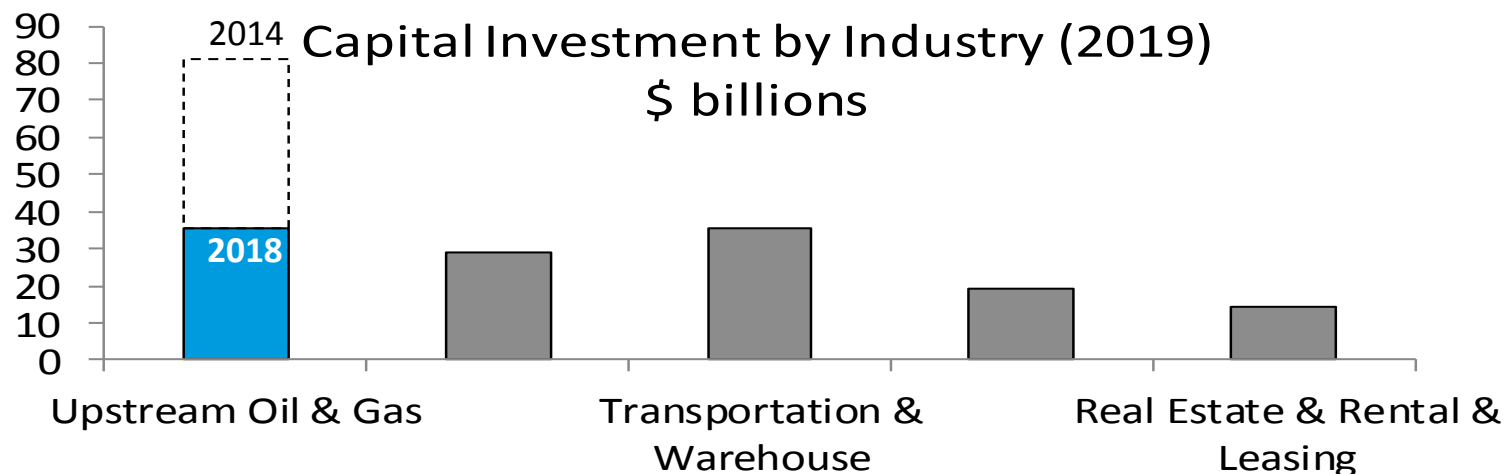




January 2020 Capital Investment & Drilling Forecast Update

Capital Investment & Drilling Forecast

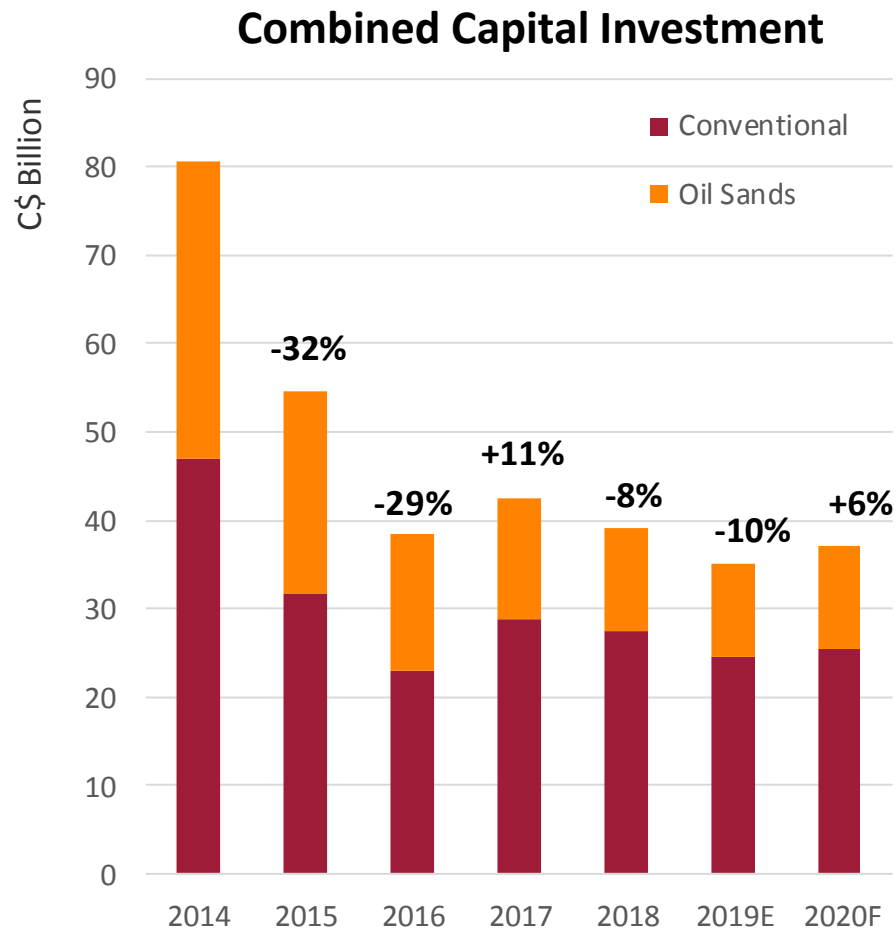
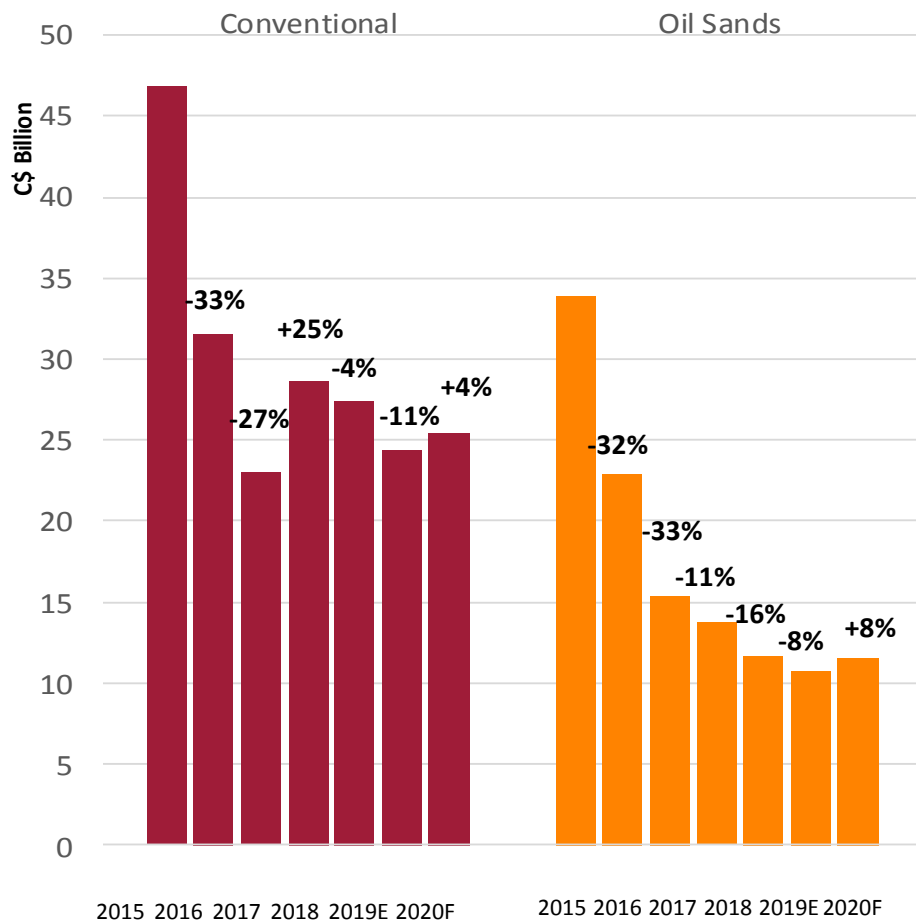
- Capital investment peaked at \$81 billion in 2014
- In 2018 E&P capital spending was \$39 billion, an 8% decline from 2017. 2019 is estimated to decline another 10% to \$35 billion. The 2020 forecast is \$37 billion, a 6% increase.
 - Conventional spending was \$27 billion in 2018 and estimated to be \$24 billion in 2019. 2020 is expected to grow 4% to \$25 billion.
 - 2018 Oil sands decreased by 16% to \$12 billion from \$14 billion in 2017. 2019 estimate is down another 8% to \$11 billion. 2020 is forecasted to grow 8% to \$12 billion. First increase in capital spending in last five years.
- In 2019 the drilling estimate is 5,000 wells, down 18% from the 2018 actual of 6,115 wells (excludes service)
- Payments to governments average about \$8 billion per year over a three year period ending in 2018
- Upstream sector largest private sector investor in Canada in 2019



Source: Statistics Canada Table 34-10-0035-01

Upstream Capital Investment in Canada

% = Year/year change



Source: CAPP January 2020

Industry Capital Spending Cdn \$billions

Northern Canada

2017	2018	2019E	2020F
\$0.01	\$0.1	\$0.1	\$0.1

Oil & Gas Investment Spending:

