

NYMEX OIL: US\$77.01
+2.88
March delivery
NYMEX N. Gas: US\$5.31
-\$0.16 per MMBTU
March delivery



oilfield NEWS

www.oilfn.com



Published By **NEWS COMMUNICATIONS** since 1977

Canadian Edition

Wednesday February 24, 2010

TUESDAY PRICES

Benchmark crude for March delivery fell US\$1.18 to settle at \$79.13 on the New York Mercantile Exchange. In other Nymex trading in March contracts, heating oil fell 4 cents to \$2.03 /gal and gasoline lost 5 cents to \$2.07/gal. Natural gas fell 13cents to finish at \$4.77 per 1,000 cubic feet. In London, Brent crude was off \$1.42 to \$76.41 on the ICE exchange.

NORTH AMERICAN RIG COUNTS

The U.S. rotary rig count decreased by 1 to 1,344 for the week of February 19, 2010. It is 45 (3.5%) rigs higher than last year. The number of rotary rigs drilling for oil was down 3 at 440. There are 171 more rigs targeting oil than last year. Rigs currently drilling for oil represent 32.7% percent of all drilling activity. Rigs directed toward natural gas were up 2 at 893. The number of rigs currently drilling for gas is 125 less than last year's level of 1,018. Year-over-year oil exploration in the US is up 63.6 percent. Gas exploration is down 12.3 percent. The weekly average of crude oil spot prices is 111.7 percent higher than last year and natural gas spot prices are 25.2 percent higher. Canadian rig activity was up 19 at 570 for the week of February 19, 2010 and is 169 (42.1%) higher than last year's rig count.

CRUDE STOCKS RISE ABOVE EXPECTATIONS

U.S. crude inventories rose last week and distillate stocks fell by greater magnitudes than analysts expected, according to data released Wednesday by the U.S. Department of Energy. Crude oil stockpiles increased by nearly 3.1 million barrels to 334.5 million barrels for the week ended Feb. 12, compared with an average survey estimate of 1.8 million barrel increase. On Wednesday, the American Petroleum Institute data showed a decline of 100,000 barrels. Both weekly reports were delayed by a day due to the Presidents Day holiday Monday. Following data showing the unexpected jump in oil stocks, light, sweet crude oil for March slightly pared back earlier gains. Inventories for crude oil and petroleum products remain persistently high. The cold weather and blizzard that swept the East Coast over the past two weeks did little to bolster prices for heating oil, which is a proxy for diesel on the futures market because they are similar fuels. Gasoline stockpiles rose by 1.6 million barrels to 232.1 million barrels, the department's Energy Information Administration said in its weekly report, compared with the 1.5 million-barrel increase forecast in a Dow Jones Newswires survey of 16 analysts. Distillate stocks, which include heating oil and diesel fuel, saw a draw of 2.9 million barrels to 153.3 million barrels. Analysts



FRESH NOVA SCOTIA LOBSTER

LIVE hard shelled lobster delivered to your door in 24 hours.
GIFT CERTIFICATES AVAILABLE VIA EMAIL

Call toll free
1-877-466-1133
 or order on line:
www.LobsterExpress.CA

FOR SALE!

TURNKEY OPERATION

In the Middle of the Oilfield

Situated in Pink Mountain, B.C. Right off the Alaska HWY. at mile 146. 8.2 Acres with ten men camp & four men camp. Also 2 water trucks, 1 steam truck & 2 1000 gallon tanks. Clients already established. Lots of opportunity. **SERIOUS INQUIRIES ONLY**

Call (250) 264-7673

REQUIRED IMMEDIATELY

Looking for Steamer/Operator Swamper for Weyburn area. H2S and First Aid Tickets required. Please email resumes to:
davar@xplornet.com

were expecting a 1.5 million-barrel decline. Refining capacity utilization edged up by 0.6 percentage point to 79.75%. Rates have been hovering below the 80% level for four straight weeks, which are historic lows for this time of the year based on EIA data. Analysts had expected a 0.2 percentage point gain.

EXXON ADDS 2 BILLION BARRELS TO PROVED RESERVES
 Exxon Mobil Corp. on Tuesday said it added 2 billion barrels of oil equivalent to its proved reserves in 2009, the highest gain in the decade and a 33 percent rise above last year's addition. The world's largest publicly traded oil company reaped the benefits of its aggressive exploration and production strategy, which led the industry in capital spending amid a recession that forced many peers to cut back. The company said it replaced 133 percent of its 2009 production. Reserve replacements represent the ratio of reserves found over production for a



COMPLETE WELDING & FABRICATION SERVICE



- **B-PRESSURE, SMALL BORE & CWB CERTIFIED**
 - **PORTABLE/ON-SITE FABRICATION**
 - **FACILITY & PLANT MAINTENANCE**
- W47.1/W59 WELDING SUPERVISOR**
H₂S • WHMIS • TDG • FIRST AID • IRP16



403-352-0734
fullfusionwelding@telus.net

given period. Analysts typically say that for a company to indicate growth, reserves replacement should average more than 100 percent over a three- to five-year period. Chief Executive Rex Tillerson said in a statement that the company has replaced more than 100 percent of production for 16 consecutive years. The company said 2009 reserve gains were supported by additions from the Papua New Guinea LNG project and the Gorgon Jansz LNG project in Australia, which totaled almost one billion barrels of oil equivalent. Proved additions were also made in other countries including Canada, the United States,

Angola and Norway. By year end, the company's proved reserve base rose to 23.3 billion barrels of oil equivalent.

