



### Pricing philosophy

#### AJM Deloitte looks to both the futures and the past when we create our forecasts

Price forecasting takes into account many variables that can influence future prices. While experience tells us we must continually review the tools we use to predict future oil and gas prices, one constant is the impact that the geopolitical landscape has on pricing. This impact is most accurately reflected in the financial industry's futures market for commodities. That is why the futures market is the main influence in the creation of AJM Deloitte's price forecast.

At AJM Deloitte, we understand that sound analysis of changing trends can influence the decisions made about mergers, acquisitions, divestitures and investments. One of the ways we ensure our price forecasts are as accurate as possible is to review our pricing assumptions on a quarterly basis. Accurate and realistic information ensures better long-term decisions for our clients.

#### These forecasts are AJM Deloitte's best estimate of how the future will look

In preparing the price forecast, AJM Deloitte considers the current monthly trends, the actuals and trends for the year to date, and the prior year actuals in determining the forecast. The base forecast for both oil and gas is based on NYMEX futures in US dollars. Crude oil and natural gas forecasts are based on yearly variable factors weighted to a higher percentage for the current data and then reflecting a higher percentage to prior year historical data for the later years. Gas prices have been determined independently from oil prices but still reflect the current competitive nature of the two fuels and reflect historical oil-to-gas ratios for the latter years of the gas forecast.

AJM Deloitte prepares our price and market forecasts based on information we collect from numerous government agencies, industry publications, oil refineries, natural gas marketers and industry trends. Inflation forecasts and exchange rates have also been considered.

While these forecasts are considered reasonable, changing market conditions or additional information may require alteration from the indicated effective date.

### Glossary

Some of the words, phrases and acronyms we use frequently when talking about pricing are listed below:

<b>AECO</b>	Alberta Energy Company - historical name of a virtual trading hub on the NGX system
<b>ANS</b>	Alaska North Slope
<b>ASCI</b>	Argus Sour Crude Oil
<b>AWB</b>	Access Western Blend - Canadian condensate/bitumen mix
<b>BR</b>	Bow River Crude Oil
<b>CBOT</b>	Chicago Board Of Trade
<b>CGA</b>	Canadian Gas Association
<b>DCQ</b>	Daily Contract Quantity
<b>EIA</b>	Energy Information Administration
<b>FERC</b>	US Federal Energy Regulatory Commission
<b>FOB</b>	Free on Board (shipper term)
<b>IEA</b>	International Energy Administration
<b>LLB</b>	Lloydminster Blend Crude Oil
<b>LNG</b>	Liquefied Natural Gas
<b>MESC</b>	Middle East Sour Crude
<b>MSO</b>	Mixed Sour Crude Oil
<b>MSW</b>	Canadian Light Sweet
<b>NEB</b>	Canadian National Energy Board
<b>NIT</b>	Nova Inventory Transfer
<b>NYMEX</b>	New York Mercantile Exchange
<b>OECD</b>	Organization of Economic Cooperation and Development
<b>OPEC</b>	Organization of Petroleum Exporting Countries
<b>PADD</b>	Petroleum Administration Defense District
<b>USGC</b>	US Gulf Coast
<b>USWC</b>	US West Coast
<b>WCS</b>	Western Canada Select Crude Oil
<b>WTI</b>	West Texas Intermediate
<b>WTS</b>	West Texas Sour

## Canadian domestic price forecast June 30, 2011

### Forecast commentary

Ralph Glass, Director, Energy Valuation & Operations

#### Welcome to the new, exciting world of AJM Deloitte.

Deloitte's acquisition of AJM Petroleum Consultants represents a brand-new, more well-rounded service, combining Deloitte's financial advisory expertise with AJM's technical know-how. This commentary forum will continue to explore and explain the rational, and sometimes irrational, direction of commodity prices. This knowledge is a requirement to understand the value of energy organizations.

