

Both NEB and DRI are projecting declining oil supplies until 2000, whereas EMR's views are more optimistic. According to EMR's latest outlook, oil production, after declining to around 250 thousand cubic metres daily in 1995, will rebound to 270 thousand cubic metres daily in 2000, a level marginally lower than the peak level attained in 1988. In the post 2000 period, both NEB and DRI foresee a reversal of the trend of declining oil production, and EMR projects a slightly larger increase in production as compared to the 1990s. In DRI's projections, the decline in oil production in the 1990s, is offset by the increases in the post-2000 period. As a result, oil production in 2010 just reaches the 1990 level of 268 thousand cubic meters.

*In total, both EMR and NEB expect the supply of crude oil and equivalent to increase by 8% and 13 % respectively during the next 20 years, whereas DRI projects no increases.* The views of these forecasters also differ significantly on the mix between light and heavy. By the year 2010, both EMR and DRI expect the bulk of the total crude oil supply (about 70% to 75%) to be that of light crude. NEB, on the other hand, is very optimistic on heavy crude oil supply and expects its share to increase from the current 28% to 39 % by the year 2010.

A word of caution is appropriate at this point. If the NEB's low price scenario turns out to be correct (see Table 2), the result on Canadian supply could be dramatic. According to NEB's forecast, if crude oil prices were to remain at \$23/bbl for the next 20 years<sup>16</sup>, Canadian oil production would drop from the current 268 thousand cubic meters daily to around 200 thousand cubic meters by the turn of the century, and 142 thousand cubic meters daily by 2010. In the low price scenario, no new integrated oil sands plants or upgraders are constructed and further frontier development is restricted to the projects that are underway (Hibernia and Cohasset/Panuke), and the Terra Nova project which is viable under the low case price projection also. The development of new bitumen projects is also not profitable under low prices.

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<sup>16</sup> NEB "Canadian Energy Supply and Demand 1990-2010", June, 1991, p. 230.