



**PRODUCT PRICE AND MARKET FORECASTS
FOR THE CANADIAN OIL AND GAS INDUSTRY**

Quarterly Update

January 1, 2007

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GLJ Petroleum Consultants has prepared the enclosed price and market forecasts after a comprehensive review of information available through to December 2006. Information sources include numerous government agencies, industry publications, Canadian oil refiners and natural gas marketers. The accuracy of all factual data, from all sources has been accepted as represented without detailed investigation by GLJ Petroleum Consultants. The forecasts presented herein are based on an informed interpretation of currently available data. While they are considered reasonable at this time, users of these forecasts should understand the inherent high uncertainty in forecasting any commodity or market. These forecasts will be revised periodically as market, economic and political conditions change. These future revisions may be significant.

**GLJ PETROLEUM CONSULTANTS
PRODUCT PRICE AND MARKET FORECASTS
FOR THE CANADIAN OIL AND GAS INDUSTRY
January 1, 2007**

GLJ Petroleum Consultants has completed a quarterly update of our commodity price forecasts as presented on the attachments. Revisions in the forecasts reflective of current market conditions have been incorporated. A summary of near-term forecasts follows:

NATURAL GAS PRICES

| | October 1, 2006 Calendar Year | January 1, 2007 Calendar Year |
|--|----------------------------------|----------------------------------|
| Henry Hub Gas Price - (\$US/MMBTU) | | |
| 2007 | 7.75 | 7.25 |
| 2008 | 8.15 | 7.50 |
| Chicago 30 Day Spot Gas Price - (\$US/MMBTU) | | |
| 2007 | 7.90 | 7.10 |
| 2008 | 8.30 | 7.45 |
| Sumas 30 Day Spot Gas Price - (\$US/MMBTU) | | |
| 2007 | 6.65 | 6.60 |
| 2008 | 7.50 | 6.85 |
| AECO-C 30 Day Spot Gas Price - (\$Cdn/MMBTU) | | |
| 2007 | 7.50 | 7.20 |
| 2008 | 8.00 | 7.45 |
| Average Alberta Plant-Gate Gas Price - (\$Cdn/MMBTU) | | |
| 2007 | 7.30 | 7.00 |
| 2008 | 7.80 | 7.25 |
| Aggregator Plant-Gate Gas Price - (\$Cdn/MMBTU) | | |
| 2007 | 7.30 | 6.90 |
| 2008 | 7.80 | 7.25 |
| B.C. 30 Day Spot Plant-Gate Gas Price - (\$Cdn/MMBTU) | | |
| 2007 | 7.35 | 7.05 |
| 2008 | 7.85 | 7.30 |

CRUDE OIL PRICES

| | October 1, 2006 Calendar Year | January 1, 2007 Calendar Year |
|--|----------------------------------|----------------------------------|
| WTI @ Cushing Price - (\$US/BBL) | | |
| 2007 | 65.00 | 62.00 |
| 2008 | 60.00 | 60.00 |
| Light, Sweet @ Edmonton Price - (\$Cdn/BBL) | | |
| 2007 | 72.00 | 70.25 |
| 2008 | 66.50 | 68.00 |

Table 1
 GLJ Petroleum Consultants
Crude Oil and Natural Gas Liquids
Price Forecast
 Effective January 1, 2007

