

News Release

ERCB Releases Updated Reserves Report and Supply/Demand Outlook

Calgary, Alberta (June 5, 2008) The Energy Resources Conservation Board (ERCB) has released its annual report *Alberta's Reserves 2007 and Supply/Demand Outlook 2008-2017*. This report is an independent source 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 at December 31, 2007, and a 10-year supply/demand forecast for each resource. The report also includes historical data for energy resources production.

The report notes the following:

- In 2007, bitumen production surpassed conventional oil production by over 250%. Bitumen production of 482 million barrels averaged 1.32 million barrels per day (an increase of 5% over 2006), compared to conventional oil production of 191 million barrels, or 524,800 barrels per day (a decrease of 3.5% from 2006).
- The ERCB expects Alberta's annual bitumen production to increase to more than one billion barrels by 2017.
- Alberta's total remaining established bitumen and conventional oil reserves totaled 174.2 billion barrels, consisting of bitumen (172.7 billion barrels) and conventional oil (1.5 billion barrels).
- Remaining established marketable conventional and coalbed gas reserves stood at 39 trillion cubic feet (measured at standard conditions).
- Alberta's remaining established coal reserves are estimated at about 37 billion tons.

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

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Please see backgrounder for more detailed information. *ST98-2008: Alberta's Reserves 2007 and Supply/Demand Outlook 2008-2017* is available on the ERCB Web site at www.ercb.ca or from ERCB Information Services, Main Floor, 640 - 5 Avenue SW, Calgary, Alberta, T2P 3G4.

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Background

Alberta's Reserves 2007 And Supply/Demand Outlook 2008 – 2017 (ST98 - 2008)

Bitumen Reserves and Production

- For 2007, the ERCB increased its estimate of the remaining established reserves under active in situ development from 2.43 billion barrels (386 million m³) to 3.72 billion barrels (593 million m³) due to the assessment of new and expanded projects approved in the last several years.
- For 2007, estimates of the total bitumen resource in place have been adjusted upward slightly from the previous year's 1.701 trillion barrels (270 billion m³) to the current 1.712 trillion barrels (272 billion m³).
- The total provincial remaining established reserve estimate was only slightly changed from the previous year's 173.2 billion barrels (27.53 billion m³) to 172.7 billion barrels (27.45 billion m³) as a result of production.
- In 2007, Alberta produced 482 million barrels (76.6 million m³), or 1.32 million barrels (209 900 m³) per day, of bitumen from the oil sands, a 5% increase from 2006.
- 62% of bitumen produced in 2007 was upgraded in Alberta, yielding a record 251 million barrels (40 million m³) of synthetic crude oil, or 687 800 barrels (109 300 m³) per day.
- Bitumen upgrading is expected to reach 70% by 2017. This will yield 730 million barrels (116 million m³) of synthetic crude oil, or 2 million barrels (317 800 m³) per day.
- Alberta raw bitumen production is expected to increase to 3.2 million barrels (513 000 m³) per day by 2017, based on announced expansions of existing projects and new projects.

Conventional Oil Reserves and Production

- Alberta's remaining established reserves of conventional oil are estimated at 1.5 billion barrels (241 million m³), a 3.5% decrease from 2006.
- In 2007, drilling added 130 million barrels (20.6 million m³) of conventional oil reserves, replacing 68% of production for 2007.
- The ERCB estimates the remaining ultimate potential of conventional oil at 3.9 billion barrels (619 million m³).
- In 2007, Alberta produced 191 million barrels (30.4 million m³) of conventional oil, or 524 800 barrels (83 400 m³) per day.
- In 2007, the number of wells placed on crude oil production decreased to 1,745, compared with 1,956 in the previous year.
- The ERCB estimates the number of new wells placed on production will increase to 1,900 wells in 2008 and remain at this level over the forecast period.

Total Oil Supply and Demand

- In 2007, Alberta produced 1.9 million barrels (296 000 m³) per day of conventional oil, crude bitumen, and pentanes plus. This is 3% higher than in 2006.
- By 2017, ERCB forecasts production of 3.4 million barrels (535 000 m³) per day, of which 3 million barrels per day is synthetic crude and bitumen. The ability to increase bitumen production has offset the continuing decline in conventional crude oil.
- Alberta's total remaining bitumen and oil reserves include 1.5 billion barrels of conventional oil and 172.7 billion barrels of bitumen. This positions Alberta as a net supplier of oil for many decades to come.

Natural Gas Reserves and Production

- In 2007, remaining established reserves stood at 38 trillion cubic feet (1069.3 billion m³).
- Alberta produced 4.7 trillion cubic feet (133.7 billion m³) of marketable conventional natural gas in 2007, down slightly from last year's production.

Coalbed Methane

- A conservative estimate of Alberta's coalbed methane (CBM) remaining reserves of 862 billion cubic feet (24.3 billion m³) has been determined.
- In 2007, Alberta produced 241 billion cubic feet (6.8 billion m³) of commingled gas production from CBM wells, a 44% increase over last year's production of 167 billion cubic feet (4.7 billion m³).
- In 2003, the Alberta Geological Survey (part of the ERCB) released an estimate of 500 trillion cubic feet of ultimate CBM gas in place in Alberta.

Ethane

- Remaining established reserves of extractable ethane is estimated at over 727 million barrels (116 million m³).
- Production of specification ethane in 2007 decreased by 2% to 9 million barrels (14.5 million m³) compared to 2006.

Coal Reserves and Production

- The estimate for remaining established reserves for all types of coal is about 37 billion tons (34 billion tonnes). Coal supplies fuel about 62% of electricity generation in Alberta.
- Alberta's total 2007 marketable coal production was 37 million tons (32.5 million tonnes). Coal production is expected to increase over the forecast period to meet demand for additional electrical generation and metallurgy.

Reserves and production summary, 2007

	Crude bitumen		Crude oil		Natural gas ^a		Raw coal	
	(million cubic metres)	(billion barrels)	(million cubic metres)	(billion barrels)	(billion cubic metres)	(trillion cubic feet)	(billion tonnes)	(billion tons)
Initial in place	271 993	1 712	10 532	66.3	8 700	309	94	103
Initial established	28 392	179	2 751	17.3	4 923	175	35	38
Cumulative production	944	5.9	2 511	15.8	3 829	136	1.34	1.48
Remaining established	27 448	173	241	1.5	1 094^b	39^b	34	37
Annual production	76.6	0.482	30.4	0.191	135	4.8	0.033	0.037
Ultimate potential (recoverable)	50 000	315	3 130	19.7	6 276 ^c	223 ^c	620	683

^a Includes coalbed methane (CBM). Expressed as "as is" gas.

^b Measured at field gate (or 38 trillion cubic feet downstream of straddle plant).

^c Does not include CBM.

Reserves Definitions

Initial in place: The volume or mass of oil, gas, bitumen, or coal calculated or interpreted to exist in the ground before any quantity 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 or mass 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.**

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