

# Market Diversification for Canadian Oil and Gas

Presented by: John Foran  
Natural Resources Canada  
June 17, 2013



Natural Resources  
Canada

Ressources naturelles  
Canada

Canada

# Canada/US Energy Trade Relationship

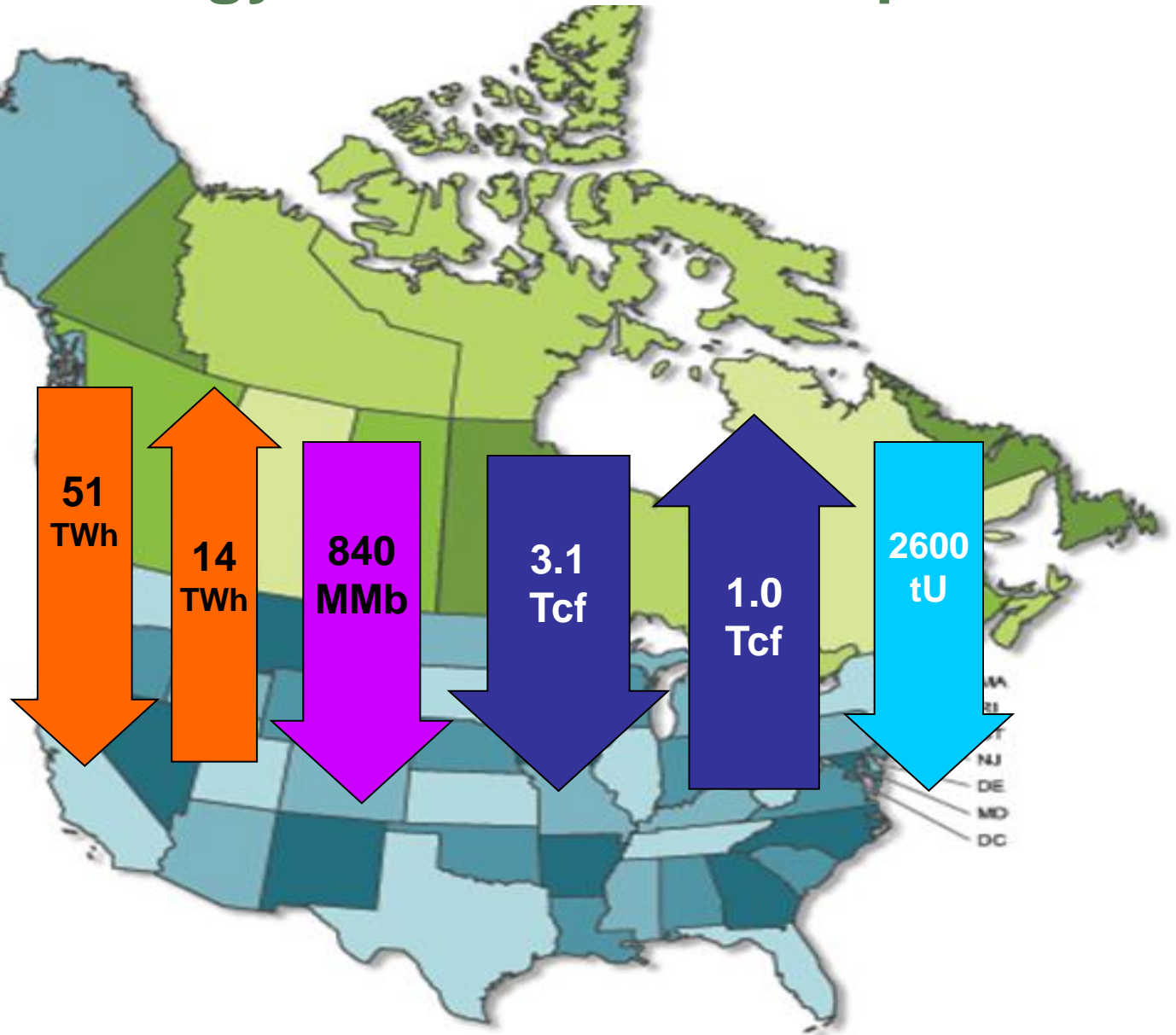
% US Market

**Electricity** 1%

**Crude Oil** 16%

**Natural Gas** 12%

**Uranium** 20%



# Canada's Energy Policy Agenda

- Market oriented energy policy
- Maximize benefits of resources for Canadians
- Ensure public health, safety, environmental protection
- Address concerns of Canadians
- Changing context
  - Outlook for increased Canadian energy production from shale gas, oil sands and tight oil
  - Prices less than global prices for same product. Infrastructure required to connect them
  - US becoming self sufficient
  - Social license



# Energy Market Diversification is a priority for Canada

- *“it is increasingly clear that Canada’s commercial interests are best served through diversification of our energy markets.” To this end, our Government is committed to ensuring that Canada has the infrastructure necessary to move our energy resources to those diversified markets.” – Prime Minister Stephen Harper*
- Canadian oil and gas production far exceeds domestic requirements; resources are huge and growing; greater volumes will be available to export
- 99% of crude oil exports and 100% of Canada’s natural gas exports go to the United States
- US is becoming more self-sufficient, while global demand is growing
- North American prices are lower than global prices
- Growing need for, and reality of, foreign investment





