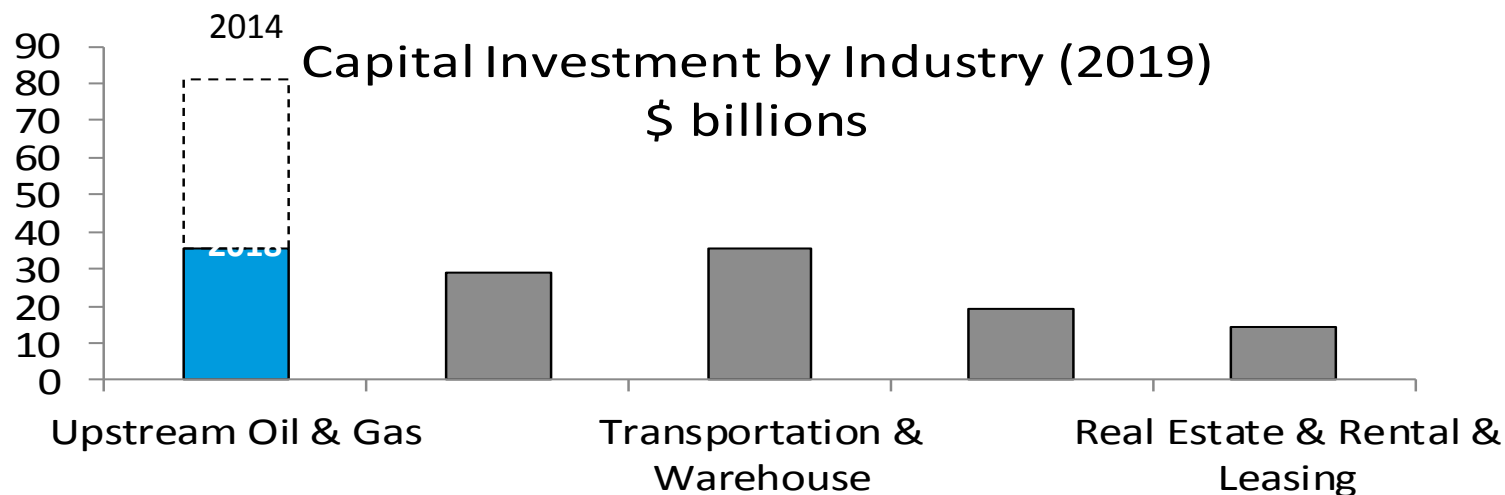




# September 2020 Capital Investment & Drilling Forecast Update

# Capital Investment & Drilling Forecast

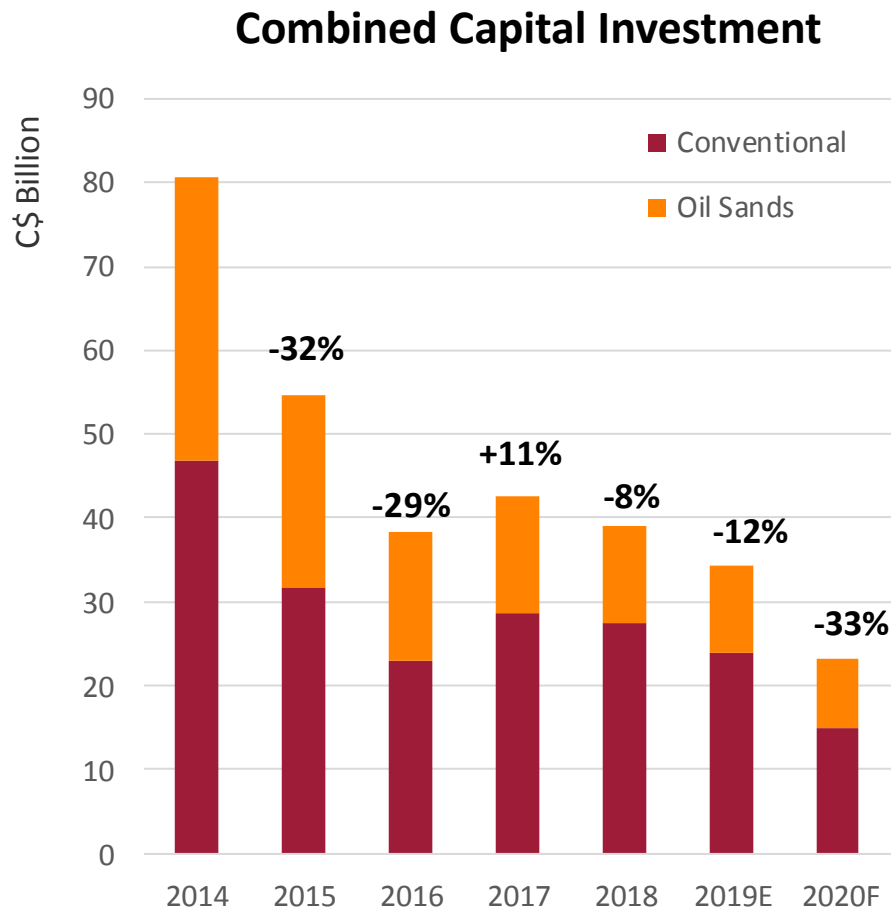
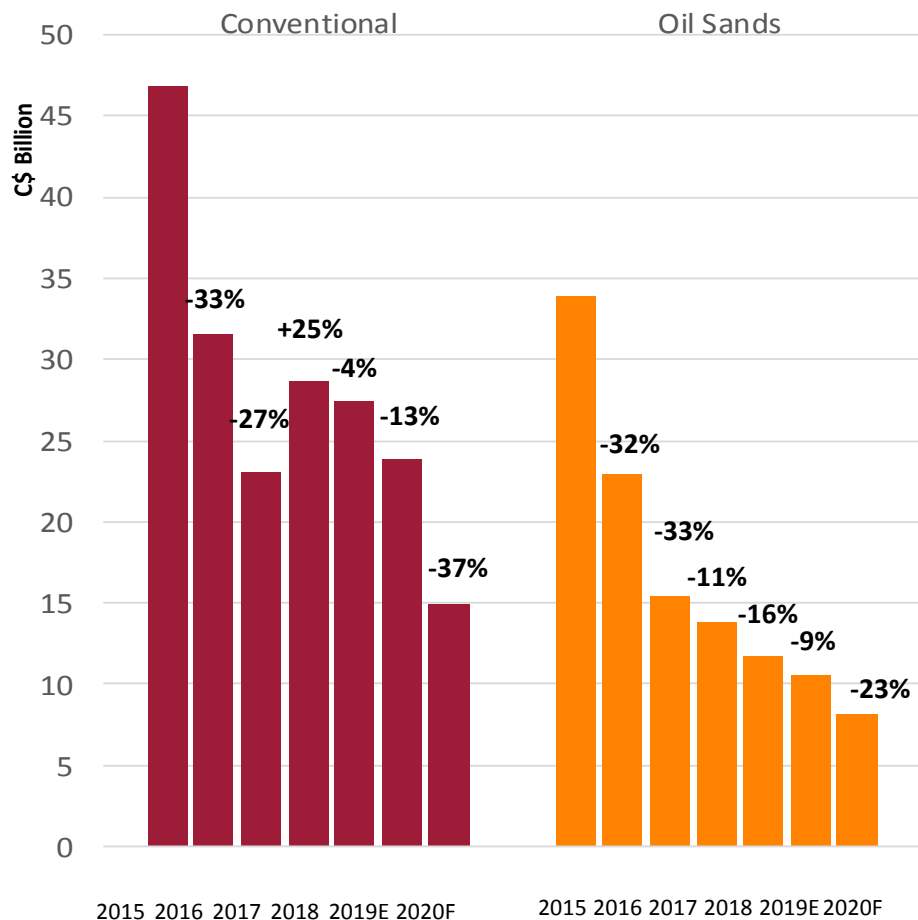
- Capital investment peaked at \$81 billion in 2014
- In 2018 E&P capital spending was \$39 billion, an 8% decline from 2017. 2019 is estimated to decline another 12% to \$34 billion. In January, the 2020 forecast was \$37 billion, a 6% increase, however the Covid-19 effect has capital expenditures forecasted at \$23 billion, a 33% decline.
  - Conventional spending was \$27 billion in 2018 and estimated to be \$24 billion in 2019. 2020 was expected to be \$25 billion but is now forecasted at \$15 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 was forecasted to grow 8% to \$12 billion which was the first increase in capital spending in last five years. The oil sands capital expenditures for 2020 are now estimated at \$8 billion, a 23% decline.
- In 2019 5,461 wells were drilled, 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	\$0.0

