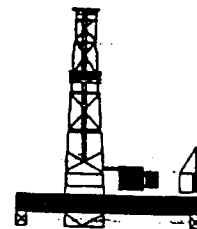


THE OIL & GAS REPORT



August 1999

Volume 4 No. 8

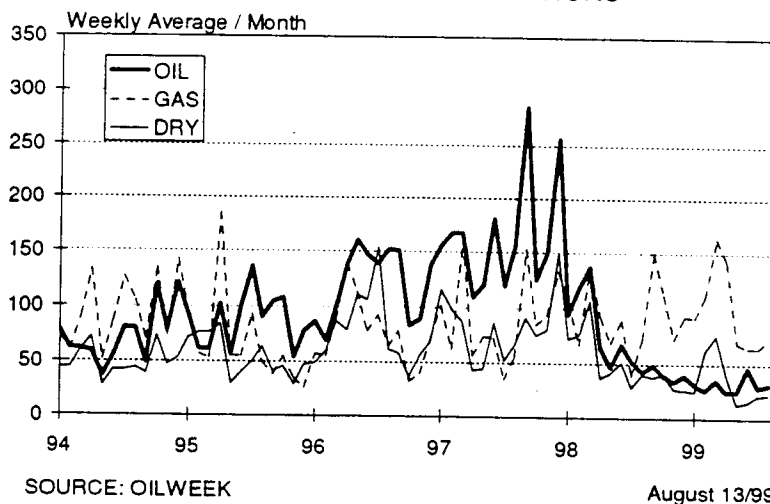
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Drilling for Crude Oil and Natural Gas at a Slow Pace in Canada So Far This Year

CANADIAN WELL COMPLETIONS



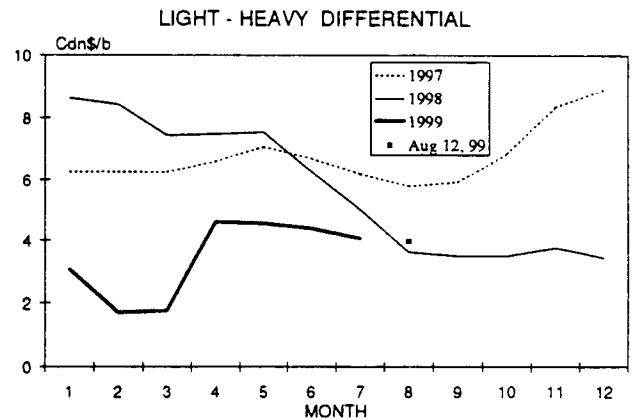
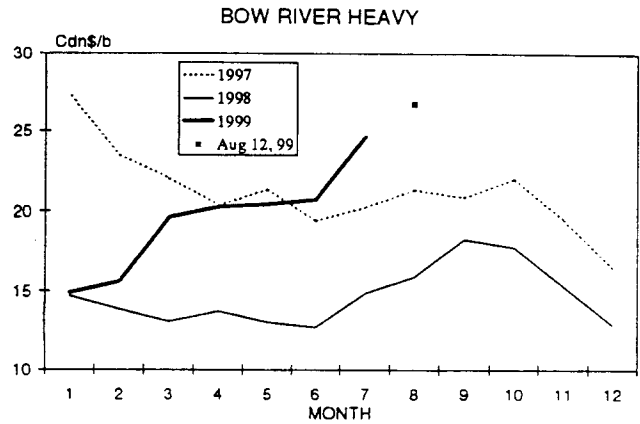
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◆ Natural gas inventories building up at a normal pace in Canada and the U.S.	4-5
◆ Drilling for crude oil and natural gas not recovering fast enough.....	6
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Commodity Prices

Light/Heavy Spread Has Narrowed Short Term

	Edmonton Light (Cdn\$/b)	Bow River Heavy (Cdn\$/b)	Differential (Cdn\$/b)
1995	24.28	20.83	3.45
96Q1	25.95	21.23	4.72
96Q2	29.02	25.58	3.44
96Q3	30.07	26.49	3.58
96Q4	32.60	27.13	5.48
1996	29.43	25.12	4.31
97Q1	30.49	24.23	6.26
97Q2	27.14	20.36	6.78
97Q3	26.74	20.77	5.97
97Q4	27.22	19.18	8.04
1997	27.88	21.12	6.76
98Q1	22.03	13.88	8.15
98Q2	20.26	13.17	7.09
98Q3	20.36	16.31	4.05
98Q4	18.88	15.32	3.56
1998	20.37	14.68	5.69
99Q1	18.90	16.72	2.18
99Q2	24.95	20.43	4.52
July	28.66	24.60	4.06
Aug 12	30.68	26.71	3.97
Yr To Date	23.31	19.82	3.49



Year to Date

The differential between light and heavy crude oil is currently at \$3.97/b. Demand for heavy crude oil remains strong, but increases to export pipeline capacity will not come onstream before the fall. As a result, the differential could end up being higher than expected this year. For the time being, we are maintaining our light/heavy spread estimates at \$3.50/b for this year and \$5.00/b for the year 2000.

Commodity Price Forecast						
	Crude Oil Price (\$/bbl)					Natural Gas Corp. Avg. Reference Price C\$/mcf
	WTI US\$/b	CDN\$ US\$/C\$	Diff. C\$/b	Edm. Lt. C\$/b	Bow River Heavy C\$/b	
1995	18.42	0.729	0.99	24.28	20.82	1.44
1996	22.15	0.733	0.80	29.42	25.12	1.74
1997	20.61	0.722	0.64	27.90	21.14	2.02
1998	14.38	0.674	0.96	20.37	14.68	2.09
1999E	17.00	0.680	1.00	24.00	20.50	2.50
2000E	19.00	0.700	1.00	26.14	21.14	3.00



**Gilbert Laustsen Jung
Associates Ltd. Petroleum Consultants**

403-266-9500

**PRODUCT PRICE AND MARKET FORECASTS
FOR THE CANADIAN OIL AND GAS INDUSTRY**

**Quarterly Update
July 1, 1999**

June
95.