| Year | Inflation % | Bank of Canada Average Noon Exchange Rate \$US/\$Cdn | NYMEX WTI Near Month Futures Contract Crude Oil at Cushing Oklahoma | | Brent Blend Crude Oil FOB North Sea | | Light, Sweet Crude Oil (40 API, 0.3%S) at Edmonton | | Bow River Crude Oil Stream Quality at Hardisty | | Heavy Crude Oil Proxy (12 API) at Hardisty | | Medium Crude Oil (29 API, 2.0%S) at Cromer | | Alberta Natural Gas Liquids (Then Current Dollars) | | | | |
|----------------|-------------|--|---|-----------------------|-------------------------------------|-----------------------|--|------------------------|--|------------------------|--|------------------------|--|------------------------|--|----------------------------|---------------------------|----------------------------------|--|
| | | | Constant 2007 \$ \$US/bbl | Then Current \$US/bbl | Constant 2007 \$ \$US/bbl | Then Current \$US/bbl | Constant 2007 \$ \$Cdn/bbl | Then Current \$Cdn/bbl | Constant 2007 \$ \$Cdn/bbl | Then Current \$Cdn/bbl | Constant 2007 \$ \$Cdn/bbl | Then Current \$Cdn/bbl | Constant 2007 \$ \$Cdn/bbl | Then Current \$Cdn/bbl | Spec Ethane \$Cdn/bbl | Edmonton Propane \$Cdn/bbl | Edmonton Butane \$Cdn/bbl | Edmonton Pentanes Plus \$Cdn/bbl | |
| 1996 | 1.6 | 0.733 | 27.41 | 21.99 | 25.46 | 20.43 | 36.63 | 29.39 | 31.32 | 25.13 | 25.00 | 20.06 | 32.53 | 26.10 | n/a | 22.31 | 17.15 | 30.06 | |
| 1997 | 1.6 | 0.722 | 25.28 | 20.61 | 23.53 | 19.18 | 34.17 | 27.85 | 25.97 | 21.17 | 17.68 | 14.41 | 29.10 | 23.72 | n/a | 18.62 | 18.73 | 30.91 | |
| 1998 | 0.9 | 0.675 | 17.41 | 14.42 | 15.49 | 12.83 | 24.58 | 20.36 | 17.68 | 14.64 | 11.41 | 9.45 | 20.47 | 16.95 | n/a | 11.15 | 12.44 | 21.83 | |
| 1999 | 1.7 | 0.673 | 23.08 | 19.29 | 21.31 | 17.81 | 33.14 | 27.69 | 28.53 | 23.84 | 23.54 | 19.67 | 30.42 | 25.42 | n/a | 15.89 | 18.70 | 27.71 | |
| 2000 | 2.7 | 0.673 | 35.56 | 30.22 | 33.36 | 28.35 | 52.43 | 44.56 | 41.48 | 35.25 | 32.17 | 27.34 | 46.96 | 39.91 | n/a | 32.18 | 35.60 | 46.31 | |
| 2001 | 2.6 | 0.646 | 29.76 | 25.97 | 27.92 | 24.37 | 45.14 | 39.40 | 31.74 | 27.70 | 19.41 | 16.94 | 36.16 | 31.56 | n/a | 31.85 | 31.17 | 42.48 | |
| 2002 | 2.2 | 0.637 | 29.12 | 26.08 | 27.91 | 24.99 | 45.04 | 40.33 | 35.55 | 31.83 | 29.67 | 26.57 | 39.62 | 35.48 | n/a | 21.39 | 27.08 | 40.73 | |
| 2003 | 2.8 | 0.721 | 33.95 | 31.07 | 31.61 | 28.93 | 47.70 | 43.66 | 35.09 | 32.11 | 28.69 | 26.26 | 41.03 | 37.55 | n/a | 32.14 | 34.36 | 44.23 | |
| 2004 | 1.8 | 0.768 | 43.99 | 41.38 | 40.60 | 38.20 | 56.30 | 52.96 | 39.18 | 36.86 | 30.95 | 29.11 | 48.63 | 45.75 | n/a | 34.70 | 39.97 | 54.07 | |
| 2005 | 2.2 | 0.825 | 59.07 | 56.58 | 57.54 | 55.12 | 72.14 | 69.11 | 46.94 | 44.97 | 35.56 | 34.07 | 59.11 | 56.62 | n/a | 43.04 | 51.80 | 69.47 | |