2017: \$42.5 billion
2018: \$39 billion
2019E: \$35 billion
2020F: \$37 billion

Oil Sands

2017	2018	2019E	2020F
\$14	\$12	\$11	\$12

Western Canada

2017	2018	2019E	2020F
\$26	\$25	\$22	\$23

East Coast Offshore

2017	2018	2019E	2020F
\$3.2	\$2.7	\$2.5	\$2.5

Total Wells Drilled in Western Canada

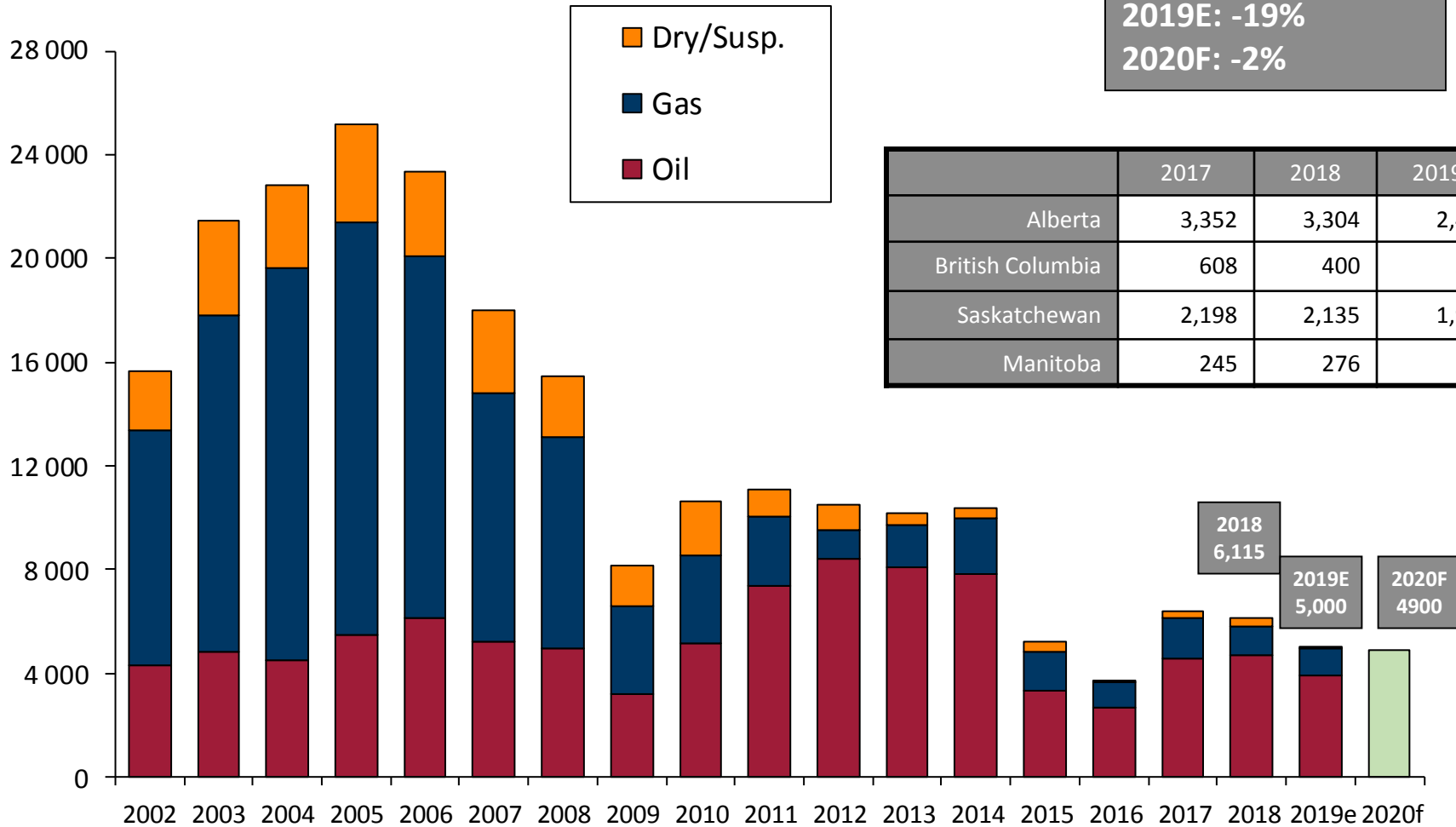
Yr/yr change in drilling:

2017: +71%

2018: -5%

2019E: -19%

2020F: -2%



	2017	2018	2019F
Alberta	3,352	3,304	2,409
British Columbia	608	400	389
Saskatchewan	2,198	2,135	1,949
Manitoba	245	276	239

Source – CAPP. Based on Rig Release: Jan 2020