

Construction Best Practices Conference Forecast 2015



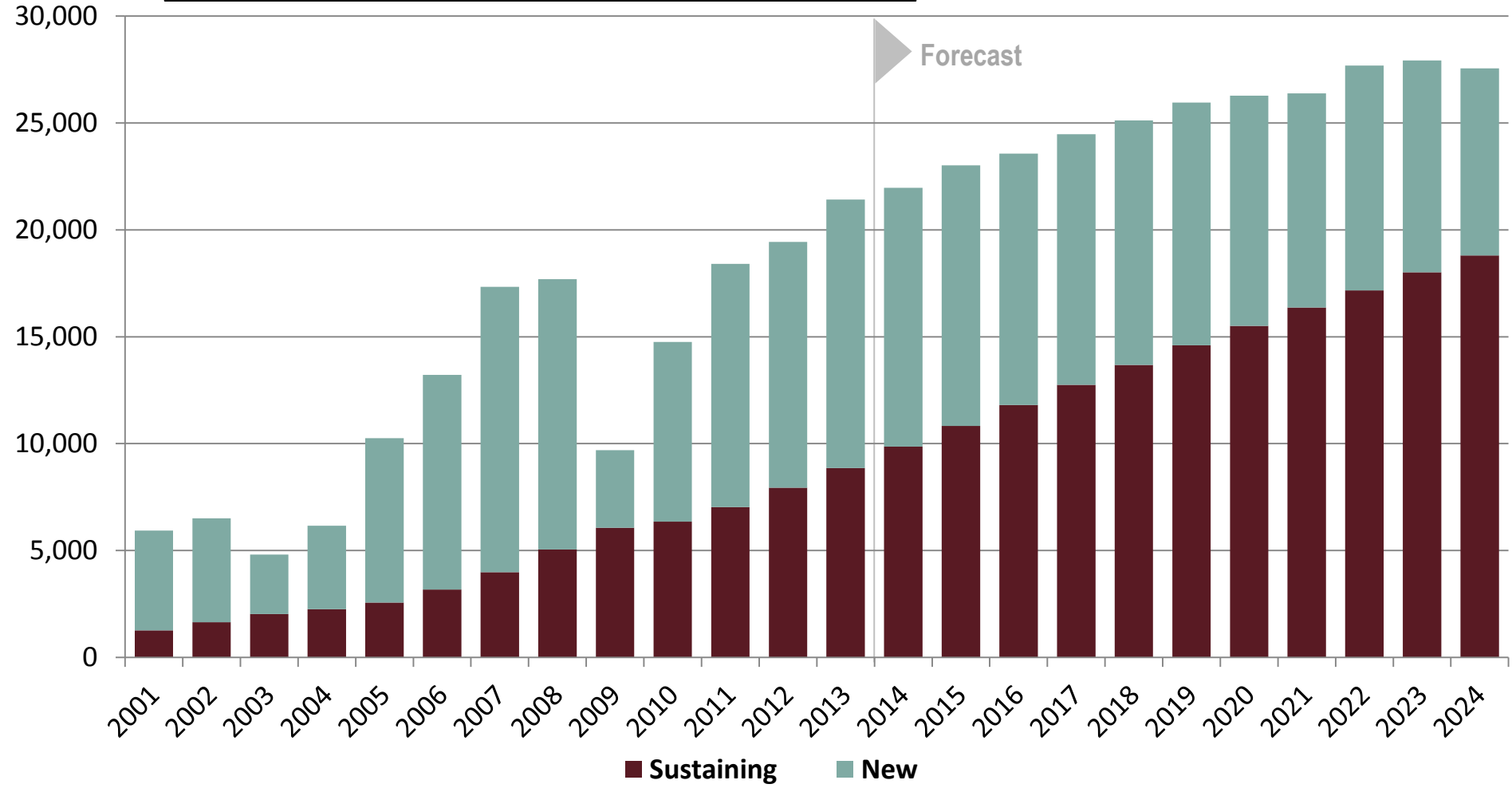
What's Coming Down the Pipe?



Oil Sands – November 2014

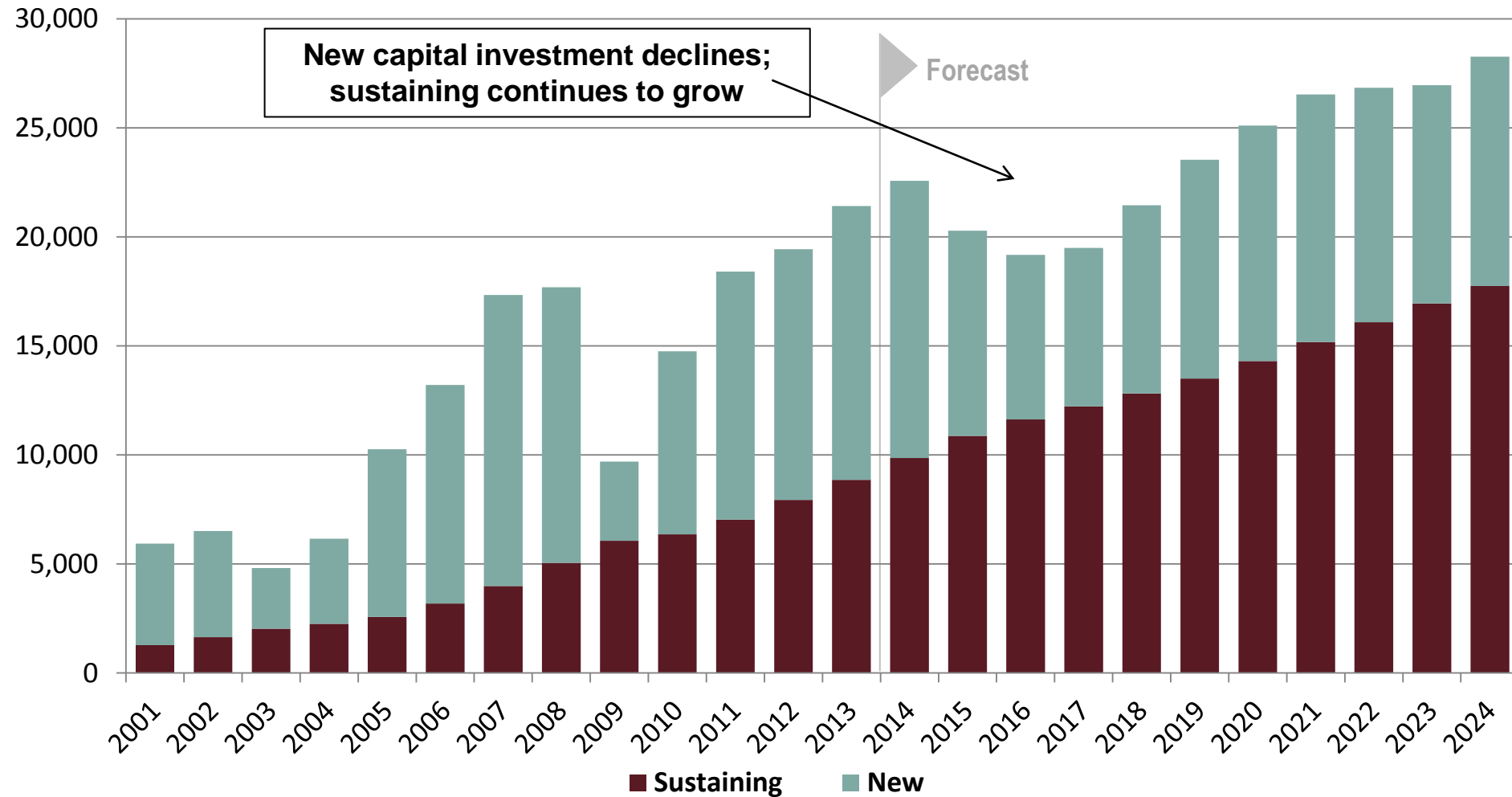
(\$2007 Millions)

New capital investment slows but doesn't decline;
sustaining continues to grow

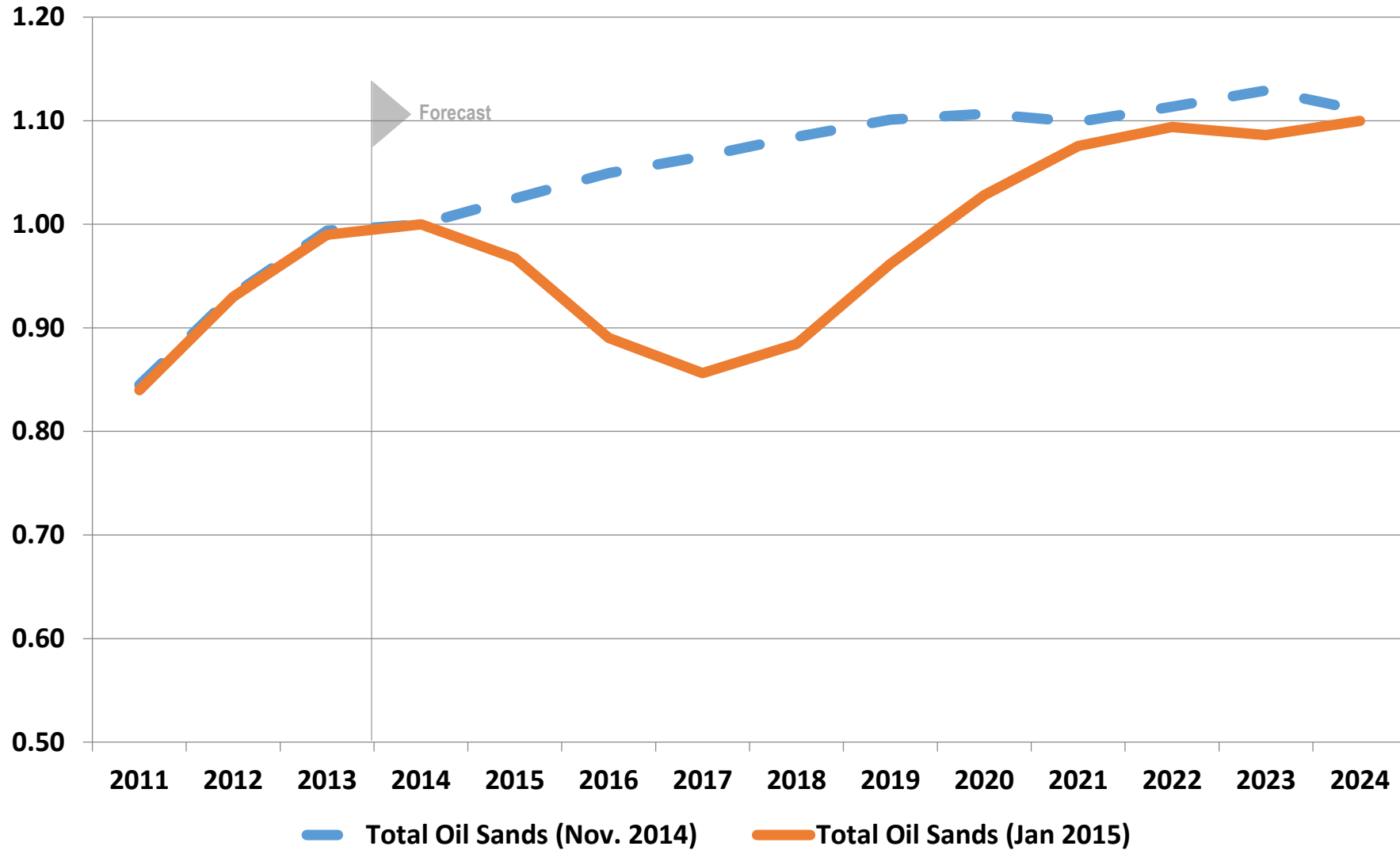


Oil Sands – January 2015

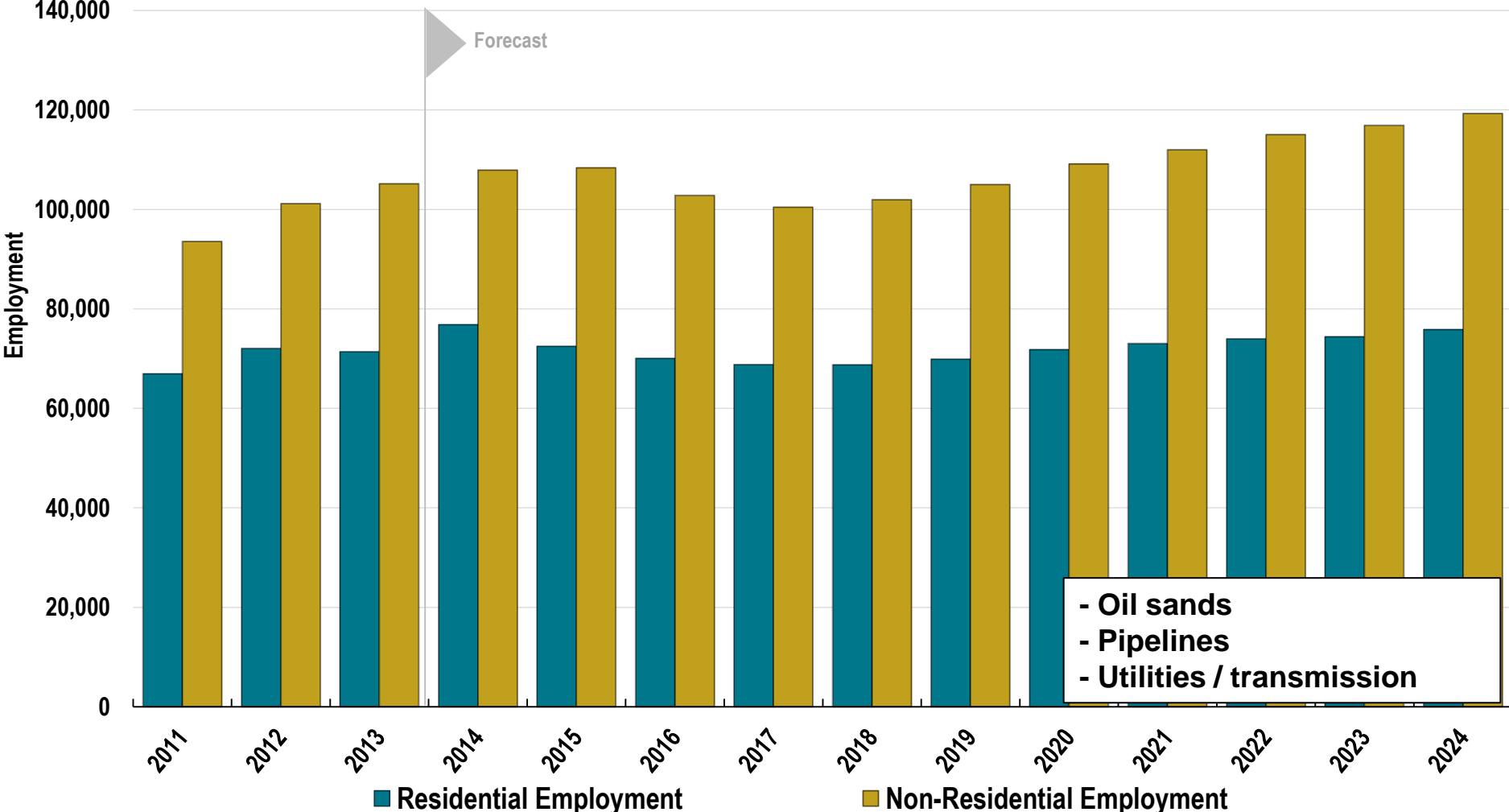
(\$2007 Millions)



Oil sands construction employment (2014 = 1.0)

