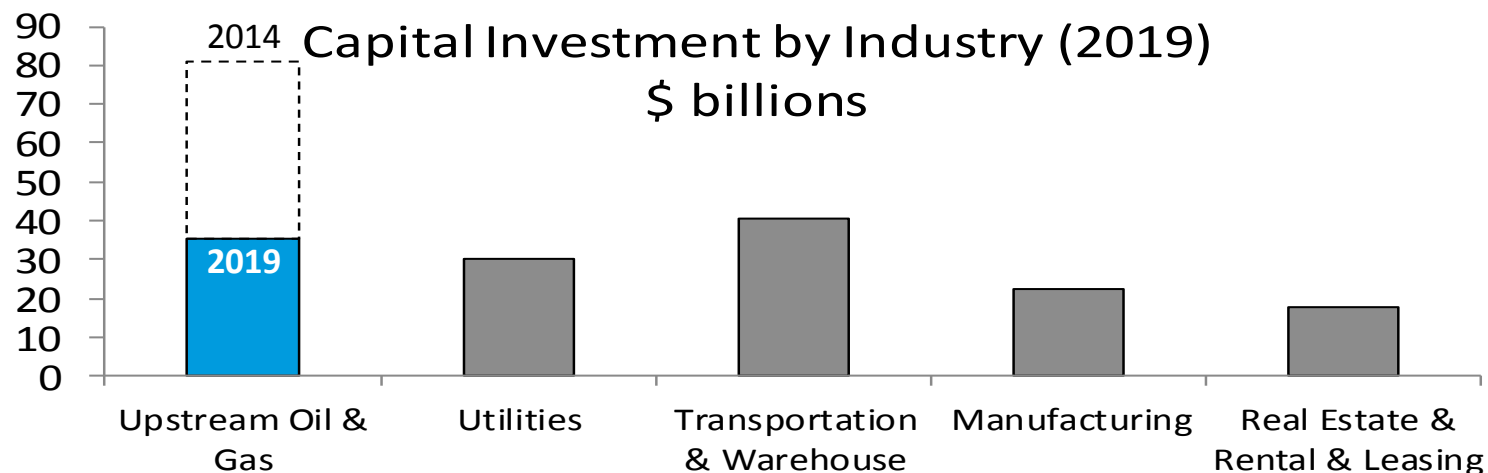




January 2021 Capital Investment & Drilling Forecast Update

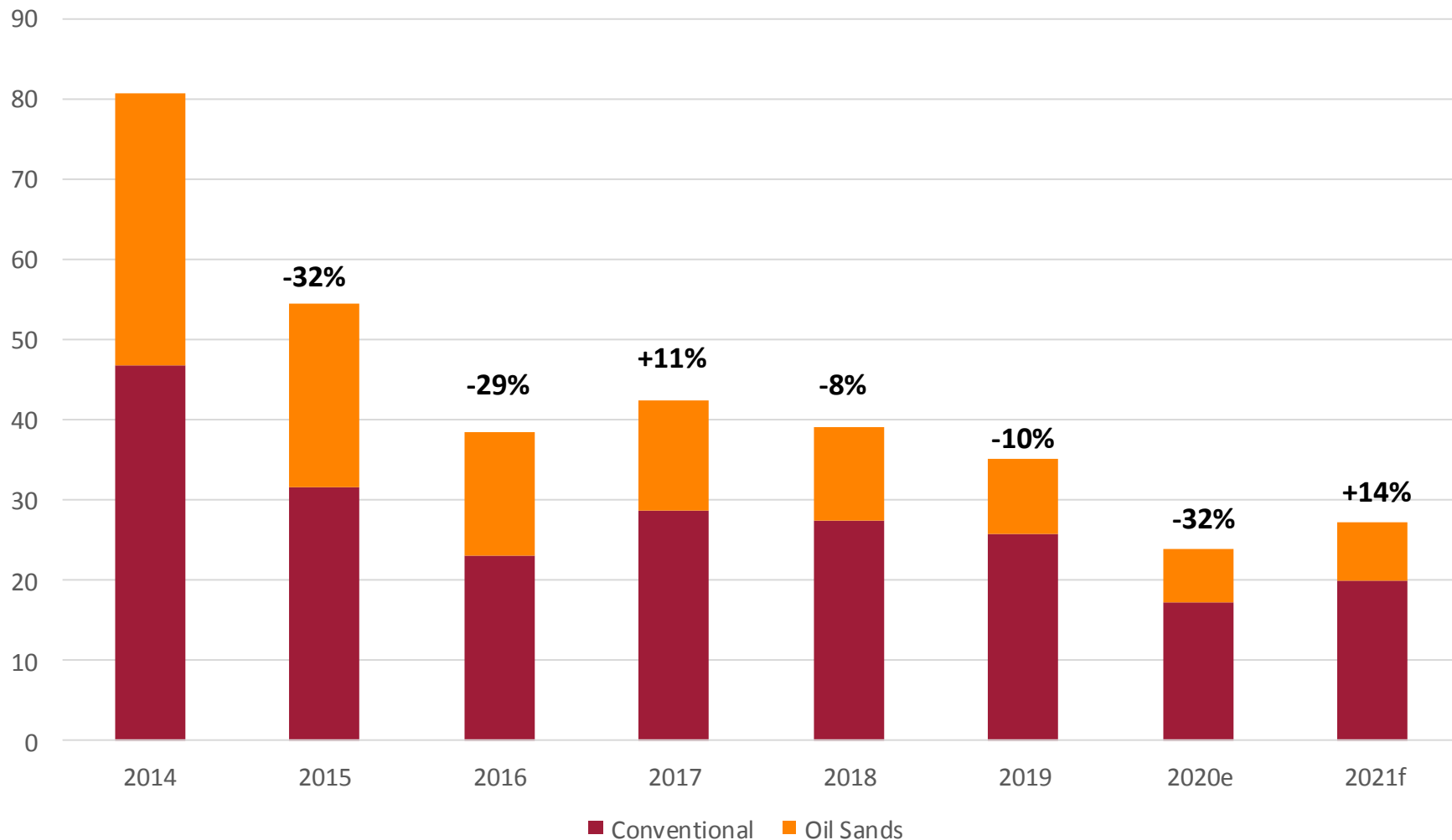
Capital Investment & Drilling Forecast

- Capital investment peaked at \$81 billion in 2014.
- In 2019 E&P capital spending was \$35 billion, a 10% decline from 2018. With Covid-19, 2020 is estimated to decline an unprecedented 31% to \$24 billion. 2021 is forecasted at a 14% recovery to \$27 billion.
 - Conventional spending was \$26 billion in 2019 and estimated to be \$17 billion in 2020 and \$20 billion in 2021.
 - 2019 Oil sands fell 20% to \$9 billion from \$12 billion in 2018. 2020 estimate is down another 28% to \$7 billion. 2020 was initially forecast to grow 8% to \$12 billion which would have been the first growth in capital spending in last five years. 2021 has is forecasted to grow by 8%.
- In 2019 there were 4,250 wells drilled, down 30% from the 2018 actual of 6,115 wells (excludes service). The 2020 estimate is around 3,000 wells and the 2021 forecast is 3,300 wells.
- Payments to governments average about \$10 billion per year over a three year period ending in 2019.
- Upstream sector historically was the largest private sector investor in Canada. In 2019 it was surpassed by Transportation and Warehouse capital spend.



