News Release Archive

Canadian Oil Sands Production Expected to Reach All-time Highs this Year Despite Lower Oil Prices

S&P Global Commodity Insights Raises 10-year Oil Sands Production Outlook for 4th consecutive year

CALGARY, AB, June 24, 2025 /PRNewswire/ -- S&P Global Commodity Insights has raised its 10-year production outlook for the Canadian oil sands. The latest forecast expects oil sands production to reach a record annual average production of 3.5 million b/d in 2025 (5% higher than 2024) and exceed 3.9 million b/d by 2030—half a million barrels per day higher than 2024. The 2030 projection is 100,000 barrels per day (or nearly 3%) higher than the previous outlook.

The new forecast, produced by the S&P Global Commodity Insights Oil Sands Dialogue, is the fourth consecutive upward revision to the annual outlook. Despite a lower oil price environment, the analysis attributes the increased projection to favorable economics, as producers continue to focus on maximizing existing assets through investments in optimization and efficiency.

While large up-front, out-of-pocket expenditures over multiple years are required to bring online new oil sands projects, once completed, projects enjoy relatively low breakeven prices.

S&P Global Commodity Insights estimates that the 2025 half-cycle break-even for oil sands production ranged from US$18/b to US$45/b, on a WTI basis, with the overall average break-even being approximately US$27/b.*

"The increased trajectory for Canadian oil sands production growth amidst a period of oil price volatility reflects producers' continued emphasis on optimization—and the favorable economics that underpin such operations," said Kevin Birn, Chief Canadian Oil Analyst, S&P Global Commodity Insights. "More than 3.8 million barrels per day of existing installed capacity was brought online from 2001 and 2017. This large resource base provides ample room for producers to find debottlenecking opportunities, decrease downtime and increase throughput."

The potential for additional upside exists given the nature of optimization projects, which often result from learning by doing or emerge organically, the analysis says.

"Many companies are likely to proceed with optimizations even in more challenging price environments because they often contribute to efficiency gains," said Celina Hwang, Director, Crude Oil Markets, S&P Global Commodity Insights. "This dynamic adds to the resiliency of oil sands production and its ability to grow through periods of price volatility."

The outlook continues to expect oil sands production to enter a plateau later this decade. However, this is also expected to occur at a higher level of production than previously estimated. The new forecast expects oil sands production to be 3.7 million b/d in 2035—100,000 b/d higher than the previous outlook.

Export capacity—already a concern in recent years—is a source of downside risk now that even more production growth is expected. Without further incremental pipeline capacity, export constraints have the potential to re-emerge as early as next year, the analysis says.

"While a lower price path in 2025 and the potential for pipeline export constraints are downside risks to this outlook, the oil sands have proven able to withstand extreme price volatility in the past," said Hwang. "The low break-even costs for existing projects and producers' ability to manage challenging situations in the past support the resilience of this outlook."

* Half-cycle breakeven cost includes operating cost, the cost to purchase diluent (if needed), as well as an adjustment to enable a comparison to WTI—specifically, the cost of transport to Cushing, OK and quality differential between heavy and light oil.

Media Contacts:

Jeff Marn +1-202-463-8213, Jeff.marn@spglobal.com

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