# Market Diversification: Natural Gas / LNG



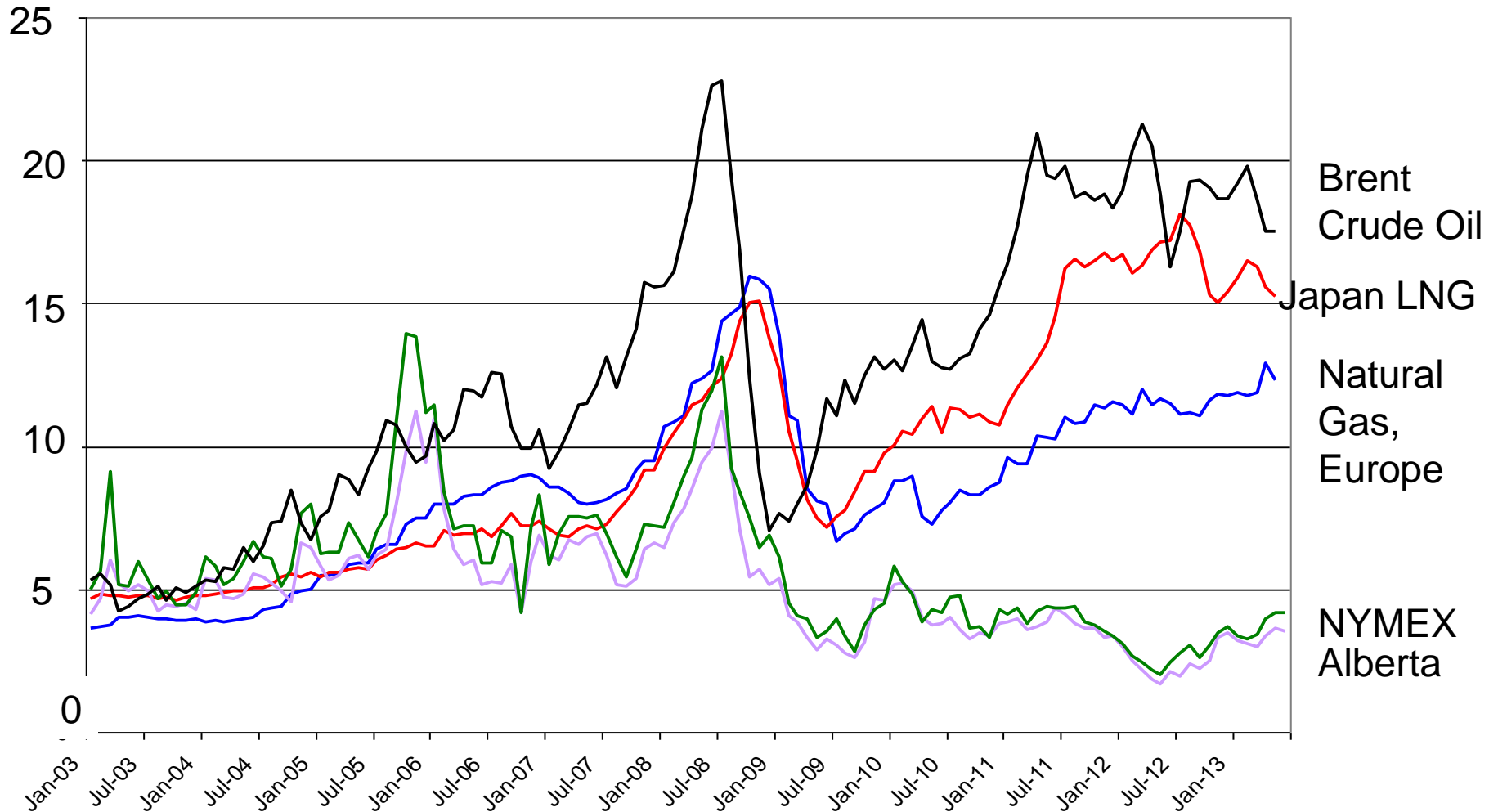
Natural Resources  
Canada

Ressources naturelles  
Canada

Canada

# Global prices are higher

\$ / MMBtu

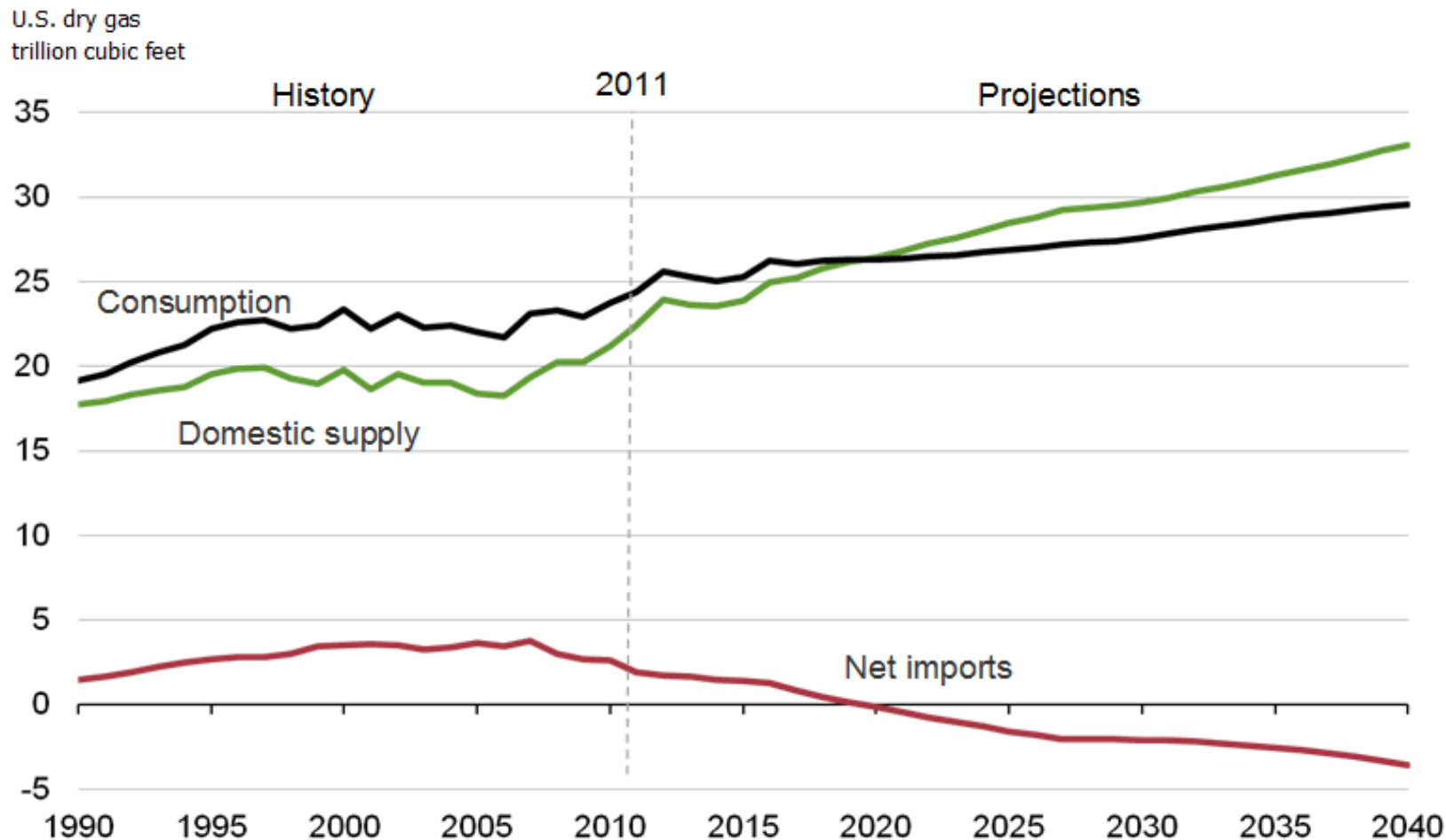


Natural Resources  
Canada

Ressources naturelles  
Canada

Canada

# US becoming more self-sufficient



Source: EIA, Annual Energy Outlook 2013