Prepared by
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Table 1
Gilbert Laustsen Jung Associates Ltd.
Crude Oil and Natural Gas Liquids
Base Case Price Forecast
Effective July 1, 1999

Year	Inflation %	Exchange Rate \$US/\$Cdn	West Texas Intermediate Crude Oil at Cushing Oklahoma		Brent Blend Crude Oil North Sea FOB		Light, Sweet Crude Oil at Edmonton (40 API, 0.3% S)		Medium Crude Oil at Hardisty (25.6 API, 2.1% S)		Heavy Crude Oil at Hardisty (12 API)		Medium Crude Oil at Cromer (29 API, 2.0% S)		Alberta Natural Gas Liquids (Then Current Dollars)				
			Constant 1999 \$	Then Current \$US/bbl	Constant 1999 \$	Then Current \$US/bbl	Constant 1999 \$	Then Current \$Cdn/bbl	Constant 1999 \$	Then Current \$Cdn/bbl	Constant 1999 \$	Then Current \$Cdn/bbl	Constant 1999 \$	Then Current \$Cdn/bbl	Constant 1999 \$	Then Current \$Cdn/bbl	Edmonton Propane \$Cdn/bbl	Edmonton Butane \$Cdn/bbl	Edmonton Pentanes Plus \$Cdn/bbl
1989	5.0	0.845	25.07	19.58	23.31	18.21	28.40	22.18	23.48	18.34	17.50	13.87	23.42	18.29	7.64	9.87	n/a	n/a	
1990	4.8	0.857	29.83	24.46	28.89	23.69	33.74	27.66	28.03	21.34	19.51	16.00	27.77	22.77	13.18	15.67	n/a	n/a	
1991	5.6	0.873	24.98	21.45	23.17	19.91	27.22	23.39	17.57	15.10	10.51	9.03	19.59	18.84	11.92	15.26	n/a	n/a	
1992	1.5	0.830	22.74	20.64	21.31	19.34	26.02	23.62	19.33	17.54	14.28	12.98	20.33	18.45	10.58	14.04	n/a	n/a	
1993	1.8	0.775	20.04	18.46	18.48	17.03	23.81	21.94	18.16	16.73	14.39	13.26	19.09	17.59	14.10	13.64	21.17	21.17	
1994	0.2	0.730	18.32	17.18	16.87	15.82	23.69	22.22	19.69	18.47	16.02	15.02	20.58	19.30	12.53	13.45	21.69	21.69	
1995	2.2	0.729	19.57	18.39	18.13	17.04	25.78	24.23	22.13	20.80	18.39	17.28	23.08	21.69	13.90	13.79	24.11	24.11	
1996	1.5	0.733	22.90	21.99	21.28	20.43	30.61	29.39	26.17	25.13	20.89	20.06	27.18	26.10	22.31	17.15	30.06	30.06	
1997	1.6	0.722	21.15	20.61	19.68	19.18	28.58	27.85	21.72	21.17	14.79	14.41	24.34	23.72	18.62	18.73	30.91	30.91	
1998	1.0	0.672	14.58	14.42	12.96	12.83	20.56	20.36	14.79	14.64	9.54	9.45	17.12	16.95	11.73	12.68	21.83	21.83	
1999 Q1	0.8	0.663	13.06	13.06	11.23	11.23	18.75	18.75	16.43	16.43	13.42	13.42	17.28	17.28	10.57	10.89	18.45	18.45	
1999 Q2 (e)	1.5	0.680	17.50	17.50	15.21	15.21	24.81	24.81	20.00	20.00	16.50	16.50	22.30	22.30	13.50	15.00	24.75	24.75	
1999 Q3	1.5	0.680	17.50	17.50	16.00	16.00	24.50	24.50	22.00	22.00	18.50	18.50	22.75	22.75	13.50	14.50	24.50	24.50	
1999 Q4	1.5	0.680	17.50	17.50	16.00	16.00	24.50	24.50	20.50	20.50	17.50	17.50	22.00	22.00	13.50	14.50	24.50	24.50	
1999 Full Year	1.3	0.680	16.50	16.50	14.50	14.50	23.25	23.25	19.75	19.75	16.50	16.50	21.00	21.00	12.75	13.75	23.00	23.00	
1999 Q3-Q4	0.0	0.680	17.50	17.50	16.00	16.00	24.50	24.50	21.25	21.25	18.00	18.00	22.25	22.25	13.50	14.50	24.50	24.50	
2000	1.5	0.680	16.75	17.00	15.25	15.50	23.25	23.50	19.75	20.00	16.25	16.50	20.75	21.00	12.50	13.50	23.50	23.50	
2001	1.5	0.700	17.50	18.00	16.00	16.50	23.75	24.50	20.00	20.50	16.50	17.00	20.75	21.50	13.50	14.50	24.50	24.50	
2002	1.5	0.710	18.25	19.00	16.75	17.50	24.50	25.50	20.00	21.00	17.25	18.00	21.50	22.50	14.50	15.50	25.50	25.50	
2003	1.5	0.720	18.75	20.00	17.50	18.50	25.00	26.50	20.75	22.00	18.00	19.00	22.25	23.50	15.50	16.50	26.50	26.50	
2004	1.5	0.730	19.00	20.50	17.75	19.00	25.00	27.00	21.00	22.50	18.00	19.50	22.25	24.00	16.00	17.00	27.00	27.00	
2005	1.5	0.730	19.00	20.75	17.50	19.25	25.00	27.25	20.75	22.75	18.00	19.75	22.25	24.25	16.25	17.25	27.25	27.25	
2006	1.5	0.730	19.00	21.25	17.75	19.75	25.00	27.75	21.00	23.25	18.25	20.25	22.25	24.75	16.75	17.75	27.75	27.75	
2007	1.5	0.730	19.00	21.50	17.75	20.00	25.00	28.25	21.00	23.75	18.50	20.75	22.50	25.25	17.25	18.25	28.25	28.25	
2008	1.5	0.730	19.00	21.75	17.75	20.25	25.00	28.50	21.00	24.00	18.25	21.00	22.25	25.50	17.50	18.50	28.50	28.50	
2009	1.5	0.730	19.00	22.00	17.75	20.50	25.00	29.00	21.00	24.50	18.50	21.50	22.50	26.00	18.00	19.00	29.00	29.00	
2010+	1.5	0.730	19.00	+1.5%/yr	17.75	+1.5%/yr	25.00	+1.5%/yr	21.00	+1.5%/yr	18.50	+1.5%/yr	22.50	+1.5%/yr	Escalate at 1.5% per year	Escalate at 1.5% per year	Escalate at 1.5% per year	Escalate at 1.5% per year	

Revised June 23, 1999

Table 2
 Gilbert Lausteen Jung Associates Ltd.
 Natural Gas and Sulphur
 Base Case Price Forecast
 Effective July 1, 1999

