NYMEX OIL: US$74.33
-$1.15
March delivery
NYMEX N. Gas: US$5.46
+$0.07 per MMBTU
March delivery

Oilfield NEWS

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FRIDAY PRICES

Benchmark crude for March delivery fell US$1.15 to $71.86 on the New York Mercantile Exchange in afternoon trading. In other Nymex trading in March contracts, heating oil fell 4 cents to settle at $1.92/gal while gasoline fell 1 cent to $1.92/gal. Natural gas gained 7 cents to finish at $5.46 per 1,000 cubic feet. In London, Brent crude fell $1.28 to $72.21 on the ICE Futures exchange.

PRECISION DRILLING TO CONVERT TO A CORPORATION

Precision Drilling Trust has announcedits intention to convert to a growth-oriented corporation pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta). Precision anticipates seeking approval from unitholders in conjunction with its 2010 annual and special meeting of unitholders and expects to complete the Conversion by May 31, 2010. The proposed Conversion will be completed in compliance with the distribution method provided for under the Income Tax Act (Canada). The Conversion requires the approval of Precision's unitholders, as well as customary court and regulatory approvals. An information circular and proxy statement will be mailed to Precision unitholders in connection with the meeting. To be implemented, the Conversion must be approved by not less than two-thirds of the votes cast by unitholders at the Meeting. Further details about the timing and mechanics of the Conversion will be communicated over the next two months. The Board retained TD Securities Inc. to act as its financial advisor in connection with this transaction. Pursuant to this mandate, TD Securities has provided the Board with an opinion that, as at the date thereof and subject to the particular assumptions, considerations and limitations summarized therein, the consideration to be received by unitholders pursuant to the Arrangement is fair, from a financial point of view, to such unitholders. The full text of the TD Securities fairness opinion will be appended to the management information circular to be provided to unitholders in connection with the proposed Conversion.

PRECISION Q4 AND YEAR END FINANCIAL RESULTS

Precision Drilling Trust has eported revenue of $286 million for the fourth quarter of 2009, an increase of 13% over the third quarter of 2009. The increase was attributed to higher rig activity due to continued demand for rigs drilling oil wells and an increase in demand for rigs drilling gas wells and services on oil wells. Earnings before interest, taxes, loss on asset decommissioning, depreciation and amortization and foreign exchange ("EBITDA") were $93 million an increase of $7 million or 8% in the fourth quarter compared to the third quarter of 2009. EBITDA margin as a percentage of revenue decreased one percentage point from the third quarter primarily due to a decrease in the number of idle but contracted rigs in the fourth quarter. Precision's term contracts provide the Trust with a base of activity and during the fourth quarter 48% of overall drilling rig utilization days were generated from term contracts with term contract utilization day concentration in Canada at 36%, the United States at 59% and Mexico at 100%. For the quarter ended December 31, 2009, revenue decreased by 15% and EBITDA declined 31% from the fourth quarter of 2008. The decrease in revenue and EBITDA is due to significantly lower customer demand on an industry-wide basis, partially mitigated by Precision's acquisition in December 2008 of Grey Wolf, Inc, an onshore drilling contractor in the United States and Mexico. Precision reported a net loss of $25 million or negative $0.09 per diluted unit for the quarter ended December 31, 2009, compared to net earnings of $92 million or $0.66 per diluted unit in the fourth quarter of 2008. During the fourth quarter Precision decommissioned 38 drilling rigs, 30 well servicing rigs and nine snubbing units resulting in a non-cash loss on decommissioning of $82 million and a net loss per diluted unit after tax of $0.20. Other items included in the loss for the fourth quarter of 2009 were a $27 million increase in finance charges and a foreign exchange gain of $18 million. The net loss per unit was also impacted by the increase in units outstanding from the equity issuances during 2009. For the year ended December 31, 2009, net earnings were $162 million or $0.63 per diluted unit, a decrease of $141 million or 47% compared to $303 million or $2.23 per diluted unit for the year ended December 31, 2008. Net earnings decreased due to the loss from decommissioning rigs, increased financing charges and lower utilization rates throughout North America partially offset by growth in Precision's rig fleet in the United States. Earnings were supported by high-margin term contracts and a $123 million foreign exchange gain, but these favourable factors did not offset lower earnings from the sharp reduction in equipment utilization and customer pricing compared to 2008 results. Rig utilization days for 2009 were 5% higher than the prior year due to growth in Precision's United States operations. EBITDA for 2009 totaled $407 million, a 7% decrease from $437 million in 2008. "December 31, 2009 marks the end of the first full year of the new Precision," stated Kevin Neveu, President and Chief Executive Officer. "The sequential improvement in drilling and servicing activity Precision experienced in the fourth quarter started in October and continuing through the end of the year is a strong indicator of our customer's need to replace hydrocarbon production and reserves as soon as the economics prove viable. The combination of improving commodity prices and the developments in unconventional drilling process is playing into Precisions North American high performance high value growth strategy as Precision continues to expand our operations into the emerging markets such as Marcellus, Eagle Ford and the Cardium oil play in Alberta. Currently Precision has 213 rigs operating with 133 in Canada, 78 in the United States and two in Mexico. "On a full year basis, 2009 was a difficult period for all North American service providers and Precision has weathered through many difficult challenges. I am proud of the many accomplishments of Precision and its truly remarkable people. Namely, achieving the best safety record in company history; reducing long-term debt; integrating Grey Wolf; delivering 16 new rig builds on time, on budget, and under term contract; high-grading fleet quality through tier upgrades; rationalizing less productive assets; and delivering the safe, high performance, high value service that our customers demand.

