

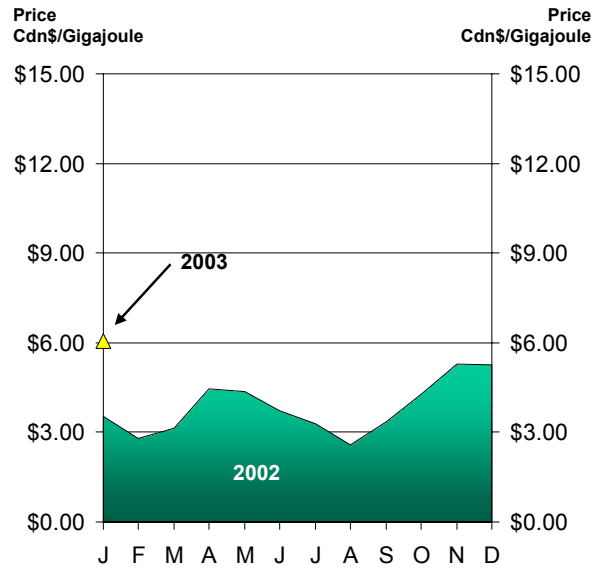
# Natural Gas Market Update January 2003

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 2001 and year-to-date 2002 and 2003.

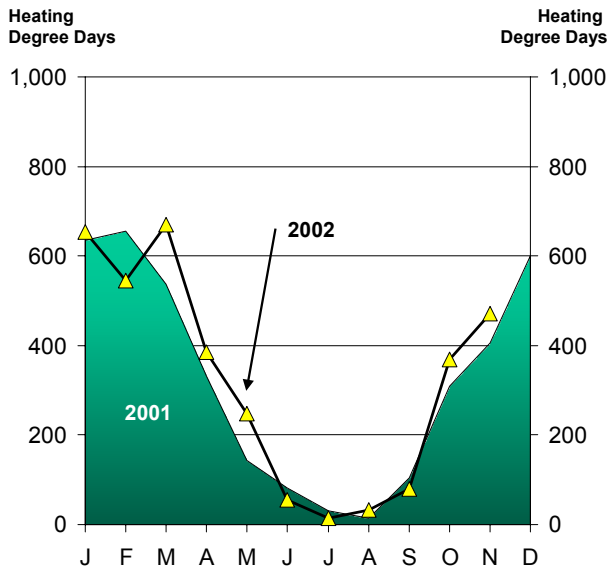
## NATURAL GAS PRICES

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 increased 15% to \$6.04 CDN/GJ in January 2003.



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



Source: Statistics Canada

## HEATING DEGREE DAYS

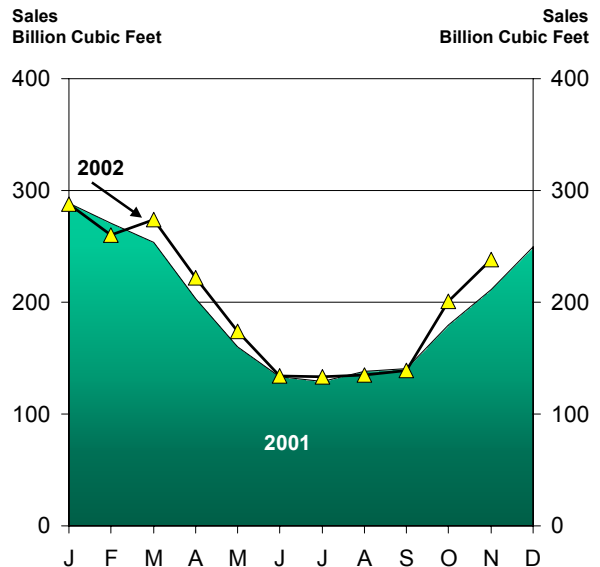
HDD's are a measure of how cold it is. The more HDD's in any season, the greater is natural gas demand for space heating. If the winter is unusually cold, demand will respond accordingly and natural gas prices will tend to be stronger. However, if the winter is mild, demand will be weaker, and this will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

In November 2002, there were 471 HDD's, 16% more HDD's than in November 2001. Temperatures in November 2002 were 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 November 2002 were about 238 Bcf, 12% higher than in November 2001.