Year	US Gulf Coast Gas Price @ Henry Hub		AECO-C Spot		Average Price		Alberta Plant Gate			Saskatchewan Plant Gate			British Columbia			Alberta Sulphur at Plant		
	Constant 1999 \$	Current	Constant 1999 \$	Then Current	Constant 1999 \$	Then Current	TCGS \$/mmbtu	Pan-Alberta \$/mmbtu	ProGas \$/mmbtu	SaskEnergy \$/mmbtu	Spot \$/mmbtu	Sumas \$/mmbtu	Plant Gate \$/mmbtu	Spot \$/mmbtu	CanWest Plant Gate \$/mmbtu	Spot Plant Gate \$/mmbtu	Sulphur FOB Vancouver \$US/LT	Alberta Sulphur Gate \$Cd/LT
1989	2.18	1.69	1.37	1.37	2.06	1.61	1.28	1.37	1.44	1.66	1.46	1.26	1.65	n/a	n/a	n/a	n/a	72.05
1990	2.10	1.71	1.29	1.29	1.91	1.57	1.20	1.46	1.71	1.67	1.58	1.32	1.67	n/a	n/a	n/a	n/a	58.01
1991	1.80	1.53	1.09	1.09	1.50	1.29	0.95	1.27	1.30	1.41	1.41	1.21	1.61	n/a	n/a	n/a	n/a	53.45
1992	1.96	1.73	1.15	1.15	1.51	1.37	1.04	1.30	1.45	1.60	1.37	1.16	1.47	n/a	n/a	53.72	19.77	53.45
1993	2.33	2.11	2.26	2.11	1.86	1.71	2.16	1.59	1.77	1.94	1.89	1.73	1.73	1.73	2.10	30.22	-9.68	30.22
1994	2.09	1.94	1.98	1.98	1.93	1.81	1.86	1.81	1.73	1.93	1.87	1.59	1.81	1.81	1.87	44.98	16.57	44.98
1995	1.82	1.70	1.15	1.15	1.39	1.31	1.02	1.22	1.28	1.55	1.03	1.32	1.29	1.29	1.12	54.99	30.07	54.99
1996	2.62	2.52	1.39	1.39	1.70	1.63	1.26	1.63	1.88	1.78	1.52	1.32	1.50	1.50	1.47	36.28	14.44	36.28
1997	2.53	2.47	1.84	1.84	2.01	1.96	1.69	1.77	2.24	1.98	1.84	1.70	1.80	1.80	1.98	34.75	11.50	34.75
1998	2.18	2.16	2.03	2.03	1.96	1.94	1.88	1.87	2.01	1.99	1.60	1.70	1.94	1.94	2.00	24.59	-6.51	24.59
1999 Q1	1.80	1.80	2.46	2.46	2.02	2.02	2.30	1.91	1.91	2.13	2.45	2.06	2.39	2.39	2.46	27.09	-2.11	27.09
1999 Q2 (e)	2.22	2.22	2.85	2.85	2.45	2.45	2.70	2.15	2.15	2.24	2.60	1.78	1.80	1.80	2.00	29.75	0.75	29.75
1999 Q3	2.30	2.30	2.80	2.80	2.50	2.50	2.65	2.30	2.35	2.45	2.65	1.90	2.30	2.30	2.45	32.00	4.00	32.00
1999 Q4	2.50	2.50	3.10	3.10	2.75	2.75	2.95	2.55	2.55	2.55	2.90	2.30	2.60	2.60	3.05	33.00	6.00	33.00
1999 Full Year	2.20	2.20	2.80	2.80	2.45	2.45	2.65	2.25	2.25	2.35	2.65	2.00	2.25	2.25	2.50	30.50	2.00	30.50
1999 Q3-Q4	2.40	2.40	2.95	2.95	2.65	2.65	2.80	2.45	2.45	2.50	2.80	2.10	2.45	2.45	2.75	32.50	5.00	32.50
2000	2.35	2.40	2.80	2.80	2.60	2.60	2.65	2.55	2.55	2.55	2.80	2.05	2.55	2.55	2.70	40.00	14.50	40.00
2001	2.30	2.40	2.70	2.70	2.45	2.45	2.55	2.65	2.65	2.65	2.80	2.05	2.65	2.65	2.85	45.00	21.00	45.00
2002	2.30	2.40	2.70	2.70	2.40	2.40	2.55	2.55	2.55	2.55	2.70	2.05	2.55	2.55	2.85	51.00	28.50	51.00
2003	2.30	2.45	2.70	2.70	2.40	2.40	2.55	2.55	2.55	2.55	2.70	2.05	2.55	2.55	2.85	52.00	28.50	52.00
2004	2.30	2.50	2.70	2.70	2.40	2.40	2.55	2.55	2.55	2.55	2.70	2.10	2.55	2.55	2.85	53.00	29.00	53.00
2005	2.30	2.55	2.70	2.70	2.30	2.30	2.55	2.55	2.55	2.55	2.70	2.10	2.55	2.55	2.85	54.00	30.50	54.00
2006	2.30	2.60	2.70	2.70	2.30	2.30	2.55	2.55	2.55	2.55	2.70	2.10	2.55	2.55	2.85	55.00	32.00	55.00
2007	2.30	2.60	2.75	2.75	2.30	2.30	2.60	2.60	2.60	2.60	2.75	2.15	2.60	2.60	2.85	56.00	33.50	56.00
2008	2.30	2.65	2.80	2.80	2.30	2.30	2.65	2.65	2.65	2.65	2.80	2.20	2.65	2.65	2.85	57.00	35.00	57.00
2009	2.30	2.70	2.85	2.85	2.30	2.30	2.70	2.70	2.70	2.70	2.85	2.20	2.70	2.70	2.85	58.00	36.00	58.00
2010+	2.30	+1.5%/yr	+1.5%/yr	+1.5%/yr	2.30	2.30	+1.5%/yr	2.70	2.70	2.70	2.85	2.20	2.70	2.70	2.85	+1.5%/yr		

Unless otherwise stated, the gas price reference point is the receipt point on the applicable provincial gas transmission system known as the plant gate. The plant gate price represents the price before raw gas gathering and processing charges are deducted. Spot refers to weighted average one month price.

