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FOR IMMEDIATE RELEASE

Calgary, June 10, 2010

Ziff Energy White Paper: *Canadian Conventional Gas at a Cross-Road*

Can Western Canadian conventional natural gas production be competitive under the status quo? According to Paul Ziff, CEO, of Ziff Energy Group, the answer is no, and the consequences could be significant for all 'stakeholders' in the natural gas 'value chain', such as:

- service companies, and community employment from drilling and operations
- the tax base (local & on up)
- royalties (to the province)
- throughput for gas processing plants
- throughput for gas pipelines, both in Alberta, and export lines to markets.

However, for Paul Ziff to do nothing is simply not his approach; consequently, he has championed an industry 20 page White Paper that summarises his savvy business acumen and insight cumulated over the past 3 decades of leading a growth orientated oil and gas consultancy now operating in over 30 countries.

The white paper addresses 3 key themes:

1. oil is worth far more than natural gas on an energy equivalent basis (currently 3 times more!), but the 'full cycle' cost of gas for Western Canada is higher than the US average; yet western Canada gas operators have to pay the same for its services
2. the conventional gas industry is mature, but still dominates total gas production, and therefore related benefits; keeping it going longer is a huge benefit for 'stakeholders' in the gas value chain
3. industry solutions: thinking & acting in new ways:
 - a. Governments are doing their share, with the recent Alberta announcements
 - b. ideas for producers and service providers to consider for new industry relationships.

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By sharing insights on Canadian conventional gas supply cost structure, and frankly addressing the challenges, industry players can better assess what role they can play to enhance the economic viability. Paul Ziff concludes:

“As reserves are 'cannibalized' to sustain current gas production levels, the proven reserve base is produced into a low gas price environment; with low conventional gas drilling, concurrently the reserve base shrinks, thereby decreasing loan amounts, which can lead to a 'death spiral'. The white paper provides direct insight into industry solutions. For example, continued efforts to level load drilling activity vs. winter only drilling in some regions continue to help by keeping activity smooth vs. the ups and downs from peak seasonal activity.”

Further, suggestions are aimed at reducing costs for drilling, finding, and operating with annual performance metrics to validate the changes employed (undertaking cost reductions without measuring will not allow best practises to be harvested and replanted elsewhere in the industry). Other ideas include strengthening uptime performance metrics to maximise production vs. amortising downtime and burdening the economics of profitable gas production.

Financially hedging gas production can provide a significant uplift in gas prices for producers and support drilling activity. Shutting in gas production exerts a short-term pain; it can become a long-term gain for the producer and shareholders.

And finally, though open and frank discussion, various service providers such as transmission operators can introduce new options for industries considerations that help to reduce expenses.

The Ziff Energy white paper is publically available for download on Ziff Energy's website:
www.ziffenergy.com/download/papers/cdn_gas_crossroads.pdf.

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Ziff Energy Group, celebrating its 30th year of client service in 2012, is a leading North American energy consulting firm. On an international basis, Ziff Energy provides sophisticated industry and operational business analysis and custom consulting to the world wide energy industry in 30 countries. We have offices in Calgary and Houston, the primary oil and gas centers in North America. Our growing staff of 55⁺ includes **many industry specialists**, with **15 to 30 years of domestic and international upstream experience**.