During the first half of 2011, we saw the price of West Texas Intermediate (WTI) crude oil reach highs of US\$114.00/bbl and world prices, patterned after Brent trading, reach US\$126.00/bbl. Canada's Edmonton par price has at times lagged in comparison to WTI as a result of the continuing bottleneck of crude oil into the US market at Cushing, Oklahoma. The Canadian dollar rising above par in comparison to its American counterpart also made Canadian crude a little more expensive. Natural gas has attempted to show some recovery, but is continually damped by high US production levels contributing to increased injection as we moved into the spring months.

“Do not follow where the path may lead. Go instead where there is no path and leave a trail.”

- George Bernard Shaw

As we enter the second half of 2011, AJM Deloitte foresees no change in its prior forecast. Edmonton prices will continue to lag behind the US WTI price due to an anticipated return to par by the Canadian dollar and to the lack of a market solution to the increasing supply of Canadian crude oil production both from the oilsands and from horizontal drilling in existing oil reservoirs. Until such time as alternative markets, like offshore North America or expanding to existing markets (TransCanada's Keystone

pipeline into the US Gulf coast), the full world market value for Canadian oil will not be achieved. The US WTI price itself will continue to lag behind world prices where crude oil demand continues to grow. The US market is flattening or even declining as the US looks for ways to reduce the use of crude oil. In the US Energy Information Administration (EIA) Annual Energy Outlook 2011, the 20-year forecast looks for moderate to flat crude oil growth in the United States. The International Energy Agency (IEA) World Energy Outlook 2010, on the other hand, is estimating nearly 18 percent growth in world crude oil demand over the same time frame. It is unfortunate that Canada is restricted to a declining market and not able to access world growth markets.

Natural gas, from the Canadian perspective, has the same issues as crude oil. Canada is restricted to serving domestic and US markets where both countries have an abundant oversupply. This is reflected by the low natural gas prices. Economic growth in both countries is hampered by uncertainty with a weak US dollar and high oil prices threatening a sustained recovery, let alone growth. Similar to crude oil, Canada requires alternative markets where current international prices are higher than those attained in North America. AJM Deloitte continues to forecast growth in natural gas prices in real terms while the real price of crude oil remains flat over the forecast life.

The world energy market, like the new AJM Deloitte, offers tremendous opportunity. Just as Deloitte has positioned itself to meet new opportunities with the acquisition of AJM Petroleum Consultants, so must Canada and the Canadian energy sector move to expand markets to benefit from global energy growth and higher commodity prices.

Welcome to AJM Deloitte.

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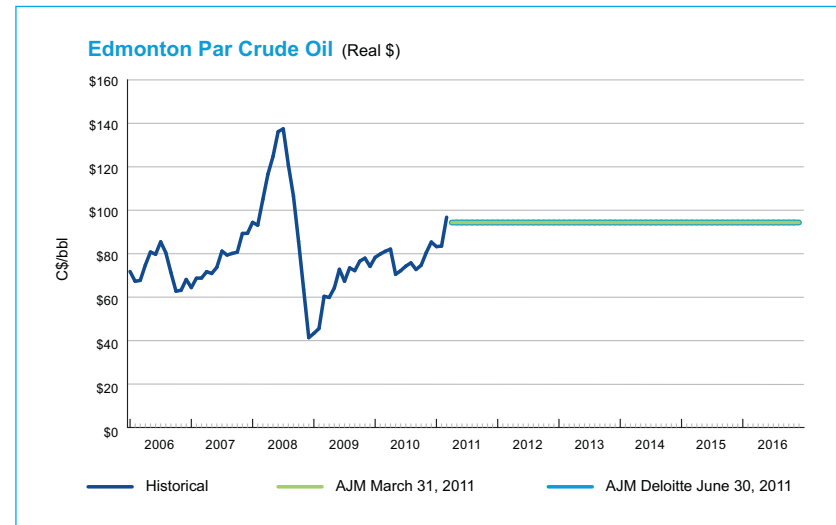
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## Crude oil price and market demand forecast

### Forecast considerations

- Adjustments for oil consider the most recent pipeline tariffs and exchange rates to arrive at a Canadian Edmonton par equivalent price.
- Edmonton Par price is used as the basis to arrive at the remaining crude reference points. Offsets are based on five-year historical statistics with more recent data weighted more heavily in the determination.
- Adjustments on each individual property are made to account for transportation and crude quality from the Edmonton posted price or the reference price used for the specific property.

