

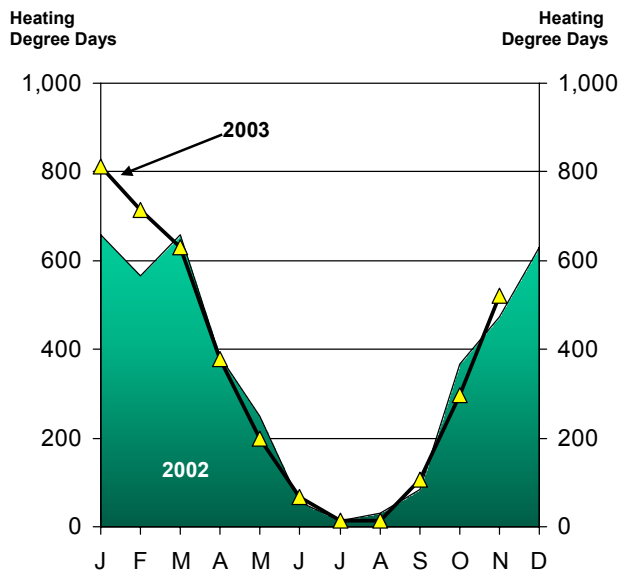
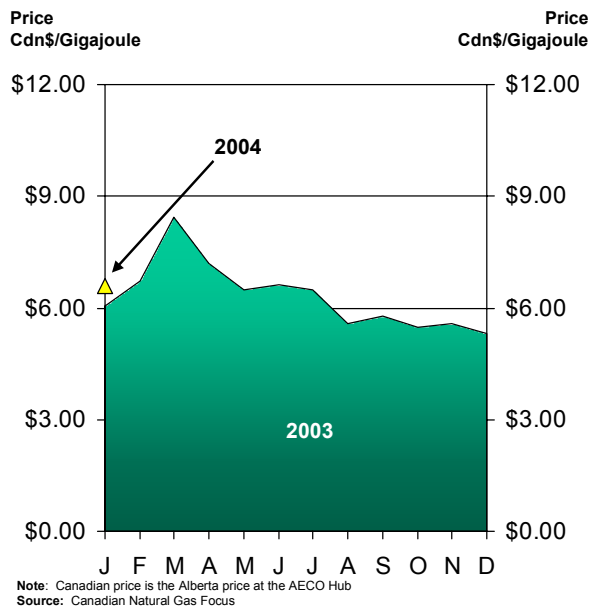
Natural Gas Market Update January 2004

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 2002 and year-to-date 2003 and 2004.

NATURAL GAS PRICES

This figure illustrates the price of natural gas at the major Canadian pricing point – the intra-Alberta market. The price is for gas delivered under a 30-day contract. The intra-Alberta market is formed by gas delivered to pipelines in Alberta. Gas changes hands via Nova Inventory Transfers (NIT), exchanges at the AECO storage hub, or sales facilitated by the Natural Gas Exchange (NGX). 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 24% to \$6.58 CDN/GJ in January 2004.



HEATING DEGREE DAYS

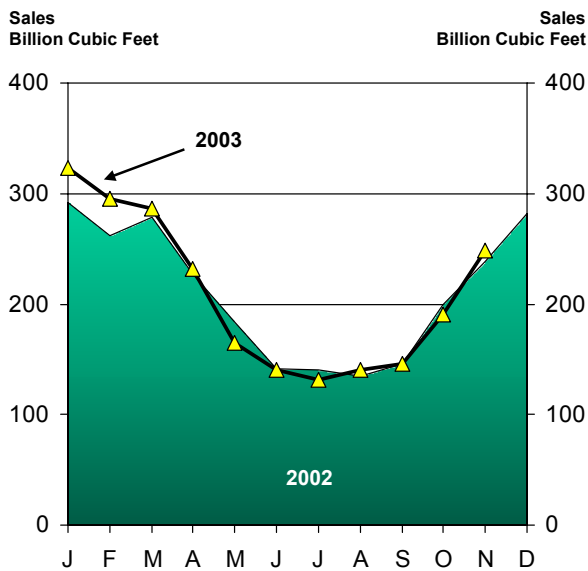
HDD's are a measure of how cold it is. The more HDD's in any season, the greater is natural gas demand for space heating. If the winter is unusually cold, demand will respond accordingly and natural gas prices will tend to be stronger. However, if the winter is mild, demand will be weaker, and this will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

In November 2003, there were 522 HDD's, 10% more HDD's than in November 2002. Temperatures in November 2003 were 9% cooler 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).

