

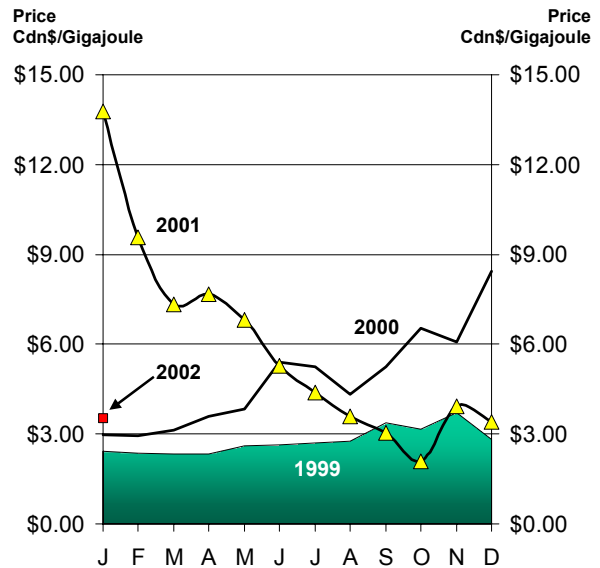
Natural Gas Market Update December 2001

The monthly report “Natural Gas Market Update” provides a brief update on natural gas prices and on key factors affecting prices. The charts illustrate monthly data for the full years 1999 and 2000, and year-to-date 2001.

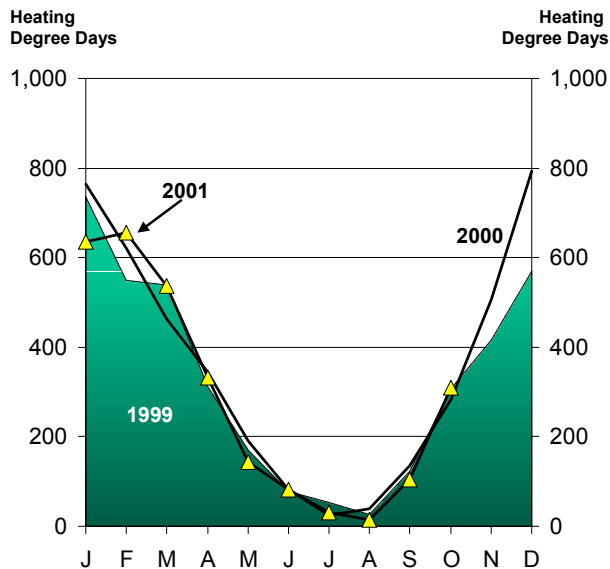
NATURAL GAS PRICES

This figure illustrates the price of natural gas at the major Canadian pricing point – the AECO storage hub in Alberta. The price is for gas delivered under a 30-day contract. This is a commodity price – a wholesale price in the producing area. Consumer (or “burner tip”) prices will also include pipeline transmission and distribution costs, which vary across Canada. Natural gas is commonly measured in gigajoules (GJ) or cubic metres. A gigajoule is an energy unit which equates to about 27 cubic metres of natural gas.

Canadian natural gas commodity prices decreased 14% to \$3.39 Cdn/GJ in December 2001.



Note: Canadian price is the Alberta price at the AECO Hub
Source: Canadian Natural Gas Focus



Source: Statistics Canada

HEATING DEGREE DAYS

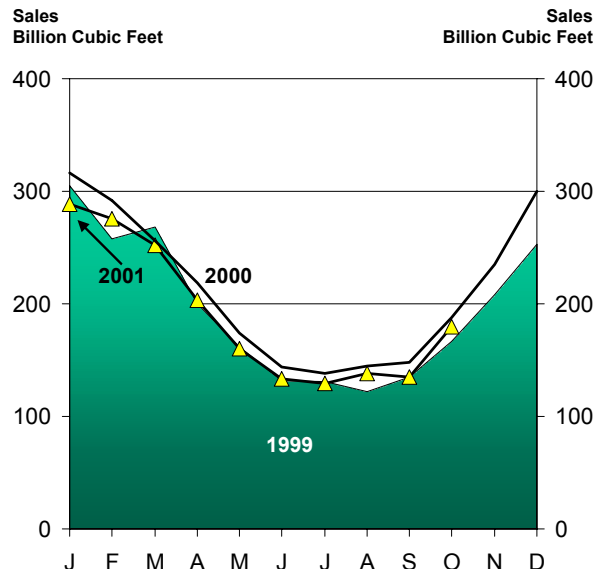
HDDs are a measure of how cold it is. The more HDDs in any season, the greater is natural gas demand for space heating. If the winter is unusually cold, demand will respond accordingly and natural gas prices will tend to be stronger. However, if the winter is mild, demand will be weaker, and this will tend to moderate prices.

In October 2001, there were 309 HDDs, 10% more HDDs than in October 2000. October 2001 was 8% colder than normal.

DEMAND FOR NATURAL GAS

This figure illustrates total Canadian natural gas sales. Sales include all natural gas sold to residential and commercial users (for space and water heating, cooking, etc), industries and electricity generating units in Canada. The totals do not include consumption by the natural gas industry itself (e.g., pipeline compressor fuel).