## Oil & Gas Investment Spending:

2017: \$42.5 billion
2018: \$39 billion
2019E: \$34 billion
2020F: \$23 billion

## Oil Sands

2017	2018	2019E	2020F
\$14	\$12	\$11	\$8

## Western Canada

2017	2018	2019E	2020F
\$26	\$25	\$21	\$14

## East Coast Offshore

2017	2018	2019E	2020F
\$3.2	\$2.7	\$2.5	\$1.5

# Total Wells Drilled in Western Canada

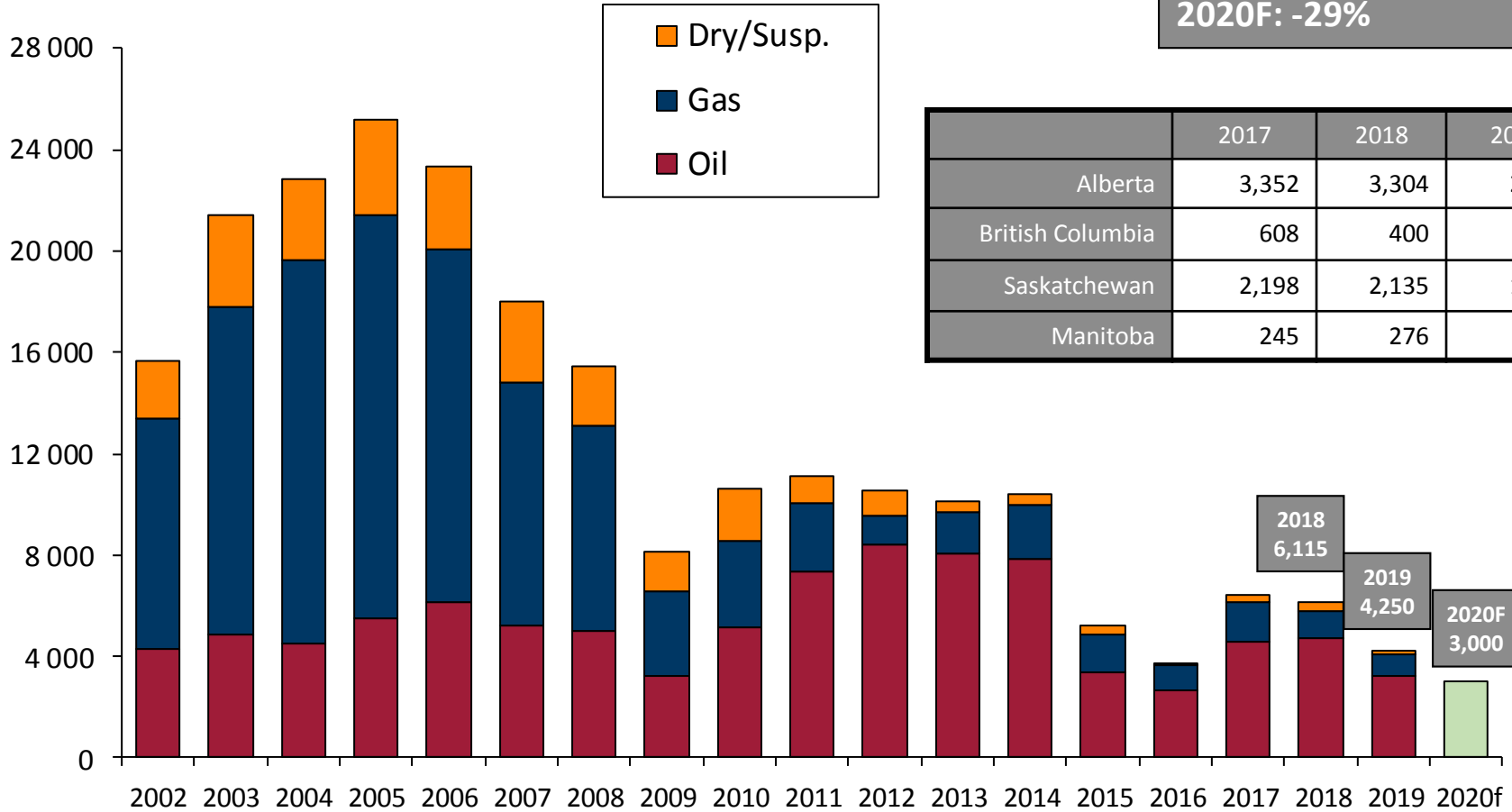
Yr/yr change in drilling:

2017: +71%

2018: -5%

2019: -31%

2020F: -29%



Source – CAPP. Actual Based on Rig Release: Jan 2020