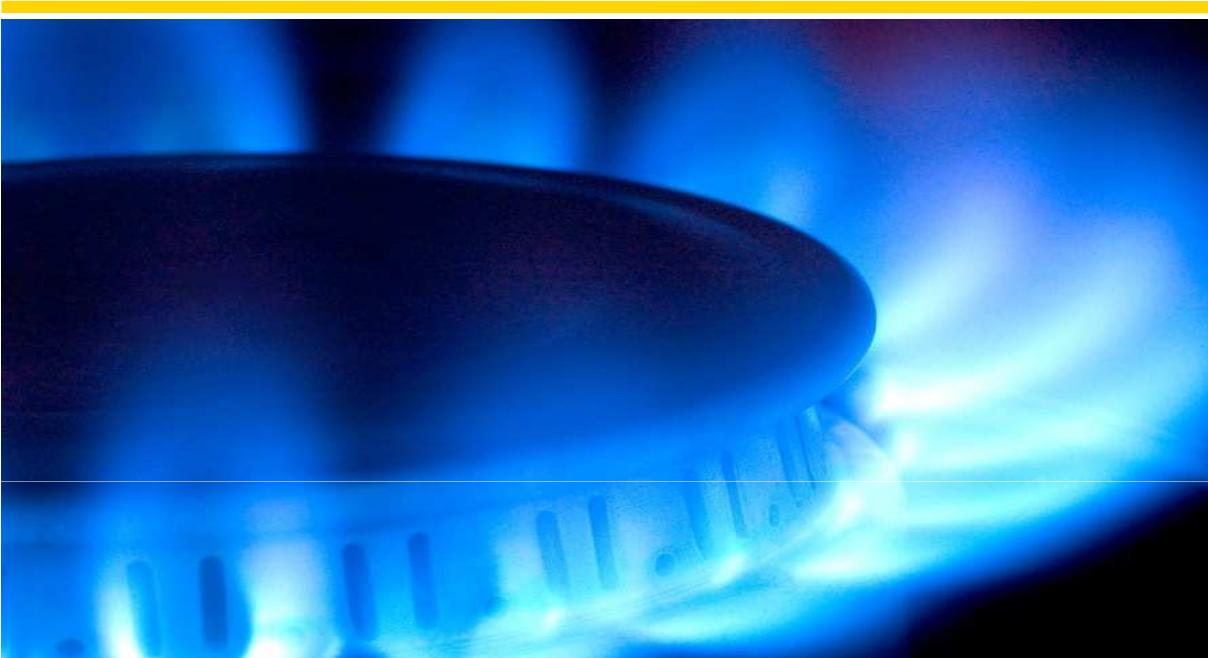


The Truth Behind Alberta's Natural Gas Industry



Greg Head
September 14, 2010

AGENDA



1. Today's realities
 1. What's Needed
2. What does it mean for Real Estate?

WHY DO WE CARE?



