

# PEAKS and VALLEYS

What goes up must come down. And vice versa. Yes, prices for the cleanest burning fossil fuel have been depressed for quite some time. Growing production from tight rock basins in the United States and Canada is largely to blame, and the forecasts are predicting prices won't rebound any time soon. That's not good news for anyone looking to exploit Atlantic Canada's natural gas reserves. But the oil and gas industry is a cyclical business. Prices could return to the glory days of the early 2000s sooner than the experts expect.

## PRICING POINT

The short-term outlook for natural gas prices is not appetizing for companies who might be tempted to develop Atlantic Canada's reserves, or reserves anywhere in Canada, according to recent National Energy Board analysis.

Source: NEB Short-term Natural Gas Deliverability 2015-2017 Report



AVERAGE PRICE  
2014  
**\$4.35/MMBtu**



HIGH RANGE PRICE CASE  
2017  
**\$3.70/MMBtu**



MID-RANGE PRICE CASE  
2017  
**\$3.55/MMBtu**



LOW PRICE CASE  
2017  
**\$3.10/MMBtu**

## CAUSE & EFFECT

Of course, low natural gas prices will impact Canadian production of this fossil fuel. In 2005, an average of 17 bcf/d of natural gas was produced in Canada. A lot less will be produced in 2017 if the NEB's natural gas price projections cited above prove accurate.

### AVERAGE PRODUCTION - 2017

LOWER RANGE PRICE CASE  
**13.9 bcf/d**

MID-RANGE PRICE CASE  
**14.7 bcf/d**

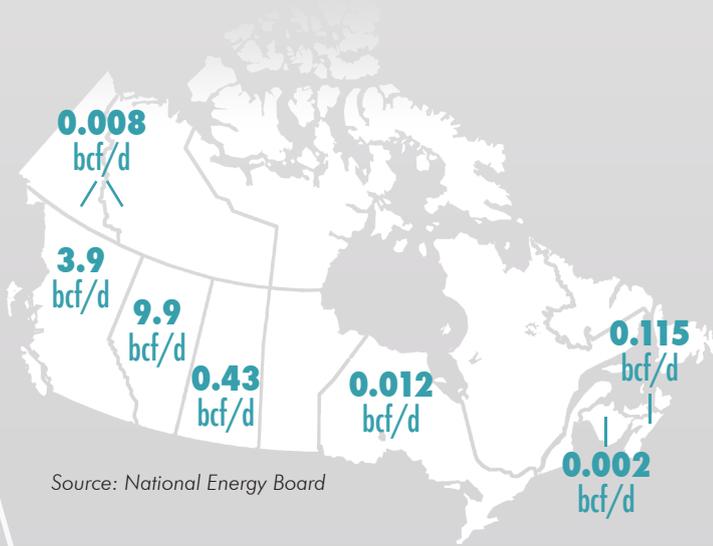
HIGH RANGE PRICE CASE  
**15.6 bcf/d**

Source: NEB Short-term Natural Gas Deliverability 2015-2017 Report

MMBtu = Million British thermal units  
Bcf = billion cubic feet

## THE WEST IS BEST

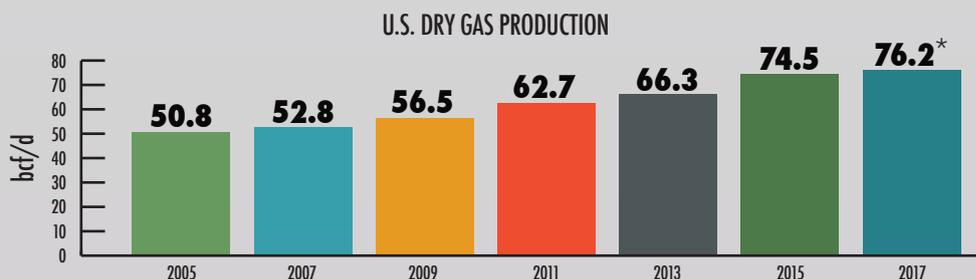
Western Canada is this country's undisputed king when it comes to natural gas production, contributing well over 90 per cent of the country's annual output. But how much production is each province or territory actually responsible for? Here is how it looked in October, 2015, the most recent figures the NEB has in the public domain.



Source: National Energy Board

## BIG BROTHER

Oversupplied North American markets will likely keep Atlantic Canada's natural gas reserves in the ground for some time. Growing production from the United States is the main reason why those markets are awash in gas, as output has skyrocketed stateside since 2005.



\* Forecasted production | Source: U.S. Department of Energy