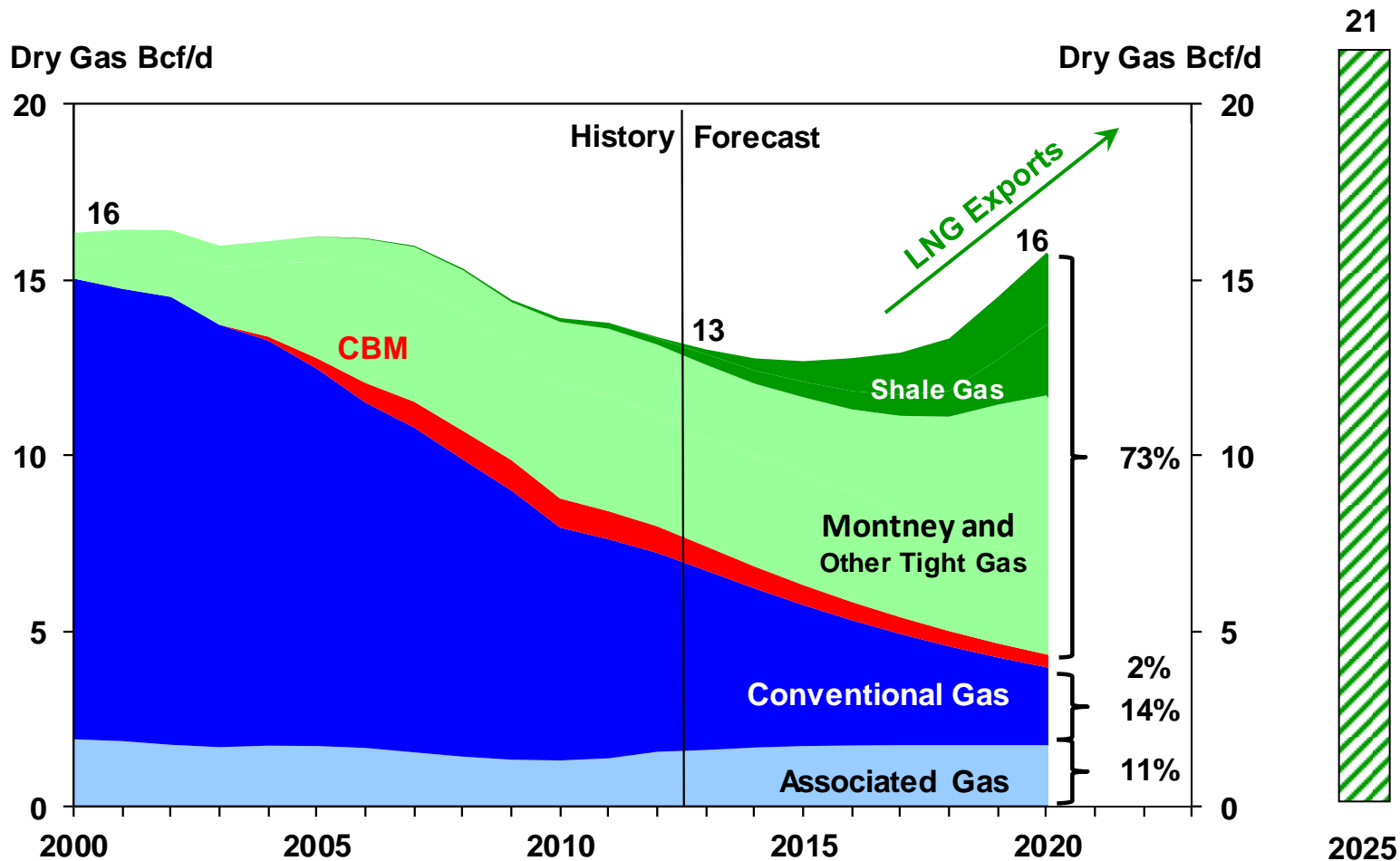


Natural Resources  
Canada

Ressources naturelles  
Canada

Canada

# Canadian Supply will be available to export



Source: Ziff Energy



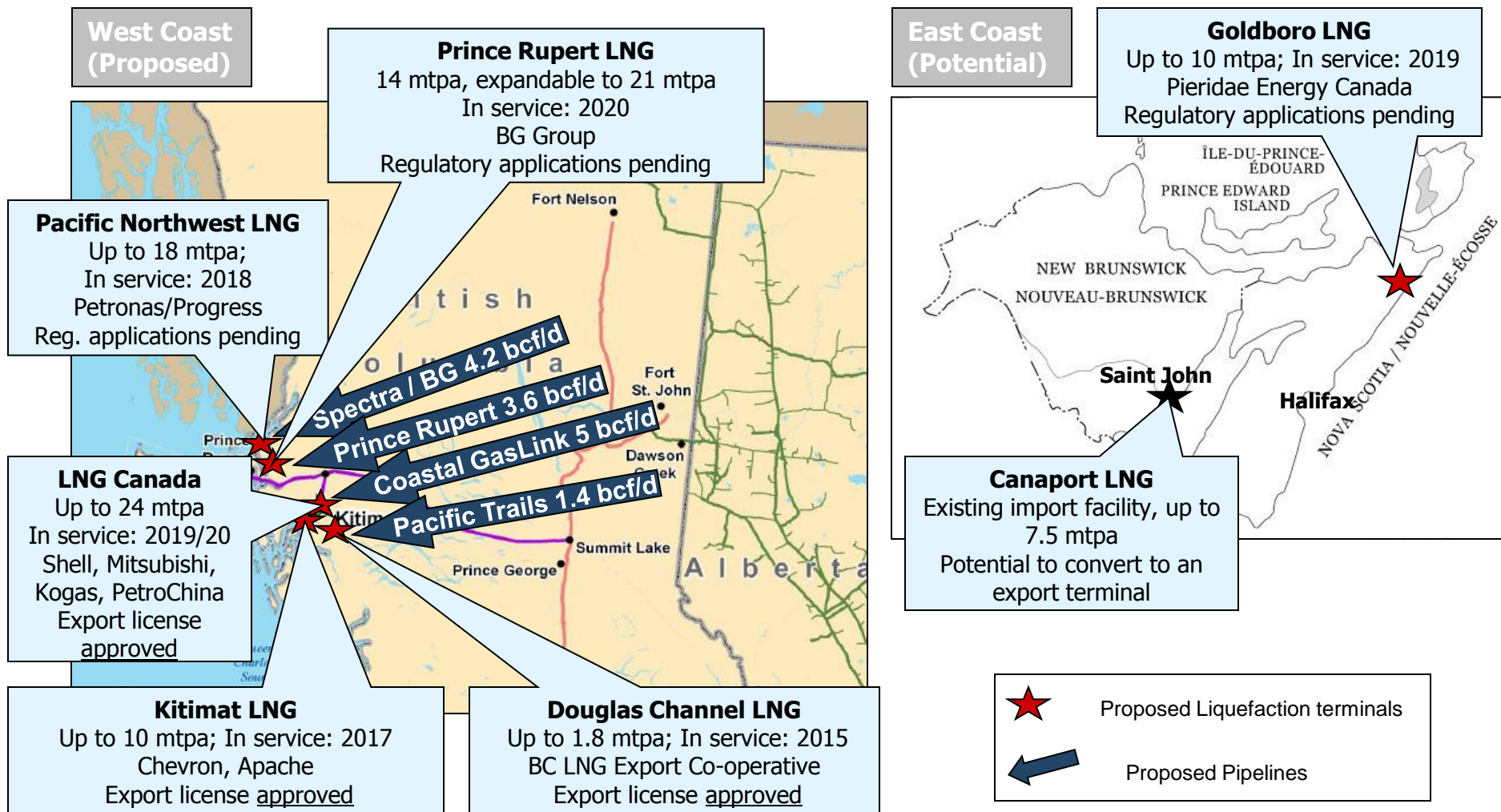
Natural Resources  
Canada

Ressources naturelles  
Canada

Canada



# Export Terminals Being Pursued



An aerial photograph showing a vast landscape. In the foreground and middle ground, there is a dense forest of evergreen trees. A winding river or stream flows through the forested area. In the background, there is a large industrial facility, possibly an oil refinery or processing plant, with several large storage tanks and buildings. The sky is blue with some light clouds.