Natural gas sales to Canadian consumers in October 2001 were about 180 Bcf, 4% lower than in October 2000.

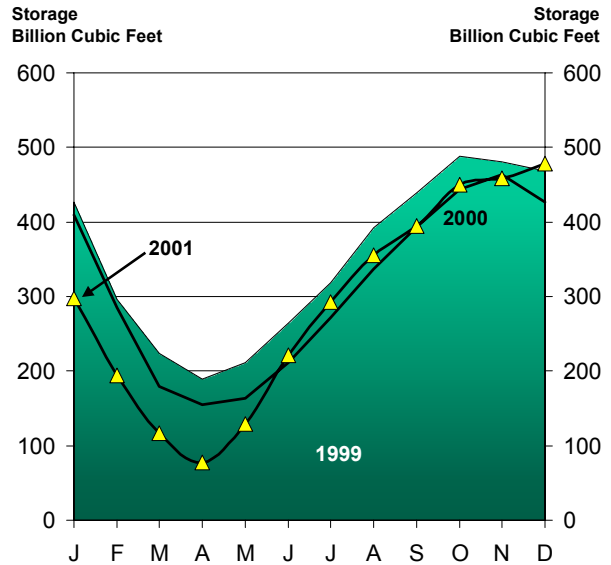


Note: Most recent month is a preliminary figure
Source: Statistics Canada

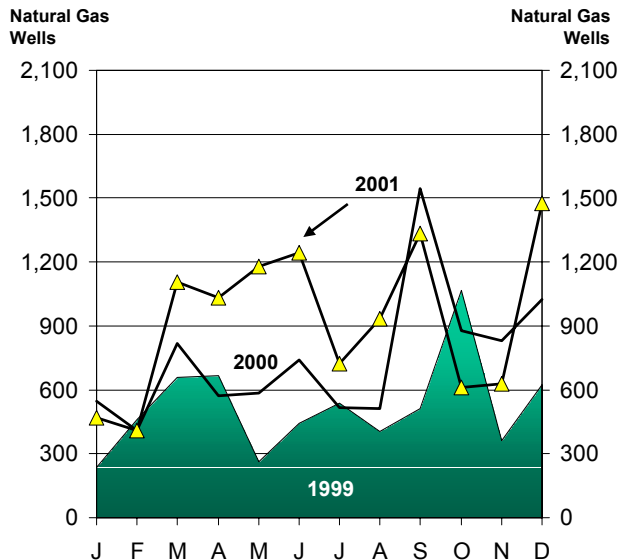
NATURAL GAS STORAGE

This chart indicates natural gas storage levels in Canada. The amount of gas in storage generally follows a seasonal pattern. In the summer, when natural gas demand is low, gas is injected into storage. Storage volumes peak in the fall. In winter, volumes are drawn down, reaching a low point in the spring.

Canadian gas storage inventories increased by 19 Bcf during the month of November 2001. Storage levels at the beginning of December 2001 were 12% higher than those of December 2000.



Source: Canadian Gas Association



Source: Daily Oil Bulletin. Monthly totals estimated from weekly data.

NATURAL GAS DRILLING

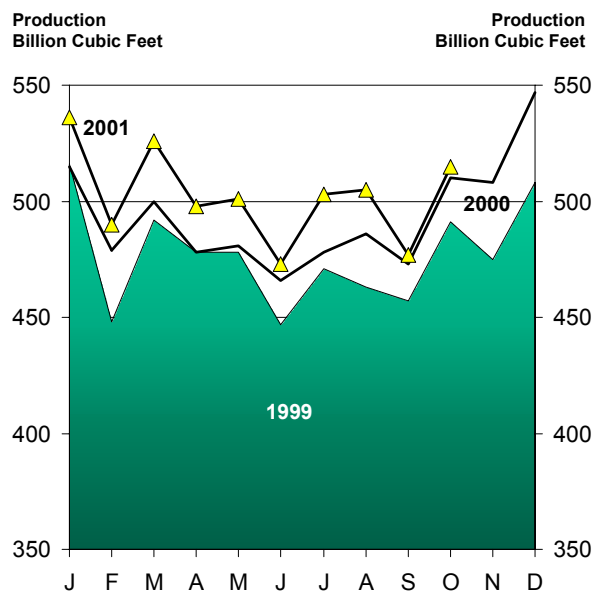
This chart depicts the number of natural gas well completions in Canada. There is a time-lag between drilling a gas well and starting production, due to the work necessary to connect the new well to the pipeline grid. Drilling is therefore a good indicator of future natural gas supply.

There were 1476 natural gas well completions in December 2001, an increase of 44% compared to December 2000.

NATURAL GAS PRODUCTION

This chart shows marketable natural gas production in Canada. Marketable natural gas is the gas available for consumption after processing and excludes producer or plant uses.

Marketable natural gas production was 515 Bcf in October 2001, 1% higher than in October 2000. Year to date production for January through October is 5,022 Bcf, which is 3% higher than the same period last year.



Note: Most recent month is a preliminary figure
Source: Statistics Canada