

# Oil sands optimization projects to increase production, even in lower price track of 2025

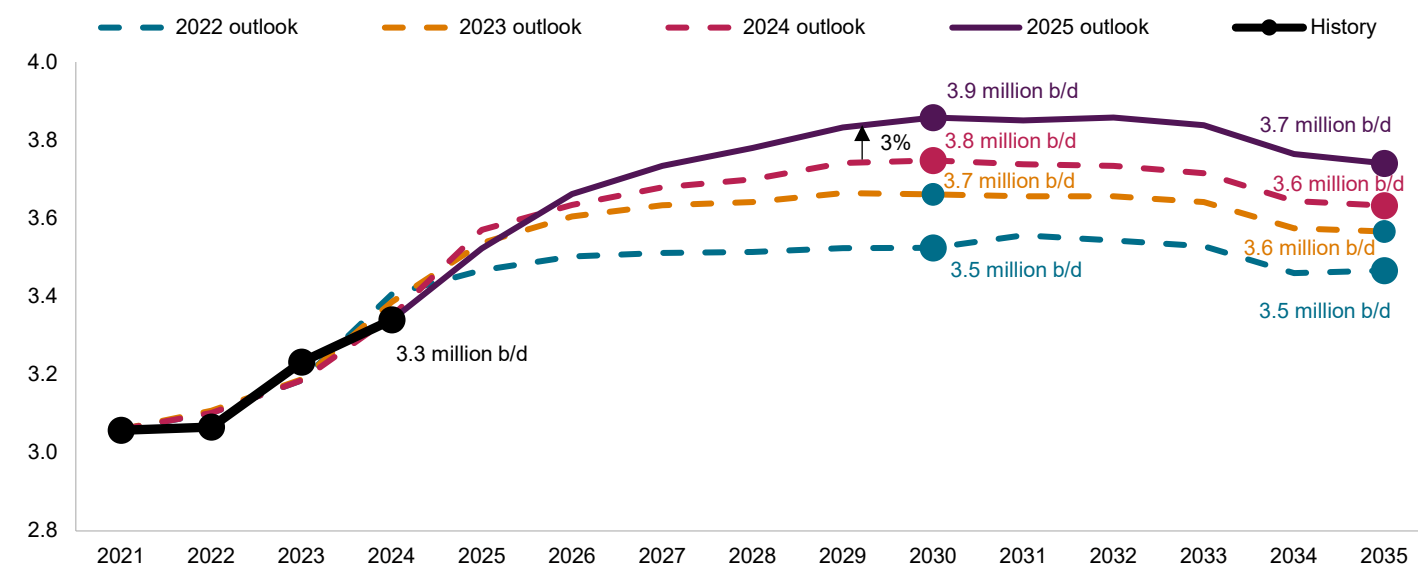
June 17, 2025

**Kevin Birn**, Chief Canadian Oil Analyst, [kevin.birn@spglobal.com](mailto:kevin.birn@spglobal.com), +1 404 591 7804

**Celina Hwang**, Director, [celina.hwang@spglobal.com](mailto:celina.hwang@spglobal.com), +1 587 293 7738

S&P Global Commodity Insights has revised up its annual outlook for Canadian oil sands production. Oil sands production, defined as synthetic crude oil (SCO) and undiluted bitumen, is expected to reach a record annual average production of 3.5 million b/d in 2025, 5% higher than 2024. By 2030, production could top 3.9 million b/d, 500,000 b/d higher than 2024 and 100,000 b/d higher than our outlook released in 2024.

## S&P Global Commodity Insights oil sands 10-year production outlook (million b/d)



Data compiled April 20, 2025.

Source: S&P Global Commodity Insights.