CENOVUS ENERGY Q4 RESULTS

Cenovus Energy Inc. is off to a strong start as Canada's newest integrated oil company with its enhanced oil properties in northeast Alberta showing robust growth, funded by the reliable stream of cash flow provided by its other oil and natural gas assets. The company achieved significant fourth quarter 2009 increases in both cash flow and operating earnings as well as a 48 percent increase in production, net after royalties, at the company's Foster Creek and Christina Lake operations compared to the fourth quarter of 2008. Cash flow would have been even higher, if not for a one time acceleration of cash tax expense created by the split of Cenovus from EnCana Corporation. The transaction increased the fourth quarter cash tax expense by approximately $400 million, an amount that would otherwise have been deferred to 2010. Cenovus will continue to encounter some minor transition related costs over the next few months. Cenovus's 2009 financial results met guidance, reflecting the company's solid asset base and operational stability. Cash flow for the year was approximately $2.5 billion, or $3.29 per share, down 20 percent from 2008, mainly due to lower commodity prices for much of 2009. Operating earnings were approximately $1.3 billion, or $1.74 per share, also down about 20 percent from the previous year. Cenovus's realized, after tax hedging gains for 2009 were approximately $692 million, reflecting the benefit of the company's hedging strategy. The 2009 financial results benefited from a successful challenge to staff to cut costs and reduce capital spending by 10 percent. The Cenovus Board of Directors has established a dividend of C$0.20 per share per quarter. Accordingly, a first quarter dividend of C$0.20 per share was declared payable on March 31, 2010, to common shareholders of record as of March 15, 2010. Starting in the first quarter of 2010, Cenovus expects to report its results in Canadian dollars. Therefore, a decision was made to change the currency of the dividend payment to Canadian dollars as well. Cenovus's 2010 guidance remains unchanged although the information has been updated to include production volumes, before royalties. The 2010 guidance is posted at www.cenovus.com. Cenovus's total proved reserves, before royalties, at the end of 2009 were 1.4 billion barrels of oil equivalent (BOE), an 8 percent increase over the previous year. The most significant increase 24 percent came from the company's bitumen reserves, the area where Cenovus plans to focus the majority of its growth. Cenovus replaced more than 200 percent of its 2009 production. The company added the new reserves to its portfolio at a finding and development cost of C$5.39 per BOE. As a new company, Cenovus has chosen to focus on the growth of its oil assets and is in the process of assessing and prioritizing the development of its vast resources. Cenovus expects to provide an estimate of contingent resources in April, based on the work of independent qualified reserves evaluators. Additional information about development plans will be provided during its investor days on June 17 in Calgary and June 21 in New York. An escalation of the stratigraphic well drilling program at the company's northeast Alberta properties in 2010 is expected to provide an additional assessment of the quality of its oil assets. About 200 of these wells are expected to be drilled to help categorize and quantify the reservoirs, twice as many as were drilled in that region in 2009. Cenovus will focus on increasing net asset value and total shareholder return through effective management of its portfolio. The company is committed to maintaining a low cost structure and delivering projects on time and on budget. "Cenovus's business model is designed to achieve success and provide financial stability. We're an integrated energy company - from the production of bitumen and crude oil, to the sale of refined products to energy consumers in some of North America's largest markets. Our natural gas assets economically integrate with our oil facilities and refineries as we currently consume about 100 million cubic feet of natural gas each day. The conventional oil and natural gas properties also provide a reliable stream of cash flow for sustainable, long term growth," Ferguson said.