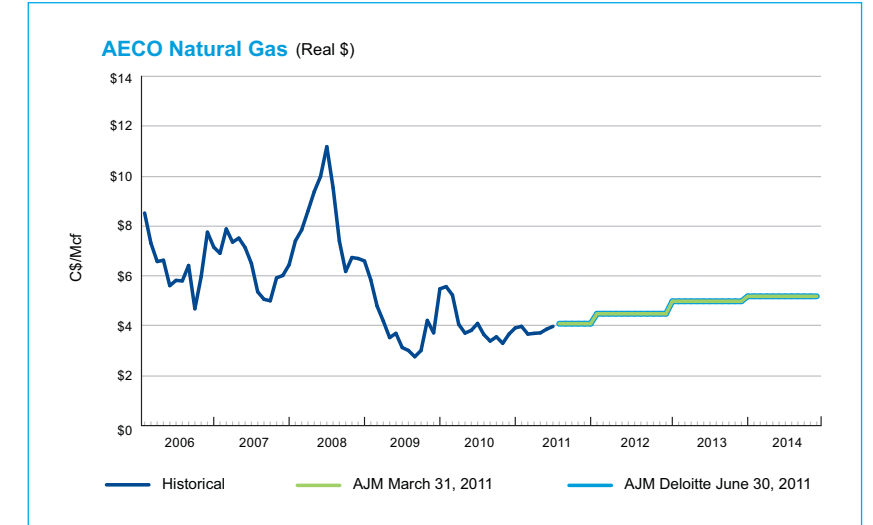


Year	WTI Cushing, OK (40 Deg. API)	WTI Cushing, OK (40 Deg. API)	Canadian Par Edmonton, AB (40 Deg. API)	Canadian Par Edmonton, AB (40 Deg. API)	SE SK Med. Oil Cromer, MB (29 Deg. API)	Bow River Oil Hardisty, AB (25 Deg. API)	Heavy Oil Hardisty, AB (12 Deg. API)	Cost inflation	CAD to USD exchange
	US\$/bbl	US\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl		
	Real	Current	Real	Current	Current	Current	Current	Rate	Rate
<b>Historical</b>									
2008	\$102.32	\$99.58	\$105.66	\$102.83	\$93.26	\$83.97	\$73.17	0.0238	0.943
2009	\$61.98	\$61.78	\$66.41	\$66.21	\$62.77	\$59.90	\$54.49	0.0031	0.880
2010	\$79.42	\$79.42	\$77.79	\$77.79	\$73.48	\$68.16	\$60.59	0.0176	0.971
<b>2011</b>									
6 Months H	\$97.89	\$97.89	\$95.54	\$95.54	\$87.97	\$75.75	\$69.60	0.0280	1.020
6 Months F	\$100.00	\$100.00	\$95.00	\$95.00	\$88.25	\$79.00	\$74.20	0.0000	1.000
Avg.	\$98.94	\$98.94	\$95.27	\$95.27	\$88.11	\$77.38	\$71.90	n/a	1.010
<b>Forecast</b>									
2011	\$100.00	\$100.00	\$95.00	\$95.00	\$88.25	\$79.00	\$74.20	0.0000	1.000
2012	\$100.00	\$102.00	\$95.00	\$96.90	\$89.20	\$79.05	\$73.95	0.0200	1.000
2013	\$100.00	\$104.05	\$95.00	\$98.85	\$90.45	\$79.95	\$74.55	0.0200	1.000
2014	\$100.00	\$106.10	\$95.00	\$100.80	\$91.05	\$78.80	\$72.80	0.0200	1.000
2015	\$100.00	\$108.25	\$95.00	\$102.85	\$92.35	\$80.85	\$74.85	0.0200	1.000
2016	\$100.00	\$110.40	\$95.00	\$104.90	\$93.65	\$82.90	\$76.90	0.0200	1.000
2017	\$100.00	\$112.60	\$95.00	\$107.00	\$95.00	\$85.00	\$79.00	0.0200	1.000
2018	\$100.00	\$114.85	\$95.00	\$109.15	\$95.65	\$87.15	\$81.15	0.0200	1.000
2019	\$100.00	\$117.15	\$95.00	\$111.30	\$96.30	\$89.30	\$83.30	0.0200	1.000

