NYMEX OIL: US$82.85
+$0.19
February delivery
NYMEX N. Gas: US$5.70
-$0.10 per MMBTU
February delivery

Oilfield NEWS

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FRIDAY PRICES

Benchmark crude for February delivery rose US$0.19 to $82.85 on the New York Mercantile Exchange in afternoon trading. In other Nymex trading in February contracts, heating oil rose 59 cents to settle at $2.18/gal and gasoline rose 2 cents to $2.15/gal. Natural gas fell 10 cents to finish at $5.70 per 1,000 cubic feet. In London, Brent crude fell $0.52 to $80.41 on the ICE Futures exchange.

NEB TO HEAR FINAL ARGUMENT ON MACKENZIE GAS PROJECT

National Energy Board is ready to hear final argument starting 12 April 2010 on a 1,220-kilometre natural gas pipeline through Canada's north. Final argument on the Mackenzie Gas Project will open in Yellowknife, Northwest Territories at the Explorer Hotel on Monday, 12 April and run until Saturday, 17 April, if needed. The hearing will move to the Midnight Sun Recreation Complex in Inuvik, NWT on Tuesday, 20 April and continue until Saturday, 24 April, if needed. Live audio from the hearing will be available through the NEB website. "With the schedule that we have announced, our goal is to set out clear 'rules of the game' for the many people and organizations who are interested in the outcome of this hearing," said NEB Panel Chair Kenneth Vollman. During the final argument phase, each applicant or intervenor in the NEB hearing process will have the chance to make their case to the NEB either for or against the project. Final argument must be based on evidence that has already been presented to the NEB. Before hearing final argument, the NEB will coordinate a written process to gather comments from the project applicants and individuals who participated in either the NEB or Joint Review Panel's (JRP) hearing process, on the recommendations from the JRP report. The JRP examined the potential environmental and socio-economic effects of the project and issued its final report in December 2009 advising that the project proceed subject to the full implementation of its recommendations. The NEB will also coordinate the collection of comments on the JRP report recommendations aimed at other government departments and agencies. More information on the comment process is available on the NEB website. Once final argument is complete, the NEB will close the Mackenzie Gas Project Hearing, deliberate and prepare its Reasons for Decision, the document which will announce the decision and provide the Panel's reasoning. The NEB began hearing evidence in January 2006 on five applications filed by Imperial Oil Resources Ventures Limited, the Mackenzie Valley Aboriginal Pipeline Limited Partnership, Imperial Oil Resources Limited, ConocoPhillips Canada (North) Limited, Shell Canada Limited and ExxonMobil Canada Properties.

SHELL TO CONVERT MONTREAL REFINERY

Shell Canada Products announced Thurday that a decision was made to undertake steps towards the conversion of its 130,000 barrels per day Montreal East Refinery to a terminal to receive gasoline, diesel and aviation fuels, which will continue to be distributed via Shell's nearby Montreal terminal. After reviewing a number of options for the Montreal East Refinery, Shell concluded the facility, founded 75 years ago, no longer fits with Shell's long-term strategy. Shell's parent company Royal Dutch Shell initially announced last summer that its Montreal refinery was part of a larger group of assets under "strategic review." As few as 30 of its 450 employees will be retained.

FIRE HITS REFINERY

A fire at Korea National Oil Corp's Newfoundland refinery on Thursday damaged the 115,000 barrel per day facility's Isomax unit, affecting gasoline production.g. Gloria Slade, North Atlantic Refining's communications manager, said the fire started at about 6:30 p.m. and that the company's firefighters had things under control quicklyt. Slade said the company planned to carry out an assessment Friday to see what caused the fire and how much damage was done. The gasoline processing section of the refinery remained shut Friday morning, but the rest of the 115,000-barrel-per-day facility was still operating. She said gasoline output would be affected by the fire but could not say how much production would be cut. About 32 percent of the sour crudes refined at the site are converted to gasoline, according to company data. KNOC acquired the refinery last month, when it bought Canada's Harvest Energy Trust.

