



### 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.

### Crude Oil Quality

API° & Sulphur %wt

#### United States Crude Reference Price Points:

<b>West Texas Intermediate (WTI)</b>	39.6°	0.24%wt
<b>Alaska North Slope (ANS)</b>	31.9°	0.93%wt
<b>California Kern River</b>	13.4°	1.20%wt
<b>Heavy Louisiana Sweet</b>	32.9°	0.35%wt
<b>Louisiana Light Sweet</b>	35.6°	0.37%wt
<b>Mars Blend US Gulf of Mexico</b>	28.9°	2.05%wt
<b>Wyoming Sweet</b>	37.2°	0.33%wt

#### International Crude Reference Price Points:

<b>United Kingdom Brent</b>	38.3°	0.37%wt
<b>US Gulf Coast Argus Sour Crude (ASCI)</b>	Approx. 29.1°	2.00%wt
<b>OPEC Basket (1)</b>		
<b>Venezuelan BCF-17 Bachaquero</b>	16.5°	2.53%wt
<b>Venezuelan Merely</b>	16.0°	2.45%wt
<b>Nigerian Bonny Light</b>	33.4°	0.16%wt
<b>Arabia UAE Dubai Feteh</b>	30.4°	2.13%wt
<b>Mexico Maya</b>	21.8°	3.33%wt
<b>China Daqing</b>	32.3°	0.11%wt
<b>Russia Urals</b>	31.7°	1.35%wt
<b>Indonesia Minas</b>	35.3°	0.09%wt

(1) The current OPEC Reference Basket (ORB) is made up of the following crudes: Saharan Blend - Algeria; Girassol - Angola; Oriente - Ecuador; Iran Heavy - Islamic Republic of Iran; Basra Light - Iraq; Kuwait Export - Kuwait; Es Sider - Libya; Bonny Light - Nigeria; Qatar Marine - Qatar; Arab Light - Saudi Arabia; Murban - UAE; Merely - Venezuela.

## International 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. Connecting with Deloitte gives AJM's technical experts the opportunities to leverage the strength of their Canadian knowledge internationally. 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 future opportunities for energy organizations, and the hurdles they may face developing the energy our global market requires.

The global energy market and international commodity pricing for both crude oil and natural gas is strikingly different from North America where there exists a confined and well-supplied market. The amounts of light to higher medium API crude oils in the world's older producing reservoirs continue to be on a steady decline. With the lack of ability to handle the heavier crudes, refining margins are dropping, and therefore placing upward pressure on petrol prices. This was amplified when Libya's light oil flow was reduced. The result was a strain on European refineries and

Nuclear power, once thought to be the alternative source of the future, has now turned to be the potential evil of the twenty-first century. Countries like Germany have put plans in place to wean the country off nuclear power by the year 2022. And what energy is going to replace that? Obviously it will be crude oil and natural gas, increasing the demand as we move into the next decade. In Japan the horrific earthquake and tsunami that resulted in the unfortunate Fukushima nuclear disaster has caused that country to rethink the need for nuclear. Their short-term solution has been an increase in LNG imports, putting a strain on that market and causing significant price increases.

The need for energy, specifically crude oil and natural gas, is not going to go away. Renewable energies will continue to grow, but will never reach the magnitude required to impact the use of existing energy. The International Energy Agency (IEA) in their World Energy Outlook 2010 is estimating a nearly 18 percent growth in world crude oil demand over the next 20 years. The expected growth in natural gas requirements is even more pronounced at an 80 percent increase from current volumes by 2035. These estimates were made in advance of the hesitancy around continued nuclear expansion which may only increase the need for more natural gas and crude oil energy dependency.

The world energy market, like the new AJM Deloitte, offers tremendous opportunity. Deloitte has positioned itself, with the acquisition of AJM Petroleum Consultants, to meet these opportunities with a technical focus to assist in high global energy growth and asset optimization.

Welcome to AJM Deloitte.

“Two roads diverged in a wood, and I took the one less traveled by, and that has made all the difference.”