1. JOBS:

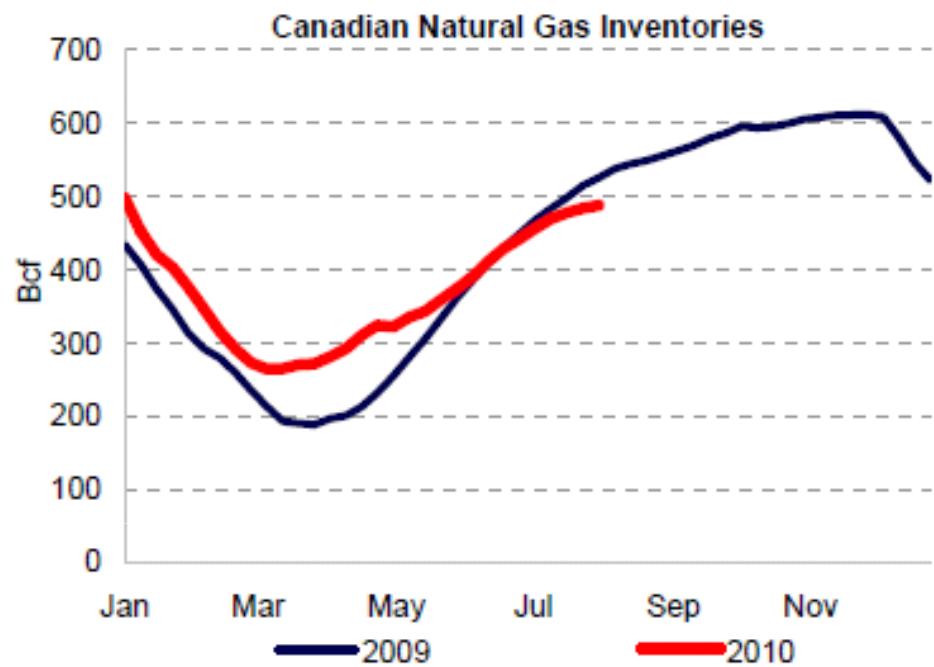
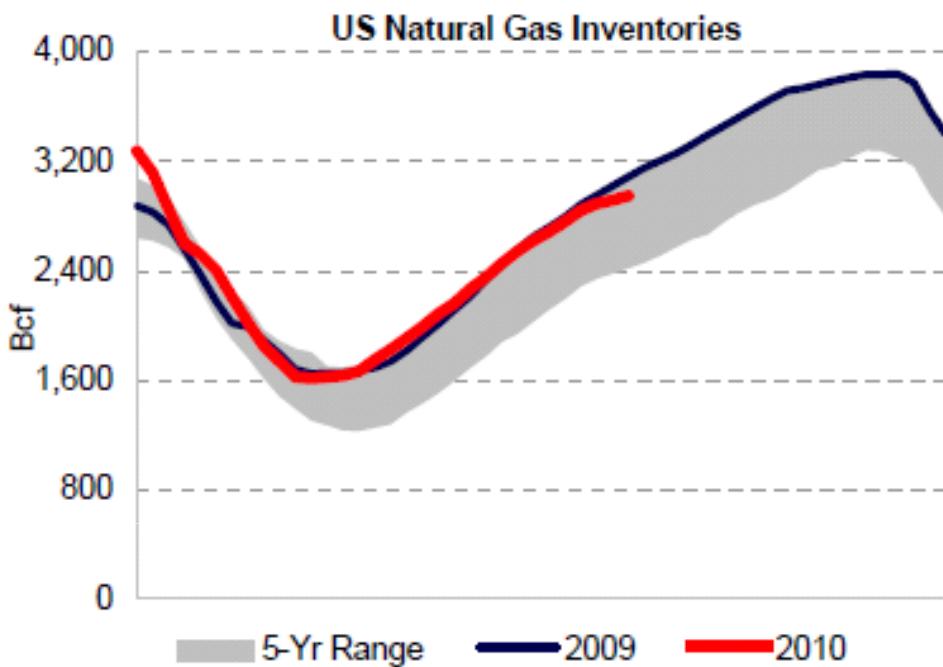
- 60,000 DIRECT
- > 100,000 IN-DIRECT