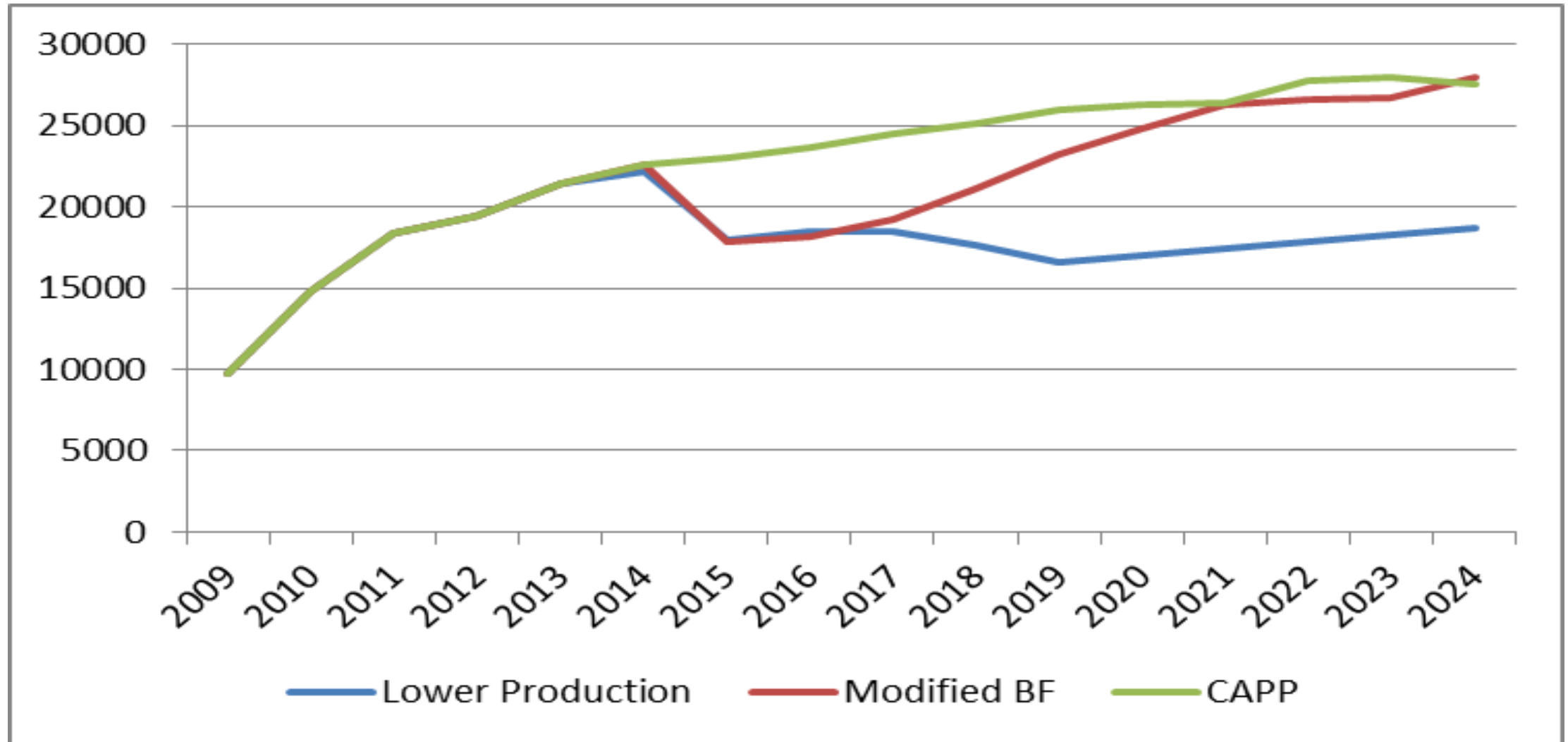


Construction Employment Alberta

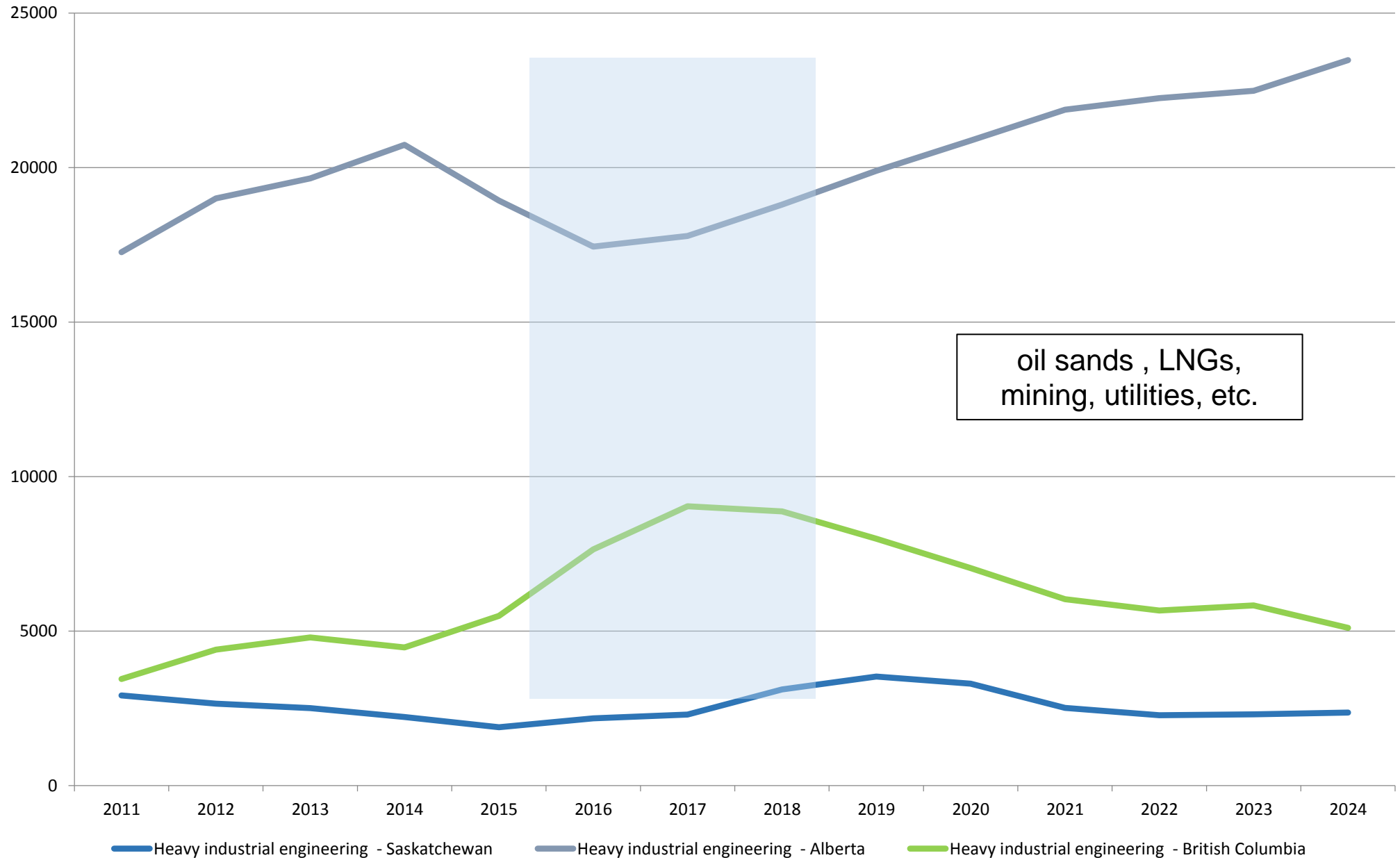


Source: BuildForce Canada

Forecast Oilsands Investment if CAPP Production Forecast Reduced (2007 \$millions)

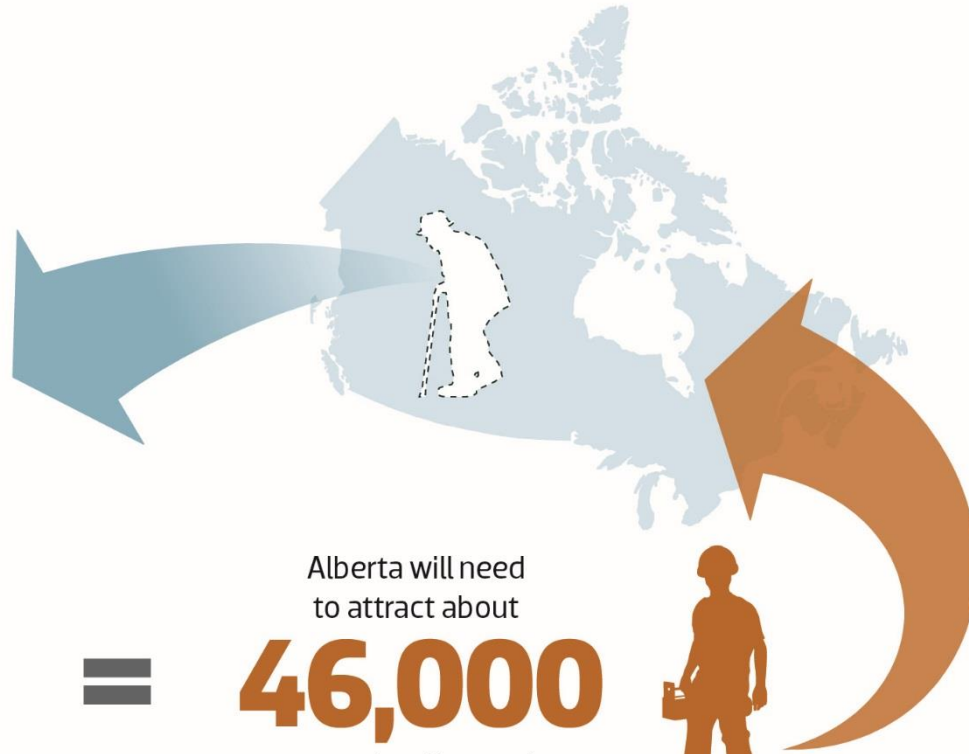


Heavy Industrial Engineering Investment Western Provinces (\$2007 millions)



WHAT'S CHANGING IN THE ALBERTA CONSTRUCTION INDUSTRY?

36,000*
construction workers are
expected to retire over the next



The province's
labour force grows by

10,000

workers following the
2015-2017 slowdown.

=

Alberta will need
to attract about

46,000

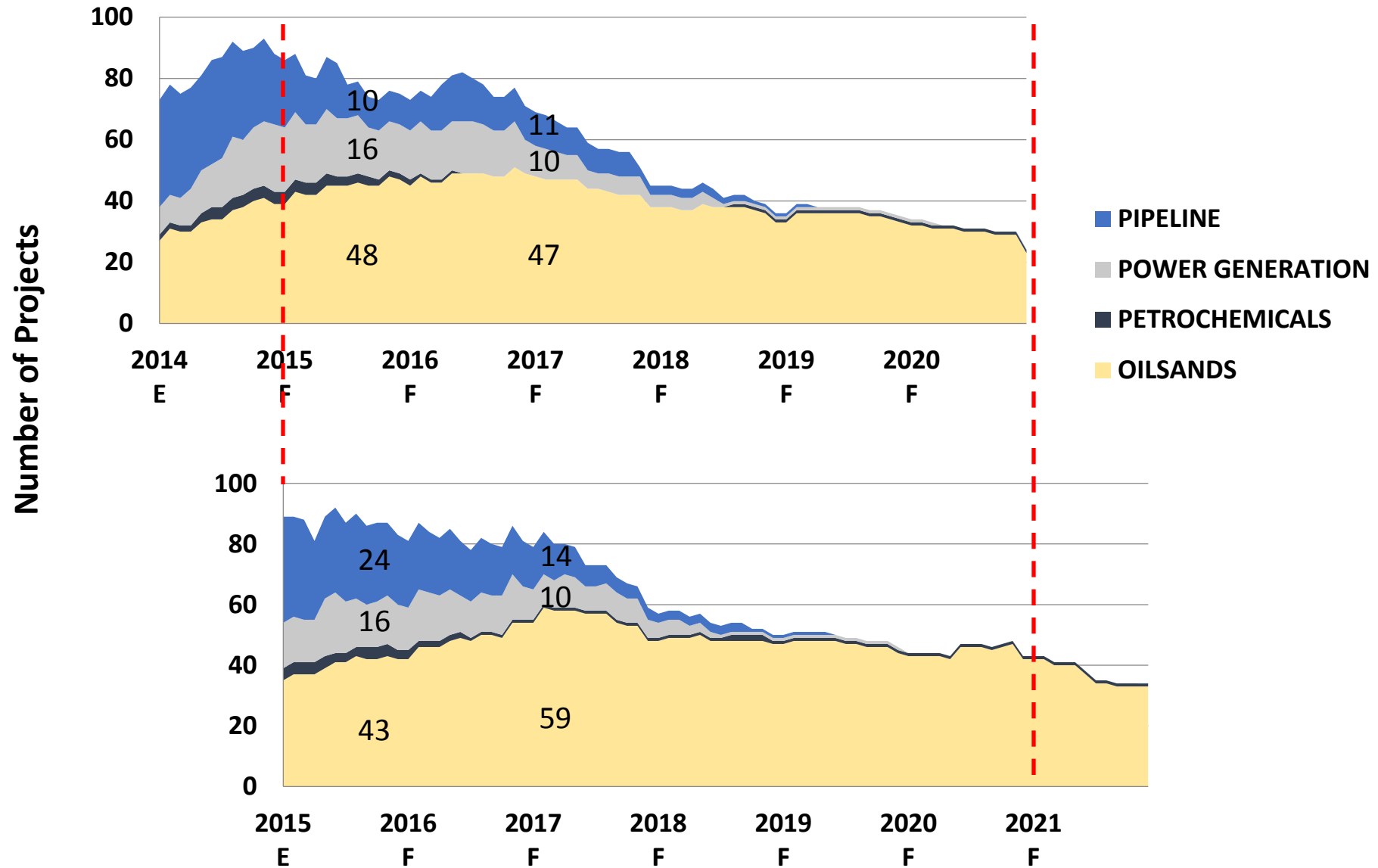
new construction workers
over the next 10 years.