## Natural gas price and market demand forecast

### Forecast considerations

- The NYMEX to Canadian AECO price historical differential is used to arrive at the AECO forecasted price.
- Gas prices have been determined independently from oil prices but still reflect the current competitive nature of the two fuels. Direct spot sales prices are currently receiving a \$0.10/Mcf premium over system gas which is reflected in the forecast.
- Even though the Western Canadian gas market is highly competitive and prices have historically varied between purchasers, it is the view of AJM Deloitte that this will not hold as true in the future. The supply, demand and competition will keep the purchasers in close proximity to each other. Saskatchewan direct prices receive a slight premium over Alberta direct due to the occasional bottlenecks that occur in Alberta.
- The NYMEX price is based on delivery at the Henry Hub in Louisiana, the nexus of 16 intra- and interstate natural



gas pipeline systems that draw supplies from the region's prolific gas deposits.

Year	AB Ref. Avg. Price	AB AECO Avg. Price	AB AECO Avg. Price	AB System Plant Gate Sales	AB Direct Plant Gate Sales	BC Direct Station 2 Sales	SK Direct Plant Gate Sales	NYMEX	NYMEX
	C\$/Mcf	C\$/Mcf	C\$/Mcf	C\$/Mcf	C\$/Mcf	C\$/Mcf	C\$/Mcf	US\$/Mcf	US\$/Mcf
	Current	Real	Current	Current	Current	Current	Current	Real	Current
<b>Historical</b>									
2008	\$7.88	\$8.38	\$8.15	\$8.13	\$7.92	\$8.21	\$8.19	\$9.12	\$8.88
2009	\$3.84	\$3.97	\$3.96	\$3.94	\$3.74	\$4.16	\$4.14	\$3.92	\$3.90
2010	\$3.76	\$4.00	\$4.00	\$4.07	\$3.76	\$4.00	\$3.90	\$4.38	\$4.38
<b>2011</b>									
6 Months H	\$3.64	\$3.83	\$3.83	\$3.96	\$3.67	\$3.55	\$3.55	\$5.02	\$5.02
6 Months F	\$3.85	\$4.10	\$4.10	\$3.80	\$3.90	\$3.80	\$4.05	\$4.50	\$4.50
Avg.	\$3.74	\$3.96	\$3.96	\$3.88	\$3.79	\$3.67	\$3.80	\$4.76	\$4.76
<b>Forecast</b>									
2011	\$3.85	\$4.10	\$4.10	\$3.80	\$3.90	\$3.80	\$4.05	\$4.50	\$4.50
2012	\$4.35	\$4.50	\$4.60	\$4.30	\$4.40	\$4.30	\$4.55	\$5.00	\$5.10
2013	\$4.95	\$5.00	\$5.20	\$4.90	\$5.00	\$4.90	\$5.15	\$5.50	\$5.70
2014	\$5.25	\$5.20	\$5.50	\$5.20	\$5.30	\$5.20	\$5.45	\$5.75	\$6.10
2015	\$5.60	\$5.40	\$5.85	\$5.55	\$5.65	\$5.55	\$5.80	\$6.00	\$6.50
2016	\$5.95	\$5.60	\$6.20	\$5.90	\$6.00	\$5.90	\$6.15	\$6.10	\$6.75
2017	\$6.30	\$5.80	\$6.55	\$6.25	\$6.35	\$6.25	\$6.50	\$6.35	\$7.15
2018	\$6.75	\$6.10	\$7.00	\$6.70	\$6.80	\$6.70	\$6.95	\$6.60	\$7.60

