

Western Canada unconventional – a North American commercial comparison

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Abstract:

Wood Mackenzie projects oil production in North America to grow 2.9 million b/d by the end of the decade. Tight Oil is projected to add 2.0 million b/d. North American natural gas production is projected to climb by 17.5 bcfd over the same timeframe. Shale is projected to add 19.3 bcfd while conventional production continues to decline.

Wood Mackenzie uses data driven analysis to break down the top 15 plays in North America to the sub-play level. We find it is not only the top plays (Bakken, Eagle Ford, Marcellus), but the core areas of the key plays that drive this production and activity growth. Wells in the Sesquehanna Core of the Marcellus Shale have an average 30-day IP rate of 19 mmcfd. Wells in the Karnes Trough sub-play in the Eagle Ford have a post-tax IRR of 43% on average. In the Nessen Anticline sub-play of the Bakken the average 30-day IP rate is north of 1,000 b/d.

But it is not just a US story. The leading sub-play areas in the Cardium and Montney remain on par with their counterparts in the US plays from an economic standpoint. Although scalability is more constricted in the Canadian oil plays, there are some distinct advantages north of the border. Canadian unconventional plays are well positioned to meet the oil sand's industry's thirst for light condensate. We expect bitumen production to grow by 0.9 million b/d by the end of the decade. With LNG proposals on the west coast, the Montney continues to be delineated in preparation to provide feed gas. And the embryonic Duvernay, Horn River and Liard plays are now firmly on companies' radar.