



The Status of Canadian Oil Production

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Topic: [Supply/Production](#)

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This is a guest post by Roger Blanchard, Assistant Professor of Chemistry, Lake Superior State University, Sault Ste. Marie, MI, and the author of "The Future of Global Oil Production", McFarland & Company, 2005.

A [recent article](#) concerning the upcoming impact of Mexico's declining oil production, "With Mexico Poised to Deliver World's Greatest Oil Shock Since 1970s, U.S. Seeks Canada's Help" stated the following:

"U.S. industry and government officials have been talking with Canada about a sharp increase in production from the Alberta oil sands region since at least early 2006, according to Canadian press reports. In response, Canadian oil output, nearly all of it from Alberta's oil sands, is forecast to be up 9% this year." (Actually only about half of Canada's oil production comes from oil sands)

Often, when articles are written about oil supply issues, it appears that the author hadn't actually looked carefully at the data he or she is writing about.

If one actually looks at Canadian oil production data, one could attribute about half of Canada's increase this year, through May (preliminary data), to Atlantic Canada. Through May, Atlantic Canada's production increase was 81,055 b/d (From the Canada-Newfoundland and Labrador Offshore Petroleum Board) while that of Canada's oil production (crude + condensate) was up 165,000 b/d (U.S. DOE/EIA). The U.S. DOE/EIA frequently revises their preliminary numbers so it wouldn't be surprising if they revise their number for Canada, quite possibly downward.

The increase in Atlantic Canada's oil production this year has been due to a significant increase in White Rose field production (~60,000 b/d through May) and an increase due to the Terra Nova field being out of commission for much of last year with production turning down starting in April and a complete shutdown during June-October.

In the case of Atlantic Canada, I would be shocked if oil production didn't peak this year. The White Rose field is producing at a much higher rate than the projected peak. Hibernia's production has dropped steadily from ~204,000 b/d in 2004 to ~133,000 b/d this year (through May). Because Terra Nova was out of commission for much of last year, the field is producing at a much higher rate than it would have if it hadn't been down last year. I'm expecting Terra Nova and White Rose fields to experience production declines next year while Hibernia continues to decline.

What that means for Canadian oil production is that any increase in oil sands production in coming years will be partially or completely negated by declining Atlantic Canada production, as well as declining conventional production in most of the rest of Canada. It will be harder to repeat the



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