# Market Diversification: Crude Oil

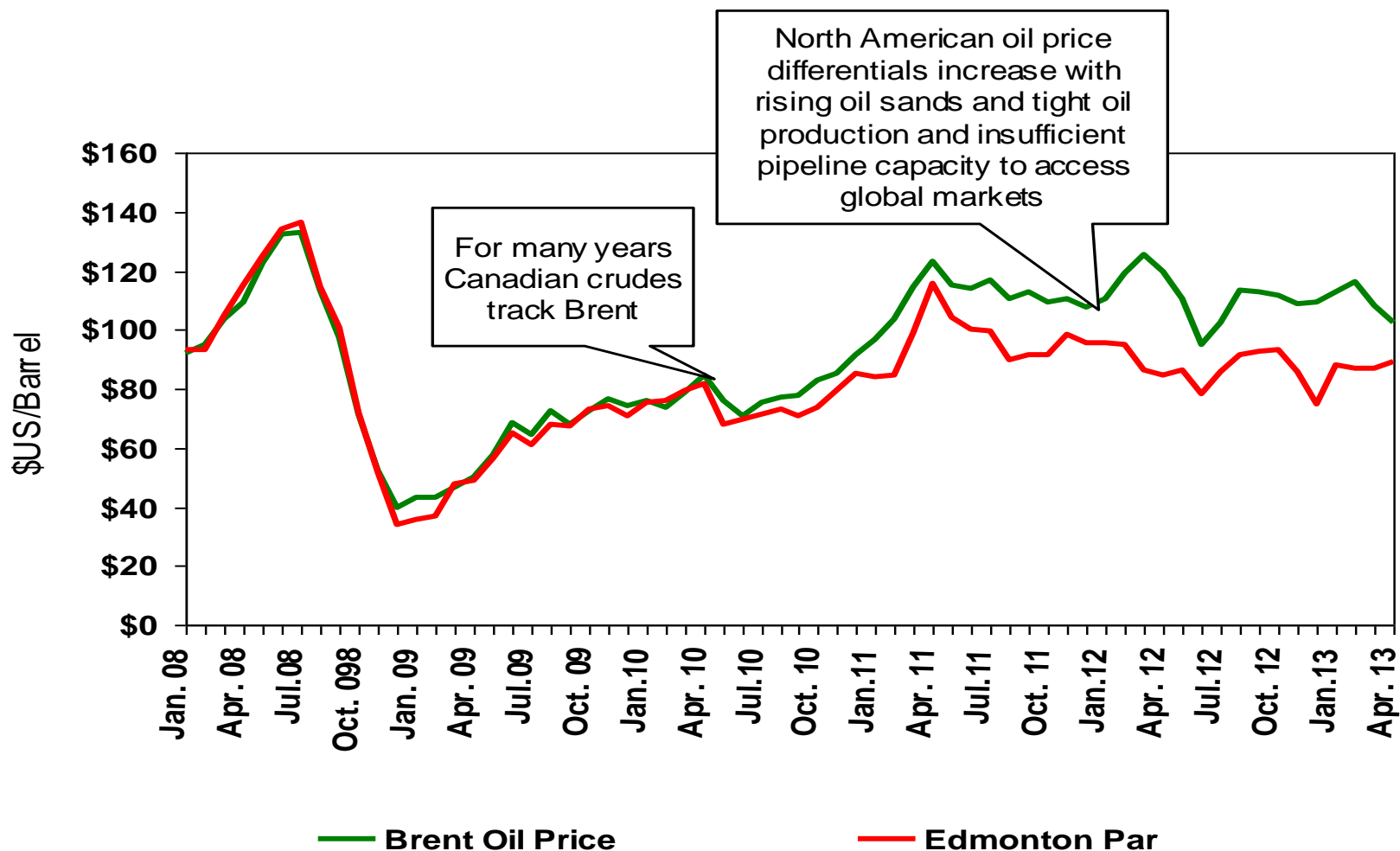


Natural Resources  
Canada

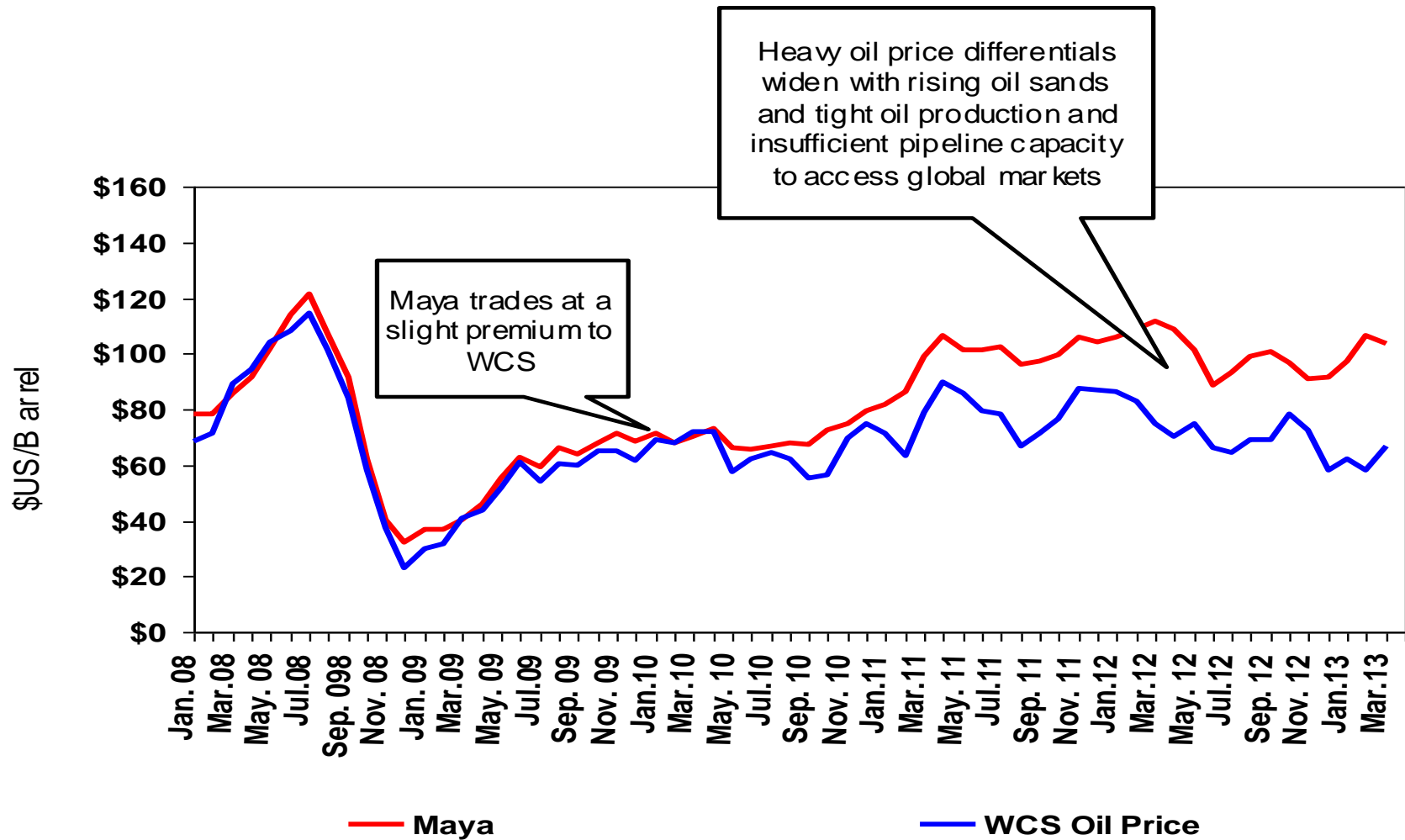
Ressources naturelles  
Canada

Canada

# Global light oil prices are higher



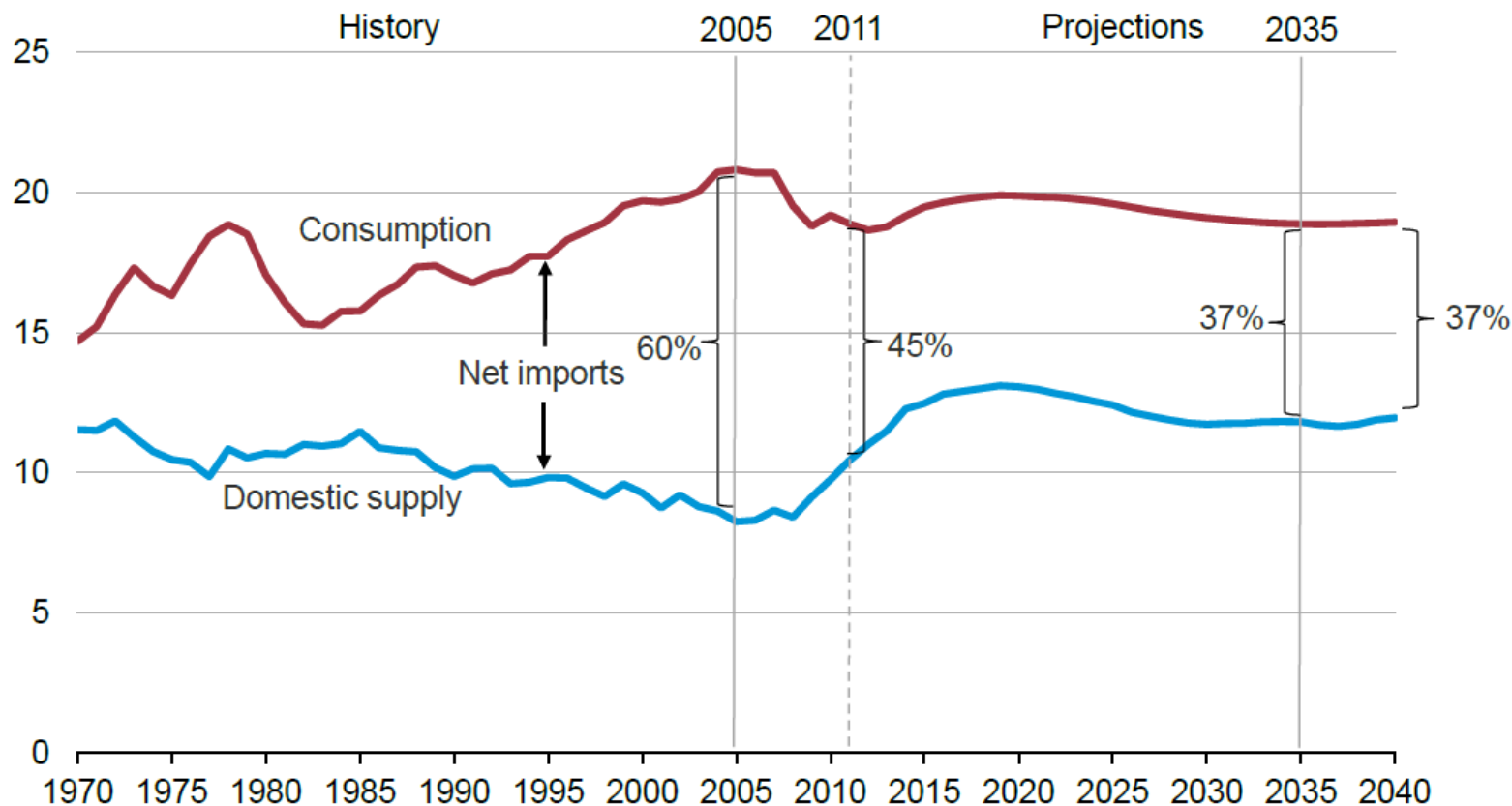
# Global heavy oil prices are higher



# US Demand for Crude Imports Falling

## U.S. dependence on imported liquids declines

U.S. liquid fuel supply  
million barrels per day



Source: EIA, Annual Energy Outlook 2013 Early Release



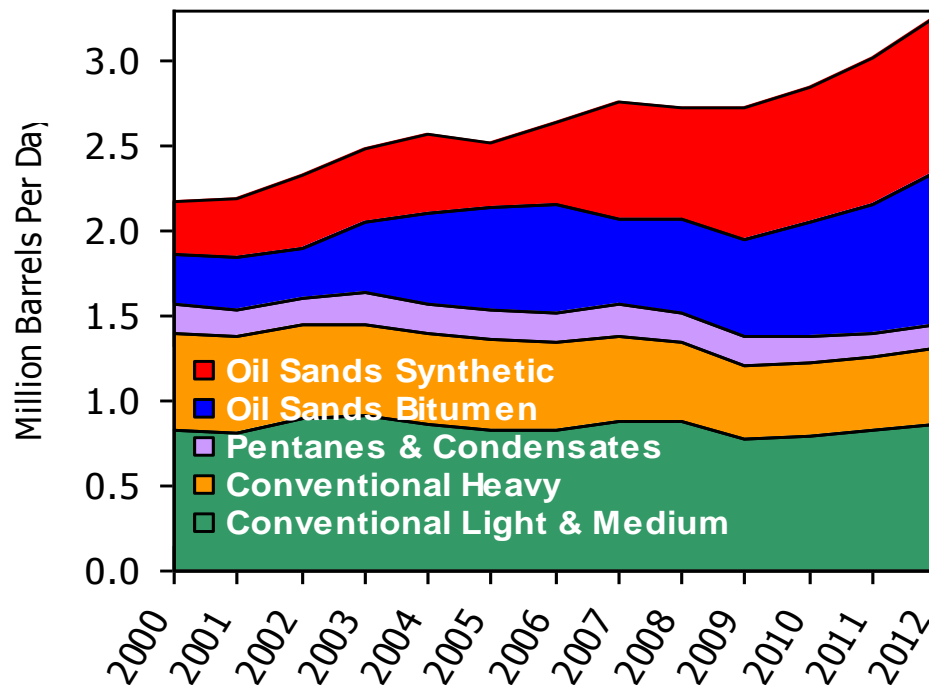
Natural Resources  
Canada

Ressources naturelles  
Canada

Canada

# Canadian Supply has grown, expected to keep growing

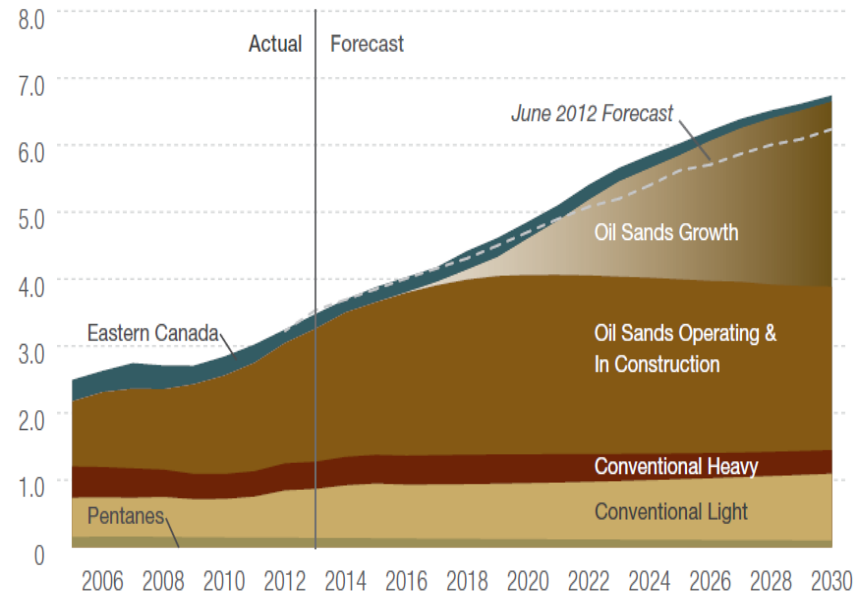