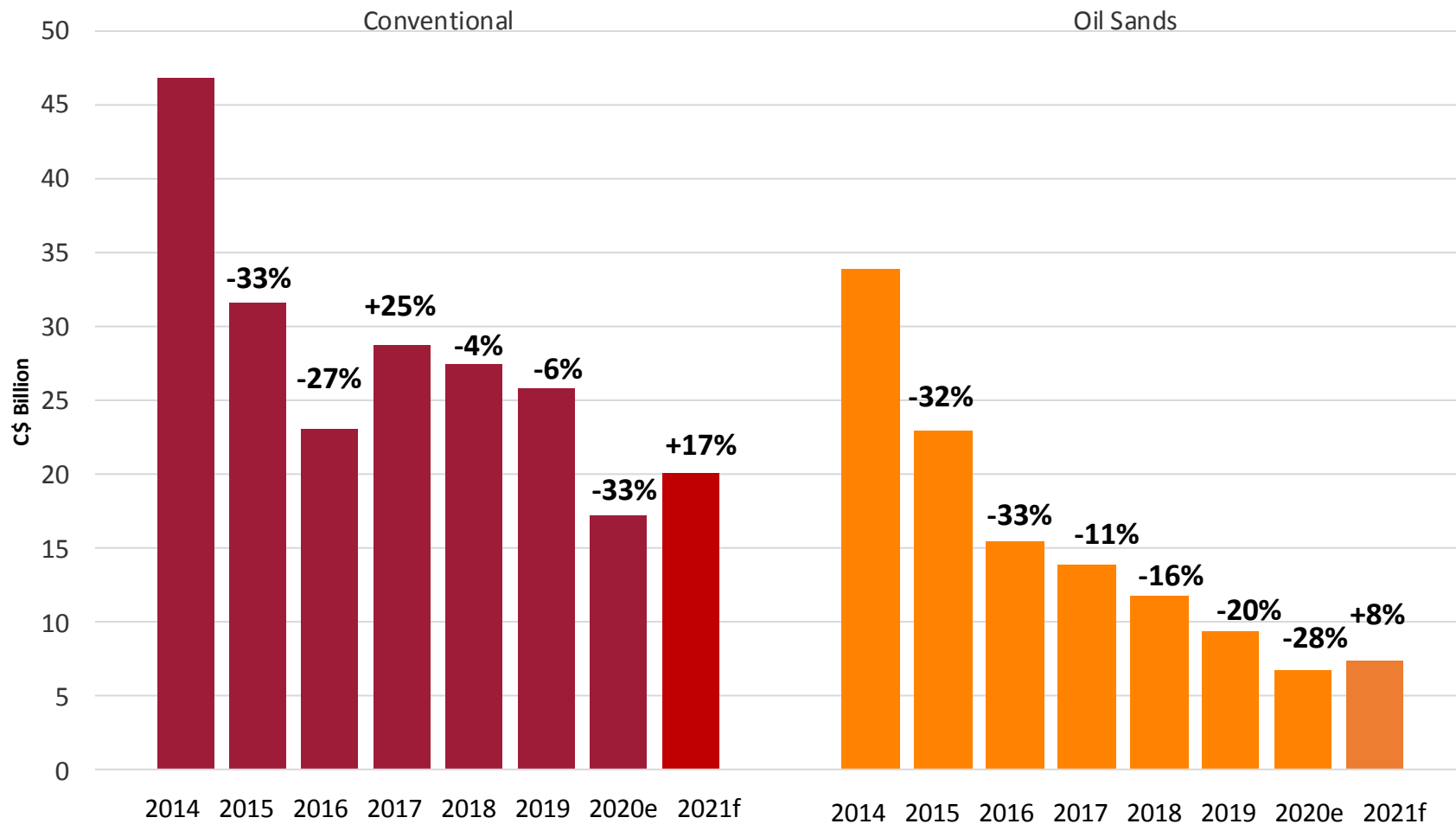
Source: Statistics Canada Table 34-10-0035-01

Upstream Capital Investment in Canada



Source: CAPP Dec 2020

Upstream Capital Investment in Canada



Source: CAPP Dec 2020

Industry Capital Spending Cdn \$billions

Northern Canada

2017	2018	2019	2020e	2021f
\$0.01	\$0.1	\$0.1	\$0.0	\$0.0

Oil & Gas Investment Spending:

2017: \$42.5 billion
2018: \$39 billion
2019: \$35 billion
2020e: \$24 billion
2021f: \$27 billion