US ANNOUNCES OIL AND GAS LEASING REFORM

US Interior Secretary Ken Salazar announced onshore federal oil and gas leasing reform which he said would provide producers greater certainty. The reforms aim to have the US Bureau of Land Management, the Department of the Interior agency responsible for onshore federal land outside national parks and national forests, consider site-specific conditions for individual lease sales during comprehensive interdisciplinary reviews. BLM also will be required to play a more active role in selecting proposed leases beyond accepting or rejecting industry nominations. The agency also will develop master leasing and development plans for areas where intensive oil and gas production is expected so other important resource value can be considered before development commitments are made. "Almost nobody is happy with the status quo," said Salazar. "Court battles over oil and gas leases are costing millions of dollars. The public often feels shut out of the process. BLM professionals were told

in the past to sit at their desks and approve applications instead of getting out in the field and examining situations first-hand. These reforms are overdue." He also said BLM would issue guidance regarding the use of categorical exclusions (CXs), which were established under Section 390 of the 2005 Energy Policy Act as a time and money-saving alternative to a full review under the National Environmental Policy Act. CXs let BLM approve some oil and gas activities based on existing environmental or planning analysis. Under the new policy, Salazar said, BLM will not use them in cases involving "extraordinary circumstances" such as impacts to protected species, historic or cultural resources, or human health and safety in accordance with House Council on Environmental Quality guidelines. "We recognize that there are a number of safeguards in place already to protect public lands as we develop energy resources," said BLM Director Robert V. Abbey, who also participated in the teleconference. "But we also realize we can do better. This includes managing resources at the leasing phase prior to making irreversible commitments." He said BLM would review the leasing and CX guidance after 1 year. "We anticipate that there may be a slowdown in reviewing the number of parcels which have been nominated to allow us to conduct the reviews we're announcing today," he conceded. He cited an interagency team led by Mark Stiles of the US Forest Service which reviewed Utah leases awarded in a December 2008 sale but rejected by BLM last February at Salazar's direction. He said the team several tracts which should not have been offered. "In spot checks of other offices, we believe we've found other instances where leases may have been offered without considering significant cultural resources and wildlife habitat," Abbey said. Salazar also issued a secretarial order establishing an energy reform team within the office of Wilma A. Lewis, assistant interior secretary for land and minerals management, to identify and oversee implementation of energy reforms. "We will promote efficiency and effectiveness in development of the nation's renewable and traditional energy resources," she said during the teleconference. Salazar and Abbey both said the new leasing guidelines would restore certainty to a federal onshore oil and gas leasing program where protests have mushroomed. Salazar said protests of BLM oil and gas leases grew from 1% of the total issued in 1998 to 40% in 2008. Abbey added, "Oil and gas is not produced from leases which are successfully protested. We believe that by going through a more diligent review, more oil and gas will actually be produced." Asked how the new guidelines could change BLM's leasing approach from the past, which began with producers' expressions of interest in possible tracts, Salazar replied, "I think the change is that in the past, the public lands were the central candy store where the oil industry walked in and took what it wanted. That's not how it should be done. We have to make sure that development is taking place in the right way at the right time in the right places. Our people will be doing a higher level of review than in the past." Abbey said BLM will continue to accept nominations from producers, adding, "BLM will make the final decision now on where leases will be offered. The CX guidance which BLM plans to issue will be consistent with EPACT's intent and not require additional congressional action, he said. Salazar said his department offer for lease more than 50 million acres offshore and 2 million acres onshore. "That shows we are moving forward to develop this country's oil and gas resources beneath the public lands," he said. "We have no intention of changing that. We are moving forward with a balanced approach. We don't believe we should be drilling everywhere and anywhere."

CINCH ENERGY ANNOUNCES BOUGHT DEAL FINANCING

Cinch Energy Corp. has announced that it has entered into an agreement with a syndicate of underwriters co-led by Canaccord Financial Ltd., CIBC World Markets Inc. and Dundee Securities Corporation, and including Wellington West Capital Markets Inc., Haywood Securities Inc., Peters & Co. Limited and Raymond James Ltd, under which the Underwriters have agreed to purchase, on a bought deal basis, 21,214,000 common shares of the Company at Cdn$1.65 per Common Share to raise gross proceeds of Cdn$35,003,100. Closing of the Offering, which is subject to customary conditions and regulatory approvals, including approval of the Toronto Stock Exchange, is expected to occur on or about January 28, 2010. Cinch has also granted the Underwriters an over-allotment option to purchase, on the same terms, up to an additional 3,182,100 Common Shares. This option is exercisable, in whole or in part, by the Underwriters, in their sole discretion, at any time up to 30 days after closing. The maximum gross proceeds raised under the Offering will be

Cdn$40,253,565, should the over-allotment option be exercised in full. The net proceeds from this Offering will be used to initially reduce bank debt and to fund the Corporation's exploration and development program and for general corporate purposes. The Common Shares to be issued under the Offering will be offered by way of a short form prospectus to be filed in Alberta, British Columbia, Ontario and such other Canadian provinces or territories as the Underwriters and the Company may agree.

