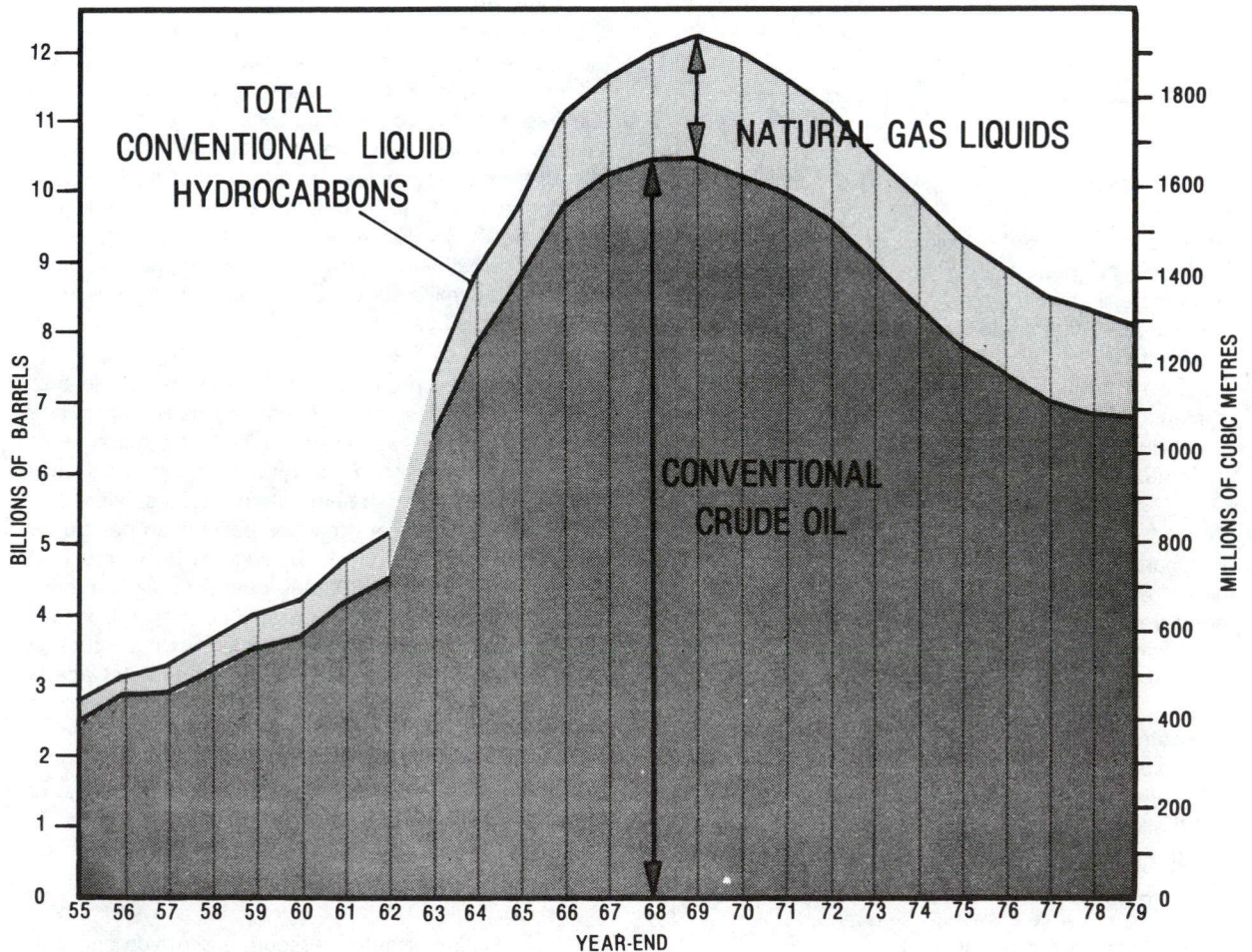


Figure 3-7: CANADA'S RESERVES OF CONVENTIONAL LIQUID HYDROCARBONS, 1955-1979



Note: The break in the curve between 1962 and 1963 reflects a change in methodology of estimating reserves by the CPA.

Source: After Canadian Petroleum Association, 1980.

The 1978 National Energy Board demand forecasts for petroleum products have also been illustrated in Figure 3-8. The Board is updating its 1978 forecasts of oil supply and demand but those results were not available at the time of preparation of this Report. Forecasts prepared since 1978 by EMR suggest that future Canadian demand will fall below the 1978 NEB base case, and that domestic supply will actually lie between the NEB base and high forecasts. If the EMR projections prove nearer the mark, then Canada's petroleum shortfall over the 1980s will be less than that suggested in the 1978 NEB report.

The role that price plays in influencing reserves is reflected in Figure 3-9, which illustrates Canada's success in adding to its reserves of conventional crude oil

since 1963. Gross additions to reserves in any year minus crude oil production in that year equal net additions to reserves. Since 1969, net additions to reserves have been negative — that is, Canada's reserves of conventional crude oil have fallen throughout the period. This decline was sharpest in 1973-1974 when reserves fell at the rate of about 0.5 billion barrels per year. With rising oil prices, however, drilling was encouraged and more producing wells were brought in. Drilling activity reached its highest level ever in Canada in 1980 and gross reserve additions very nearly offset domestic production. Nonetheless, the Western Canada Sedimentary Basin is a mature oil-producing region and Canada must look to its frontier regions or to the oil sands for major production increases in the future.