

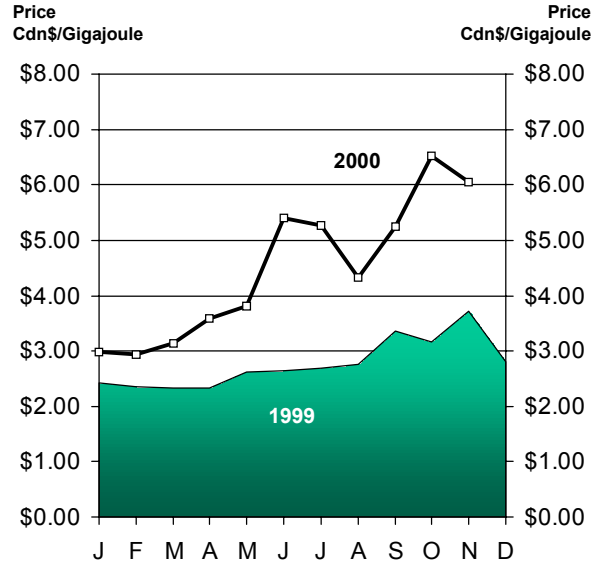
Natural Gas Market Update November 2000

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.

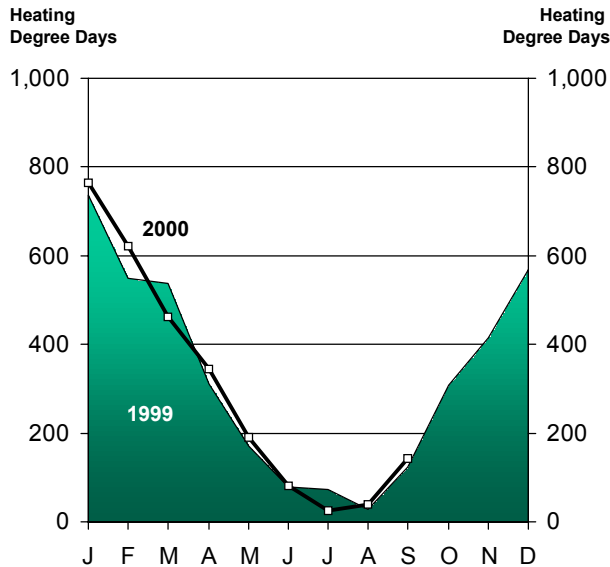
NATURAL GAS PRICES

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.

Canadian natural gas commodity prices dropped to \$6.06 Cdn/GJ in November 2000, a decrease of 7% from October. The average price from January to November 2000 is over 60% higher than the same period in 1999.



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



Source: Statistics Canada

HEATING DEGREE DAYS

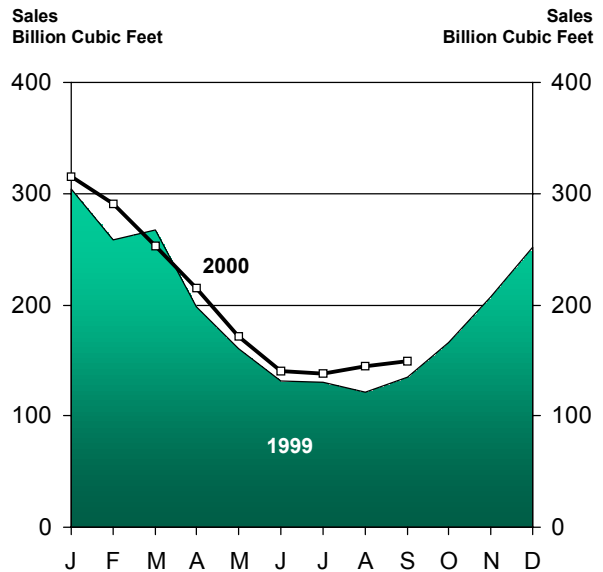
HDDs are a measure of how cold it is. The more HDDs in any season, the greater is natural gas demand for space heating. If the winter is unusually cold, demand will respond accordingly and natural gas prices will tend to be stronger. However, if the winter is mild, demand will be weaker, and this will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

In September 2000, there were 142 HDDs, compared to 123 in September 1999. The period of January to September, 2000 saw 2% cooler weather than the same period last year.

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, for example, transporting natural gas through pipelines.

Natural gas sales to Canadian consumers for the period of January to September 2000 were 1,818 Bcf, an increase of more than 6% compared to the same period last year. Most of the increase occurred in the direct sales sector, which includes sales for power generation.