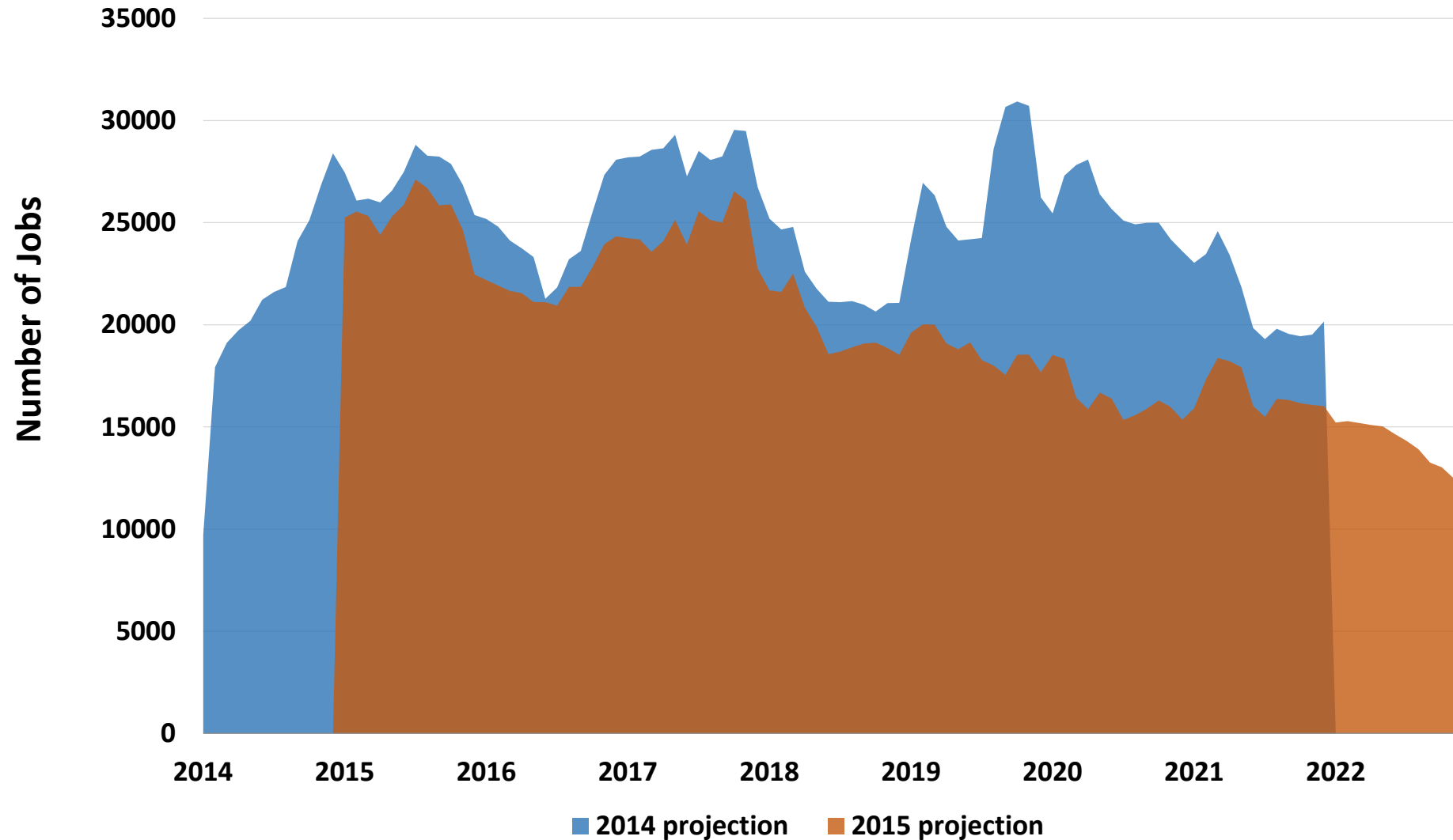
* 18% of the current labour force

Source: BuildForce Canada (data as of February 2015)

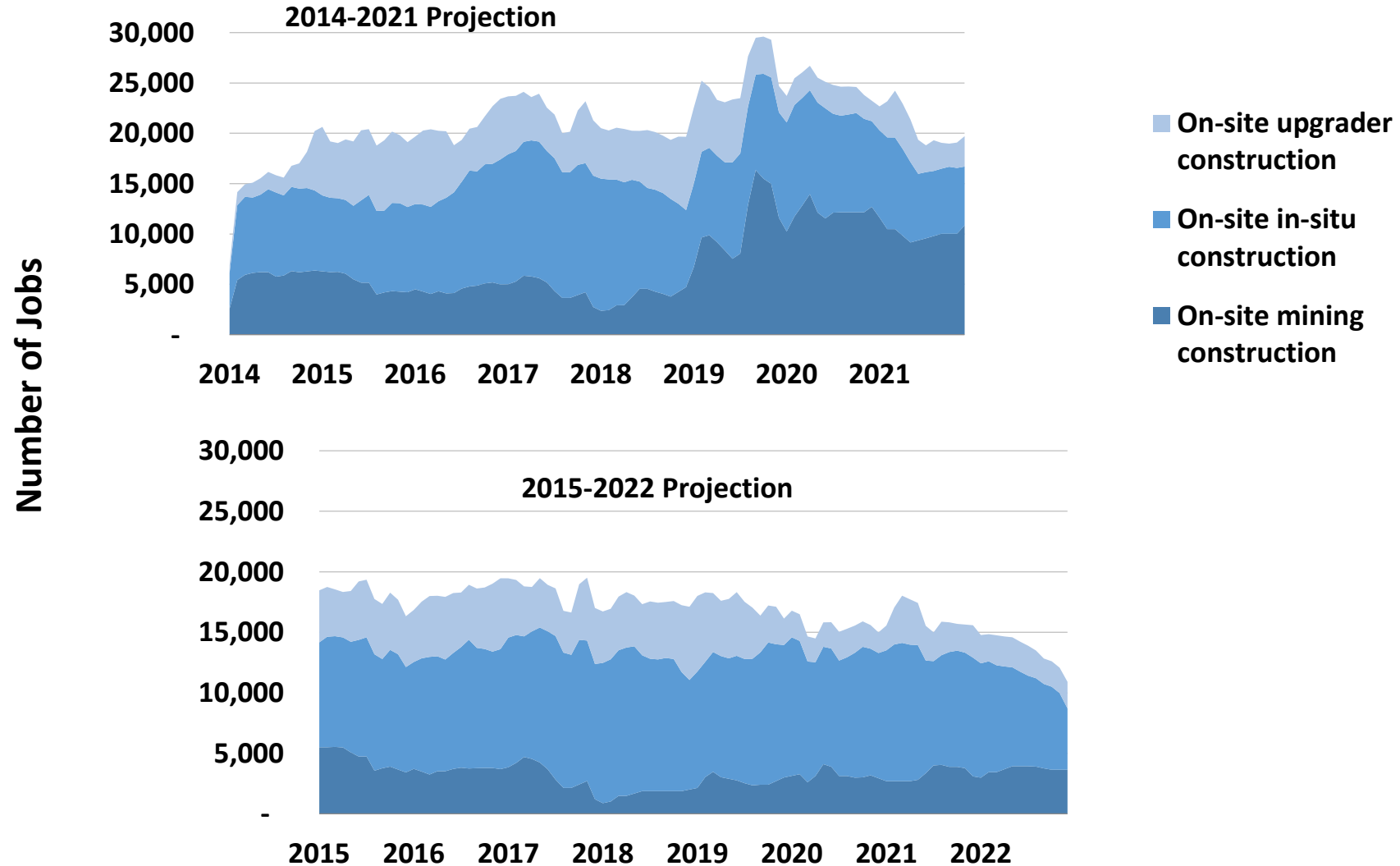
TIMING OF PLANNED NEW CONSTRUCTION



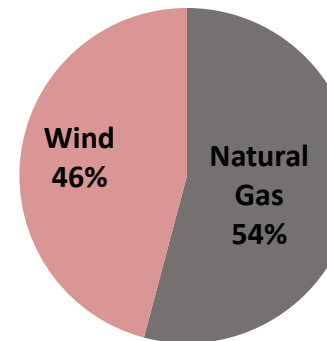
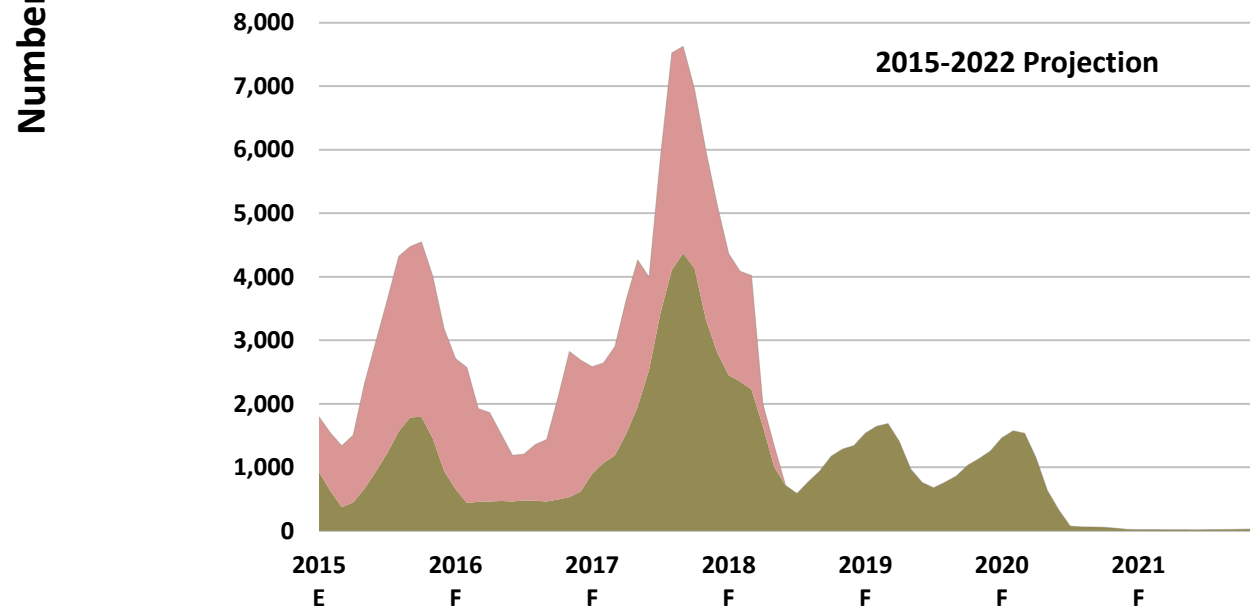
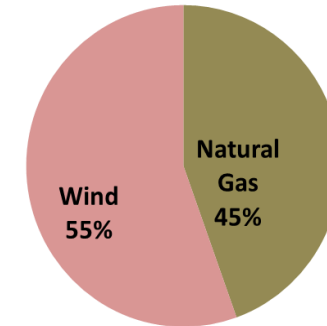
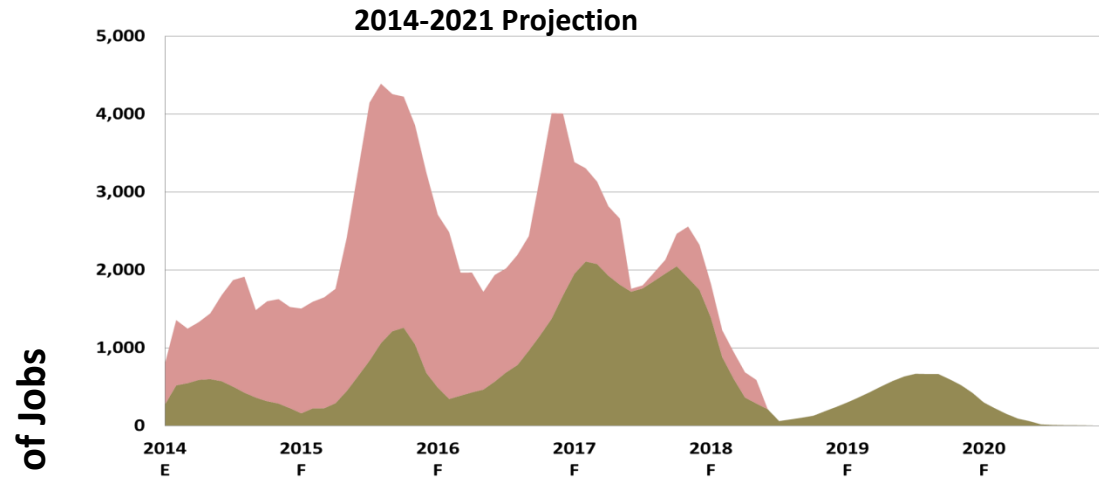
ON-SITE WORKFORCE NUMBERS FOR PLANNED NEW CONSTRUCTION



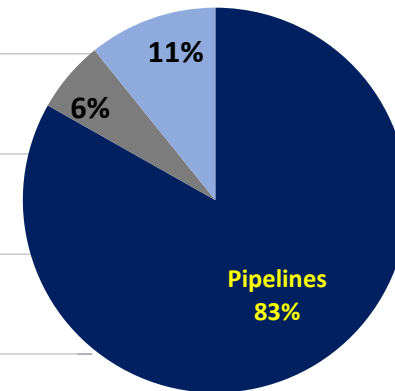
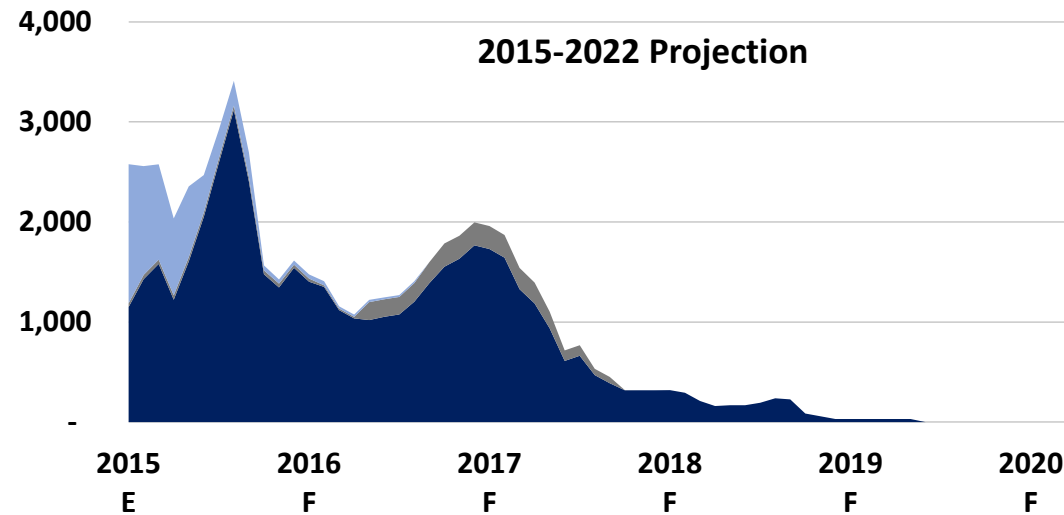
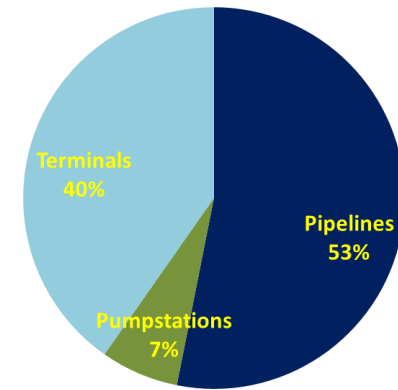
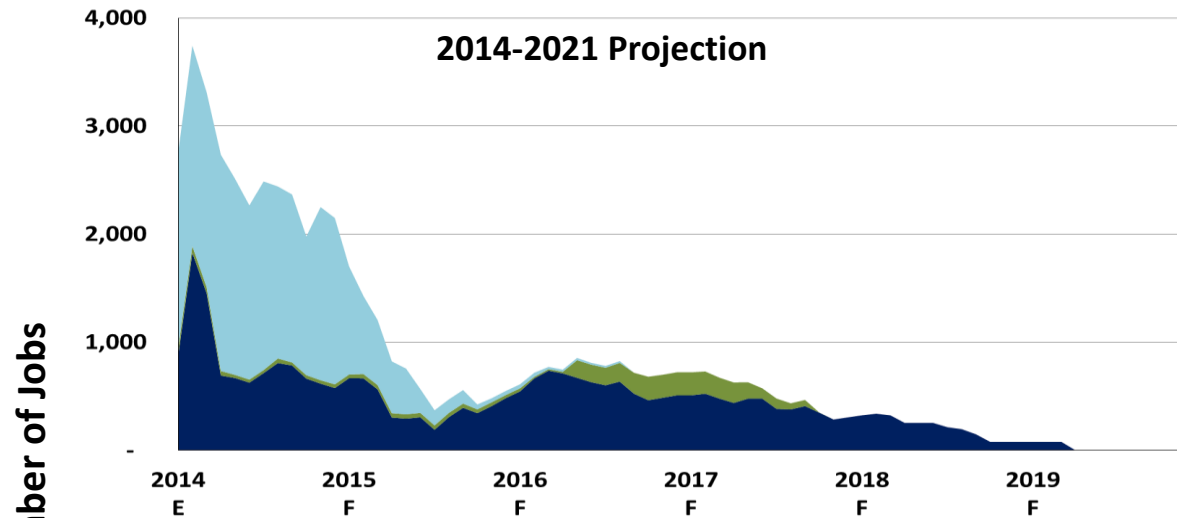
ON-SITE WORKFORCE NUMBERS FOR PLANNED NEW CONSTRUCTION — OIL SANDS