SPRY CLOSES PRIVATE PLACEMENT

Spry Energy Ltd. has closed its previously announced non-brokered private placement financing pursuant to which it issued 1,670,000 common shares of the Corporation at a price of $6.00 per Common Share for proceeds of $10,020,000 to JOG Limited Partnership No. IV. The Common Shares issued under the Offering were subject to a 4 month hold period. Spry intends to use the proceeds of the Offering to increase its planned 2010 capital expenditures to approximately $55 million. The increased capital budget will be focused on the Corporation's Pembina-Cardium core area. In late 2009, Spry drilled seven horizontal wells at Pembina and to date six of the wells have been completed with multi-stage fracture stimulations and placed on production. The first well came on-stream in October 2009 and currently the six wells are producing approximately 655 boe/d (305 boe/d net). The production mix is approximately 615 bbl/d of light sweet oil production and 240 mcf/d of solution gas which is conserved and processed at local gas plants. The seventh well will be on-stream in March. Spry has an aggressive plan to drill 30 additional horizontal wells at Pembina prior to December 31, 2010. Ken Bowie, President and CEO commented that "we have a sense of urgency to drill as many wells as possible before the reduced Alberta crown royalty period expires in March 2011. We will drill seven more wells in the first quarter of 2010; and if we drill the 30 wells planned for 2010, we will still have over 40 additional wells to drill at Pembina in 2011." All of Spry's wells are concentrated in the prolific East Pembina-Cardium fairway where industry has drilled more than 40 new horizontal wells in the last year.

T. BOONE PICKENS CLOSES OVER-ALLOTMENT OPTION

T. Boone Pickens Energy Fund (the "Fund") is pleased to announce that it has completed an issuance of an additional 50,000 Class A Combined Units pursuant to the exercise of the over-allotment option granted to the Fund's agents in its recently completed initial public offering. Altogether, the Fund has raised gross proceeds of over $28.1 million under its offerings of Class A Combined Units, Class F Combined Units and Class U Combined Units (including the proceeds from the over-allotment option) and related private placement of Class I Combined Units. The Fund is also announcing the separation of its Combined Units of each class into Units of the class and Warrants to purchase Units of the class. The Class A Units and the Class A Warrants are listed on the Toronto Stock Exchange under the symbols

TBP.UN and TBP.WT, respectively. Each Warrant of a class entitles its holder to purchase one Unit of the class at a subscription price of $10.00 (or US$10.00 in the case of a Class U Warrant or a Class I Warrant) on April 29, 2011. Warrants may be tendered for exercise on and after April 18, 2011 and up to April 29, 2011 (being the two-week period up to and including the expiry date for the Warrants). Warrants not exercised by April 29, 2011 will be void and of no value. The Fund will seek to achieve its investment objective by investing the net proceeds of the offerings in an actively-managed portfolio consisting primarily of equity and commodity-related investments within the energy and energy-related sectors. The public offering was made through a syndicate of investment dealers led by BMO Capital Markets and including CIBC, RBC Capital Markets, TD Securities Inc., Blackmont Capital Inc., Canaccord Financial Ltd., Desjardins Securities Inc., Dundee Securities Corporation, HSBC Securities (Canada) Inc., Raymond James Ltd., GMP Securities L.P., Manulife Securities Incorporated, Wellington West Capital Markets Inc. and Research Capital Corporation.