- Robert Frost

upward pressure on the Brent 38° API crude oil reference price which, at the height of the conflict in late April, reached highs of US\$126.00/bbl. Non OCED countries are mainly driven by continued growth such as the Chinese and Indian economies. The increasing demands of consumer-driven populations are also accelerating growth in the Middle East, Africa and South America.

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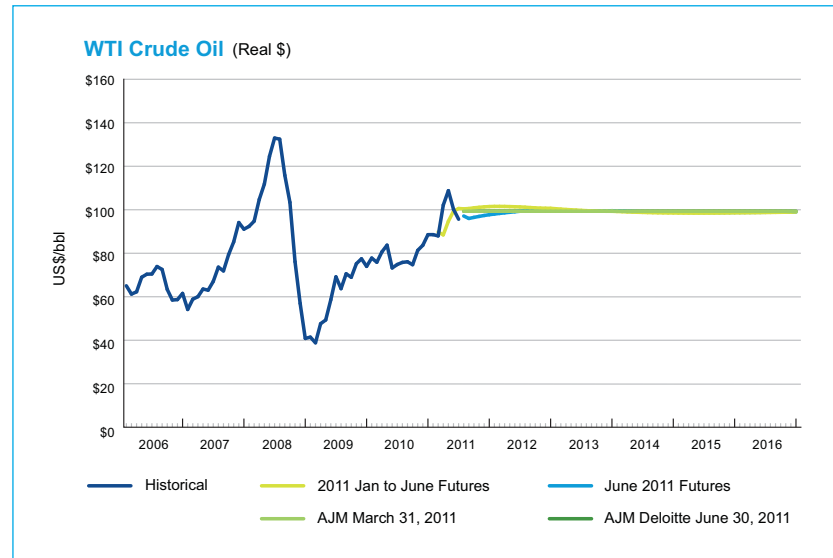
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## Crude oil price and market demand forecast

### Forecast considerations

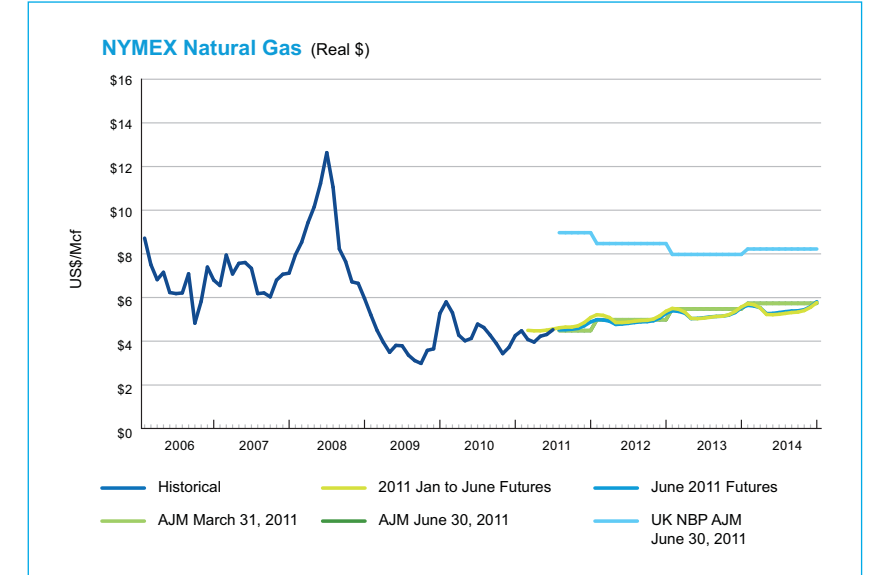
- Current forecasts for other Crude Oil reference points are based on historical trends to the WTI price.
- Brent, United Kingdom crude is based on 38.3°API with 0.37% sulphur content. Brent blend is a light sweet North Sea crude oil that serves as an international benchmark grade.
- United States Gulf Coast Argus Sour Crude Index (ASCI) is a blend of offshore Gulf Coast oil from Mars, Poseidon, and Southern Green Canyon.
- OPEC Basket represents the current grouping of crude oil prices from the OPEC member countries.
- Nigerian Bonny Light is based on 33.4°API FOB at local port of landing.
- Mexico Maya is based on 21.8°API FOB at local port of landing.
- China Daqing is 32.3°API FOB at local port of landing.
- Russia Urals 31.7°API is the FOB delivered price to the Mediterranean destinations.