Escalate at 1.5 % per year

Revised June 23, 1999

Canadian Hydrocarbon Prices

July 15, 1999

Sproule
ASSOCIATES
LIMITED

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TABLE 1
SUMMARY OF PRICE FORECASTS, INFLATION and EXCHANGE RATES

Year	Light Crude Oil		Heavy & Medium Oil		Western Canada Natural Gas		Natural Gas Liquids and Sulphur		Inflation Rate %/Yr	Exchange Rate \$US/\$Cdn						
	WTI Cushing Oklahoma \$/Bbl	Edmonton Par Price 40 API \$/Bbl	Alberta Royalty Par Price \$/Bbl	Hardisty Heavy 12 API \$/Bbl	Gromer Medium 29.3 API \$/Bbl	Hardisty Medium 25.7 API \$/Bbl	Alberta \$/MMBtu	British Columbia \$/MMBtu			Sask. \$/MMBtu	Ethane \$/Bbl	Propane \$/Bbl	Butanes \$/Bbl	Pentanes Plus \$/Bbl	Sulphur \$/LT
1994 Act	17.18	22.25	21.49	15.02	19.28	18.42	1.97	1.81	1.74	5.51	12.52	13.45	21.25	16.57	0.2	0.732
1995 Act	18.42	24.28	22.93	17.28	21.69	20.80	1.17	1.12	1.35	3.19	13.91	13.79	24.21	30.65	2.2	0.729
1996 Act	22.13	29.43	26.28	20.05	26.07	25.11	1.28	1.47	1.52	3.85	22.16	17.12	29.58	14.44	1.4	0.731
1997 Act	20.60	27.78	26.78	14.35	23.71	21.16	1.69	1.98	1.85	5.13	18.56	19.05	28.11	12.28	1.6	0.722
1998 Act	14.36	20.36	19.36	9.41	16.95	14.63	1.87	2.00	2.05	5.63	10.94	11.88	20.89	8.76	0.9	0.675
1999 6mo.	15.34	21.87	20.87	14.89	19.28	17.33	2.42	2.46	2.54	7.18	11.14	11.58	21.75	4.00	1.0	0.670
1999 6mo.	18.00	25.05	24.05	17.05	21.80	20.05	2.35	2.25	2.40	7.80	13.53	14.58	25.85	5.00	2.0	0.680
2000	17.34	23.73	22.73	15.72	20.48	18.73	2.40	2.35	2.45	7.77	12.82	13.79	24.30	10.00	2.0	0.700
2001	18.73	24.98	23.98	16.96	20.98	19.98	2.44	2.80	2.49	7.64	13.49	14.51	25.56	13.00	2.0	0.720
2002	20.18	26.55	25.55	18.03	22.53	21.55	2.49	2.65	2.64	7.50	14.35	15.44	27.19	15.92	2.0	0.730
2003	20.87	27.09	26.09	18.53	23.04	22.06	2.64	2.80	2.69	7.85	14.64	15.75	27.74	16.94	2.0	0.730
2004	20.88	27.84	26.84	19.05	23.56	22.58	2.69	2.85	2.84	7.80	14.93	16.07	28.30	22.06	2.0	0.730
2005	21.40	28.19	27.19	19.58	24.09	23.11	2.65	2.70	2.70	7.96	15.24	16.39	28.88	22.82	2.0	0.730
2006	21.83	28.78	27.78	20.11	24.63	23.65	2.70	2.76	2.75	8.12	15.54	16.72	29.48	22.97	2.0	0.730
2007	22.26	29.35	28.35	20.67	25.19	24.21	2.75	2.81	2.80	8.28	15.86	17.06	30.06	23.43	2.0	0.730
2008	22.71	29.94	28.94	21.23	25.75	24.77	2.81	2.87	2.86	8.44	16.18	17.41	30.87	23.90	2.0	0.730
2009	23.16	30.55	29.55	21.81	26.33	25.35	2.88	2.93	2.91	8.61	16.51	17.76	31.29	24.38	2.0	0.730
2010	23.62	31.17	30.17	22.40	26.93	25.95	2.92	2.98	2.97	8.79	16.84	18.12	31.92	24.87	2.0	0.730
2011	24.10	31.80	30.80	23.00	27.53	26.55	2.98	3.04	3.03	8.98	17.18	18.49	32.57	25.38	2.0	0.730

- Prices in Canadian Dollars -

Escalation Rate of 2.0% thereafter.

1. 40 Deg API, 0.4% sulphur
2. Edmonton Par less \$1.00 per barrel

TABLE 2
 NATURAL GAS PRICE FORECASTS - VARIOUS SHIPPERS

(\$Cdn/MMBtu)

Year	Alberta Gas Reference Price		Alberta 30 day Spot		Alberta Average		Sask 30 day Spot		B.C. 30 day Spot		B.C. Average		Huntingdon/Sumas 30 d Spot		Henry Hub Price	
	Plantgate	AECO	Plantgate	Plantgate	Plantgate	Plantgate	Plantgate	Plantgate	Plantgate	Plantgate	Wellhead	Wellhead	30 d Spot	30 d Spot	\$US/MMBtu	\$US/MMBtu
1994 Act	1.81	1.99	1.86	1.87	1.81	1.87	1.81	1.87	1.81	1.46	1.46	1.97	1.90			
1995 Act	1.31	1.15	1.04	1.35	1.12	1.35	1.12	1.35	1.12	0.77	0.77	1.39	1.84			
1996 Act	1.63	1.39	1.28	1.28	1.47	1.28	1.47	1.28	1.47	1.12	1.12	1.80	2.59			
1997 Act	1.97	1.85	1.70	1.75	1.98	1.75	1.98	1.75	1.98	1.58	1.58	2.36	2.59			
1998 Act	1.94	2.03	1.87	2.13	2.00	2.13	2.00	2.13	2.00	1.61	1.61	2.38	2.11			
1999 6mo.	2.01	2.59	2.42	2.15	2.46	2.15	2.46	2.15	2.46	1.97	1.97	2.87	1.96			
1999 6mo.	2.40	2.85	2.70	2.75	2.25	2.75	2.25	2.75	2.25	1.85	1.85	2.60	2.20			
2000	2.44	2.81	2.65	2.70	2.35	2.70	2.35	2.70	2.35	1.94	1.94	2.70	2.19			
2001	2.47	2.76	2.80	2.65	2.60	2.65	2.60	2.65	2.60	2.18	2.18	2.97	2.24			
2002	2.50	2.71	2.55	2.60	2.55	2.60	2.55	2.60	2.55	2.12	2.12	2.92	2.33			
2003	2.55	2.76	2.60	2.65	2.60	2.65	2.60	2.65	2.60	2.16	2.16	2.98	2.41			
2004	2.60	2.82	2.65	2.70	2.65	2.70	2.65	2.70	2.65	2.21	2.21	3.04	2.48			
2005	2.65	2.87	2.70	2.75	2.70	2.75	2.70	2.75	2.70	2.25	2.25	3.10	2.57			
2006	2.71	2.93	2.76	2.81	2.76	2.81	2.76	2.81	2.76	2.30	2.30	3.16	2.64			
2007	2.76	2.99	2.81	2.87	2.75	2.87	2.81	2.87	2.81	2.34	2.34	3.22	2.69			
2008	2.82	3.05	2.87	2.93	2.81	2.93	2.87	2.93	2.87	2.39	2.39	3.29	2.75			
2009	2.87	3.11	2.93	2.99	2.88	2.99	2.93	2.99	2.93	2.44	2.44	3.35	2.80			
2010	2.93	3.17	2.98	3.05	2.92	3.05	2.98	3.05	2.98	2.49	2.49	3.42	2.86			
2011	2.99	3.23	3.04	3.11	2.98	3.11	3.04	3.11	3.04	2.54	2.54	3.49	2.92			