Oil Sands

2017	2018	2019	2020e	2021f
\$14	\$12	\$9	\$7	\$7

Western Canada

2017	2018	2019	2020e	2021f
\$26	\$25	\$23	\$16	\$19

East Coast Offshore

2017	2018	2019	2020e	2021f
\$3.2	\$2.7	\$2.8	\$1.5	\$1.5

Total Wells Drilled in Western Canada

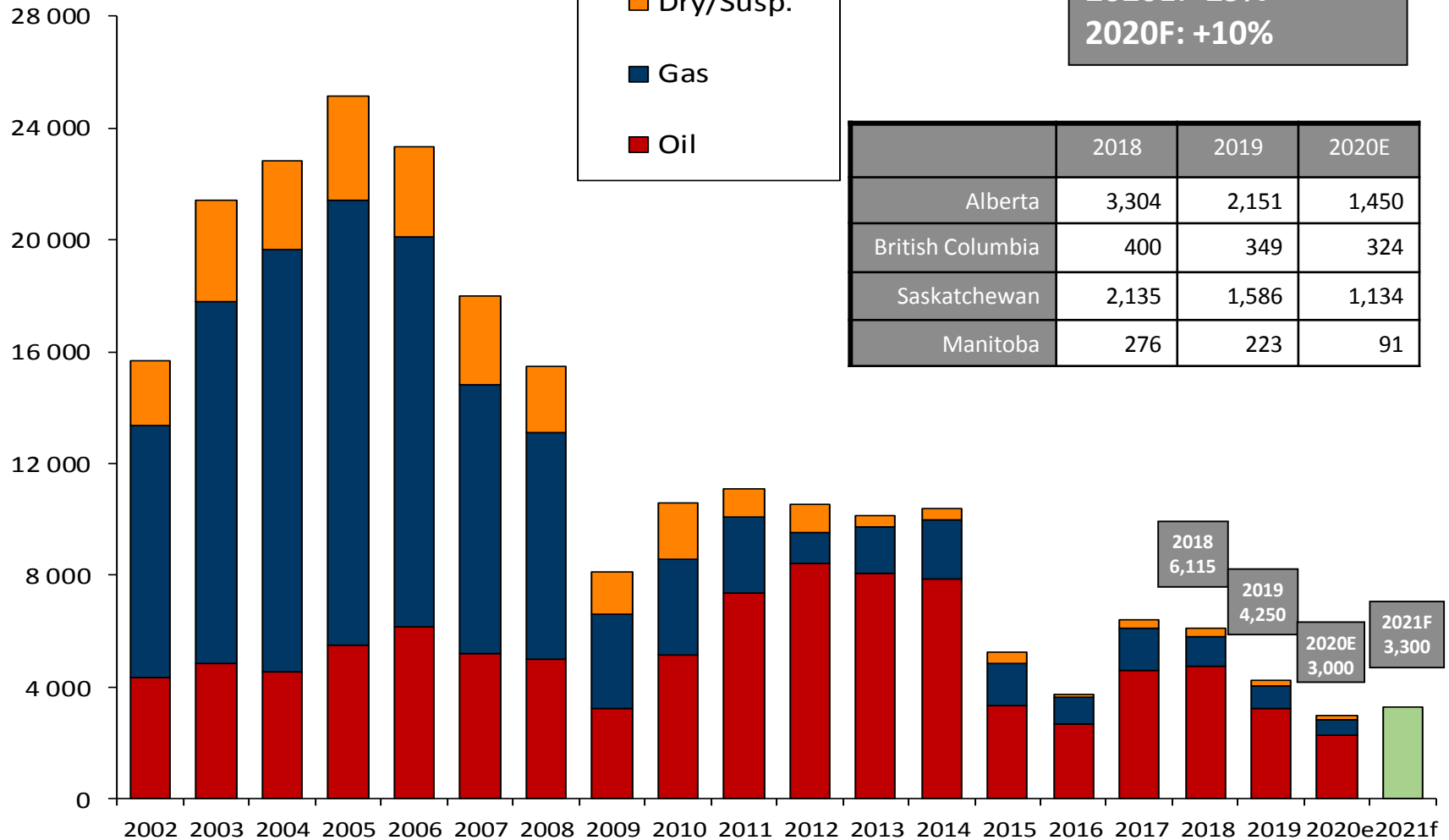
Yr/yr change in drilling:

2018: -5%

2019: -31%

2020E: -29%

2020F: +10%



	2018	2019	2020E
Alberta	3,304	2,151	1,450
British Columbia	400	349	324
Saskatchewan	2,135	1,586	1,134
Manitoba	276	223	91

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