## Natural gas price and market demand forecast

### Forecast considerations

- 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.
- The NYMEX market trades natural gas futures to the year 2021.
- Gas prices have been determined independently from oil prices but still reflect the current competitive nature of the two fuels.
- With the increase in the United States shale gas plays over the last few years, AJM Deloitte introduced estimates for a number of US supply regions effective with its September 30, 2009 price forecast.
- Expanded world activity has also given cause to provide an estimate for the United Kingdom NBP price.



Year	Average WTI Spot	Brent Spot	Gulf Coast ASCI	Average OPEC Basket	Nigerian Bonny Light	Mexico Maya	China Daqing	Russia Urals
	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl
	Real	Real	Real	Real	Real	Real	Real	Real
<b>Forecast</b>								
2011	\$100.00	\$108.00	\$102.00	\$105.00	\$106.00	\$96.00	\$106.60	\$106.00
2012	\$100.00	\$105.00	\$100.00	\$103.00	\$105.00	\$95.00	\$103.60	\$103.00
2013	\$100.00	\$105.00	\$98.00	\$103.00	\$106.00	\$95.00	\$103.60	\$103.00
2014	\$100.00	\$105.00	\$95.65	\$103.00	\$106.00	\$95.00	\$103.60	\$103.00
2015	\$100.00	\$105.00	\$95.65	\$103.00	\$106.00	\$95.00	\$103.60	\$103.00
2016	\$100.00	\$105.00	\$95.65	\$103.00	\$106.00	\$95.00	\$103.60	\$103.00
2017	\$100.00	\$105.00	\$95.65	\$103.00	\$106.00	\$95.00	\$103.60	\$103.00
2018	\$100.00	\$105.00	\$95.65	\$103.00	\$106.00	\$95.00	\$103.60	\$103.00
2019	\$100.00	\$105.00	\$95.65	\$103.00	\$106.00	\$95.00	\$103.60	\$103.00

Year	USD to GBP Exchange	USD to EUR Exchange	NYMEX	Permian Waha	San Juan Ignacio	Gulf Coast (Onshore)	Louisiana East Texas	Rocky Mtn. Opal	UK NBP
	Rate	Rate	US\$/Mcf	US\$/Mcf	US\$/Mcf	US\$/Mcf	US\$/Mcf	US\$/Mcf	US\$/Mcf
			Real	Real	Real	Real	Real	Real	Real
<b>Forecast</b>									
2011	1.650	1.350	\$4.50	\$4.00	\$4.10	\$4.30	\$4.50	\$3.90	\$9.00
2012	1.650	1.350	\$5.00	\$4.50	\$4.60	\$4.80	\$5.00	\$4.40	\$8.50
2013	1.650	1.350	\$5.50	\$5.00	\$5.10	\$5.30	\$5.50	\$4.90	\$8.00
2014	1.650	1.350	\$5.75	\$5.25	\$5.35	\$5.55	\$5.75	\$5.15	\$8.25
2015	1.650	1.350	\$6.00	\$5.50	\$5.60	\$5.80	\$6.00	\$5.40	\$8.50
2016	1.650	1.350	\$6.10	\$5.60	\$5.70	\$5.90	\$6.10	\$5.50	\$8.60
2017	1.650	1.350	\$6.35	\$5.85	\$5.95	\$6.15	\$6.35	\$5.75	\$8.85
2018	1.650	1.350	\$6.60	\$6.10	\$6.20	\$6.40	\$6.60	\$6.00	\$9.10