Escalation Rate of 2.0% thereafter

UPDATE

A D V I S O R Y

R E S E A R C H

C A P I T A L

FINANCIAL
CORPORATION

July 1999

- ◆ Crude oil prices continue to improve
 - \$US 20.00/B level in sight
 - prospect for large drawdown in inventories the major driver
 - OPEC quota adherence key to sustaining high prices
 - 1999 WTI forecast raised to \$US 16.70/B -- 2000 unchanged at \$US 17.50/B

- ◆ Natural gas prices remain strong
 - tight supply and demand growth more than offset high storage inventories
 - potential for weather related upside remains very high
 - drilling activity should accelerate due to attractive investment economics
 - 1999 average Alberta plantgate forecast raised to \$2.40/Mcf -- 2000 unchanged at \$2.60/Mcf

- ◆ Canadian oil and gas equities gaining momentum
 - asset valuations now in premium territory, but still far below 1997 peak
 - adjusted cash flow multiples now slightly above historical averages
 - potential for further strong recovery given positive outlook for commodity prices

Crude Oil Price Forecast Summary

2005

22.00
20.10

28.60
22.90
5.70

19.30
19.70

25.7
16.1
2.0
50.8
1.0%

5.3
14.1
4.9
2.9
1.0
5.1
4%
1.6
5

Baseline Scenario

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
WTI at Cushing (40° API, \$US/B)	18.40	22.07	20.62	14.40	16.70	17.50	19.00	21.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00
\$ 1999	19.80	23.20	21.40	14.50	16.70	17.20	18.30	19.80	20.30	19.90	19.50	19.20	18.80	18.40	18.00	17.70
Canadian Crude Prices (\$Cdn/B)																
Edmonton (40° API)	24.05	29.23	27.64	20.10	23.50	24.35	26.08	28.12	28.65	28.60	28.60	28.60	28.60	28.60	28.60	28.60
\$ 1999	24.97	30.77	28.64	20.30	23.50	23.87	25.07	26.50	26.47	25.91	25.39	24.90	24.41	23.93	23.46	23.00
Hardisty Heavy (26° API)	20.63	25.03	21.20	14.63	19.40	19.50	20.58	22.63	23.16	22.97	22.86	22.81	22.81	22.81	22.81	22.82
\$ 1999	22.20	26.35	21.97	14.77	19.40	19.12	19.78	21.32	21.39	20.81	20.30	19.86	19.47	19.09	18.71	18.35
Alta Light Wellhead	22.51	27.66	26.32	18.81	21.60	22.44	24.15	26.18	26.70	26.64	26.61	26.60	26.59	26.58	26.56	26.55
Alta Heavy Wellhead	18.86	22.82	18.75	12.38	16.90	17.00	18.08	20.13	20.66	20.47	20.36	20.21	20.21	20.21	20.21	20.22
Alta Bitumen Wellhead	15.47	18.93	13.30	7.64	14.48	14.73	15.74	17.79	18.32	18.09	17.94	17.87	17.87	17.87	17.87	17.88
Synthetic	23.45	28.50	27.50	19.90	22.91	23.74	25.43	27.42	27.94	27.89	27.88	27.88	27.88	27.88	27.88	27.89
Condensates/C5+	24.22	29.23	28.19	19.70	23.97	24.81	26.08	28.12	28.65	28.60	28.60	28.60	28.60	28.60	28.60	28.60
Propane	13.90	22.31	18.62	11.71	13.26	14.15	15.83	17.36	17.97	18.12	18.37	18.30	18.32	18.32	18.32	18.32
Butane	13.79	17.15	18.73	13.25	14.19	15.07	16.77	18.34	18.94	19.07	19.30	19.45	19.66	19.87	19.87	19.87
International Crude Prices (\$US/B)																
Brent (38° API)	17.03	20.50	19.10	12.75	15.00	15.80	17.19	19.17	20.15	20.13	20.12	20.10	20.08	20.06	20.04	20.02
\$ 1999	18.32	21.58	19.79	12.88	15.00	15.49	16.52	18.07	18.62	18.24	17.86	17.50	17.14	16.78	16.44	16.10
OPEC Basket	16.87	20.13	18.70	12.33	14.60	15.30	16.78	18.76	19.73	19.71	19.69	19.66	19.64	19.62	19.59	19.57
\$ 1999	18.15	21.19	19.38	12.45	14.60	15.00	16.13	17.67	18.23	17.85	17.48	17.12	16.76	16.42	16.07	15.74
Dubai Fateh (32° API, 2% S)	16.10	18.54	18.15	12.12	14.40	14.95	16.42	18.40	19.37	19.35	19.32	19.29	19.27	19.24	19.21	19.18
\$ 1999	17.32	19.52	18.81	12.24	14.40	14.66	15.79	17.34	17.90	17.52	17.16	16.80	16.44	16.10	15.76	15.43