ON-SITE WORKFORCE NUMBERS FOR PLANNED NEW CONSTRUCTION — POWER GENERATION

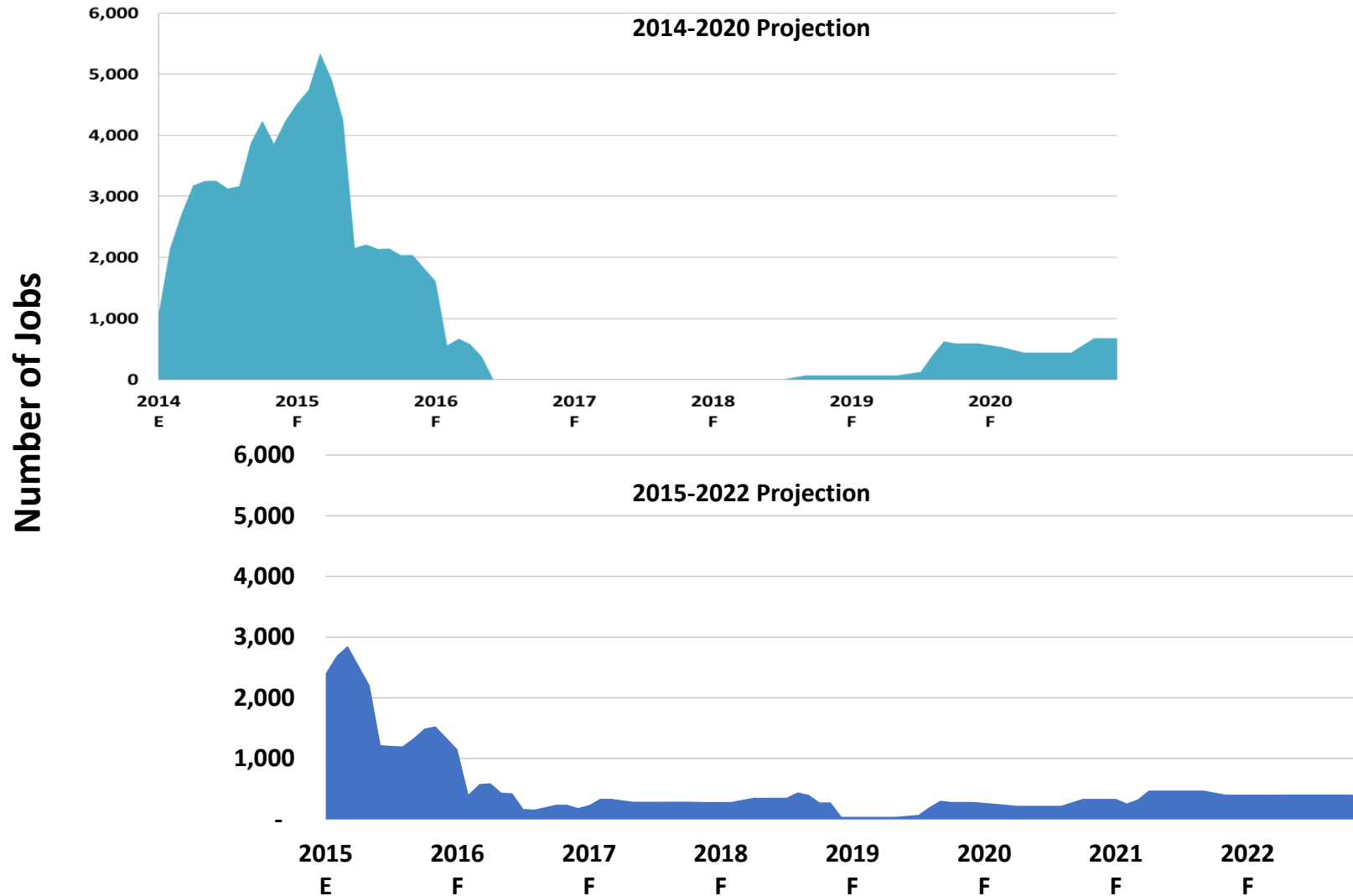


ON-SITE WORKFORCE NUMBERS FOR PLANNED NEW CONSTRUCTION — PIPELINE



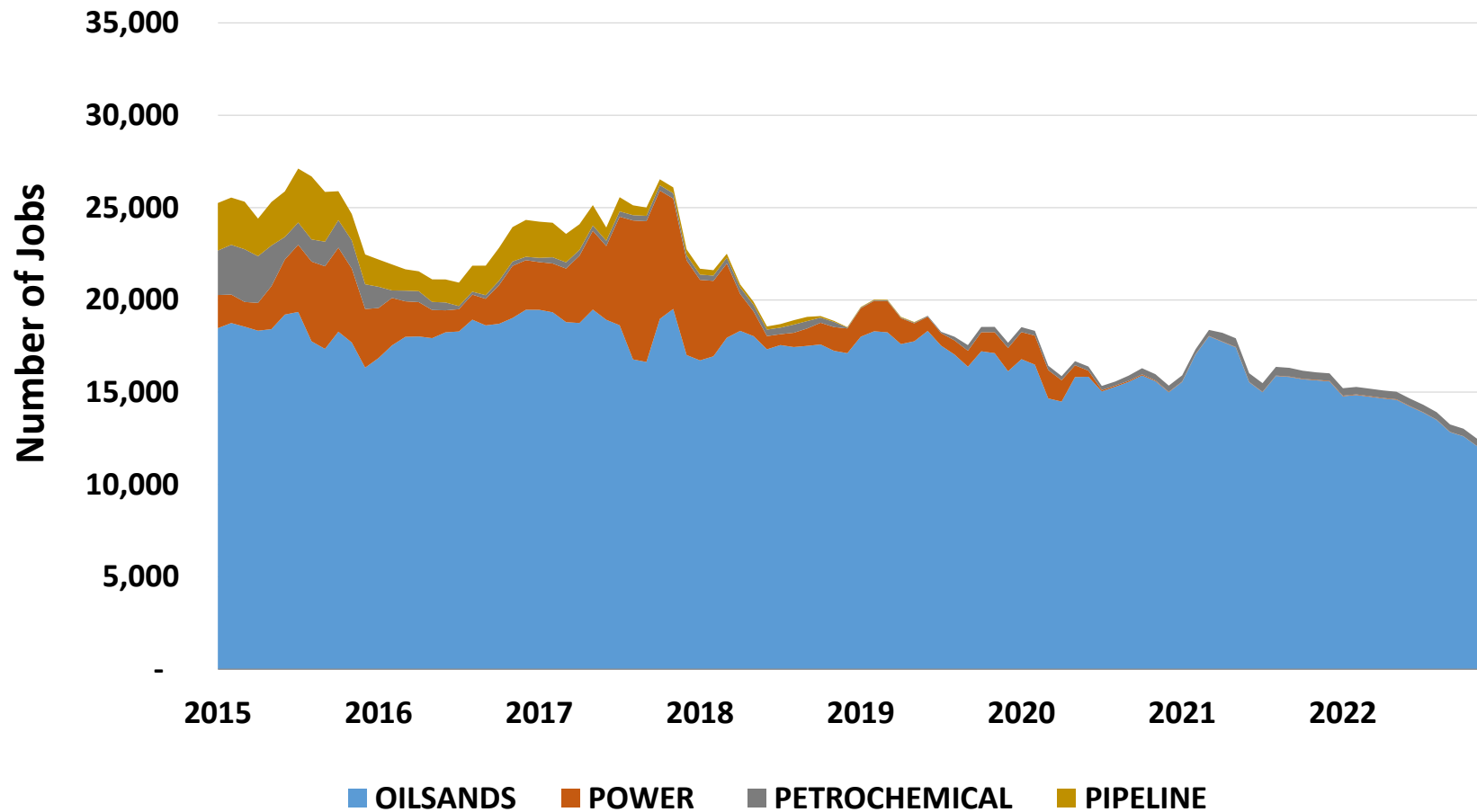
■ Pipelines ■ Pumpstations ■ Terminals

ON-SITE WORKFORCE NUMBERS FOR PLANNED NEW CONSTRUCTION — PETROCHEMICALS

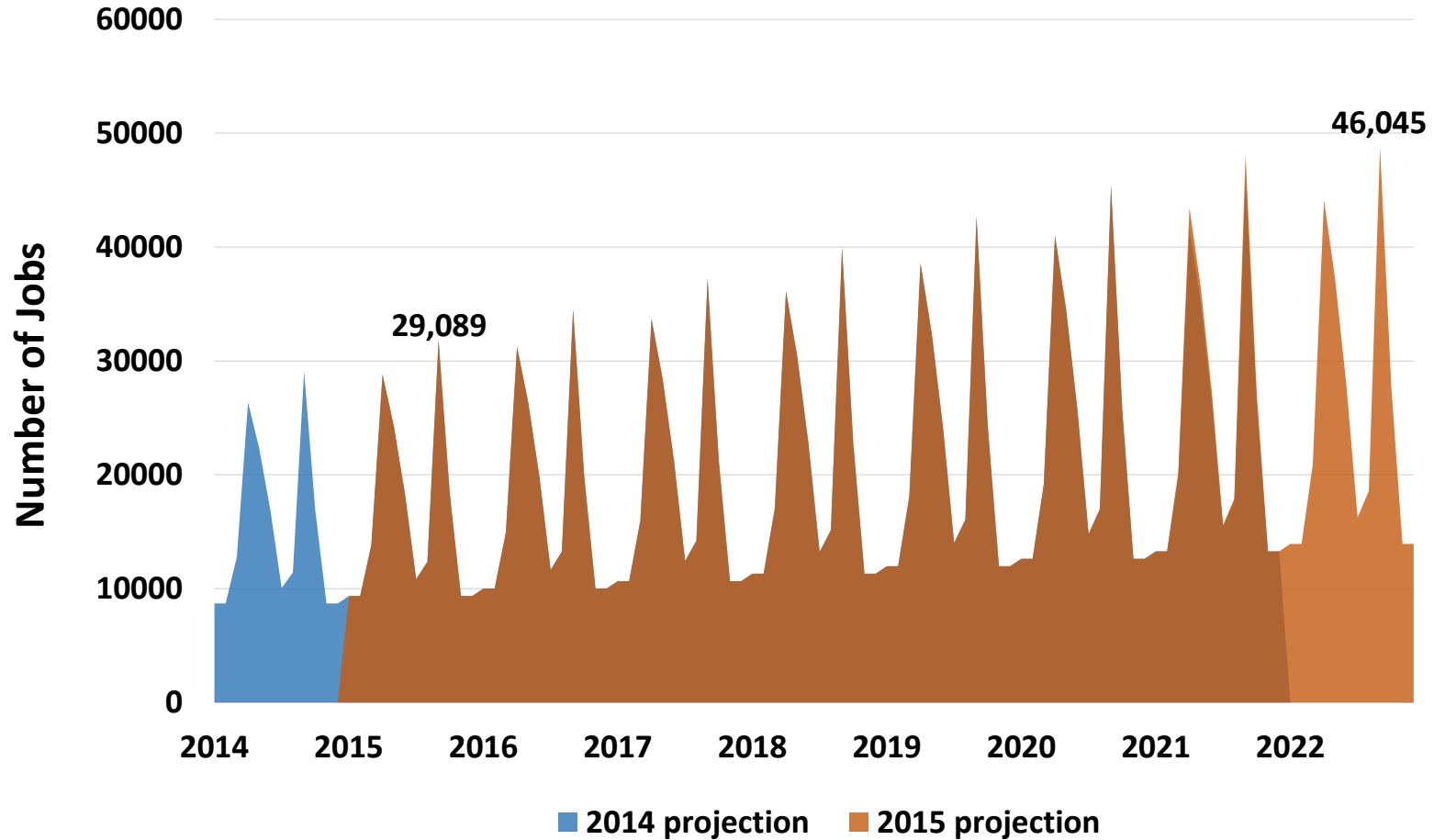


ON-SITE NEW CONSTRUCTION EMPLOYMENT

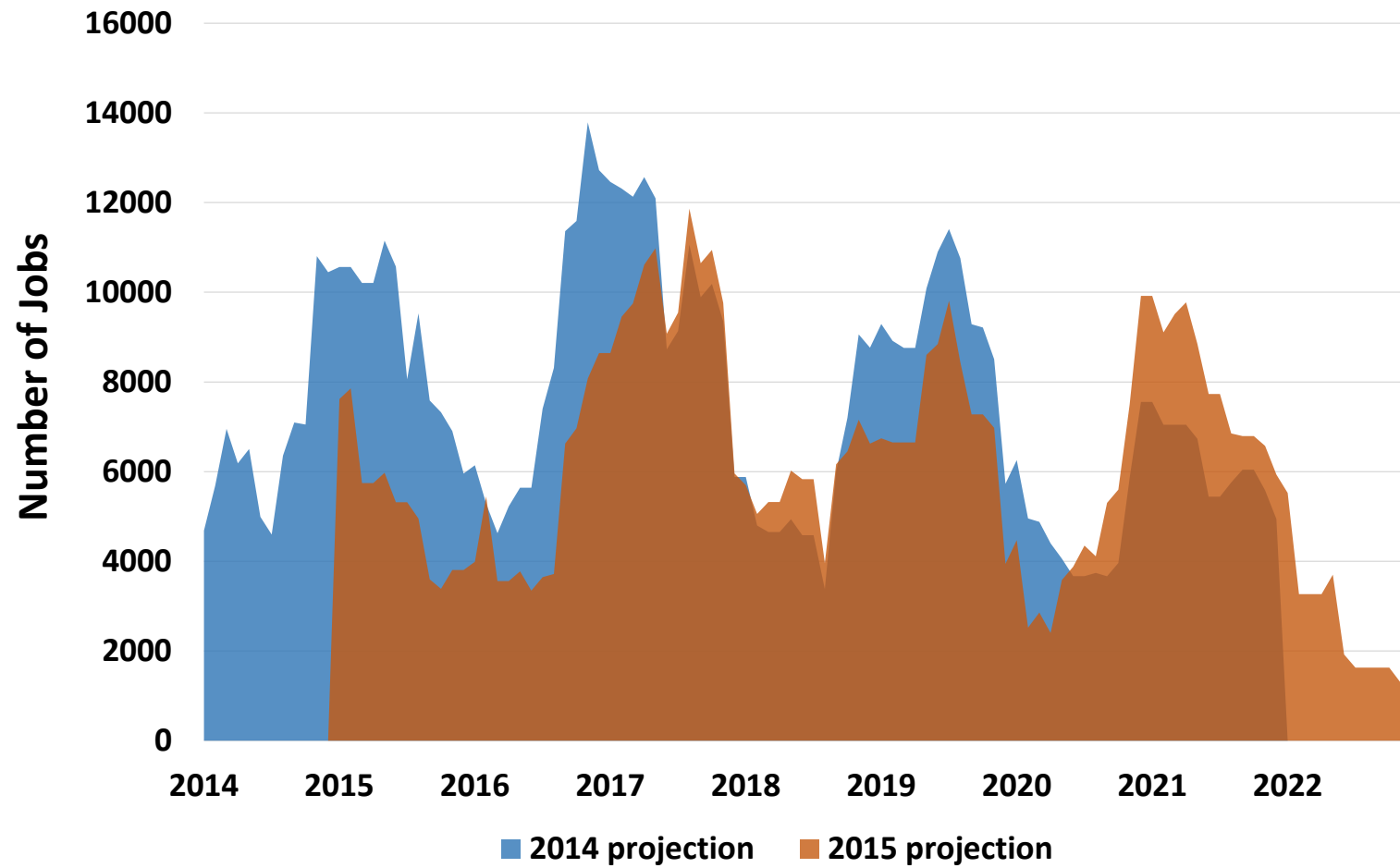
(OIL SANDS, POWER, PIPELINE & PETROCHEMICALS)