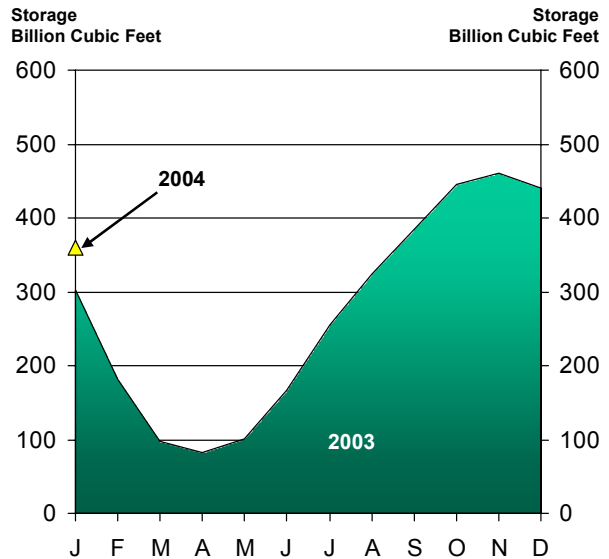
Natural gas sales to Canadian consumers in November 2003 were 249 Bcf, 5% higher than in November 2002.



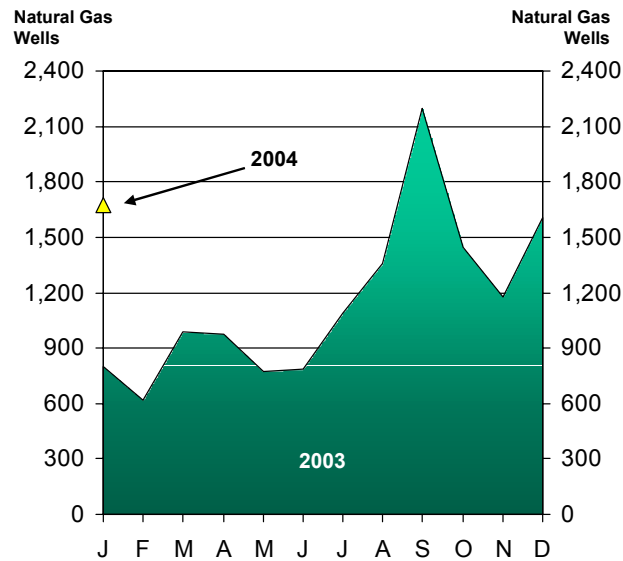
NATURAL GAS STORAGE

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 17 Bcf during the month of December 2003. Storage levels at the beginning of January 2004 were 40% higher than those of January 2003.



Source: Canadian Gas Association



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

NATURAL GAS DRILLING

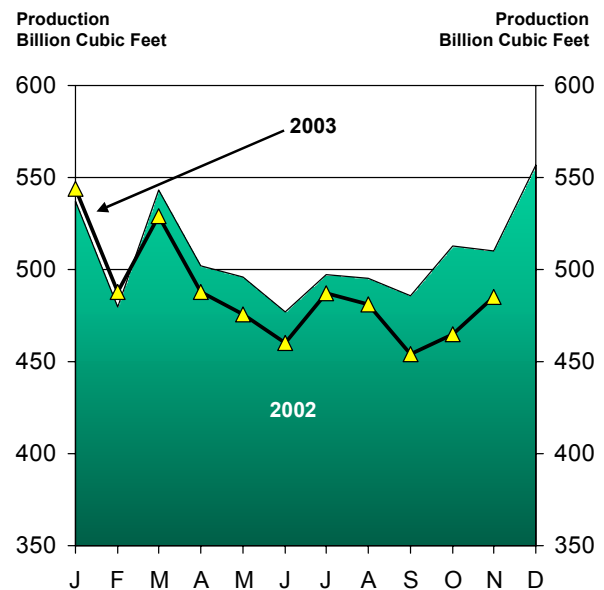
This chart depicts the number of natural gas well completions in Canada. There is a time-lag between drilling a gas well and starting production, due to the work necessary to connect the new well to the pipeline grid. Drilling is therefore a good indicator of future natural gas supply.

There were 1,659 natural gas well completions in January 2004, a 107% increase compared to January 2003.

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 485 Bcf in November 2003, 5% lower than November 2002.



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