

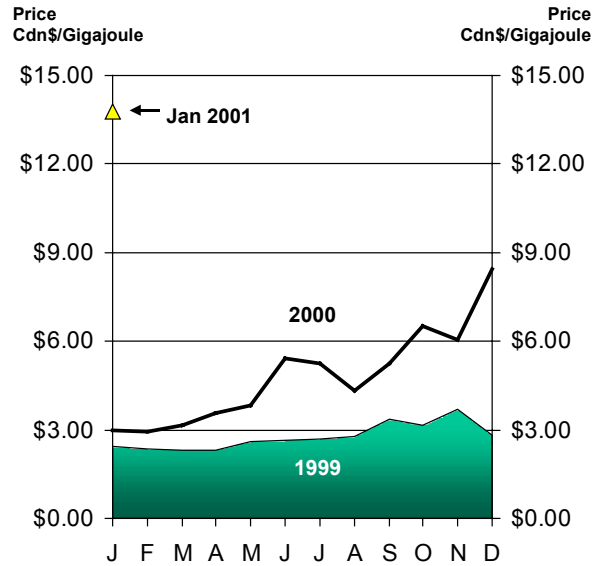
Natural Gas Market Update January 2001

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 year 1999 and year-to-date 2000 and 2001.

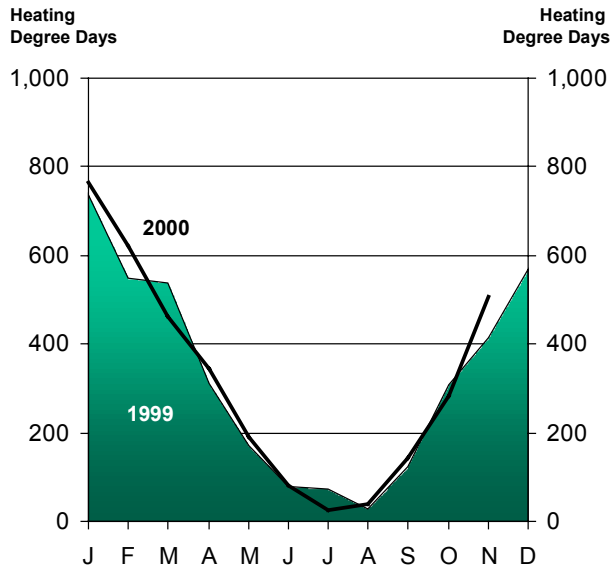
NATURAL GAS PRICES

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 rose to \$13.78 Cdn/GJ in January 2001, an increase of 63% from December 2000.



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



Source: Statistics Canada

DEMAND FOR NATURAL GAS

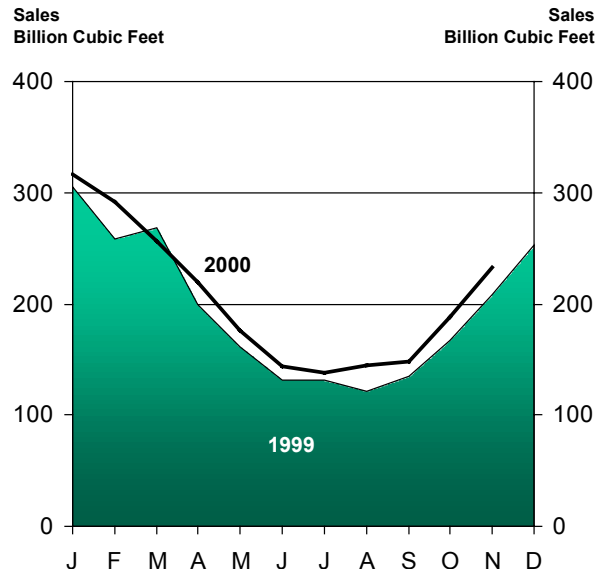
This figure illustrates total Canadian natural gas sales. Sales include all natural gas sold to residential and commercial users (for space and water heating, cooking, etc), industries and electricity generating units in Canada. The totals do not include consumption by the natural gas industry itself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

Natural gas sales to Canadian consumers for the period of January to November 2000 were 2,255 Bcf, an increase of more than 8% compared to the same period last year.

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 November 2000, there were 506 HDDs, compared to 415 in November 1999. The period of January to November, 2000 saw 4% cooler weather than the same period last year.