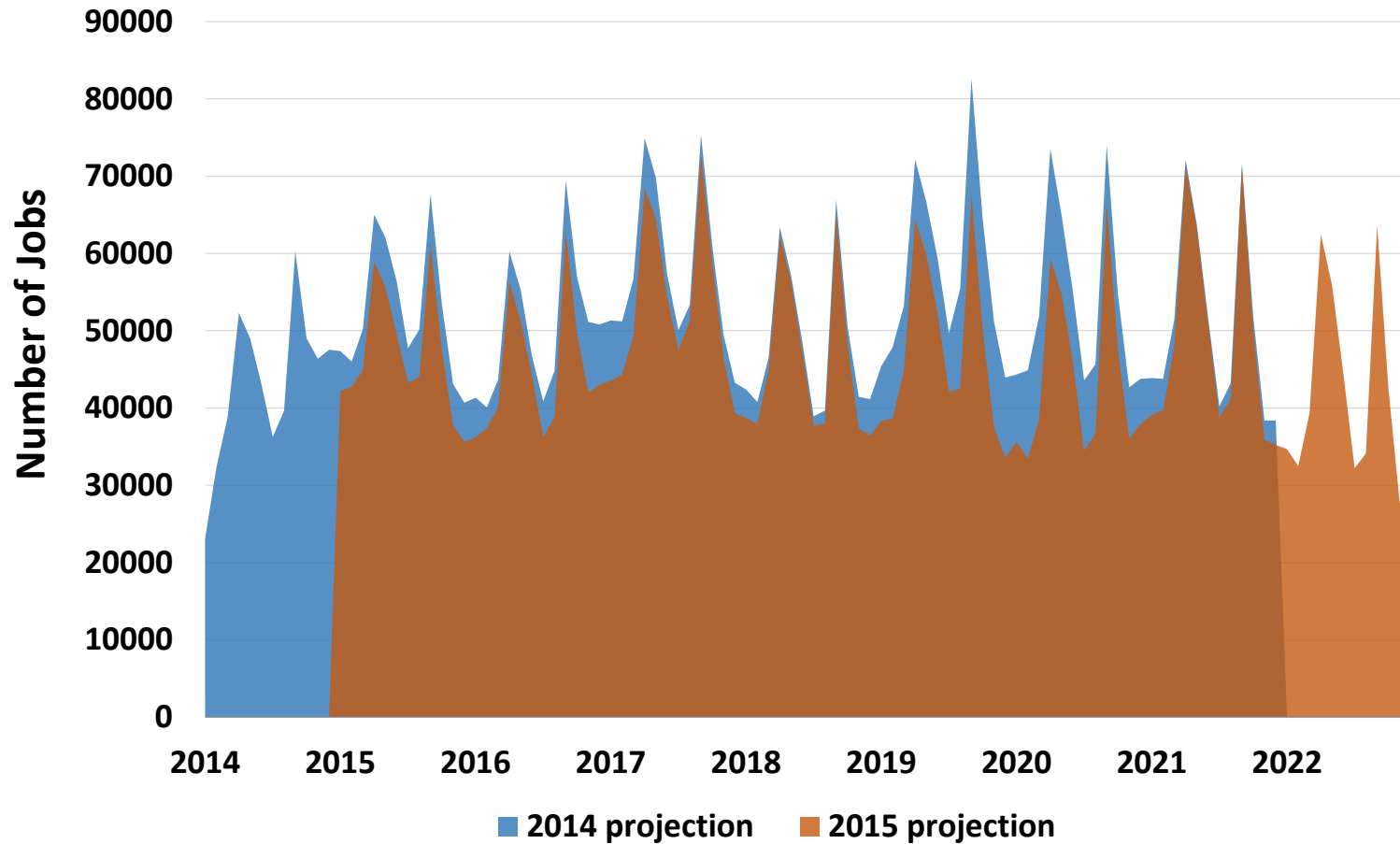
ON-SITE TURNAROUND AND ONGOING MAINTENANCE



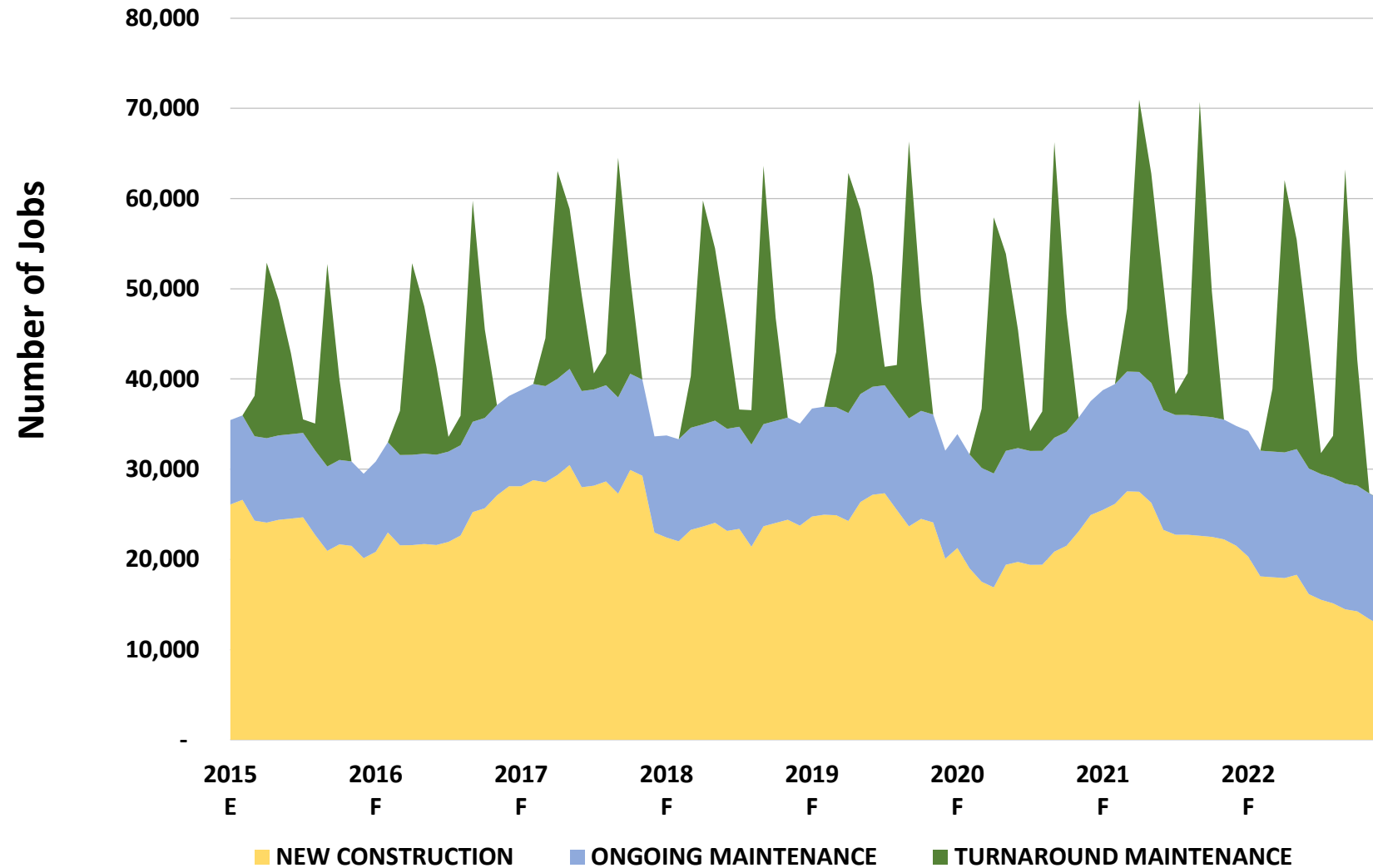
OFF-SITE MODULE FABRICATION



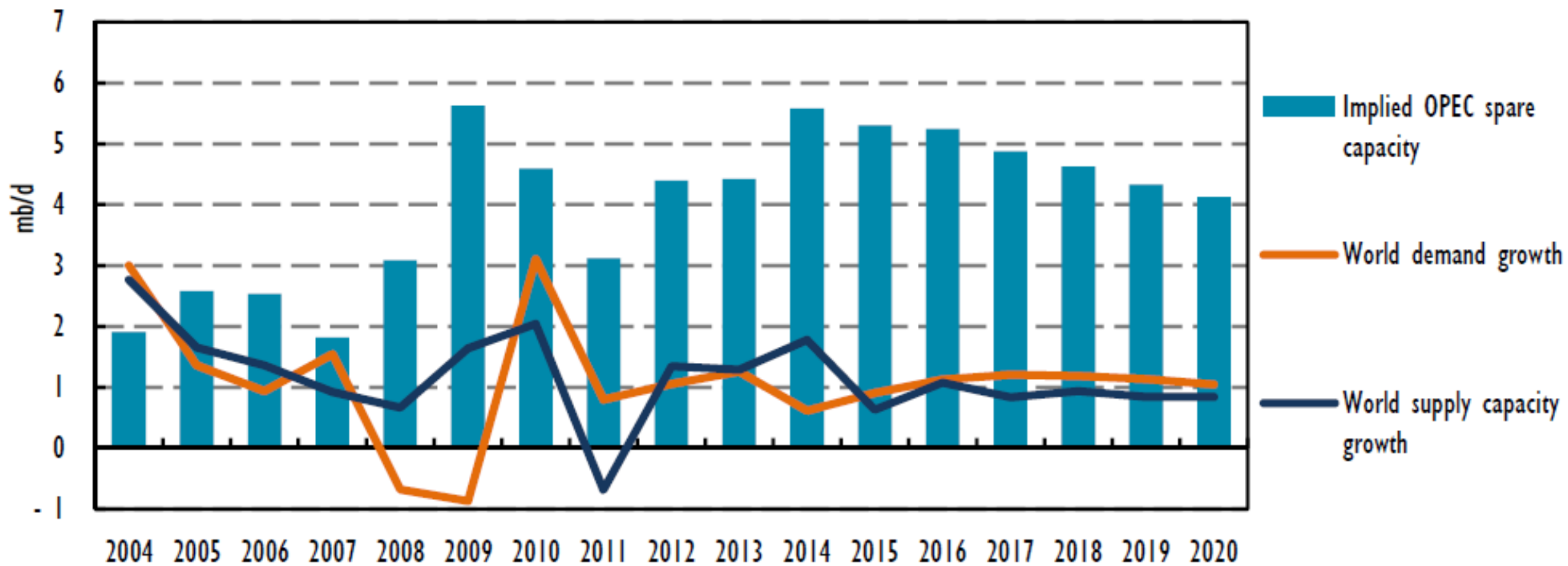
ON-SITE CONSTRUCTION, OFF-SITE MODULE FABRICATION, MAINTENANCE



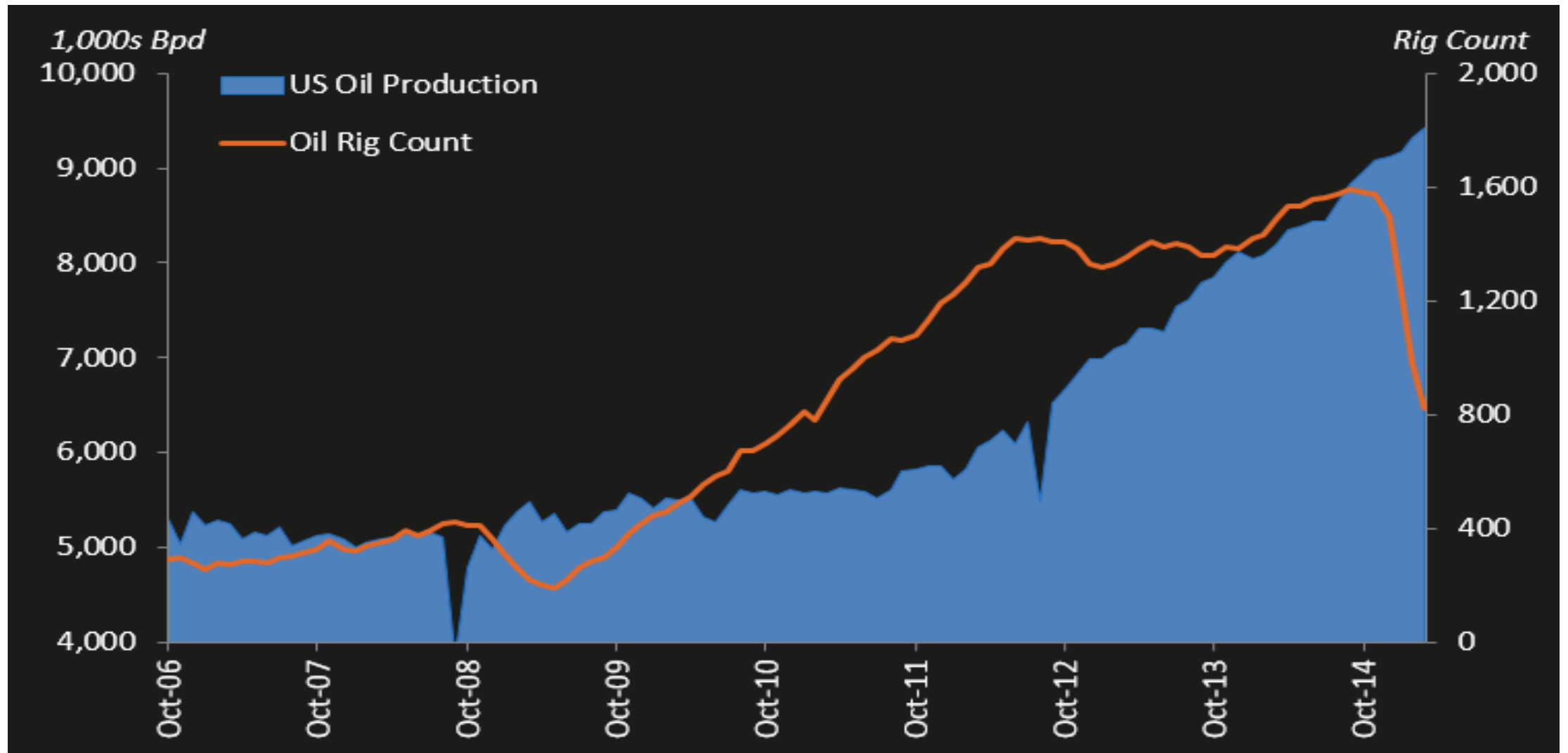
ON-SITE CONSTRUCTION WORKFORCE REQUIREMENTS BY CONSTRUCTION TYPE



Oil Supply/Demand Loses Synchronicity

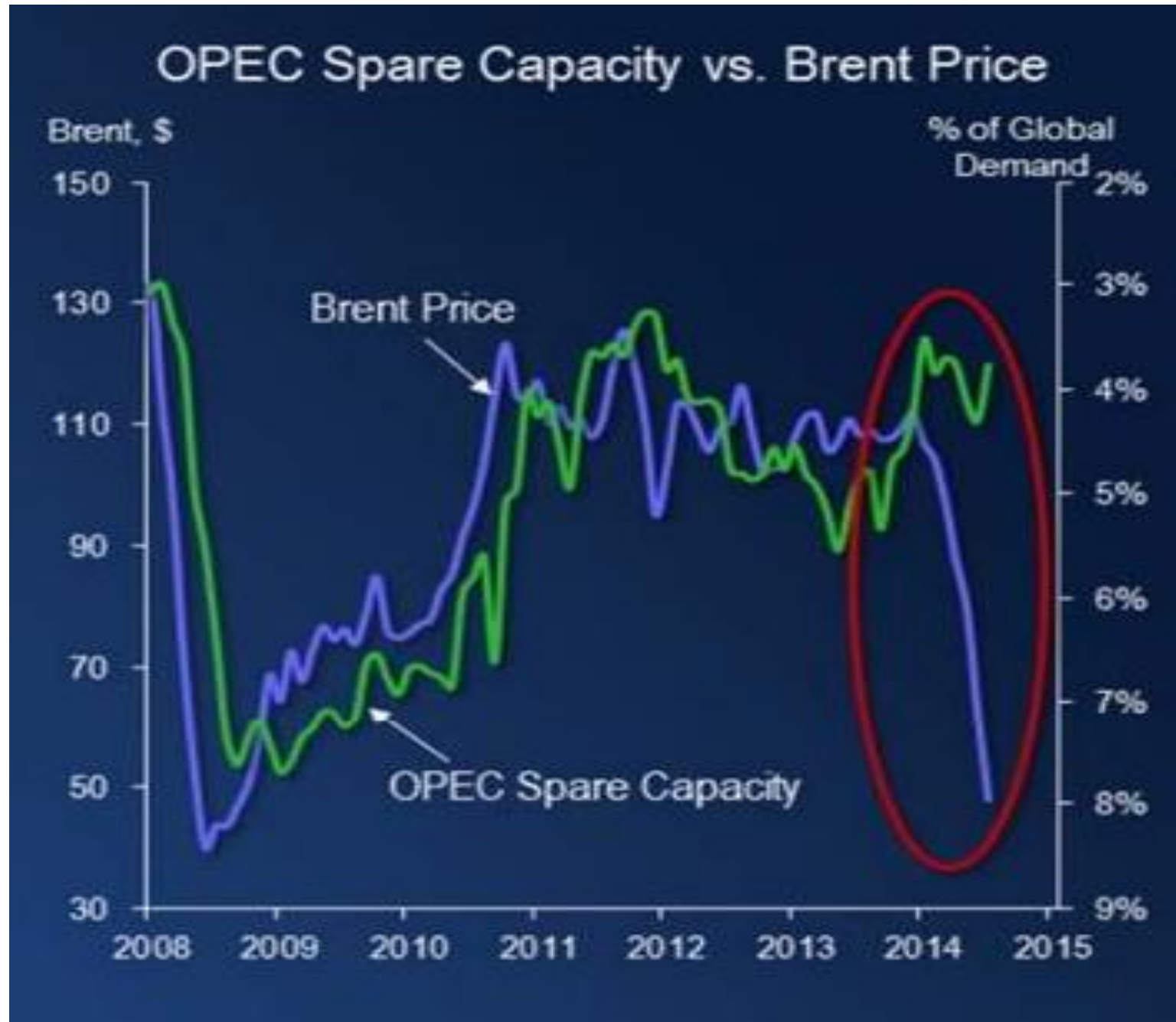


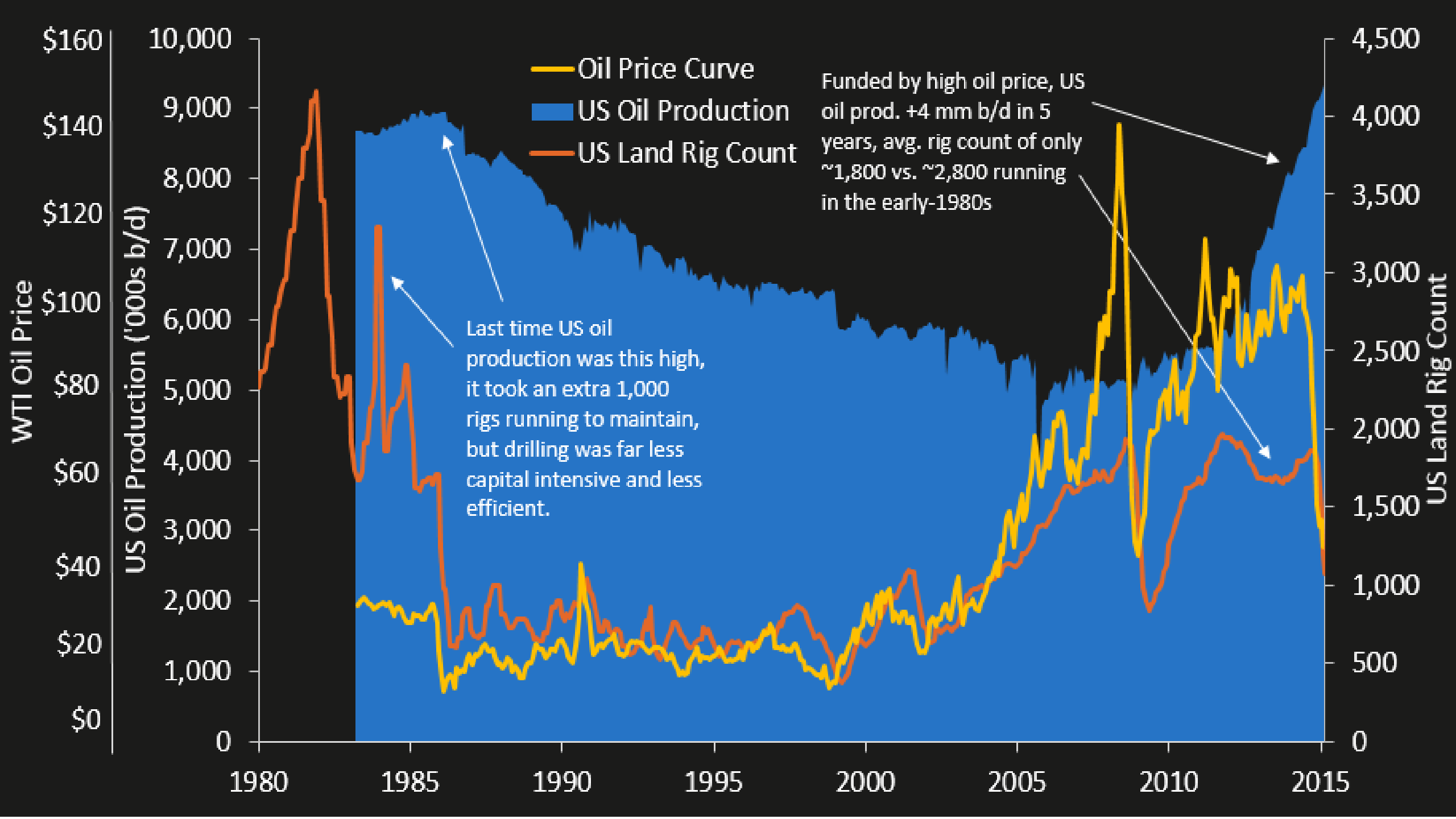
US adds four mm/Bpd since January 2010



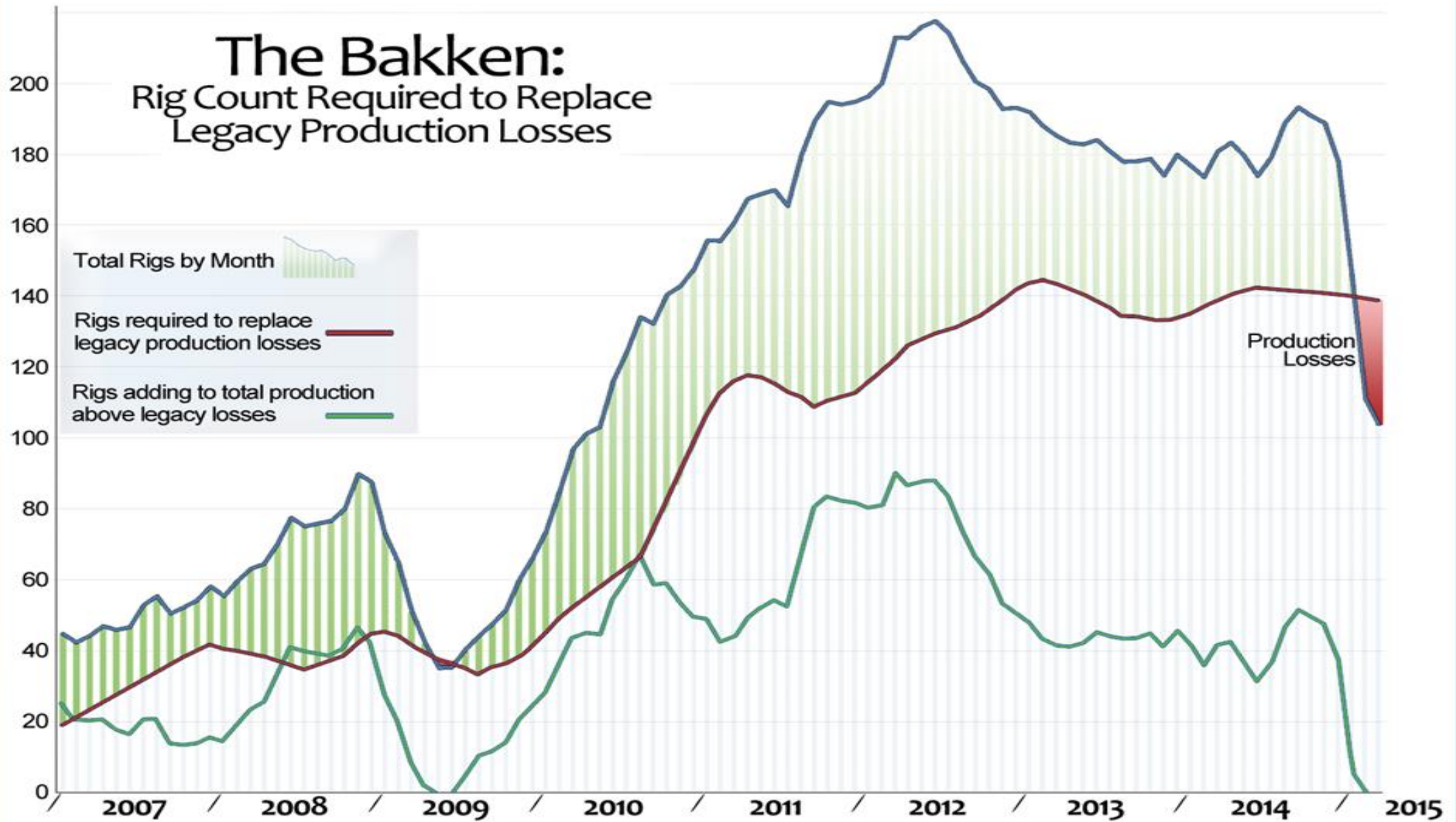
How OPEC Supports the Price of Oil

- In 2008 as oil prices fell OPEC cut production
