



## REPORT NOW AVAILABLE

# Oil Sands Production Outlook and Supply Costs: 2006-2030

Nicole LeBlanc and David McColl

CERI Study No. 115, December 2006 • ISBN 1-896091-61-X

*“How much bitumen and synthetic crude oil will Canada be producing from the oil sands, and how much will it cost to supply it?”*

This is one of the predominant questions being raised by industry and governments in Canada and the United States, as it concerns itself with energy security.

CERI provides an up-to-date evaluation of the likely production volumes from announced development projects (mining extraction, in situ recovery and bitumen upgrading), their energy requirements, and the associated supply costs of crude bitumen and synthetic crude oil streams, given recent market price changes. The analyses were conducted for two types of *in situ* recovery—CSS and SAGD—and for surface mining and extraction, for integrated mining, extraction and upgrading, and for stand-alone upgrading.

This report presents two production projections and their corresponding capital spending projections. The first is an all-in—*Unconstrained* case—which assumes all announced projects proceed on schedule and as planned. CERI developed a second, more realistic supply projection—the *Constrained* case—that takes into account a number of limiting factors: capital spending, labour supply, market access, market uncertainty, material supply, environment, and regulatory access. This latter Constrained case results in an increase of gross bitumen production from 1.2 million barrels per day in 2006 to 3.8 million by 2020; a case that, given capital spending capability and annual capacity additions, is more attainable by the economy.

A significant portion of the potential additional revenues to producers from the recent dramatic oil price increase—i.e., some of the economic rent—is absorbed by cost increases.

- How have costs of production escalated over the past several years?
- How much of this increase is attributed to input fuel?
- What other cost areas have significantly changed?
- What are the implications for production levels and timing?
- What other factors could affect production levels and timing?

CERI believes that oil sands developments will “...significantly impact the North American crude oil market over the ensuing decades...”, in the process “...at least tripling a much needed indigenous crude oil production stream...”, and establishing a secure supply source for the North American marketplace. Significant secure and affordable oil sands production capability impacts all the players along the supply chain. Private sector and government organizations that understand the issues CERI examines can position themselves to make the most of the opportunities presented.

## ORDER FORM ON REVERSE SIDE

**Canadian Energy Research Institute**  
150, 3512 - 33 Street NW, Calgary AB, Canada T2L 2A6



## ORDER FORM

### Oil Sands Production Outlook and Supply Costs: 2006-2030

Nicole LeBlanc and David McColl

CERI Study No. 115, December 2006 • ISBN 1-896091-61-X

**FINAL REPORT ..... C\$5,000 + GST**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Postal Code: \_\_\_\_\_ Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

- Please invoice \$ \_\_\_\_\_ (payment required prior to shipping)
- Payment enclosed: \$ \_\_\_\_\_  
(Make cheque payable to *Canadian Energy Research Institute*)
- Please charge \$ \_\_\_\_\_ to my credit card \_\_\_\_\_ VISA or \_\_\_\_\_ MasterCard  
Acct. No. \_\_\_\_\_ Expiry Date: \_\_\_\_\_  
Cardholder Name: \_\_\_\_\_  
Cardholder Signature: \_\_\_\_\_

**Send completed form to:  
Roxanne Rees, Fax: (403) 289-2344 or Email: rrees@ceri.ca**