## Canadian Crude Oil Production



Source: Statistics Canada

## Crude Oil Production Forecast

Canadian Oil Sands & Conventional Production  
million barrels per day



Source: Canadian Association of Petroleum Producers



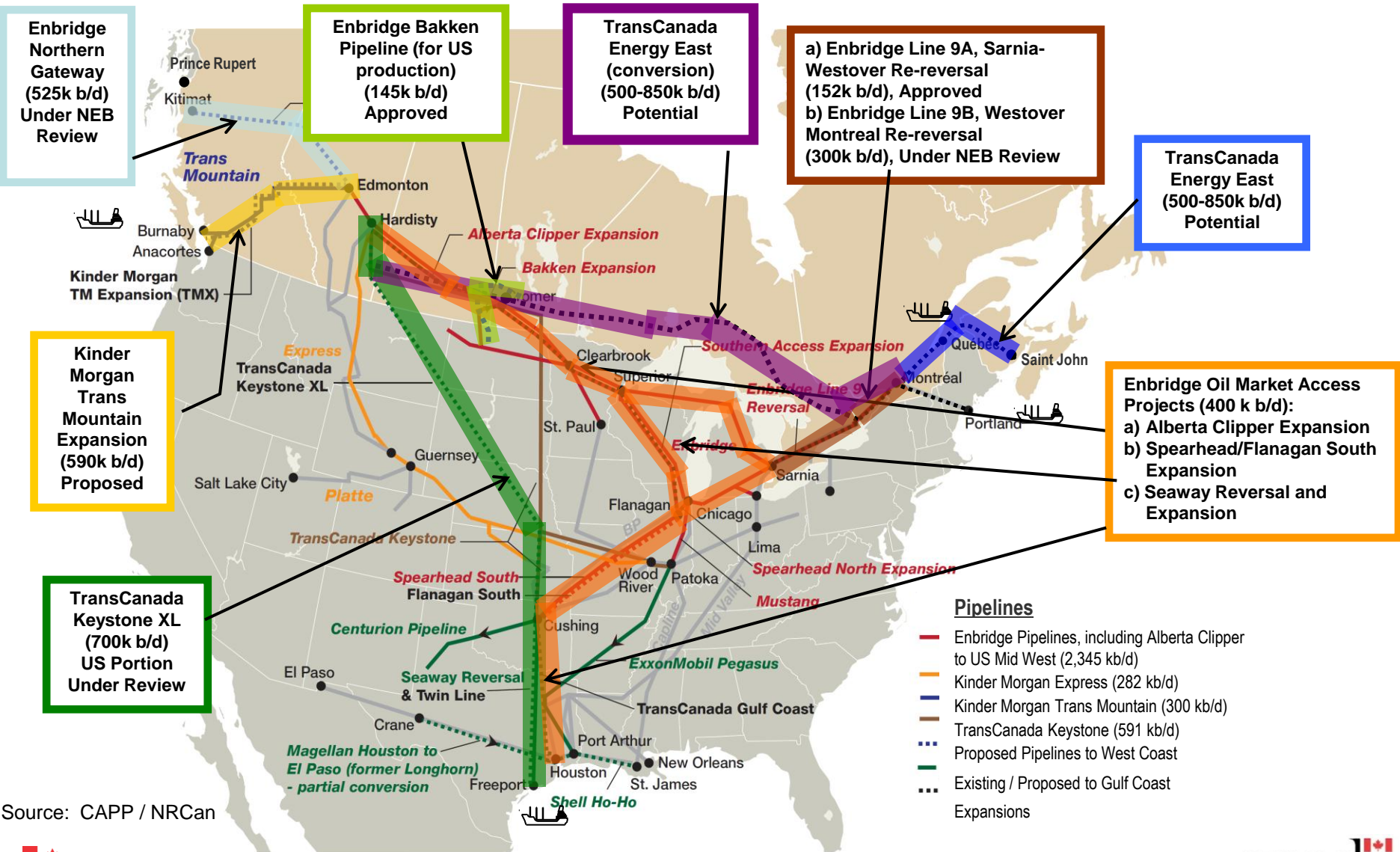
Natural Resources  
Canada

Ressources naturelles  
Canada

Canada



# Pipelines proposed to South, West and East



Source: CAPP / NRCan



# Canada is a Responsible Resource Developer



Natural Resources  
Canada

Ressources naturelles  
Canada

Canada 

# Pipeline Safety

- National Energy Board (NEB) administers a rigorous regulatory regime, industry achieves a strong safety record
- Canada and US – NEB and PHMSA – similar approaches