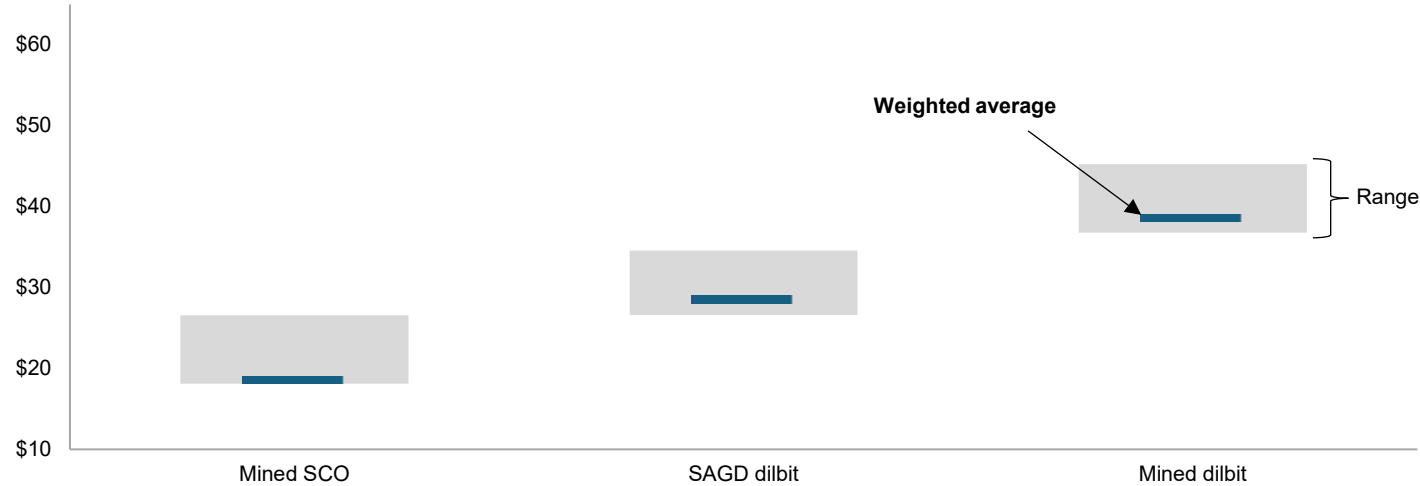
© 2025 S&P Global.

This is the fourth consecutive upward revision to the oil sands annual outlook, which follows several years of downward revisions due to the impact of COVID-19. In fact, the current outlook is nearly aligned with our pre-COVID-19 oil sands growth expectations.

Optimization projects have dominated oil sands growth for nearly a decade. From 2019 to 2025, oil sands output is expected to increase by over 600,000 b/d, more than offsetting the heavy crude production decline in Latin America during this time. With more than 3.8 million b/d of existing installed capacity brought online between 2001 and 2017, companies are looking at ways to increase the productivity of existing assets — decreasing downtime and increasing throughput — and identifying debottlenecking opportunities.

One of the greatest misconceptions about oil sands continues to be the cost of supply. The challenge that oil sands producers face has always been the large up-front, out-of-pocket expenditure over multiple years required to bring new projects online. However, that is not the cost structure required to continue to maintain and even optimize existing production. In 2025, we estimate that the half-cycle breakeven for oil sands ranged from US\$18/b to US\$45/b on a West Texas Intermediate (WTI) basis. Half-cycle break-even 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, Oklahoma and quality differential between heavy and light oil. The cost range spans steam-assisted gravity drainage (SAGD) facilities, integrated mines that market SCO (mined SCO) and unintegrated mines that market diluted bitumen. We estimate the overall average breakeven at US\$27/b in 2025.

**Oil sands half-cycle break-even cost in 2024 (\$/b, WTI basis)**



As of May 15, 2025.  
Half-cycle break-even cost includes operating cost, the cost to purchase diluent (if needed) and an adjustment to enable a comparison to WTI. The adjustment includes the cost of transportation to Cushing, Oklahoma and a quality differential between heavy and light oil. This adjustment can be up to 20% of the half-cycle breakeven. For mined SCO, the adjustment may be positive (SCO is a premium to WTI) at times.  
Source: S&P Global Commodity Insights.  
© 2025 S&P Global.

The particularly challenging nature of forecasting optimizations has resulted in upward revisions to the outlook. This method of increasing output is relatively limited to large-scale operations, such as in the offshore or oil sands. The optimization projects are also often the result of learning by doing or emerge organically and are often much more focused on the short term, making longer-term outlook forecasting more difficult. As a result, we continue to see upside risk to our outlook as the potential for additional optimizations remains.