2. GDP

- 10% OF ALBERTA'S GDP
- \$35 – \$40 BILLION/YR

3. IMPACTS REAL ESTATE INVESTMENTS

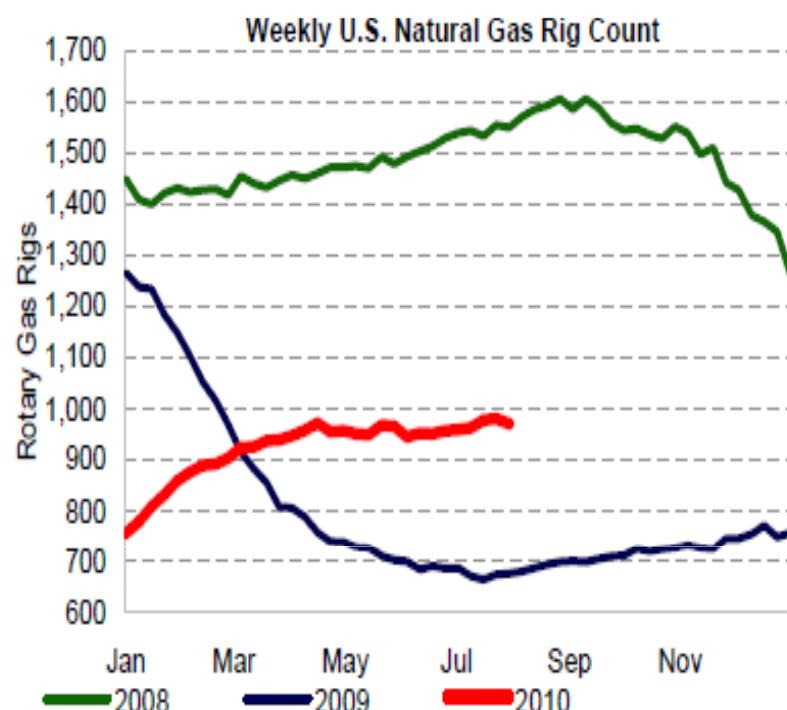
Too Many “Eggs” – Island A and B



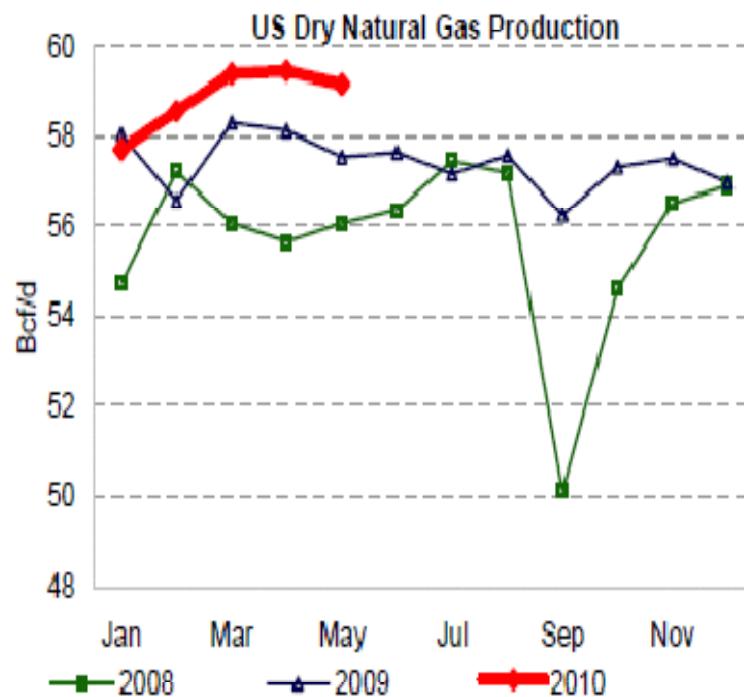
Source: EIA

Source: Enerdata

Too Many “Eggs” – Island B

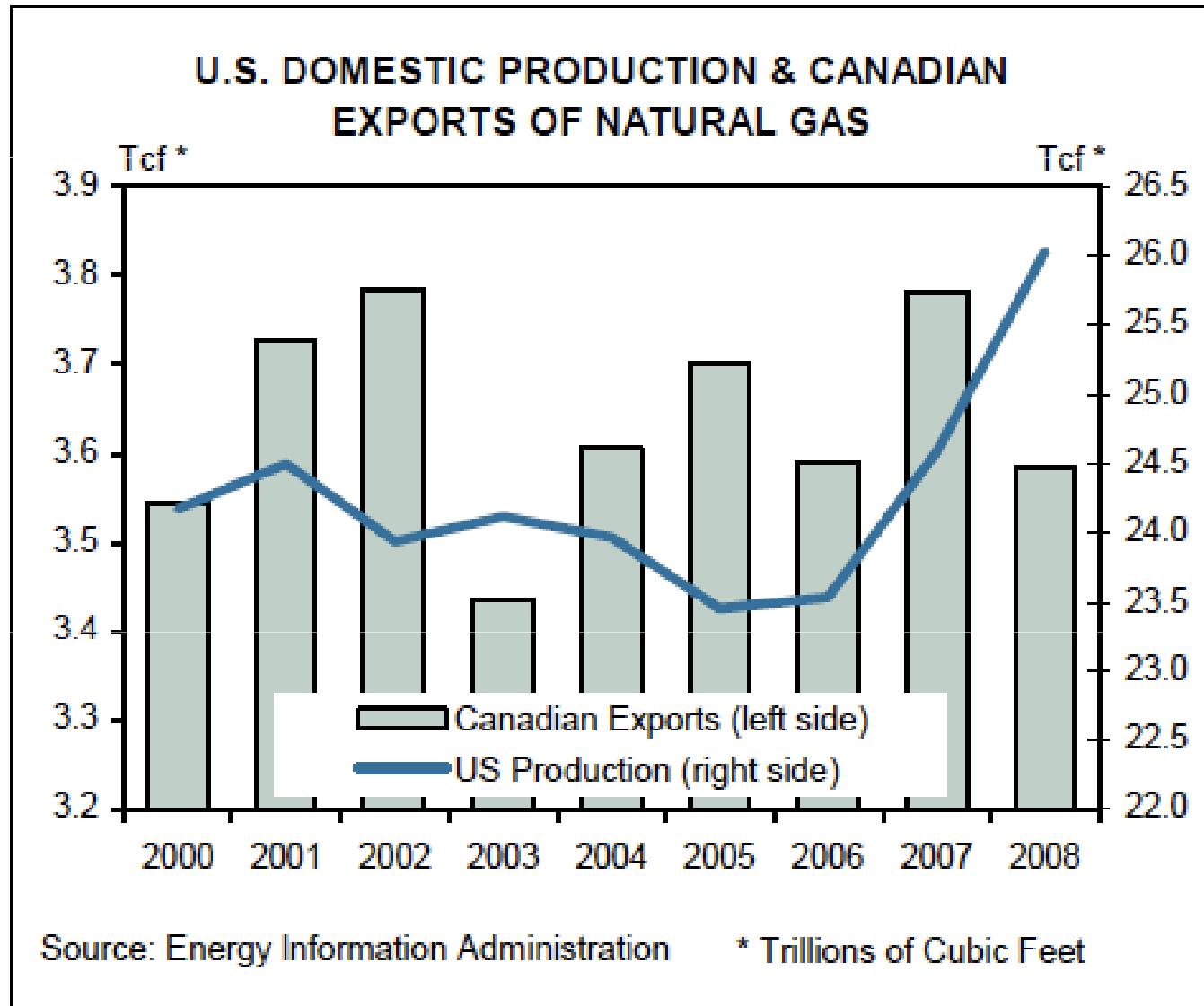


Source: Baker Hughes

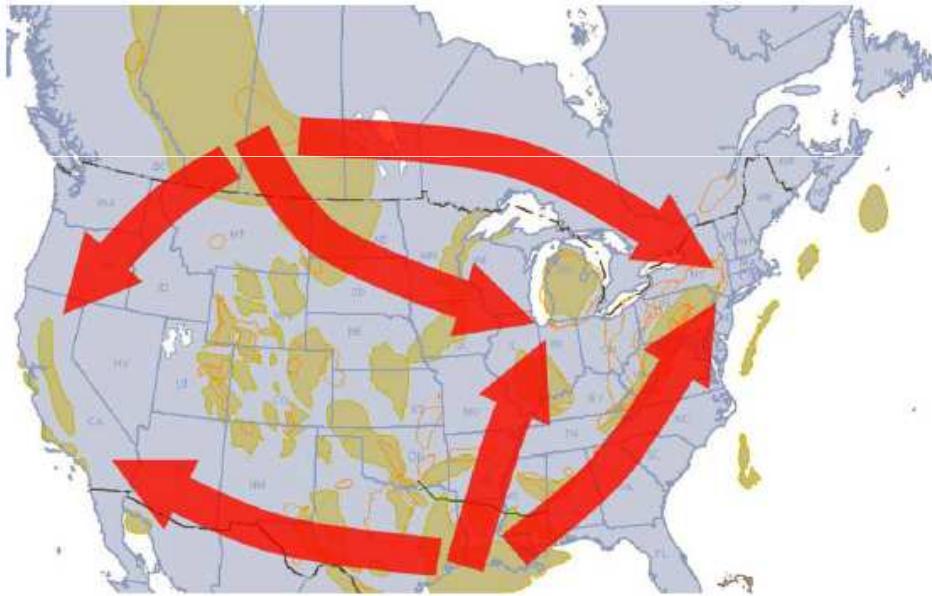


Source: EIA Natural Gas Monthly

“Island B” losing dependence on “Island A”

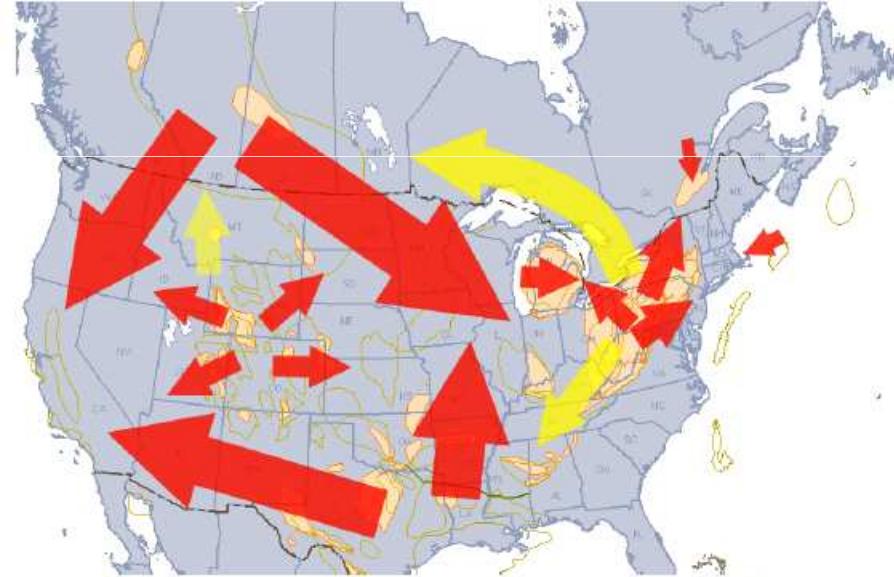


“Island B” losing dependence on “Island B”



Conventional Gas
Development

WCSB vs Gulf of
Mexico



Unconventional Gas
Development

WCSB vs GOM,
Rockies, Marcellus,
LNG

Summary – Today's Realities



1. Supply - Game changer, U.S. Shale Production
2. Demand – Recesssion, falling North American demand
3. Transportation – U.S. supply closer to market
4. Prices - No quick recovery

Is There Reason for Hope?



YES, BUT IT IS GOING TO TAKE TIME!

America Needs Natural Gas!



Another year went by, another \$265 billion siphoned out of America's struggling economy, and we still haven't adopted a real energy plan to reduce our dependence on foreign oil". - T. Boone Pickens.

Natural Gas – The Bridge Fuel to the Future



- **CLEAN**
- Abundant
- Consistent Supply
- Existing Infrastructure



The Alternative.... DIRTY COAL



- **DIRTY**
- Abundant
- Consistent Supply
- Existing Infrastructure



Summary – What's Needed



1. New Markets - Increased Demand
2. Costs – Continue to decrease
3. Competitive Government – Royalties, too little, too late

What does this mean to me, as an investor?



1. Be Realistic – No quick recovery
2. Well Managed, quality properties
3. Opportunities – Take advantage





Thank You