Low Price Scenario

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
WTI at Cushing (40° API, \$US/B)	18.40	22.07	20.62	14.40	14.50	14.00	16.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
\$ 1999	19.80	23.20	21.40	14.50	14.50	13.73	15.38	16.96	16.63	16.30	15.98	15.67	15.36	15.06	14.77	14.48
Canadian Crude Prices (\$Cdn/B)																
Edmonton (40° API)	24.05	29.23	27.64	19.90	20.50	19.60	21.80	24.00	23.30	23.30	23.30	23.20	23.20	23.20	23.20	23.20
\$ 1999	24.97	30.77	28.64	20.30	20.50	19.22	20.95	22.62	21.53	21.10	20.69	20.20	19.80	19.41	19.03	18.66
Hardisty Heavy (26° API)	20.63	25.03	21.20	14.63	15.00	13.20	15.90	18.50	18.40	17.80	17.30	17.10	17.70	17.90	18.00	17.90
\$ 1999	22.20	26.35	21.97	14.77	15.00	12.94	15.28	17.43	17.00	16.12	15.36	14.89	15.11	14.98	14.77	14.40

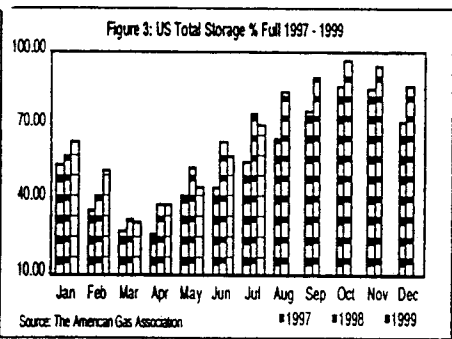
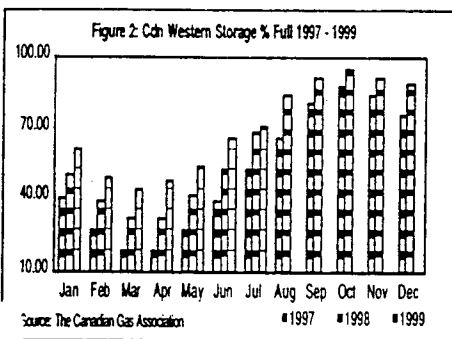
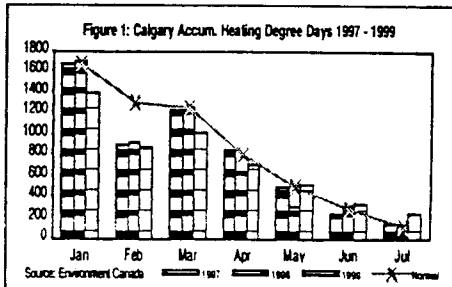
High Price Scenario

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
WTI at Cushing (40° API, \$US/B)	18.40	22.07	20.62	14.40	18.00	20.00	22.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
\$ 1999	19.80	23.20	21.40	14.50	18.00	19.61	21.15	23.56	23.10	22.64	22.20	21.76	21.34	20.92	20.51	20.11
Canadian Crude Prices (\$Cdn/B)																
Edmonton (40° API)	24.05	29.23	27.64	20.10	25.60	28.40	30.30	33.60	32.70	32.70	32.70	32.60	32.60	32.60	32.60	32.60
\$ 1999	24.97	30.77	28.64	20.30	25.60	27.84	29.12	31.66	30.21	29.62	29.04	28.38	27.82	27.28	26.74	26.22
Hardisty Heavy (26° API)	20.63	25.03	21.20	14.63	20.60	22.00	23.60	27.20	26.90	26.30	25.80	25.60	26.20	26.40	26.50	26.40
\$ 1999	22.20	26.35	21.97	14.77	20.60	21.57	22.68	25.63	24.85	23.82	22.91	22.29	22.36	22.09	21.74	21.23

- Notes: 1. General inflation assumed flat at 2% per annum.
 2. Canadian prices based on \$US/Cdn 0.68, 0.69, 0.70, 0.72 exchange rate in 1999/2000/01/02, respectively, \$US/Cdn 0.74 in 2003 and beyond.
 3. Edmonton Light Sweet prices average of postings by major refiners.
 4. Hardisty Heavy prices representative of posted Hardisty Heavy prices by major refiners.
 5. International Prices FOB at point of origin.

North American Natural Gas Price Forecast Summary

Baseline Scenario																
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
U.S. Gas Prices (\$US/MMBtu)																
Henry Hub	1.71	2.75	2.53	2.09	2.20	2.40	2.40	2.40	2.45	2.50	2.50	2.50	2.50	2.50	2.50	2.50
\$ 1999	1.84	2.90	2.62	2.11	2.20	2.35	2.31	2.26	2.26	2.26	2.22	2.18	2.13	2.09	2.05	2.01
Alberta Plantgate Gas Prices (\$Cdn/Mcf)																
Domestic Sales																
Spot	1.04	1.27	1.69	1.95	2.72	2.76	2.67	2.58	2.50	2.50	2.50	2.43	2.43	2.42	2.42	2.42
Export Sales																
Average	1.45	2.08	2.30	2.01	2.25	2.45	2.34	2.21	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Total																
Average	1.37	1.70	1.94	2.00	2.40	2.60	2.50	2.45	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
\$ 1999	1.48	1.79	2.02	2.02	2.40	2.55	2.40	2.31	2.22	2.18	2.13	2.09	2.05	2.01	1.97	1.93
Aggregator Prices (\$Cdn/Mcf)																
TCGS	1.24	1.63	1.87	1.88	2.23	2.38	2.30	2.22	2.20	2.28	2.28	2.28	2.31	2.31	2.31	2.31
Pan Alberta	1.29	1.90	2.30	2.00	2.33	2.49	2.30	2.22	2.20	2.28	2.28	2.28	2.31	2.31	2.31	2.31
Progas	1.54	1.77	2.00	1.98	2.33	2.46	2.30	2.22	2.20	2.28	2.28	2.28	2.31	2.31	2.31	2.31
CanWest	1.31	1.58	1.87	2.02	2.40	2.45	2.32	2.18	2.21	2.28	2.28	2.28	2.31	2.31	2.31	2.31
Low Price Scenario																
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Henry Hub \$US/MMBtu	1.71	2.75	2.53	2.09	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10	2.10
\$ 1999	1.84	2.90	2.62	2.11	1.86	1.92	1.88	1.85	1.81	1.78	1.74	1.79	1.76	1.72	1.69	1.66
Alberta Spot \$Cdn/Mcf	1.04	1.27	1.69	1.95	2.29	1.96	1.90	1.83	1.77	1.84	1.90	2.04	2.03	2.03	2.03	2.02
Ave. Alberta \$Cdn/Mcf	1.37	1.70	1.94	2.00	1.99	1.92	1.92	1.82	1.74	1.75	1.80	1.90	1.91	1.90	1.91	1.90
\$ 1999	1.48	1.79	2.02	2.02	1.95	1.85	1.81	1.68	1.58	1.55	1.57	1.62	1.60	1.56	1.53	1.50
High Price Scenario																
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Henry Hub \$US/MMBtu	1.71	2.75	2.53	2.09	2.45	2.50	2.50	2.50	2.50	2.55	2.60	2.65	2.70	2.70	2.75	2.80
\$ 1999	1.84	2.90	2.62	2.11	2.40	2.40	2.36	2.31	2.26	2.26	2.26	2.26	2.26	2.21	2.21	2.21
Alberta Spot \$Cdn/Mcf	1.04	1.27	1.69	1.95	2.98	3.00	2.95	2.86	2.71	2.70	2.70	2.70	2.70	2.69	2.76	2.82
Ave. Alberta \$Cdn/Mcf	1.37	1.70	1.94	2.00	2.78	2.80	2.80	2.65	2.52	2.58	2.65	2.66	2.67	2.66	2.73	2.80
\$ 1999	1.48	1.79	2.02	2.02	2.72	2.70	2.63	2.45	2.28	2.29	2.31	2.27	2.23	2.19	2.20	2.20
Notes:	<ol style="list-style-type: none"> 1. General inflation assumed flat at 2% per annum. 2. Canadian prices based on \$US/Cdn 0.68, 0.69, 0.70, 0.72 exchange rate in 1999/2000/01/02 respectively, \$US/Cdn 0.74 in 2003 and thereafter. 3. Alberta gas prices are at the plantgate - ie., before the deduction of field gathering, processing and compression costs. 4. CanWest prices are at the plantgate, before Westcoast gathering and processing charges of roughly \$0.41/Mcf. 5. Spot/Short-term represents an average of spot and 1-year prices. 6. Assumes heating content of 1000 MBtu's per Mcf. 															