We do see downside risk associated with the lower price path that has emerged in 2025. Oil sands production, however, has proven capable of withstanding extreme price volatility in the past, which has been far greater than what we expect might result from the current Canada-US trade exchanges. Moreover, because optimizations often contribute to efficiency gains, many companies would likely see them through to completion, even in a more challenging price environment. For oil sands output to be impacted, prices would likely have to fall well below US\$40/b WTI and remain there for a protracted period. At this price, we would also expect more pronounced reductions in US tight oil and other key sources of supply.

Other important risks remain, including the adequacy of pipeline export capacity. With even more production growth expected, without further incremental pipeline capacity, export constraints have the potential to reemerge as early as next year. Should this occur, western Canadian prices could be negatively impacted, leading to slower and lower growth than we currently anticipate.

## CONTACTS

**Americas:** +1 800 597 1344

**Asia-Pacific:** +60 4 296 1125

**Europe, Middle East, Africa:** +44 (0) 203 367 0681

[www.spglobal.com/commodityinsights](http://www.spglobal.com/commodityinsights)

[www.spglobal.com/en/enterprise/about/contact-us.html](http://www.spglobal.com/en/enterprise/about/contact-us.html)

© 2025 by S&P Global Inc. All rights reserved.

S&P Global, the S&P Global logo, S&P Global Commodity Insights, and Platts are trademarks of S&P Global Inc. Permission for any commercial use of these trademarks must be obtained in writing from S&P Global Inc.

You may view or otherwise use the information, prices, indices, assessments and other related information, graphs, tables and images ("Data") in this publication only for your personal use or, if you or your company has a license for the Data from S&P Global Commodity Insights and you are an authorized user, for your company's internal business use only. You may not publish, reproduce, extract, distribute, retransmit, resell, create any derivative work from and/or otherwise provide access to the Data or any portion thereof to any person (either within or outside your company, including as part of or via any internal electronic system or intranet), firm or entity, including any subsidiary, parent, or other entity that is affiliated with your company, without S&P Global Commodity Insights' prior written consent or as otherwise authorized under license from S&P Global Commodity Insights. Any use or distribution of the Data beyond the express uses authorized in this paragraph above is subject to the payment of additional fees to S&P Global Commodity Insights.

S&P Global Commodity Insights, its affiliates and all of their third-party licensors disclaim any and all warranties, express or implied, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use as to the Data, or the results obtained by its use or as to the performance thereof. Data in this publication includes independent and verifiable data collected from actual market participants. Any user of the Data should not rely on any information and/or assessment contained therein in making any investment, trading, risk management or other decision. S&P Global Commodity Insights, its affiliates and their third-party licensors do not guarantee the adequacy, accuracy, timeliness and/or completeness of the Data or any component thereof or any communications (whether written, oral, electronic or in other format), and shall not be subject to any damages or liability, including but not limited to any indirect, special, incidental, punitive or consequential damages (including but not limited to, loss of profits, trading losses and loss of goodwill).

ICE index data and NYMEX futures data used herein are provided under S&P Global Commodity Insights' commercial licensing agreements with ICE and with NYMEX. You acknowledge that the ICE index data and NYMEX futures data herein are confidential and are proprietary trade secrets and data of ICE and NYMEX or its licensors/suppliers, and you shall use best efforts to prevent the unauthorized publication, disclosure or copying of the ICE index data and/or NYMEX futures data.

Permission is granted for those registered with the Copyright Clearance Center (CCC) to copy material herein for internal reference or personal use only, provided that appropriate payment is made to the CCC, 222 Rosewood Drive, Danvers, MA 01923, phone +1-978-750-8400. Reproduction in any other form, or for any other purpose, is forbidden without the express prior permission of S&P Global Inc. For article reprints contact: The YGS Group, phone +1-717-505-9701 x105 (800-501-9571 from the U.S.).

For all other queries or requests pursuant to this notice, please contact S&P Global Inc. via email at [ci.support@spglobal.com](mailto:ci.support@spglobal.com).