- OPEC increases production 2009 through 2012 to control price increases
- 2012 to 2014 OPEC regulates production to maintain avg. \$110 Brent oil price
- Brent price drops in 2014 in response to Saudi Arabia dropping price to Japan and certain other customers
- Price drops precipitously through latter 2014 yet OPEC maintains very high production levels
- Not all of OPEC supports these production levels



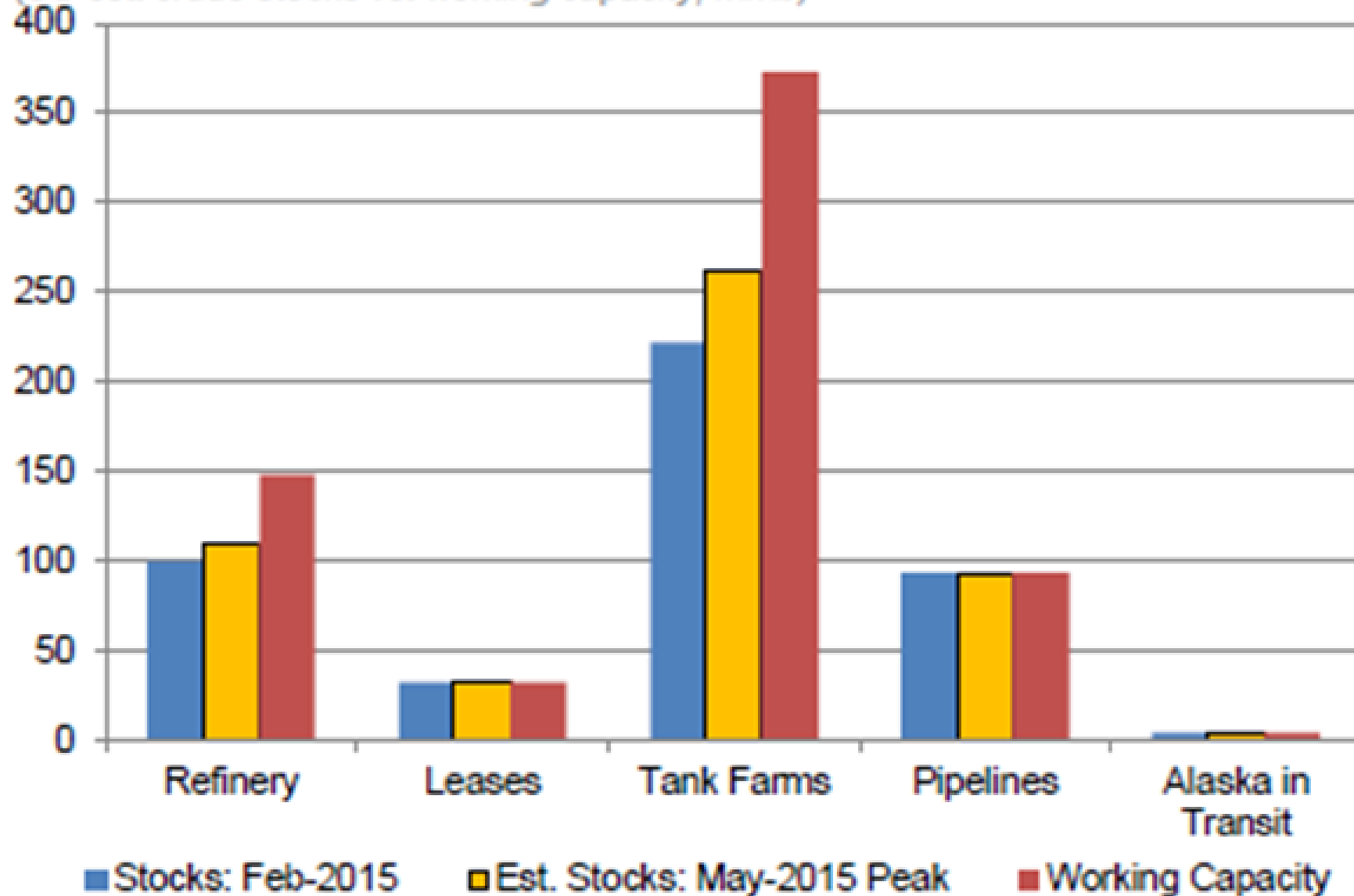


The Bakken: Rig Count Required to Replace Legacy Production Losses



Plenty of Storage To Absorb Record US Crude Inventories in 2015

(US est. crude stocks vs. working capacity, mmb)