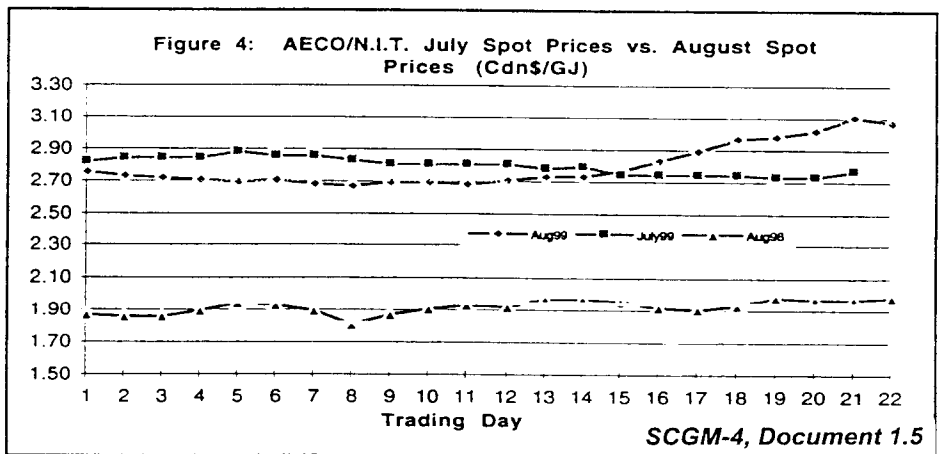


Market Summary Canadian Market Overview

August Prices Flat in Alberta

August spot prices continued to increase relative to their July prices following continued strong forward prices for AECO/N.I.T. (see Figure 6, page 6) which tracked upward NYMEX Henry Hub August contract prices very closely. U.S. prices dramatically increased throughout July mainly due to above normal levels of cooling demand which fueled natural gas demand for power generation, particularly along the Westcoast and in the Northeast. As a result, Alberta prices increased slightly for August delivery but did not increase as much as other Canadian prices due to offsetting Western Canada weather and less maintenance outages compared to July. The only major July work outages that occurred in Alberta were the NOVA scheduled outages at their Clearwater #5 and Vetchland #1 compressor stations between July 12 and July 21.

August AECO/N.I.T. prices averaged \$2.82/GJ representing only a 1 cent increase over July's average price of \$2.81/GJ and up 88 cents over August 1998's average price of \$1.94/GJ. Overall, 1999 prices are still maintaining significant strength over their 1998 levels due to continued expectation of inadequate supply for the 1999/00 heating season (see Figure 6, page 6 for forward price strength).



September Prices Forecast to Increase Alberta

Market sentiments for August reflect those of recent months. Lower drilling activity across North America continues to fuel supply concerns for the 1999/00 heating season. Coupling this fact with the anticipation of the Alliance Pipeline project late next year, forward prices continue to remain strong following projections of inadequate supply. As well, hot summer temperatures in the U.S. have increased cooling demand through power generation resulting in increased natural gas demand. As a result, according to TD Securities, as of August 4, AECO/N.I.T. forward prices for the balance of the injection season averaged \$3.19/GJ; Nov/99-Mar/00 averaged \$3.82/GJ; Nov/99-Oct/00 averaged \$3.06/GJ. AECO/N.I.T. Forward prices have dramatically increased from prices quoted just one-month prior: the balance of the injection season averaged \$2.75/GJ; Nov/99-Mar/00 averaged \$3.06/GJ; Nov/99-Oct/00 averaged \$2.82/GJ. In general, market prices over the short to medium term are expected to remain strong when compared to last year.

September AECO/N.I.T. prices are forecast to average \$3.01/GJ representing a 19 cent

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Table 5: One-Month Spot Price Forecasts, Most Likely Case*

