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LNG report examines how expanding markets are crucial for Canadian producers

By JWN staff

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Canada's natural gas producers, LNG developers, as well as industry associations and LNG industry groups all speak optimistically about the future of LNG development, given the demand outlook.

To realize how important a new industry such as LNG is to Canada, you need look no further than the newly formed LNG Narrative Group. This organization was formed by the Canadian Society for Unconventional Resources (CSUR), Resource Works, the Canadian Global Affairs Institute (CGAI) and JWN Energy. The purpose of this coalition is to prepare a compelling narrative to all Canadians on the importance of this transformative industry on behalf of all stakeholders — business, First Nations and government.

Dan Allan, president of CSUR, says LNG represents a key opportunity to kick the country's natural gas sector back into high gear over the long-term. "A large majority of our members are gas producers and they urgently require a robust LNG industry to allow for market diversification," he says.

[LNG: Canada's Global Market Opportunity](#) examines how Canadian gas supplies — delivered to worldwide markets through LNG export terminals on the West Coast and the East Coast — can help meet burgeoning market demand and offer a transformative opportunity for struggling producers.

This is the first of four special reports on the theme of Canada and the Natural Gas Economy that JWN Energy's Daily Oil Bulletin and Evaluate Energy is producing in collaboration with CSUR.

EXPANDING MARKETS

Darren Gee, president and CEO of Peyto Exploration & Development Corp., says it's crucial for producers to have access to markets outside North America.

He also believes Canada has a moral obligation to provide the rest of the world with the country's clean, responsibly-developed energy to improve lives and preserve the environment. Natural gas is the fuel for the future, Gee says.

With the shale gas revolution in the U.S., however, production in Western Canada has declined over the past decade to about 16 bcf/d from 18 bcf/d. Prices have also collapsed. "The price doesn't need to be \$10 ... but now it's selling for 65 cents," Gee said recently, adding that it's virtually impossible for gas production to be profitable at those prices.

Peyto is one of the producers in a 10-member consortium of mainly Montney operators that is in negotiations with a number of partners on a way to export their natural gas as LNG.

"This is what Alberta needs," says Jeff Tonken, president and CEO of Birchcliff Energy Ltd., another consortium member. "We need to sell our Alberta gas internationally."

The producer group, which also includes Seven Generations Energy Ltd. and Advantage Oil & Gas Ltd., announced its formation in February 2019 to explore various opportunities for supplying LNG projects. "What the consortium has is a significant amount of gas as a group which then gives us the credibility to be able to [negotiate a deal]," Tonken says, without speculating on how long that might take and noting that there are still "tons" of moving parts.

[Click here for the report.](#)