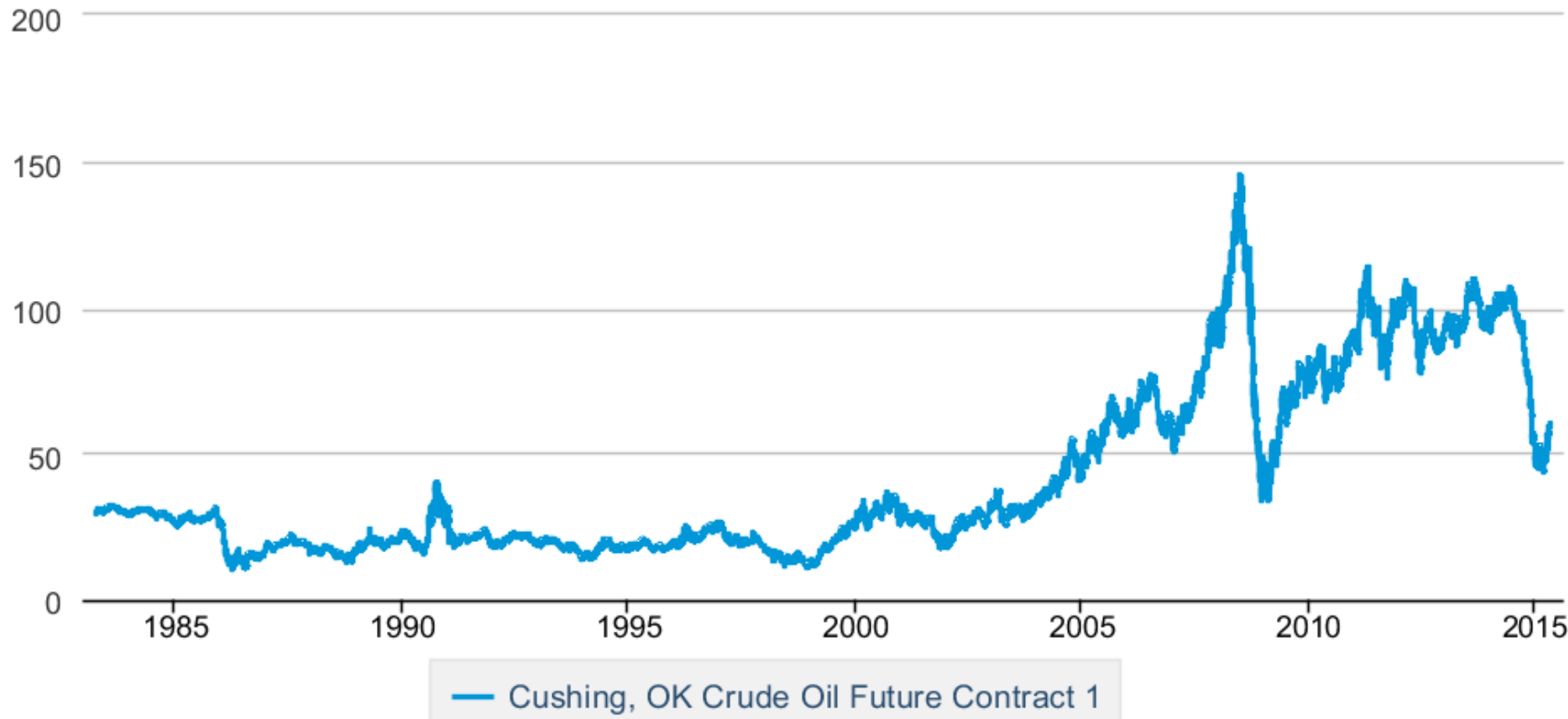


- "Further, it's our view that North America will continue to be the most adaptable market in terms of addressing well economics through both efficiency models and technology uptake. One way to look at it is that the U.S. unconventional business is now the lowest-cost, fastest-to-market incremental barrel of oil available in the world today." **Jeff Miller, President at Halliburton**



Cushing, OK Crude Oil Future Contract 1

Dollars per Barrel



Source: U.S. Energy Information Administration

Figure ES1. North Sea Brent crude oil spot prices in four cases, 2005-40

2013 dollars per barrel

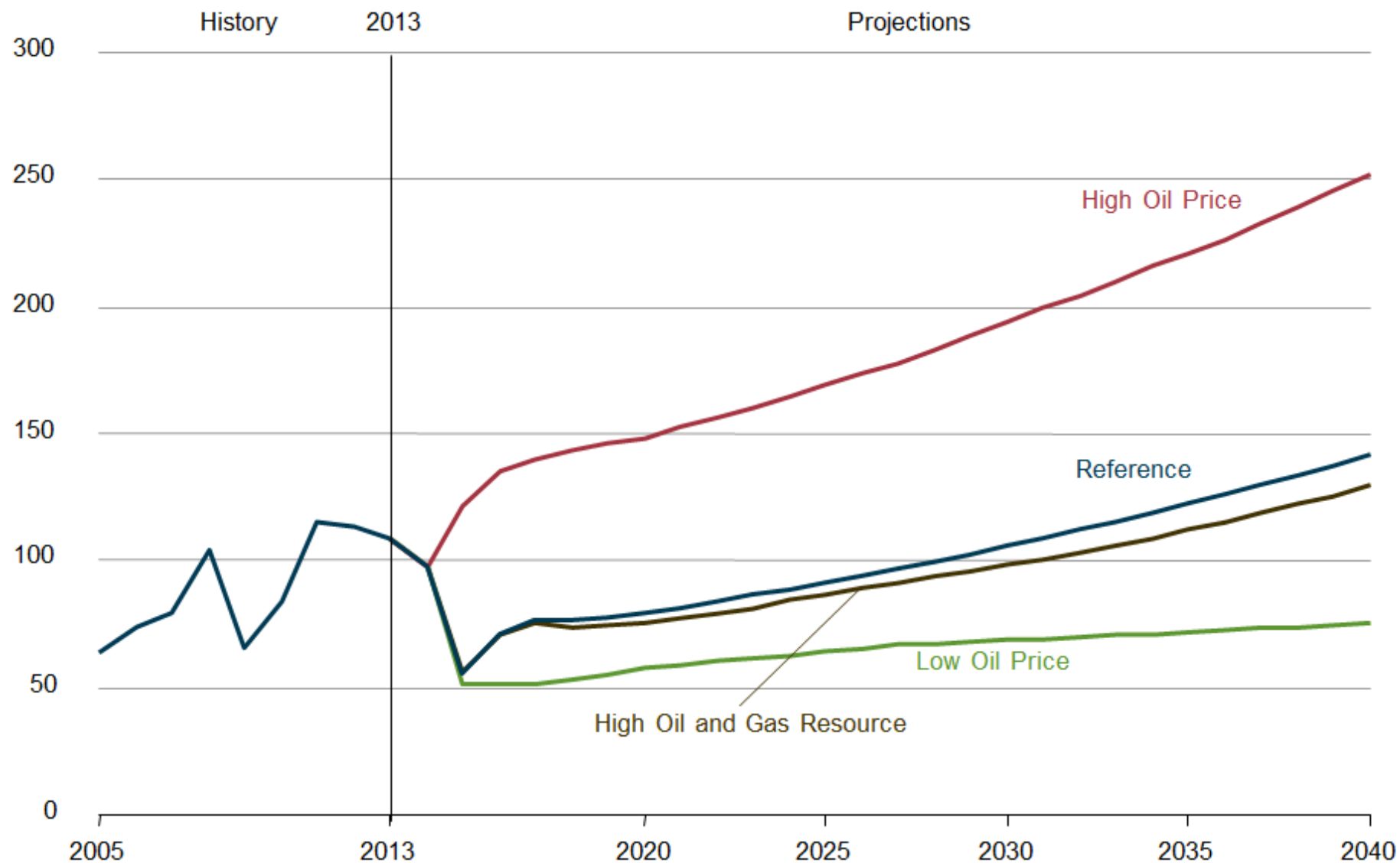
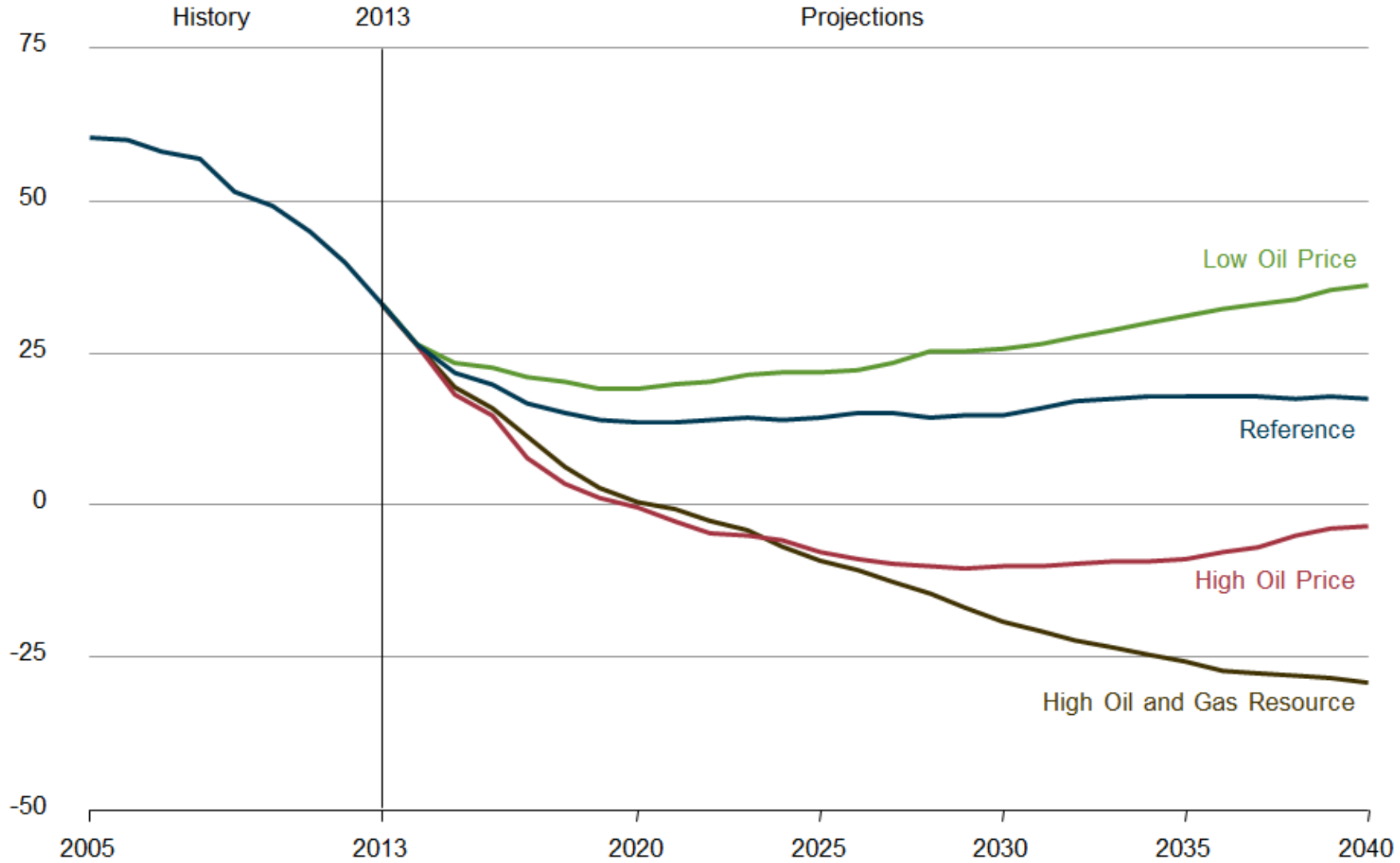


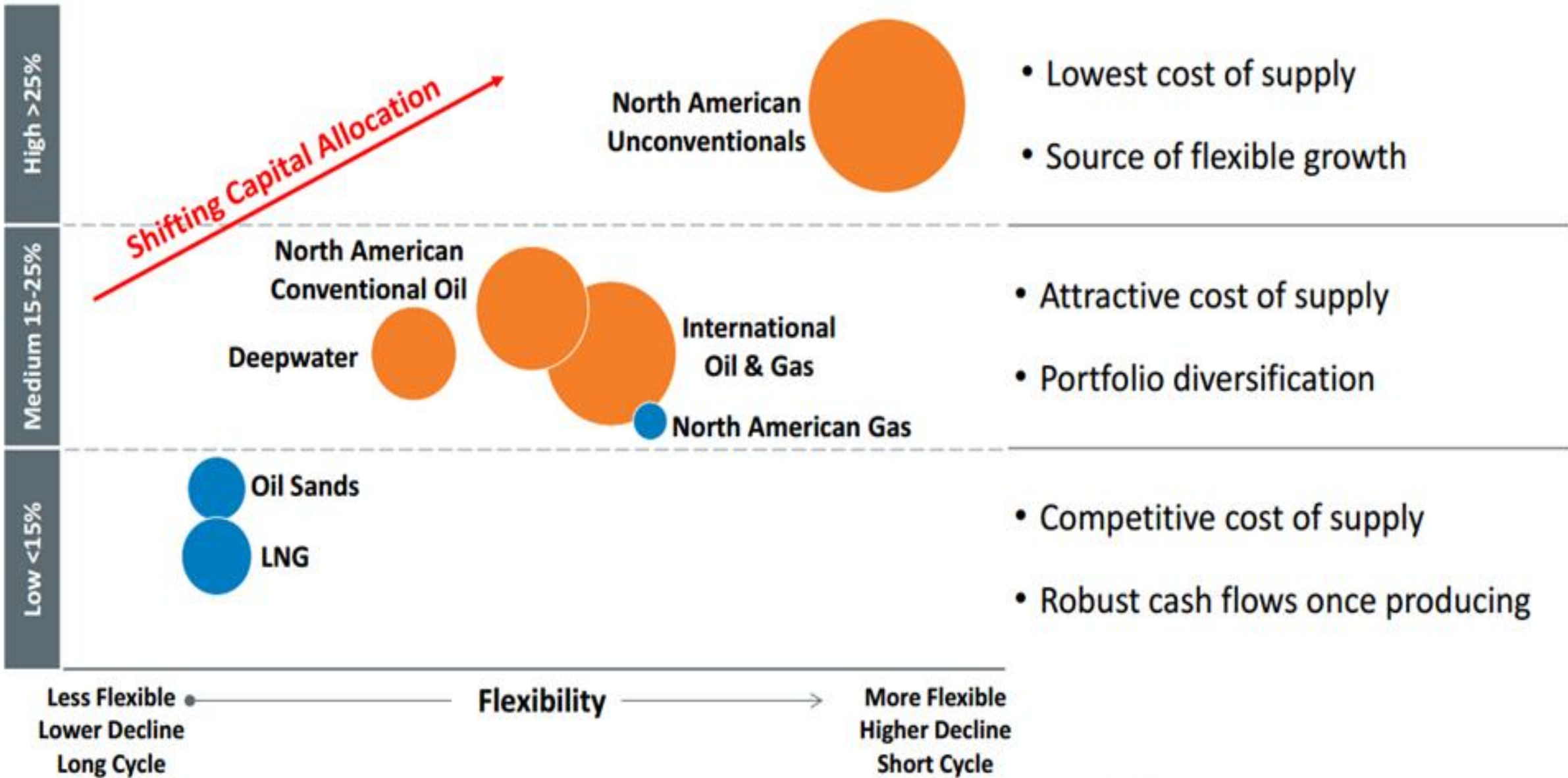
Figure ES4. Net crude oil and petroleum product imports as a percentage of U.S. product supplied in four cases, 2005-40

percent



Full-Cycle Project Returns

■ <\$60/BOE Average Cost of Supply ■ >\$60/BOE Average Cost of Supply



- Lowest cost of supply
- Source of flexible growth

- Attractive cost of supply
- Portfolio diversification

- Competitive cost of supply
- Robust cash flows once producing

Size of the bubble represents planned 2015-2017 cumulative capital spend.