| 2006 (e) | 2.1 | 0.882 | 67.61 | 66.22 | 67.47 | 66.08 | 74.70 | 73.16 | 52.94 | 51.85 | 42.75 | 41.87 | 63.55 | 62.24 | n/a | 43.97 | 66.64 | 75.69 | |
| 2007 Q1 | 2.0 | 0.870 | 62.00 | 62.00 | 60.50 | 60.50 | 70.25 | 70.25 | 47.75 | 47.75 | 37.75 | 37.75 | 61.25 | 61.25 | 23.75 | 45.00 | 56.25 | 71.75 | |
| 2007 Q2 | 2.0 | 0.870 | 62.00 | 62.00 | 60.50 | 60.50 | 70.25 | 70.25 | 49.25 | 49.25 | 39.50 | 39.50 | 61.25 | 61.25 | 23.50 | 45.00 | 56.25 | 71.75 | |
| 2007 Q3 | 2.0 | 0.870 | 62.00 | 62.00 | 60.50 | 60.50 | 70.25 | 70.25 | 51.25 | 51.25 | 42.25 | 42.25 | 61.25 | 61.25 | 23.50 | 45.00 | 56.25 | 71.75 | |
| 2007 Q4 | 2.0 | 0.870 | 62.00 | 62.00 | 60.50 | 60.50 | 70.25 | 70.25 | 47.75 | 47.75 | 37.75 | 37.75 | 61.25 | 61.25 | 26.50 | 45.00 | 56.25 | 71.75 | |
| 2007 Full Year | 2.0 | 0.870 | 62.00 | 62.00 | 60.50 | 60.50 | 70.25 | 70.25 | 49.00 | 49.00 | 39.25 | 39.25 | 61.25 | 61.25 | 24.25 | 45.00 | 56.25 | 71.75 | |
| 2008 | 2.0 | 0.870 | 58.75 | 60.00 | 57.25 | 58.50 | 66.75 | 68.00 | 48.00 | 49.00 | 39.25 | 40.00 | 58.00 | 59.25 | 25.25 | 43.50 | 50.25 | 69.25 | |
| 2009 | 2.0 | 0.870 | 55.75 | 58.00 | 54.25 | 56.50 | 63.25 | 65.75 | 46.75 | 48.75 | 38.25 | 39.75 | 55.00 | 57.25 | 26.25 | 42.00 | 48.75 | 67.00 | |
| 2010 | 2.0 | 0.870 | 53.75 | 57.00 | 52.25 | 55.50 | 60.75 | 64.50 | 45.50 | 48.25 | 37.50 | 39.75 | 52.75 | 56.00 | 26.50 | 41.25 | 47.75 | 65.75 | |
| 2011 | 2.0 | 0.870 | 52.75 | 57.00 | 51.25 | 55.50 | 59.50 | 64.50 | 45.25 | 49.00 | 37.25 | 40.25 | 51.75 | 56.00 | 26.50 | 41.25 | 47.75 | 65.75 | |
| 2012 | 2.0 | 0.870 | 52.00 | 57.50 | 50.75 | 56.00 | 58.75 | 65.00 | 44.75 | 49.50 | 37.50 | 41.50 | 51.25 | 56.50 | 27.75 | 41.50 | 48.00 | 66.25 | |
| 2013 | 2.0 | 0.870 | 52.00 | 58.50 | 50.50 | 57.00 | 58.75 | 66.25 | 44.50 | 50.25 | 37.75 | 42.50 | 51.25 | 57.75 | 28.25 | 42.50 | 49.00 | 67.50 | |
| 2014 | 2.0 | 0.870 | 52.00 | 59.75 | 50.75 | 58.25 | 59.00 | 67.75 | 44.75 | 51.50 | 37.75 | 43.50 | 51.25 | 59.00 | 29.00 | 43.25 | 50.25 | 69.00 | |
| 2015 | 2.0 | 0.870 | 52.00 | 61.00 | 50.75 | 59.50 | 59.00 | 69.00 | 44.75 | 52.50 | 37.75 | 44.25 | 51.25 | 60.00 | 29.50 | 44.25 | 51.00 | 70.50 | |
| 2016 | 2.0 | 0.870 | 52.00 | 62.25 | 50.75 | 60.75 | 59.00 | 70.50 | 44.75 | 53.50 | 37.75 | 45.25 | 51.25 | 61.25 | 30.00 | 45.00 | 52.25 | 72.00 | |
| 2017 | 2.0 | 0.870 | 52.00 | 63.50 | 50.75 | 62.00 | 58.75 | 71.75 | 44.75 | 54.50 | 37.75 | 46.00 | 51.25 | 62.50 | 30.75 | 46.00 | 53.00 | 73.25 | |
| 2018+ | 2.0 | 0.870 | 52.00 | +2.0%/yr | 50.75 | +2.0%/yr | 58.75 | +2.0%/yr | 44.75 | +2.0%/yr | 37.75 | +2.0%/yr | 51.25 | +2.0%/yr | | Escalate at 2.0 % per year | | | |

