

# Energy Update

December 2014

## Gasoline and Diesel Prices<sup>1</sup>

Prices listed are retail prices including retail and refining margins as well as transportation costs.

City	Gas \$/litre	Diesel \$/litre	Provincial and other fuel taxes <sup>2</sup> ¢/litre
Calgary	1.04	1.31	9
Edmonton	0.98	1.28	9
Vancouver	1.25	1.40	14.5 (15 for diesel)
Saskatoon	1.02	1.32	15
Winnipeg	1.02	1.32	14.0
Toronto	1.13	1.24	14.7 (14.3 for diesel)
Montreal	1.24	1.30	19.2 (20.2 for diesel)
Moncton	1.15	1.31	13.6 (19.2 for diesel)
Halifax	1.16	1.25	15.5 (15.4 for diesel)
Charlottetown	1.16	1.34	13.1 (20.2 for diesel)
St. John's	1.16	1.32	16.5

Federal excise tax<sup>3</sup> is 10 cents on gas and 4 cents on diesel. Five per cent GST is then charged on the retail price plus federal excise and provincial taxes.

As of November 25, 2014

## Propane and Heating Oil Prices<sup>4</sup>

Propane is a natural gas liquid (NGL). Canadian NGLs are priced at a hub in Texas.

Heating or furnace oil is a liquid petroleum product priced on the NYMEX.

Product	Canadian Average Price
Propane	\$0.70/litre
Heating Oil	\$1.20/litre

As of November 25, 2014

## Natural Gas Prices

The New York Mercantile Exchange (NYMEX) is used as an international benchmark price for natural gas. Natural gas on the NYMEX is priced in U.S. dollars per million British thermal units (MMBtu). This price is based on delivery at the Henry Hub in Louisiana. "Hub" describes the geographical location of a price reference.

Natural gas also has a North American benchmark: the AECO-NIT spot price. The AECO-NIT price is the Alberta gas trading price based on delivery at the Alberta Hub.

The AECO-NIT price is in Canadian \$/GJ where 1GJ = 0.948213 MMBtu.

Benchmark	Price	Average (2014)*	Average (2013)**
Henry Hub/NYMEX (\$US/MMBtu)	\$4.28	\$4.34	\$3.73
AECO-NIT (\$CAD/GJ)	\$3.88	\$4.43	\$3.02

As of November 25, 2014

\* Average of daily closing prices 2014 year-to-date.

\*\* Annual average is the average of closing prices for all trading days in 2013.

For Alberta consumers who use natural gas to heat their homes, there are two major companies responsible for providing regulated natural gas service: Direct Energy Regulated Services (DERS) and AltaGas Utilities Inc. Consumer natural gas prices are set at the beginning of each month, and are priced in \$/GJ.

Company	Price (\$/GJ)
DERS-North	3.652
DERS-South	3.649
AltaGas Utilities Inc.	3.345

As of November 25, 2014

<sup>1</sup> Source: MJ Ervin & Associates, [Weekly Pump Price Survey](#)

<sup>2</sup> Source: Government of Canada's [Fuel Focus: 2013 Annual Review](#)  
Federal and Provincial Consumption Taxes on Petroleum Products.  
December 31, 2013.

<sup>3</sup> Source: Government of [Canada's Government taxes on gasoline](#)

<sup>4</sup> Source: MJ Ervin & Associates, [Weekly Pump Price Survey](#).

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## Crude Oil Prices

Crude oil is priced on the NYMEX in \$US/barrel. There are many varieties and grades of crude oil, but there are a limited number of benchmark prices. Other varieties of crude oil (including synthetic crude upgraded from bitumen) are priced at a discount or a premium, according to how their quality compares to that of the benchmark.

The price most often referenced is the West Texas Intermediate (WTI) oil benchmark.

Benchmark	Price (US\$/barrel)	Average (2014)* (US\$/barrel)
<b>Brent</b>	78.33	103.20
<b>Maya @ USGC</b>	70.68	89.20
<b>WTI @ Cushing</b>	74.09	96.35
<b>WTI-WCS differential**</b>	17.45	

As of November 25, 2014

\*Average of daily closing prices 2014 year-to-date.

\*\*WTI-WCS differential is based on the expected average monthly WTI prices for the month in which WCS will be delivered. The delivery date is approximately one month from the trade date.

## Energy Industry Activity

### Land Sales

Public offerings of petroleum and natural gas and oil sands rights are held every two weeks. While the public offering process is often referred to as a "land sale," the mineral rights are leased not sold.

### Land Sale Bonus Revenue

	2014 (calendar year) (22 of 24 sales)	2013 (calendar year) (24 sales)
<b>Average price/hectare P&amp;NG</b>	\$478.41	\$316.91
<b>Average price/hectare oil sands</b>	\$172.15	\$192.05
<b>Total revenue</b>	\$453,704,136.86	\$707,747,537.57

As of November 29, 2014

## Rig activity


The number of active drilling rigs in November 2014 was 266, up 14% from November 2013. On a year-to-date basis, there have been an average of 252 active drilling rigs in Alberta between January and November 2014, higher than last year when compared to the same period. Active drilling rigs continue to make up about 44% of Alberta's total available rigs.

## Monthly Drilling Rig Activity In Western Provinces<sup>5</sup>

November	Drilling	Down	Total Available	Utilization
<b>Alberta</b>	266	302	568	47%
<b>B.C.</b>	47	20	67	70%
<b>Saskatchewan</b>	69	75	144	48%

As of November 28, 2014

## Active Drilling Rigs<sup>6</sup>

	November		
TREND	2013	2014	% change
	233	266	14%
	January – November(Average)		
	2013	2014	% change
	232	252	8%

As of November 28, 2014

<sup>5</sup> Source: [The Canadian Association of Oilwell Drilling Contractors](#), CAODC Rig Counts by Week.

<sup>6</sup> Source: [The Canadian Association of Oilwell Drilling Contractors](#), CAODC Rig Counts by Week.