Month	Alberta (C\$/GJ)			B.C. Str 2	Export (US\$/MMBtu)				U.S. (US\$/MMBtu)			(US\$/MMBtu)	
	Field Price	AECONIT	Empress	(C\$/GJ)	Sumas	Kingsgate	Ventura	Niagara	Gulf Coast	Rockies	California	KCBT Waha 3-day	NYMEX HH 3-day
Actual Series													
Sep-98	1.56	1.63	1.66	1.98	1.46	1.42	1.55	1.69	1.63	1.57	1.99	1.67	1.75
Oct-98	1.86	2.13	2.40	2.31	1.67	1.61	1.91	2.08	2.06	1.65	2.07	1.98	2.13
Nov-98	2.19	2.64	2.80	2.77	2.15	1.98	2.02	2.22	2.00	1.99	2.32	2.03	2.13
Dec-98	2.22	2.80	2.80	2.82	2.14	1.96	2.13	2.45	2.12	2.00	2.30	2.07	2.14
Jan-99	2.04	2.46	2.53	2.87	3.02	1.97	1.85	1.91	1.79	1.75	2.06	1.78	1.81
Feb-99	1.90	2.31	2.33	2.33	1.77	1.60	1.80	1.99	1.83	1.63	1.82	1.69	1.75
Mar-99	1.80	2.25	2.25	2.00	1.50	1.50	1.63	1.77	1.66	1.51	1.68	1.62	1.69
Apr-99	1.90	2.26	2.37	2.04	1.52	1.50	1.71	2.06	1.88	1.54	1.78	1.74	1.85
May-99	2.21	2.59	2.72	2.63	1.95	2.03	2.20	2.35	2.35	1.99	2.21	2.26	2.33
Jun-99	2.10	2.72	2.76	2.57	1.90	2.01	2.12	2.32	2.26	1.94	2.21	2.12	2.20
Jul-99	2.02	2.81	2.76	2.62	1.95	2.02	2.18	2.33	2.29	1.99	2.38	2.19	2.27
Aug-99	2.02	2.82	2.93	3.03	2.20	2.14	2.51	2.70	2.60	2.17	2.59	2.50	2.57
Forecast Series													
Sep-99	2.19	3.01	3.06	2.72	2.10	2.12	2.42	2.74	2.56	2.10	2.35	2.40	2.55
Oct-99	2.21	3.03	3.08	2.75	2.15	2.17	2.47	2.80	2.62	2.02	2.38	2.45	2.60
Nov-99	2.25	3.01	3.11	2.75	2.20	2.22	2.53	2.91	2.72	2.08	2.44	2.50	2.70
Dec-99	2.30	3.00	3.13	2.79	2.30	2.32	2.64	3.08	2.87	2.19	2.54	2.60	2.85
Jan-00	2.34	3.16	3.29	2.87	2.25	2.27	2.58	3.13	2.93	2.17	2.53	2.55	2.90
Feb-00	2.35	3.30	3.43	2.93	2.21	2.23	2.54	3.08	2.87	2.13	2.49	2.51	2.85
Mar-00	2.34	3.22	3.35	2.92	2.31	2.33	2.54	2.97	2.77	2.12	2.47	2.51	2.75
Apr-00	2.24	2.93	3.06	2.74	2.27	2.29	2.50	2.85	2.67	2.08	2.44	2.47	2.65
May-00	2.16	2.82	2.95	2.62	2.14	2.16	2.35	2.74	2.56	1.94	2.31	2.34	2.55
Jun-00	2.06	2.64	2.77	2.48	2.04	2.06	2.25	2.58	2.41	1.80	2.19	2.24	2.40
Jul-00	2.00	2.53	2.66	2.38	1.98	2.00	2.18	2.47	2.30	1.70	2.10	2.18	2.30
Aug-00	2.08	2.69	2.82	2.53	2.10	2.12	2.20	2.49	2.32	1.69	2.09	2.20	2.32
Sep-00	2.07	2.86	2.99	2.57	1.95	1.97	2.04	2.49	2.32	1.55	1.96	2.21	2.32
Oct-00	2.10	2.98	3.11	2.64	1.95	1.97	2.04	2.49	2.32	1.50	1.92	2.20	2.32
Nov-00	2.10	2.98	3.11	2.64	1.95	1.97	2.04	2.49	2.32	1.49	1.91	2.21	2.32
Dec-00	2.12	2.99	3.12	2.65	1.98	2.00	2.07	2.52	2.36	1.51	1.93	2.24	2.35
Jan-01	2.22	3.15	3.28	2.80	2.11	2.13	2.21	2.69	2.51	1.64	2.06	2.37	2.50
Feb-01	2.29	3.20	3.33	2.88	2.24	2.26	2.36	2.85	2.67	1.81	2.21	2.50	2.65
Mar-01	2.30	3.15	3.28	2.87	2.29	2.31	2.40	2.91	2.72	1.90	2.29	2.55	2.70
Apr-01	2.19	2.87	3.00	2.67	2.21	2.23	2.32	2.81	2.63	1.86	2.24	2.48	2.61
May-01	2.13	2.78	2.91	2.59	2.12	2.14	2.22	2.70	2.52	1.76	2.15	2.37	2.51
Jun-01	2.04	2.62	2.75	2.46	2.02	2.04	2.12	2.58	2.41	1.63	2.04	2.27	2.40
Jul-01	2.00	2.51	2.64	2.38	2.00	2.02	2.09	2.54	2.38	1.57	1.98	2.27	2.37
Aug-01	2.05	2.68	2.81	2.48	2.00	2.02	2.09	2.54	2.38	1.55	1.97	2.28	2.37
Avg. Season^													
Winter 1999	1.91	2.42	2.46	2.41	1.99	1.71	1.82	2.04	1.86	1.69	1.93	1.78	1.85
Summer 1999	2.09	2.75	2.81	2.62	1.97	2.00	2.23	2.47	2.37	1.96	2.27	2.24	2.34
Winter 2000	2.32	3.14	3.26	2.85	2.25	2.27	2.56	3.03	2.83	2.14	2.49	2.53	2.81
Summer 2000	1.47	1.96	2.05	1.80	1.43	1.45	1.53	1.79	1.67	1.18	1.46	1.58	1.67
Avg. Annual													
1997	1.83	1.78	1.87	1.78	1.71	1.75	2.48	2.88	2.55	2.01	2.50	2.44	2.63
1998	1.93	1.93	2.12	2.03	1.62	1.64	2.02	2.24	2.10	1.80	2.21	2.05	2.14
1999	2.08	2.69	2.75	2.59	2.05	1.97	2.17	2.41	2.29	1.91	2.20	2.15	2.26
2000	2.16	2.93	3.06	2.66	2.09	2.11	2.28	2.69	2.51	1.81	2.19	2.32	2.50
2001	2.05	2.90	3.02	2.95	1.59	1.61	2.10	2.55	2.39	1.63	2.03	2.10	2.38
2002	2.03	2.88	3.00	2.93	1.49	1.47	2.14	2.60	2.43	1.61	2.02	2.14	2.42

* Assumes normal storage and Southern Alberta Heating Degree Days.

** Calculated average based on most current futures prices posted by NYMEX and KCBT and internal & external projections.

^ Summer term April to October. Winter term November to March.