- Canadian pipelines transport light crude oil, tight light oil, conventional heavy, synthetic light oil, and heavy oil blends (diluted bitumen)
- All Canadian crudes transported in pipelines are similar to US crudes transported in pipelines
- Bitumen-derived crudes (e.g. Western Canada Select) are heavy crudes similar to Mexico Maya, Venezuela or California heavy.



NRCan pipeline information

<http://www.nrcan.gc.ca/pipeline/6698>



Natural Resources  
Canada

Ressources naturelles  
Canada

Canada



# Environmental Responsibility

- Canada is one of the few top 10 global oil producers that committed at Copenhagen to reduce its GHG emissions 17% from 2005 levels by 2020
- From 2005 to 2011, overall GHG emissions have declined in Canada. We project this will get us half way to our emissions goal
- GHG emissions per barrel have fallen 26% in the oil sands since 1990. The federal government, Alberta and industry are committed to further reductions
- Canada will announce GHG regulations for the oil and gas sector in 2013
- Canada and Alberta have established a robust monitoring system for air, water and land impacts from oil sands development



# Conclusions

- US is Canada's biggest and most valued market
- Canada shares US goals of responsible, safe resource development
- Government and industry focussed on market diversification
- Projects being pursued to realize opportunities
- Resource is there; geology is destiny

