

FOR IMMEDIATE RELEASE**EUB Releases Reserves Report: Crude Bitumen Production Exceeds Conventional by 50%**

Calgary, AB (*Thursday, June 3, 2004*) —The Alberta Energy and Utilities Board (EUB) today released its annual report *Alberta's Reserves 2003 and Supply/Demand Outlook 2004-2013*. This report is one of the most reliable sources of information on the state of reserves and the supply and demand for Alberta's diverse energy resources—crude bitumen, crude oil, natural gas, natural gas liquids, coal, and sulphur. It includes estimates of reserves and production volumes for 2003 and a 10-year supply/demand forecast for each resource.

The report notes that in 2003:

- Crude bitumen (oil sands) production surpassed provincial conventional oil production by over 50 percent. Bitumen production averaged 964 000 barrels (153 000 m³) per day (up 17% over the previous year), compared to conventional oil production of 629 300 (100 000 m³) per day.
- Alberta's total remaining bitumen and conventional oil reserves total 176 billion barrels (28.0 billion m³), consisting of bitumen at 174.5 billion barrels (27.7 billion m³) and conventional oil at 1.6 billion barrels (254 million m³).
- Remaining established marketable gas reserves stood at 40 trillion cubic feet (1122 billion m³).
- Gas prices have reached new and higher levels than historically.
- Despite record drilling in 2003, gas production declined by 2 per cent compared to 2002. Natural gas production is expected to remain flat in 2004 and gradually decline over time as the basin continues to mature.
- Remaining established coal reserves are 37 billion tons (34 billion tonnes).
- Extractable ethane reserves stood at 780 billion barrels (124 million m³).

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

Please see backgrounder for more detailed information. *Alberta's Reserves 2003 and Supply/Demand Outlook 2004 – 2013* is available on the EUB web site at www.eub.gov.ab.ca or from EUB Information Services, Main Floor, 640 – 5 Avenue SW, Calgary, Alberta T2P 3G4.

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Backgrounder

Alberta's Reserves 2003 and Supply/Demand Outlook 2004 – 2013

Highlights

Crude Bitumen Reserves and Production

- Alberta's remaining established reserves of crude bitumen are estimated at 174 billion barrels (27.7 billion m³)
- In 2003, crude bitumen production reached 350 million barrels (55.7 million m³), exceeding conventional oil production by 50 per cent:
 - Crude bitumen, 964 000 barrels (153 000 m³) per day.
 - Conventional oil, 629 300 barrels (100 000 m³) per day
- Upgraded bitumen yielded 196 million barrels (31.3 million m³) of synthetic crude oil.
- The EUB estimates that by 2013 bitumen production could triple.

Conventional Oil Reserves and Production

- Alberta's remaining established reserves of conventional oil are estimated at 1.6 billion barrels (260 million m³).
- In 2003, 194 million barrels (30.8 million m³) of conventional oil were added to initial reserves.
- The EUB estimates the remaining ultimate potential of conventional oil at 4.7 billion barrels (750 million m³).
- In 2003, Alberta produced 230 million barrels (36.5 million m³) of conventional oil.
- In 2003, the number of successful wells drilled increased by 42 per cent (2360 in 2003, up from 1661 in 2002).
- The EUB estimates that about 2300 successful oil wells will be drilled in 2004 and the number will stay at about 2200 wells per year over the remainder of the forecast period.

Total Oil Supply and Demand

- In 2003, Alberta produced 595 million barrels (94.6 million m³) of conventional oil, crude bitumen, and pentanes plus. This is 6 per cent higher than in 2002.
- By 2013, EUB forecasts production of 2.6 million barrels (413 000 m³) per day. The ability to increase bitumen production have offset the continuing decline in conventional crude oil.

Natural Gas Reserves and Production

- In 2003, remaining established reserves (measured downstream of field plants) stood at 40 trillion cubic feet (1122 billion m³).
- While natural gas reserves estimates do not include coalbed methane (also known as natural gas in coal), an initial conservative estimate of Alberta's coalbed methane reserves of 35 billion cubic feet (1.0 billion M³) is published for the first time.
- High gas prices led to a 46 per cent increase in successful gas wells drilled in 2003.
- Alberta produced 4.8 trillion cubic feet (135 billion m³) of marketable natural gas in 2003, a decline of 2 per cent despite record drilling.
- The EUB projects that 11000 new successful gas wells will be connected in 2004, and expects this high level of drilling activity to continue over the forecast period.

MORE...

Natural Gas Supply and Demand

- The EUB expects gas production to stay flat in 2004 but decline an average of 2-3 per cent each year over the remainder of the forecast period.
- New pools are smaller and are showing lower initial production rates and steeper decline rates.
- As Alberta's natural gas requirements increase and production declines over time, the volumes available for potential removal from the province will decline.
- The EUB's mandate requires that the natural gas requirements for Alberta's core market (residential, commercial, and institutional gas consumers) be met in the long term before any new gas removal permits are approved.

Ethane

- Remaining established reserves of extractable ethane is estimated at over 780 million barrels (124 million m³).
- Production of specification ethane in 2003 remained flat compared to 2002 at about 86.0 million barrels (13.7 million m³).
- The ethane supply is expected to meet demand over the forecast period.

Coal Reserves and Production

- The current estimate for remaining established reserves for all types of coal is about 37 billion tons (34 billion tonnes). This is a massive resource and helps to meet the energy needs of Albertans. Coal supplies fuel for about 66 per cent of electricity generation in Alberta.
- Alberta's total 2003 marketable coal production was 29 million tons (27.7 million tonnes) slightly lower than 2002. Coal production is expected to increase over the forecast period to meet demand for additional electrical generation and metallurgy.

Reserves Definitions

Initial in-place: The volume of oil and gas calculated or interpreted to exist in a reservoir before any volume has been produced.

Established reserves: Reserves recoverable under current technology and present and anticipated economic conditions specifically proven by drilling, testing, or production, plus the portion of reserves interpreted to exist from geological, geophysical, or similar information with reasonable certainty.

Initial established reserves: Established reserves prior to all the deduction of any production.

Cumulative production: The sum of production volumes from all prior years.

Remaining established reserves: Initial established reserves minus cumulative production.

Ultimate potential: An estimate of initial established reserves that will have been developed in an area by the time all exploratory and development activity has ceased, having regard for the geological prospects of the area and anticipated technology and economic conditions.

PLEASE SEE TABLE ON NEXT PAGE...

Reserves and Production Summary 2003								
	Crude Bitumen		Crude Oil		Natural Gas		Coal	
	million cubic metres	billion barrels	million cubic metres	billion barrels	billion cubic metres	trillion cubic feet	billion tonnes	billion tons
Initial in-place	258 900	1 629	9 878	62.0	7 504	266	94	103
Initial established	28 392	179	2 634	16.6	4 401	156	35	38
Cumulative production	667	4.2	2 380	15.0	3 279	116	1.21	1.30
Remaining established	27 726	175	254	1.6	1 122	40	34	37
Annual production	56	0.352	37	0.230	135	4.8	0.029	0.032
Ultimate potential (recoverable)	50 000	315	3 130	19.7	5 600	200	620	683