STEALTH VENTURES CLOSES PRIVATE PLACEMENT

Stealth Ventures Ltd. has announced that it has closed the second and final tranche of its $2,496,105 private placement (originally announced as a $2,000,000 private placement on November 19, 2009, as subsequently increased to $2,496,105, as announced on December 8, 2009). The second tranche consisted of the sale of 15,105,714 units at a price of $0.07 per unit, for gross proceeds of $1,057,400, each unit consisting of one common share and one-half (1/2) of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.15 until December 31, 2011, provided that, in the event the closing price of Stealth's shares as traded on the TSX Venture Exchange is $0.25 or greater for a period of 30 consecutive trading days, it may give notice of an earlier expiry of the warrants, in which case they would expire 30 calendar days from the giving of such notice. All of the securities issued in connection with the closing of this second tranche are subject to a hold period in Canada until May 1, 2010. Stealth also announced that Enerflo Singapore Pte. Ltd., a private Singapore company managed by Subra V. Subramaniam, of Calgary, Alberta, purchased all of the 15,105,714 units comprising the second tranche of this private placement. Enerflo has acquired these securities for investment purposes, and may increase its ownership of securities of Stealth in the future, depending upon market conditions.

As a result of the purchase of these units, Enerflow now holds 15,105,714 common shares of Stealth, representing 12.01% of the 125,786,686 common shares of Stealth currently issued and outstanding. In addition, Enerflo holds share purchase warrants entitling it to purchase up to 7,552,857 additional common shares of Stealth at a price of $0.15 per share until December 31, 2011, subject to the potential earlier expiry as disclosed above.

HSE CALLS SPECIAL MEETING

HSE Integrated Ltd. has announced that it has received a written requisition from Forum National Investments Ltd. to call a special meeting of the Company's shareholders. The Requisition states that the business to be transacted at the Meeting is to vote on a resolution to remove from office all of the current directors of HSE, and to fill the vacancies with a new slate of directors put forward by Forum. This would include Dan Clozza, CEO of Forum, and Martin Tutschek, CFO of Forum. Pursuant to section 142 of the Business Corporations Act (Alberta), a registered or beneficial owner of not less than five per cent of the issued common shares of HSE has the right to requisition HSE's directors to call a shareholder meeting. In its Requisition, Forum states that it is the beneficial holder of 3,211,000 common shares of HSE which constituted 8.5% of the 37,575,675 issued and outstanding common shares of HSE on the date of the Requisition. The Board advises that it has resolved to call the Meeting for the purposes stated in the Requisition for May 14, 2010, the same date as its upcoming Annual General Meeting of shareholders. The Board believes that the May Meeting date is the appropriate time to deal with Forum's Requisition as it will provide the Company time to complete and distribute to shareholders its Annual Report including the annual audited financial statements for the year ended December 31, 2009, together with the Management's Discussion and Analysis thereon. The Board believes this information is important for shareholders to be able to make a reasoned judgment on the business to be transacted at the Meeting, including the performance of the current Board and whether a new board of directors as put forward by Forum is the best course of action for the Company

going forward. David Yager, Chairman and CEO of HSE, made the following comments regarding this issue: "The 2009 fiscal year was one of the most challenging for businesses worldwide in recent history. This includes HSE. Our business and revenues shrank due to a decline in commodity prices, capital spending and industrial activity. Regardless, HSE - under the direction and support of its experienced and dedicated Board of Directors - weathered the storm quite well and is well-positioned in 2010 and beyond to exploit a recovery that began in the second half of 2009. In a highly challenging business environment, HSE maintained its core operating and technical team, all its important business units, the majority of its field service locations, and at the same time substantially reduced long-term bank debt. In addition, HSE opened new service locations and introduced new and valuable services offerings. Throughout 2009 HSE maintained a strong balance sheet. The outlook for 2010 is very encouraging. HSE understands that its Board of Directors and, ultimately, its executive team, hold their positions at the discretion of the shareholders. We respect the process by which the Board is appointed and elected. We also respect the legal right of a larger shareholder such as Forum to request a meeting to nominate and possibly elect a new Board of Directors. It should not be overlooked that shareholder meetings are expensive and time-consuming. After considerable internal deliberation, the Board feels that it is not in the best interests of the Company and its shareholders to convene two meetings. Forum and its CEO, Dan Clozza, are well known to the Board. On July 20, 2009, Forum purported to launch an unsolicited takeover bid for the Company. The bid was to exchange four HSE shares for one share of Forum. Forum trades on the OTC Bulletin Board ("OCTBB") exchange (symbol - FMNLF) in the United States. Forum is primarily in the leisure travel business but also has a business unit in the "life settlement market" that buys life insurance policies from the holder.