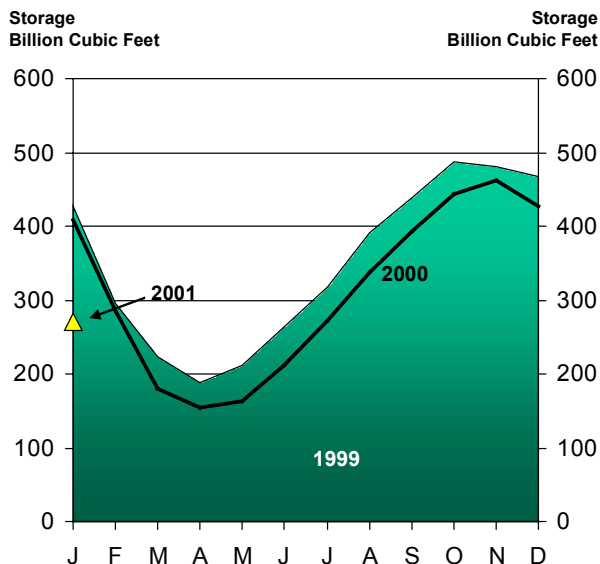


Note: Most recent month is a preliminary figure
Source: Statistics Canada

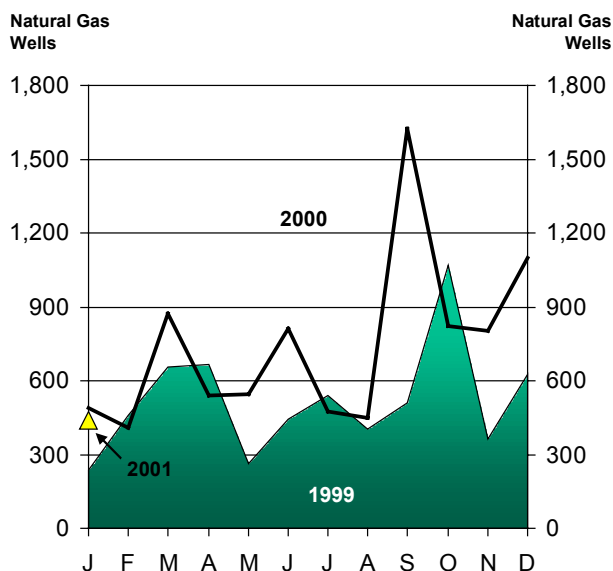
NATURAL GAS STORAGE

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 had decreased by 111 Bcf during the month of December 2000. Storage levels at the beginning of January 2001 were 27% lower than January 2000. This partly explains the current high natural gas price environment.



Source: Canadian Gas Association



Source: Daily Oil Bulletin

NATURAL GAS DRILLING

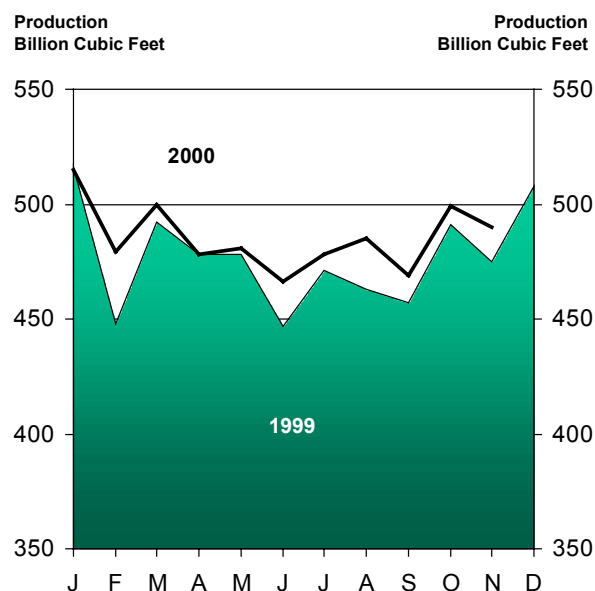
This chart depicts the number of natural gas well completions in Canada. There is a time-lag between drilling a gas well and starting production, due to the work necessary to connect the new well to the pipeline grid. Drilling is therefore a good indicator of future natural gas supply.

There were 438 natural gas well completions in January 2001 compared to 491 wells drilled in January 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.

Canadian production has increased steadily since 1986. Year to date, Canadian marketable production increased more than 2% over the same period last year, reaching 5,339 Bcf. About 80% of the increased production is due to new production from the Sable project offshore Nova Scotia, while the other 20% is due to higher western Canadian production, as a result of the high drilling levels.



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