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Canadian Oil Sands Production Expected to Grow for 25th Straight Year, Reaching New Record

Potential shift towards new construction adds upside to longer-term outlook, S&P Global Energy analysis says

CALGARY, AB, Sept. 29, 2026 /PRNewswire/ -- Canadian oil sands production is expected to average a record 3.5 million barrels per day in 2026 – a 100,000 b/d (3%) increase from the previous year, according to the latest S&P Global Energy 10-year production outlook. Production is expected to reach 3.9 million b/d by the early 2030s.

S&P Global Energy

Since 2001, when annual output was just 300,000 b/d, production has grown every year except for COVID-19-related impacts in 2020.

The bulk of 2026 production growth is expected to once again come from optimization of existing facilities. However, the potential for a renewed appetite for capacity additions via new construction projects is adding additional upside to the longer-term outlook, the analysis says.

Most of today's installed oil sands production capacity is the result of construction between 2009 to 2018, with construction of new facilities being rare since then.

"The Canadian oil sands has proven to be a resilient source of supply despite periods of low oil prices, regional price volatility and uncertainty over future Canadian energy and climate policy," said Kevin Birn, Chief Canadian Oil Markets Analyst, S&P Global Energy. "The question today is not whether the oil sands will continue to grow, but rather how much additional growth could come should new projects once again come forward."

Developments contributing to the sense of optimism include announced plans for expanded pipeline export capacity; the clarification, reduction and extension of carbon pricing to 2040; commitments to accelerate reviews for projects deemed in the national interest; and potential changes to fiscal terms for new oil sands projects.

Canadian energy production is also increasingly being seen as a source of national security and economic growth amid the deteriorating trade relationship between Canada and the United States over the past 18 months, the analysis says.

"The degree of alignment to drive upstream growth between the Canadian Federal and Provincial governments has not been seen in more than a decade," said Birn. "The fresh focus on eliminating uncertainties to accelerate investment could set the stage for a return to new construction and greater growth."

Nevertheless, new construction projects are more capital-intensive and require longer lead times, and important details remain to be determined.

The competitiveness of future projects, and the appetite from shareholders to investment will be critical determinants about what type of upside could emerge. The details of the final implementation agreement related to the Canada-Alberta Memorandum of Understanding that is expected on November 15, 2026, between the governments of Alberta, Canada, and the oil sands industry will be telling, the analysis says.

The current S&P Global Energy outlook expects production levels to roughly plateau after reaching 3.9 million b/d in the early 2030s. The growing optimism, however, creates the potential for an acceleration of growth should new projects advance.

"Looking at past proposed projects that did not advance, and how they have likely evolved, S&P Global Energy estimates that there is nearly half a million barrels per day of incremental production capacity that could come forward beyond what is currently in the outlook," said Celina Hwang, Director, Canadian Crude Oil Markets, S&P Global Energy. "This estimate is what we expect would be the most attractive and expedient projects. Given the right conditions and time, the potential could be greater."

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