

Energy Update

January 19, 2009

Gasoline and Diesel Prices¹

Prices do not include any sales tax. In Alberta, the only sales tax that applies to gasoline and diesel is the federal GST.

City	Gas \$/litre	Diesel \$/litre	Provincial and other fuel taxes ² ¢/litre
Calgary	0.67	0.74	9
Edmonton	0.66	0.71	9
Vancouver	0.66	0.69	20.5 (21 for diesel)
Saskatoon	0.71	0.73	15
Winnipeg	0.73	0.78	11.5
Toronto	0.68	0.78	14.7 (14.3 for diesel)
Montreal	0.64	0.75	16.7
Moncton	0.70	0.76	10.7 (16.9 for diesel)
Halifax	0.68	0.73	15.5 (15.4 for diesel)
Charlottetown	0.72	0.75	15.8 (20.2 for diesel)
St. John's	0.73	0.77	16.5
Federal Tax		10 ¢/litre for gasoline 4¢/litre for diesel	

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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-C spot price. The AECO-C price is the Alberta gas trading price based on delivery at the Alberta Hub. The AECO-C price is in Canadian \$/GJ.

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 (2010)*	Average (2009)**
Henry Hub/NYMEX (US\$/MMBtu)	\$5.69	\$5.71	\$4.16
AECO-C (CAD\$/GJ)	\$5.24	\$5.31	\$3.77

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* Average of daily closing prices 2010 year-to-date.

** Annual average is the average of closing prices for all trading days in 2009.

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	5.712
DERS-South	5.819
AltaGas Utilities Inc.	5.508

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The Natural Gas Rebate Program expired March 31, 2009 and will not be continued.

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	70.7 ¢/litre
Heating Oil	\$0.91/litre

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Crude Oil and Synthetic Crude Prices

Crude oil is priced on the NYMEX in US\$/barrel. There are many different 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.

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

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Benchmark	Price (US\$/barrel)	Calendar Year to Date
WTI at Cushing	78.00	81.22
Western Canadian Select at Hardisty	74.45	71.66
Synthetic Blend at Edmonton	82.62	
Bitumen at Hardisty	67.89	57.05

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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

	2010 (to date)	2009 (calendar year)
Average price/hectare P&NG	\$586.89/ha	\$420.41/ha
Average price/hectare oil sands	\$123.04/ha	\$97.69/ha
Total revenue	\$ 46.5 million	\$741.7 million

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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 license.

Monthly Well Licences³

	November 2009	October 2009	November 2008
Number of licences issued	1,221	715	1,935

³ Source: Department of Energy

Spudded wells

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

Estimated Wells Spudded³

	December 2009	November 2009	December 2008
Number of wells	531	766	1,000

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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 2009
AB	306	262	568	54%
AB (prev.month)	226	262	589	
SK	73	40	113	65%
BC	81	35	116	70%

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Service Rig Activity⁵

	Active	Down	Total	%Active 2009
AB	316	261	577	55%
AB (prev.month)	322	442	765	
SK	121	57	178	68%
BC	20	14	34	59%

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⁴ Source: [Canadian Association of Oilwell Drilling Contractors](#), courtesy of Divestco. Weekly Western Canada Drilling Rig Count as of January 12, 2010 and December 15, 2009.

⁵ Source: [Canadian Association of Oilwell Drilling Contractors](#), courtesy of Nickel's Rig Locator. Weekly Western Canada Service Rig Count as of January 12, 2010 and December 15, 2009.