Historical futures contract price is an average of the daily settlement price of the near month contract over the calendar month.

Revised 1-Jan-07

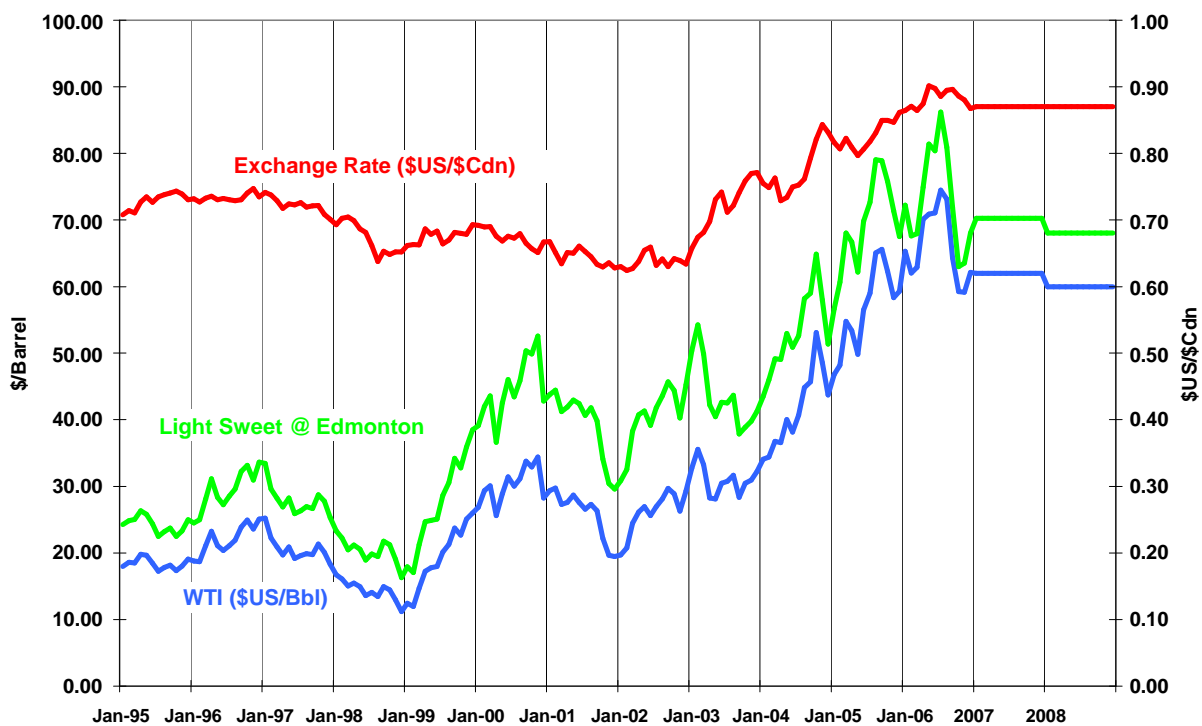
Table 2
GLJ Petroleum Consultants
Natural Gas and Sulphur
Price Forecast
 Effective January 1, 2007

