

S&P Global Commodity Insights Raises 10-year Production Outlook for Canadian Oil Sands

Latest forecast expects oil sands production in 2030 to be 3.8 million barrels per day—half a million barrels per day higher than current levels

CALGARY, AB, May 9, 2024 /PRNewswire/ -- S&P Global Commodity Insights has raised its [10-year oil sands production outlook](#) for the second consecutive year. The updated forecast expects Canadian oil sands production to reach 3.8 million barrels per day (mbd) by 2030—half a million barrels per day higher than today. The new projection represents an increase of nearly 100,000 b/d (or 3%) in 2030 from the previous outlook. This also marks the first time S&P Global is making public its outlook to 2035 where initial declines in production begin to emerge.

S&P Global Commodity Insights

The new forecast, produced by the [S&P Global Commodity Insights Oil Sands Dialogue](#), attributes the increased projection to producers' ongoing focus on maximizing existing assets through investments in optimization and efficiency. Such projects tend to be more capital efficient, quicker to complete, and often contribute to greater reliability and lower cost as well as higher output.

"Oil sands production continues to grow despite concerns about the advancing federal oil gas emissions cap's potential impact on production," **said Celina Hwang, Director, North American Crude Oil Markets, S&P Global Commodity Insights.** "Producers have displayed a blend of discipline and adaptability with an ongoing focus on maximizing existing assets through optimization and efficiency while maintaining stronger balance sheets from comparatively higher oil prices."

Oil sands production has increased 1.3 million b/d during the past decade. An extended period of comparatively higher oil prices in recent years is leading to more ambitious projects, with several advancing with potential to increase output by more than 20,000 b/d each. These projects are still primarily focused on leveraging existing infrastructure rather than large greenfield projects, the analysis says.

Over the longer-term, headwinds do exist that contribute to a plateauing of oil sands production towards the end of the decade when the inventory of potential optimizations may slow and the uncertainty posed by the oil and gas emissions cap is expected to add additional hesitation to larger scale production-focused investments, the analysis says.

"The potential for further optimizations exists but they are not infinite. There is only so much that you can optimize, and those projects are often harder to foresee because many are the result of learning by doing," **said Kevin Birn, Vice President, Canadian Oil Markets Chief Analyst and Head of Center for Emissions Excellence, S&P Global.** "Large-scale carbon capture and storage, which the industry has committed to implementing, will also add complexity to larger investments in incremental production from a capital allocation and project execution standpoint."

Export capacity is expected to continue to present a challenge in the coming years. Despite the recent completion of the Trans Mountain pipeline expansion (TMX), regional price volatility could reemerge without new pipelines or further optimization of existing ones, the analysis says. S&P Global Commodity Insights balances indicate that additional export capacity may be needed online as soon as early 2026 to ensure that the system remains balanced on pipeline economics.

"It has been clear from our analyses for some time that hopes for a new age of price stability in western Canada are unlikely to be achieved with TMX alone," **said Birn.** "Higher output has raised demand for export capacity, and new pipeline capacity is increasingly rare. That means additional uncertainty for large-scale production investments in the region."

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