Figure ES5. U.S. total net natural gas imports in four cases, 2005-40

trillion cubic feet

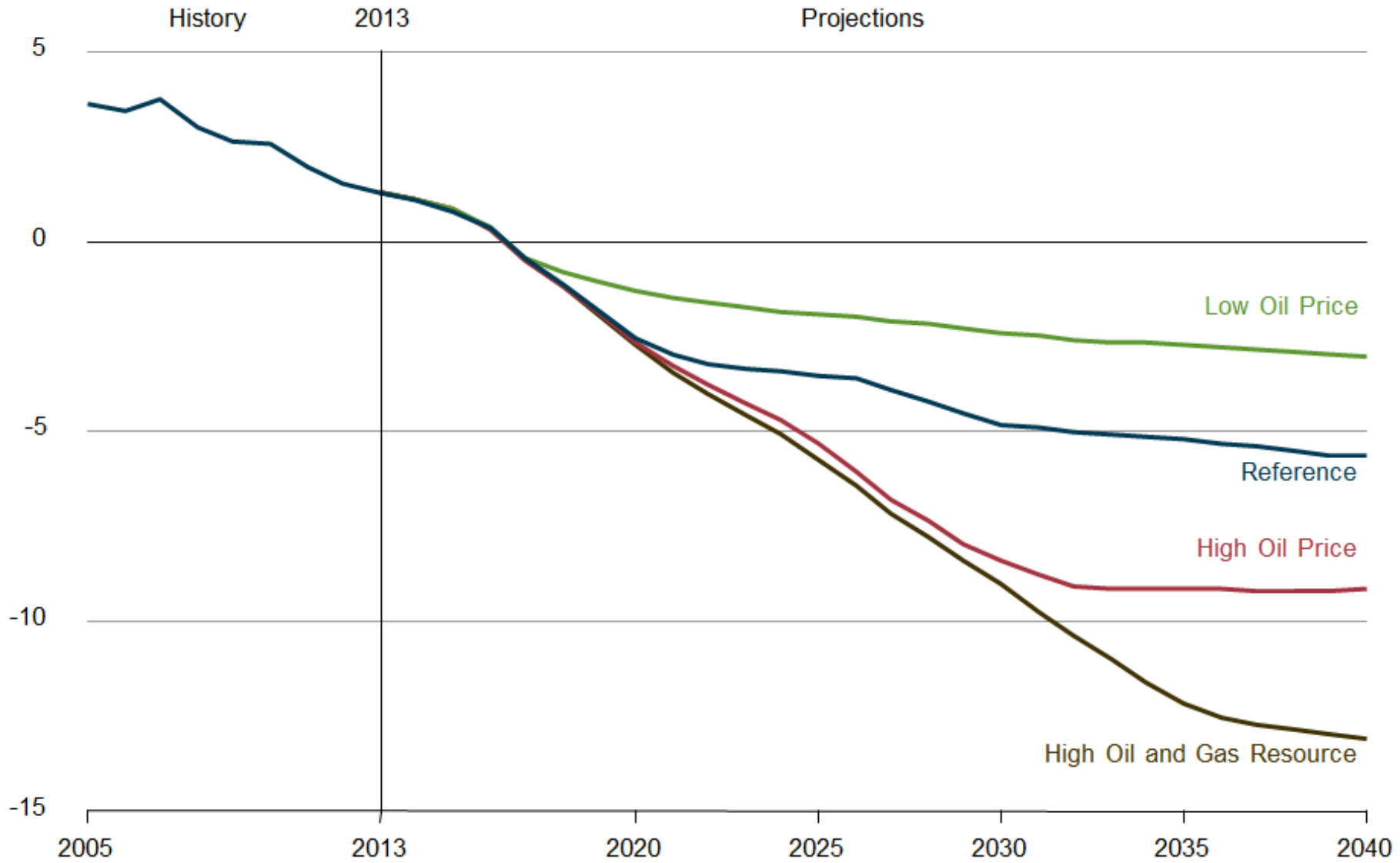
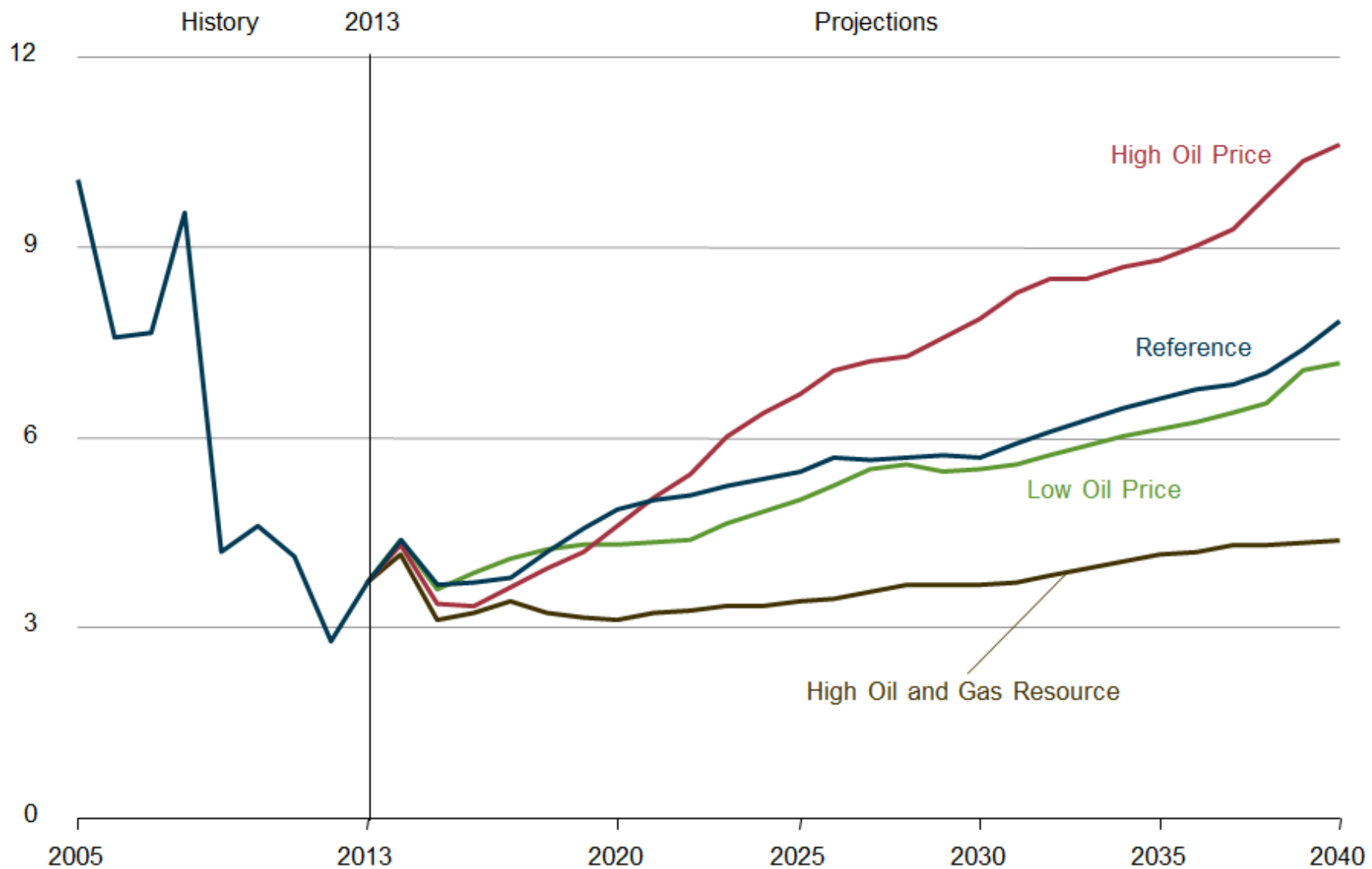


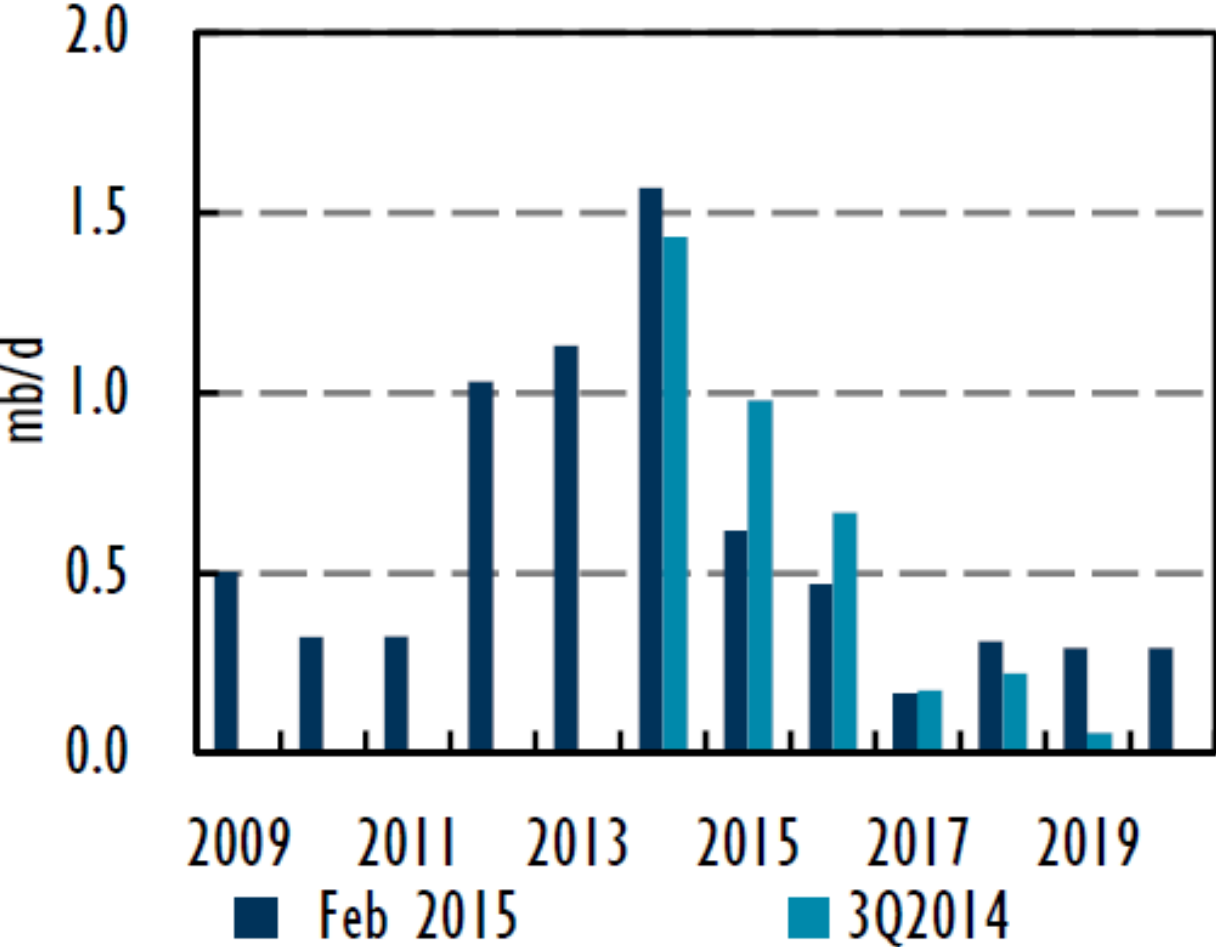
Figure ES2. Average Henry Hub spot prices for natural gas in four cases, 2005-40

2013 dollars per million Btu

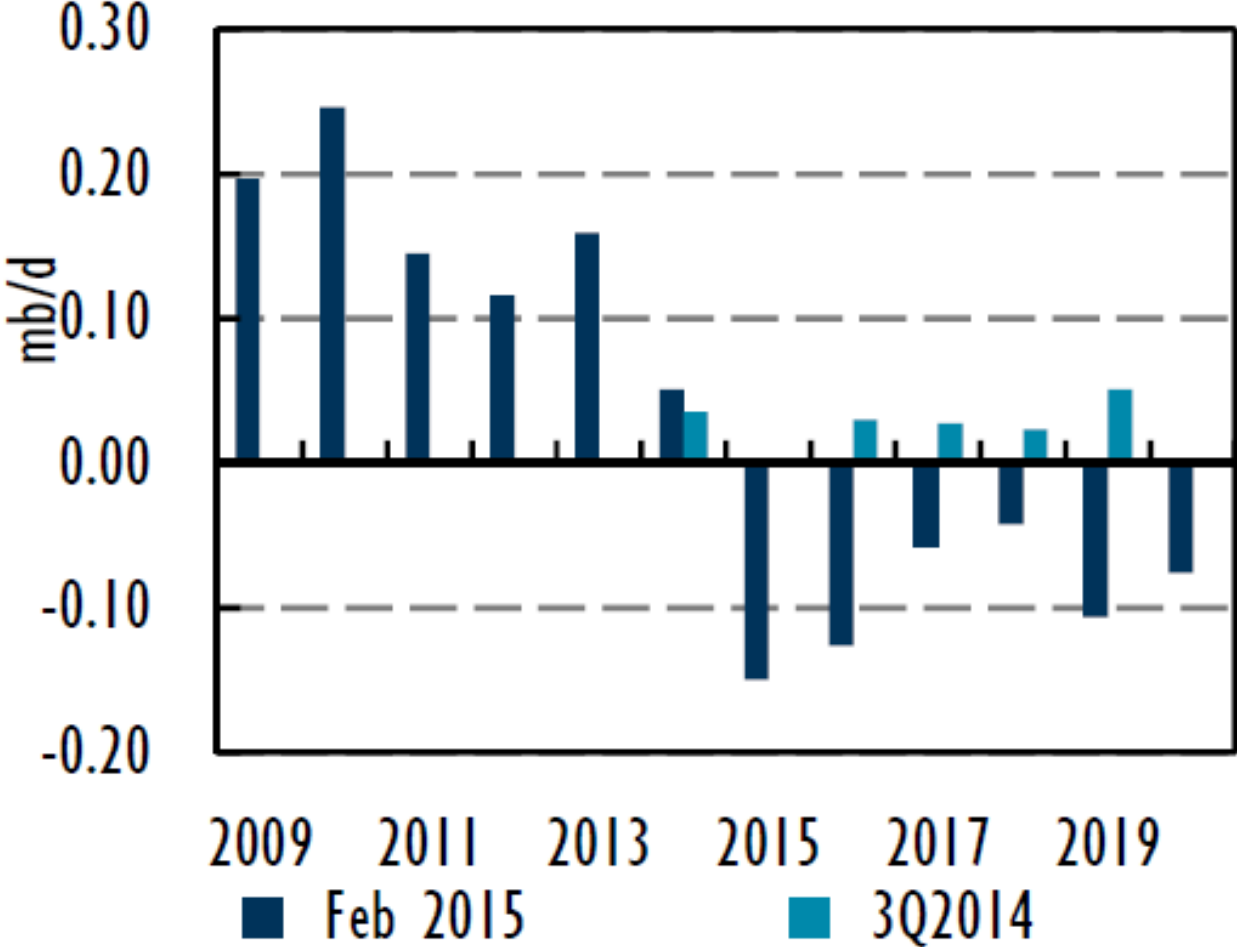


US & Russia on Diverging Production Paths

Change in US liquids production



Change in Russian liquids production





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