| Year | NYMEX Futures Contract Last 3 Day Price | | Midwest Price @ Chicago | AECO/NIT Spot | Alberta Plant Gate | | | | | Saskatchewan Plant Gate | | | British Columbia | | Sulphur FOB Vancouver | Alberta Sulphur at Plant Gate |
|----------------|--|----------|----------------------------|---------------|--------------------|----------|------|------------|----------|----------------------------|------|------------|------------------------|------------|-----------------------------|--|
| | Constant | Then | Then | Then | Spot | | ARP | Aggregator | Alliance | SaskEnergy | Spot | Sumas Spot | Westcoast Station 2 | Plant Gate | | |
| | 2007 \$ | Current | Current | Current | Constant | Then | | | | | | | | | | |
| 1996 | 3.18 | 2.55 | 2.73 | 1.39 | 1.57 | 1.26 | 1.63 | n/a | n/a | 1.52 | 1.28 | 1.32 | 1.60 | 1.47 | 36.28 | 14.44 |
| 1997 | 3.23 | 2.63 | 2.75 | 1.84 | 2.07 | 1.69 | 1.96 | n/a | n/a | 1.84 | 1.75 | 1.70 | 2.10 | 1.98 | 34.75 | 11.50 |
| 1998 | 2.58 | 2.14 | 2.21 | 2.03 | 2.27 | 1.88 | 1.94 | n/a | n/a | 2.05 | 2.13 | 1.60 | 2.15 | 2.00 | 24.59 | -6.51 |
| 1999 | 2.72 | 2.27 | 2.33 | 2.92 | 3.29 | 2.75 | 2.48 | n/a | n/a | 2.83 | 2.97 | 2.15 | 2.90 | 2.78 | 33.74 | 6.93 |
| 2000 | 4.60 | 3.91 | 3.96 | 5.08 | 5.79 | 4.92 | 4.50 | 4.60 | n/a | 4.79 | 5.13 | 4.17 | 5.00 | 4.88 | 38.14 | 13.59 |
| 2001 | 5.02 | 4.38 | 4.45 | 6.21 | 6.95 | 6.07 | 5.41 | 5.30 | 5.61 | 5.71 | 6.13 | 4.56 | 6.35 | 6.29 | 18.29 | -14.66 |
| 2002 | 3.63 | 3.25 | 3.25 | 4.04 | 4.33 | 3.88 | 3.88 | 3.83 | 3.82 | 4.04 | 4.08 | 2.68 | 4.00 | 3.93 | 29.38 | 3.04 |
| 2003 | 5.58 | 5.11 | 5.46 | 6.66 | 7.09 | 6.49 | 6.13 | 5.89 | 6.69 | 6.40 | 6.68 | 4.66 | 6.40 | 6.32 | 59.81 | 39.83 |
| 2004 | 6.47 | 6.09 | 6.13 | 6.88 | 7.13 | 6.70 | 6.31 | 6.16 | 6.44 | 6.48 | 6.78 | 5.26 | 6.55 | 6.45 | 62.99 | 38.61 |
| 2005 | 8.93 | 8.55 | 8.24 | 8.58 | 8.79 | 8.42 | 8.30 | 8.32 | 8.45 | 8.36 | 8.30 | 7.13 | 8.20 | 8.10 | 63.50 | 33.77 |
| 2006 (e) | 7.41 | 7.26 | 6.93 | 7.02 | 7.11 | 6.96 | 6.45 | 6.40 | 6.45 | 6.69 | 6.95 | 6.27 | 6.80 | 6.45 | 55.69 | 19.82 |
| 2007 Q1 | 7.00 | 7.00 | 6.90 | 7.00 | 6.80 | 6.80 | 6.80 | 6.80 | 6.40 | 6.95 | 6.90 | 6.60 | 7.00 | 6.85 | 55.00 | 19.50 |
| 2007 Q2 | 7.00 | 7.00 | 6.90 | 6.95 | 6.75 | 6.75 | 6.70 | 6.65 | 6.45 | 6.85 | 6.85 | 6.25 | 6.95 | 6.80 | 55.00 | 19.50 |
