Weekly Pump Price Survey.

² Source: Government of Canada's [Fuel Focus](#). Taxes on Petroleum Products, December 2008.

Benchmark	Price	Average (2012)*	Average (2011)**
Henry Hub/NYMEX (US\$/MMBtu)	\$2.253	\$2.390	\$4.026
AECO-NIT (CAD\$/GJ)	\$1.750	\$1.909	\$3.438

May 2, 2012

* Average of daily closing prices 2012 year-to-date.

** Annual average is the average of closing prices for all trading days in 2011.

For Alberta consumers who use natural gas to heat their homes, there are two major companies responsible for providing regulated natural gas service: Direct Energy Regulated Services (DERS) and AltaGas Utilities Inc. Consumer natural gas prices are set at the beginning of each month, and are priced in \$/GJ.

Company	Price (\$/GJ)
DERS-North	1.570***
DERS-South	1.676***
AltaGas Utilities Inc.	1.181

May 3, 2012

*** Includes an energy related amount of \$0.063/GJ approved in Decision 2009-238 and Decision 2010-317.

Propane and Heating Oil Prices¹

Propane is a natural gas liquid (NGL). Canadian NGLs are priced at a hub in Texas.

Heating or furnace oil is a liquid petroleum product priced on the NYMEX.

Product	Canadian Average Price
Propane	0.73¢/litre
Heating Oil	\$1.20/litre

May 3, 2012

Crude Oil and Synthetic Crude Prices

Crude oil is priced on the NYMEX in US\$/barrel. There are many varieties and grades of crude oil, but there are a limited number benchmark prices. Other varieties of crude oil (including synthetic crude upgraded from bitumen) are priced at a discount or a premium, according to how their quality compares to that of the benchmark.

Energy Update

May 4, 2012

The price most often referenced is the West Texas Intermediate (WTI) oil benchmark.

Benchmark	Price (US\$/barrel)	Calendar Year to Date
WTI at Cushing	104.87	103.11
Western Canadian Select at Hardisty	81.40	83.71
Synthetic Blend at Edmonton	91.97	
Bitumen at Hardisty	47.99	59.40

May 4, 2012

Energy Industry Activity

Land Sales

Public offerings of petroleum and natural gas and oil sands are held every two weeks. While the public offering process is often referred to as a “land sale,” the mineral rights are not sold, but leased or rented.

Land Sale Revenue

	2012 (8 of 24 sales)	2011 (calendar year 24 sales)
Average price/hectare P&NG	\$426.95/ha	\$860.51/ha
Average price/hectare oil sands	\$66.88/ha	\$210.47/ha
Total revenue	\$474,653,428.84	\$3.64 billion

May 2, 2012

Well Licences

Before drilling a well, a company must receive regulatory approval from the Alberta Energy Resources Conservation Board (ERCB) in the form of a licence.

Monthly Well Licences³

	February 2012	January 2012	February 2011
Number of licences issued	882	1210	872

³ Source: Department of Energy

Spudded wells

A spud is the very beginning of a drilling operation for a well.

Estimated Wells Spudded³

	March 2012	February 2012	March 2011
Number of wells	712	1835	1318

May 3, 2012

Rig activity

A **drilling rig** drills holes to determine whether oil or gas is present in commercial quantities. Once a viable pool has been reached, the drilling rig will usually be replaced with a **service rig**, which is specifically equipped to bring the well into production. Drilling rigs are generally used to create new wells, while service rigs work on existing wells, including completing wells that have just been drilled, fixing wells that do not produce, and abandoning wells that have stopped producing. A service rig crew (4-6 people) is generally smaller than a drilling rig crew (12-20 people).

Drilling Rig Activity⁴

	Active	Down	Total	% Active
AB	101	515	616	16%
AB (prev.month)	169	442	611	
SK	10	103	113	9%
BC	18	34	52	35%

May 3, 2012

Service Rig Activity⁵

	Active	Down	Total	% Active
AB	278	476	754	37%
AB (prev.month)	417	339	756	
SK	103	103	206	50%
BC	3	28	31	10%

May 3, 2012

⁴ Source: [Canadian Association of Oilwell Drilling Contractors](#), courtesy of Divestco. Weekly Western Canada Drilling Rig Count.

⁵ Source: [Canadian Association of Oilwell Drilling Contractors](#), courtesy of Nickel's Rig Locator. Weekly Western Canada Service Rig Count.