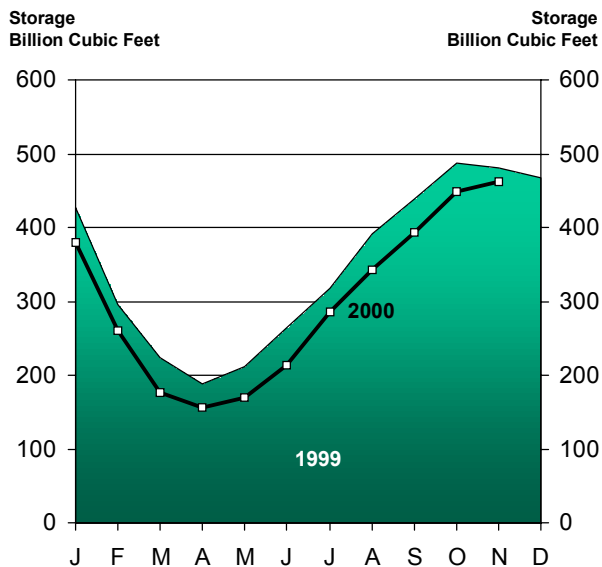


Note: Most recent month is a preliminary figure
Source: Statistics Canada

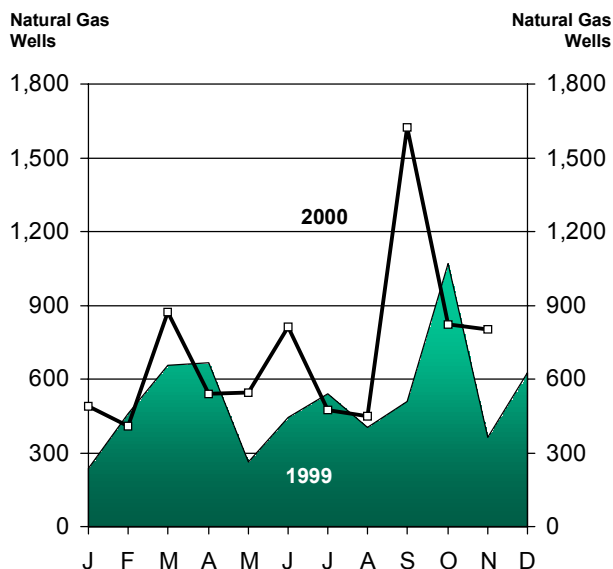
NATURAL GAS STORAGE

This chart indicates natural gas storage levels in Canada. The amount of gas in storage generally follows a seasonal pattern. In 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 about 14 Bcf in November. However, storage remains 4% lower than last year. This partly explains the current high natural gas price environment.



Source: Canadian Gas Association



Source: Daily Oil Bulletin

NATURAL GAS DRILLING

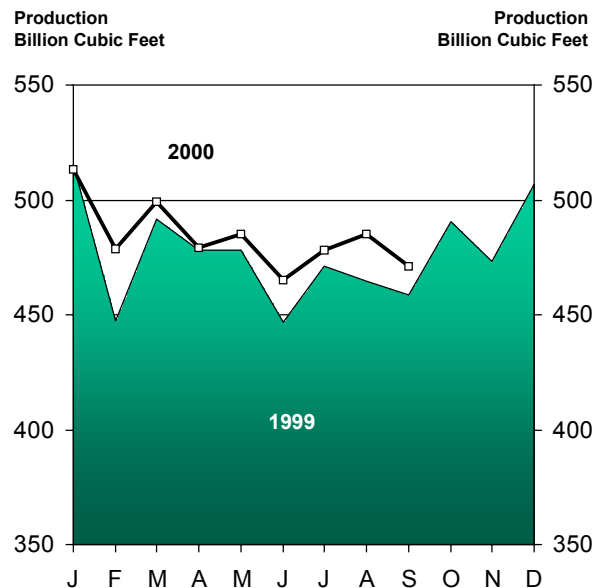
This chart depicts the number of natural gas well completions in Canada. There is a time-lag between drilling a gas well and starting production, due to the work necessary to connect the new well to the pipeline grid. Drilling is therefore a good indicator of future natural gas supply.

There were 804 natural gas well completions in November. Year to date drilling has reached 7,840 wells, 40% higher than the same period last year. Drilling is on track to hit 9,000 wells for the full year, higher than the record of 6,200 wells set in 1999. These levels of drilling imply that higher Canadian production is forthcoming, which will put downward pressure on natural gas prices.

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 4,354 Bcf. About half of the increased production is due to new production from the Sable project offshore Nova Scotia, while the other half 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