| 2007 Q3 | 7.00 | 7.00 | 6.90 | 6.95 | 6.75 | 6.75 | 6.70 | 6.65 | 6.45 | 6.85 | 6.85 | 6.25 | 6.95 | 6.80 | 55.00 | 19.50 |
| 2007 Q4 | 8.00 | 8.00 | 7.75 | 7.85 | 7.60 | 7.60 | 7.60 | 7.50 | 7.35 | 7.75 | 7.75 | 7.35 | 7.85 | 7.65 | 55.00 | 19.50 |
| 2007 Full Year | 7.25 | 7.25 | 7.10 | 7.20 | 7.00 | 7.00 | 6.95 | 6.90 | 6.65 | 7.10 | 7.10 | 6.60 | 7.20 | 7.05 | 55.00 | 19.50 |
| 2008 | 7.35 | 7.50 | 7.45 | 7.45 | 7.10 | 7.25 | 7.25 | 7.25 | 7.05 | 7.40 | 7.40 | 6.85 | 7.45 | 7.30 | 45.00 | 8.00 |
| 2009 | 7.20 | 7.50 | 7.50 | 7.75 | 7.25 | 7.55 | 7.55 | 7.55 | 7.10 | 7.70 | 7.70 | 7.05 | 7.75 | 7.60 | 40.00 | 2.50 |
| 2010 | 7.05 | 7.50 | 7.60 | 7.80 | 7.15 | 7.60 | 7.60 | 7.60 | 7.20 | 7.75 | 7.75 | 7.05 | 7.80 | 7.65 | 40.00 | 2.50 |
| 2011 | 6.95 | 7.50 | 7.65 | 7.85 | 7.05 | 7.65 | 7.65 | 7.65 | 7.25 | 7.80 | 7.80 | 7.05 | 7.85 | 7.70 | 41.00 | 3.50 |
| 2012 | 7.00 | 7.75 | 7.90 | 8.15 | 7.20 | 7.95 | 7.95 | 7.95 | 7.50 | 8.10 | 8.10 | 7.30 | 8.15 | 8.00 | 41.50 | 4.50 |
| 2013 | 7.00 | 7.90 | 8.05 | 8.30 | 7.20 | 8.10 | 8.10 | 8.10 | 7.70 | 8.25 | 8.25 | 7.45 | 8.30 | 8.15 | 42.50 | 5.50 |
| 2014 | 7.00 | 8.05 | 8.20 | 8.50 | 7.20 | 8.30 | 8.30 | 8.30 | 7.85 | 8.45 | 8.45 | 7.60 | 8.50 | 8.35 | 43.50 | 6.50 |
| 2015 | 7.00 | 8.20 | 8.35 | 8.70 | 7.25 | 8.50 | 8.50 | 8.50 | 8.05 | 8.65 | 8.65 | 7.75 | 8.70 | 8.55 | 44.00 | 7.50 |
| 2016 | 7.00 | 8.40 | 8.55 | 8.90 | 7.25 | 8.65 | 8.65 | 8.65 | 8.20 | 8.80 | 8.80 | 7.95 | 8.90 | 8.70 | 45.00 | 8.50 |
| 2017 | 7.00 | 8.55 | 8.70 | 9.10 | 7.25 | 8.85 | 8.85 | 8.85 | 8.40 | 9.00 | 9.00 | 8.10 | 9.10 | 8.90 | 46.00 | 9.50 |
| 2018+ | 7.00 | +2.0%/yr | +2.0%/yr | +2.0%/yr | 7.25 | +2.0%/yr | | | | Escalate at 2.0 % per year | | | | | | +2.0%/yr |

Unless otherwise stated, the gas price reference point is the receipt point on the applicable provincial gas transmission system known as the plant gate.
 The plant gate price represents the price before raw gas gathering and processing charges are deducted.
 AECO-C Spot refers to the one month price averaged for the year.
 Historical futures contract price is an average of the daily settlement price over the last 3 days of the near month contract.

Revised 1-Jan-07

Oil Price History and Forecast



Natural Gas Price History and Forecast

