
For Immediate Release

CAPP Forecasts Capital Investment for Canadian Oil and Natural Gas Sector to Reach \$40.6 Billion in 2024

February 27, 2024 (Calgary, Alberta) - The Canadian Association of Petroleum Producers (CAPP) is forecasting capital expenditures for the upstream oil and natural gas sector will reach \$40.6 billion in 2024, rising slightly from an estimated actual investment of \$39 billion for 2023.

“Upstream oil and natural gas producers are staying disciplined, with capital expenditures expected to remain stable in 2024,” says Lisa Baiton, CAPP President & CEO. “There is room for cautious optimism with current Canadian oil production at record levels in anticipation of the Trans Mountain expansion completion in the second quarter. We are also moving closer to seeing the completion of Canada’s first globally significant liquefied natural gas export facility in British Columbia, expected in 2025.”

“Despite these positive trends, there remains a sense of caution largely due to the ongoing uncertainty surrounding proposed emissions policy in Canada, which continues to be a significant factor in investment decisions,” added Baiton.

The disciplined business approach and modest production growth in recent years has yielded significant returns to the Canadian economy, representing \$111 billion in gross domestic product (GDP) and \$45 billion in revenues to municipal, provincial, and federal governments, supporting communities, infrastructure, and energy affordability across the country.

“Energy production and export is the backbone of the Canadian economy,” says Lisa Baiton, CAPP President & CEO. “Hundreds of thousands of Canadians directly and indirectly rely on the industry for work, enabling thousands of families and businesses, including hundreds that are Indigenous owned, to improve their lives and prosperity.”

The oil and natural gas industry is among the largest investors in emissions reduction technologies in Canada and investments are expected to accelerate this year to advance emissions reductions projects.

Emissions from oil and natural gas production peaked in 2015. From 2012 to 2021, the conventional upstream sector lowered CO2 equivalent emissions by 24% while growing production by 21%. The conventional upstream sector has also reduced methane emissions and is on track to exceed the current federal government target of a 40 to 45 percent reduction by 2025. In addition, with anticipated co-funding from governments the country’s six largest oil sands companies expect to invest \$24 billion in emissions reduction projects by 2030 and are targeting net zero emissions from operations by 2050.

Canada’s oil and gas sector spends more than any other industry in Canada on environmental protection — \$9.4 billion cumulatively from 2018 to 2020 — accounting for 33 per cent of total environmental protection expenditures made by business across Canada.

Conventional oil and natural gas capital investment for 2024 is forecast at \$27.3 billion, while oil sands investment is expected to reach \$13.3 billion.

Regional Overview of Capital Expenditures

- **Saskatchewan:** In Saskatchewan, spending is forecast to rise from \$3 billion to \$3.3 billion in 2024, with approximately \$500 million allocated to thermal in-situ projects.
- **Alberta:** The province is expected to maintain a steady investment level at \$29 billion, with oil sands' contribution at around \$13.3 billion.
- **British Columbia:** Upstream spending is projected to reach \$5.0 billion in 2024, a slight increase over estimated actual 2023 spending. Spending on upstream in 2024 is expected to be driven by drilling to supply LNG Canada as the project moves towards its commissioning and start-up phase.
- **Offshore Newfoundland and Labrador:** Investments reached \$1.6 billion in 2023 and are expected to increase to \$2 billion in 2024. Although these investment numbers are lower than in the rest of Canada, capital investment is increasing in Newfoundland and Labrador after several years of little growth. There remains significant potential to grow and increase exports in the future.

About CAPP

The Canadian Association of Petroleum Producers (CAPP) is a non-partisan, research-based industry association that advocates on behalf of our member companies, large and small, that explore for, develop, and produce oil and natural gas throughout Canada. Our associate members provide a wide range of services that support the upstream industry. CAPP's members produce nearly three quarters of Canada's annual oil and natural gas production and provide more than 400,000 direct and indirect jobs in nearly all regions of Canada. In 2022 across Canada, our industry contributed \$111 billion to the Gross Domestic Product (GDP) in addition to paying \$45 billion in taxes and royalty payments. CAPP is a solution-oriented partner and works with all levels of government to ensure a thriving Canadian oil and natural gas industry. We strive to meet the need for safe, reliable, affordable, and responsibly produced energy, for Canada and the world. We are proud to amplify industry efforts to reduce GHG emissions from oil and gas production and support Indigenous participation and prosperity.

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