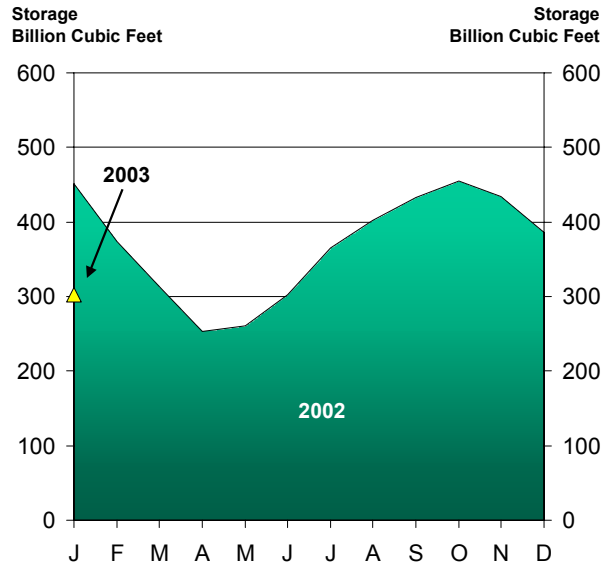


Note: Most recent month is a preliminary figure  
Source: Statistics Canada

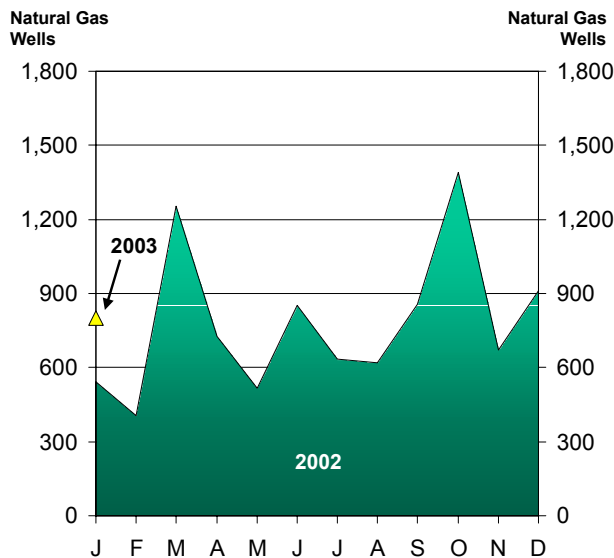
## NATURAL GAS STORAGE

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 decreased by 83 Bcf during the month of December 2002. Storage levels at the beginning of January 2003 were 33% lower than those of January 2002.



Source: Canadian Gas Association



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

## NATURAL GAS DRILLING

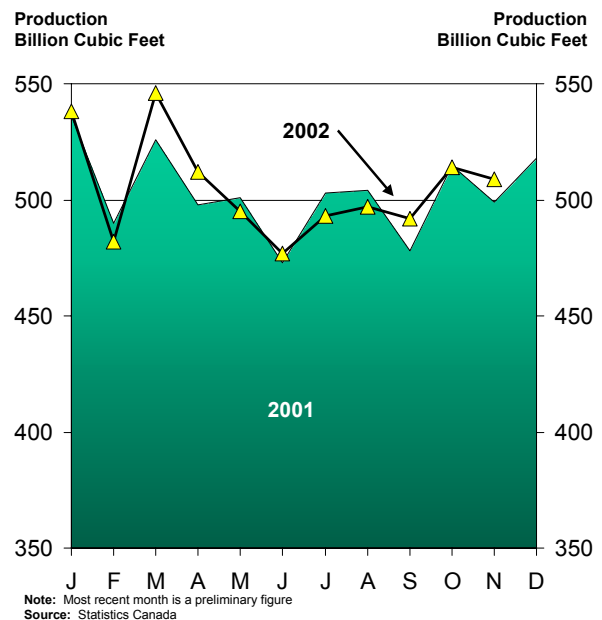
This chart depicts the number of natural gas well completions in Canada. There is a time-lag between drilling a gas well and starting production, due to the work necessary to connect the new well to the pipeline grid. Drilling is therefore a good indicator of future natural gas supply.

There were 800 natural gas well completions in January 2003, an increase of 48% compared to January 2002.

## 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 509 Bcf in November 2002, the same as November 2001. Year to date production for January through November 2002 is 5,539 Bcf, the same as in 2001.



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