BELLAMONT CLOSES STANDARD ENERGY ACQUISITION

Bellamont Exploration Ltd. has announced it has closed its previously announced plan of arrangement to acquire Standard Energy Inc.. Standard's assets are located primarily in the Corporation's Peace River Arch core area and the Pembina Cardium Fairway. Standard's shareholders unanimously approved a written resolution in favor of the Arrangement. Total consideration payable by Bellamont to the Standard shareholders pursuant to the Arrangement was $20,000,000 in cash and 33,926,264 Class A shares of Bellamont. As a result of the closing of the Arrangement Agreement, the subscription receipts issued pursuant to Bellamont's previously announced bought deal financing have been exchanged for Class A shares of Bellamont, on a one for one basis, without any further payment or further action by the holders of the Receipts. Bellamont has also announced, in connection with the Arrangement, Bellamont is in the process of closing its previously announced $32 million credit facility with the National Bank of Canada. In connection therewith, the Corporation's previous credit facility with Bank of Montreal will been repaid in full.

IVANHOE COMPLETES PRIVATE PLACEMENT

Ivanhoe Energy Inc. has announced that it has filed its final short-form prospectus dated February 10, 2010, related to a Cdn$125 million private placement of Special Warrants completed on January 26, 2010. The Offering provided for the placement of 41,666,667 Special Warrants at Cdn$3.00 per Special Warrant. Upon exercise of each Special Warrant, the holder is entitled to receive one Common Share and one quarter (0.25) of one Common Share Purchase Warrant. Each whole Purchase Warrant entitles the holder to acquire one Common Share of Ivanhoe Energy at an exercise price of Cdn$3.16 on or before January 26, 2011. Ivanhoe Energy now has obtained a receipt dated Februay 10, 2010 for the Prospectus from the securities commissions in each of the provinces of British Columbia, Alberta, Manitoba and Ontario. The Prospectus qualifies the distribution of 41,666,667 Common Shares of Ivanhoe Energy issuable upon the conversion of the Special Warrants and 10,416,667 Common Share Purchase Warrants. An additional Cdn$25 million of Special Warrants (8,333,333 Special Warrants) are under option and may be issued, in whole or in part, on or before February 24, 2010. If all of these additional Special Warrants are issued, the total proceeds of the private placement will be Cdn$150 million.

ONE EXPLORATION CLOSES BOUGHT DEAL FINANCING

One Exploration Inc has announced the closing of its previously announced "bought deal" private placement financing. Pursuant to the Offering, OneEx issued 100,000,000 special warrants of OneEx for aggregate gross proceeds to OneEx of $25,000,000. The financing was completed through an underwriting syndicate led by National Bank Financial Inc., and including GMP Securities L.P., Wellington West Capital Markets Inc. and Haywood Securities Inc. OneEx intends to use the net proceeds from the Offering to fund its 2010 drilling program and for general corporate purposes.

OPEC WARNS ON 'SLOW' RECOVERY IN 2010

The OPEC oil producers' cartel held its forecast for modest growth in world oil demand this year on Wednesday, but warned the slow pace of economic recovery was clouding the outlook. "The slow pace of the recovery in the world economy in 2010 is putting pressure on oil demand," the Organization of Petroleum Exporting Countries said in its February report. "As a result, US demand is a key uncertainty for this year. Non-OECD regions will be the sole contributors to global demand growth in 2010." World oil demand in 2010 was forecast to projected to grow by 0.8 million barrels per day (bpd) to average 85.1 million bpd, "in line with the previous forecast," the report said. "The global recovery is proceeding apace... but the strength of the upturn in 2010 is still uncertain and regionally uneven," OPEC found. It was primarily uncertainty about the pace of the US economic recovery that was "creating some downward risk on the country's oil demand this year." Cold weather managed to increase demand for heating oil and fuel oil, but declining demand for diesel and gasoline resulted in negative growth in January. An anticipated increase of around 1.0 percent in US oil demand this year "may not materialise." Indeed, there were "several obstacles" to US demand growth, the main risk being the recovery path of the US economy. China's strong economic growth last year contributed to "a moderate rise in oil demand," the cartel continued. And this year, Chinese oil demand was forecast to grow by 4.5 percent. "Nevertheless, the government is keen to curb the nation energy use, an aim incorporated in its current five year plan. However, slower-than-expected growth in the global economy could impact China's exports and industrial production, dampening the need for oil." Furthermore, internal measures to slow down the economy could also affect oil demand in China. At the same time, positive signals -- such as projected strong growth in new car sales in China -- appeared to be supportive for oil demand growth this year. "In light of the significant contribution of the US and China to economic growth and oil consumption, the economic and demand uncertainties in these countries will continue to have an important impact on both the world economy and the oil market," OPEC said. "Therefore, ongoing developments should be monitored closely in the months ahead."