SAUDI ARABIA PREPARING FOR OIL DEMAND TO PEAK

A top Saudi energy official expressed serious concern Monday that world oil demand could peak in the next decade and said his country was preparing for that eventuality by diversifying its economic base. Mohammed al-Sabban, lead climate talks negotiator, said the country with the world's largest proven reserves of conventional crude is working to become the top exporter of energy, including



Fewer Strokes = Less Maintenance

- Double the stroke with half the energy output
- Dryer System removes all moisture from the Hydraulic Systems
- Moves 3x amount of liquid in one stroke
- 25 - 40% saving on shipping and installation
- Automated Pump off control
- Extended rod life due to lower SPM's



www.tundrasolutions.ca
1-800-265-1166

alternative forms such as solar power. Saudi Arabia was among the most vocal opponents of proposals during the climate change talks in Copenhagen. And al-Sabban criticized what he described as efforts by developed nations to adopt policies biased against oil producers through the imposition of taxes on refined petroleum products while offering huge subsidies for coal — a key industry for the United States. Al-Sabban said the potential that world oil demand had peaked, or would peak soon, was an "alarm that we need to take more seriously" as Saudi charts a course for greater economic diversification. "We cannot stay put and say 'well, this is something that will happen anyway,'" al-Sabban said at the Jeddah Economic Forum. The "world cannot wait for us before we are forced to adapt to the reality of lower and lower oil revenues," he added later. Some experts have argued that demand for oil, the chief export for Saudi Arabia and the vast majority of other Gulf Arab nations, has already peaked. Others say consumption will plateau soon, particularly in developed nations that are pushing for greater reliance on renewable energy sources. With oil demand only now starting to pick up after it was pummeled by the global recession, some analysts say consumers may have learned to live permanently with a lower level of consumption. The Organization of the Petroleum Exporting Countries, as well as other international energy organizations, is forecasting a slight rise in oil demand this year, based mainly on increased consumption in Asia after last year's sharp hit. Either peak oil scenario presents grave challenges for the Gulf region and OPEC, whose countries rely on oil sales for as much as 90 percent of their budgets.

Al-Sabban, who also serves as the chief economic adviser to Saudi Oil Minister Ali Naimi, said an oil demand peak would be "very serious" for the country. Saudi has about 264 billion barrels of crude reserves and currently produces about 8 million barrels per day out of its overall output capacity of around 12 million barrels per day. The kingdom, widely seen as the de facto leader of the 12-member OPEC, has embraced an ambitious expenditure program aimed not only at further developing its oil base but also expanding and diversifying its economic base. Its expansionary policies came even as other nations were tightening purse strings in response to the world's worst financial crisis in over six decades. The outlays included billions of dollars for a new research university that opened last year, as well as major ventures such as the construction of new economic cities and other infrastructure. Oil's pre-recession price boom also helped pad Saudi Arabia's foreign reserves, now in excess of \$400 billion, and have helped the government weather the worst of the global crisis. International ratings agency Moody's, in a reflection of the country's macroeconomic position, on Monday upgraded Saudi Arabia's foreign and local currency government ratings to Aa3 from A1 citing "the continued solid state of government finances which have largely withstood oil price volatility and the global economic crisis." Al-Sabban said that along with investing in education and economic diversification, Saudi must ensure that it become the top energy exporter, including in solar power, to keep moving forward. The country recently launched its first solar-powered desalination plant and al-Sabban said oil giant Saudi Aramco was working on a pilot



Graymont is a family owned company committed to responsibly meeting society's needs for mineral products. We are the third largest producer of lime in North America with facilities across Canada and the United States. The Exshaw Plant is a long established operation in the Bow Valley area.

INDUSTRIAL MILLWRIGHT

Graymont currently has a full time opportunity for an Industrial Millwright at the company's lime manufacturing operations located in Exshaw, Alberta. Reporting to the Maintenance Supervisor, this position is responsible for safely performing routine and preventative maintenance activities, troubleshooting and repairing process problems, along with installation of mechanical, hydraulic and pneumatic equipment within all departments of Graymont's Exshaw plant.

The ideal candidate will possess an Inter-provincial Journeyman Millwright certification and a minimum of 3 years of industrial experience. Additional requirements include strong analytical skills, problem solving and decision making ability, excellent communication and interpersonal skills as well as the ability to work rotating shifts. Experience with welding and fabrication is essential, along with the ability to work individually and as part of a team.

Graymont offers competitive wages and a comprehensive benefit package. For further information on Graymont please visit our web site at www.graymont.com.

Interested applicants please submit your resume via fax or e-mail to:

Julie King
Recruiting Coordinator
Graymont
jking@graymont.com
801-264-8039

project to inject carbon emissions back into wells to help boost output. The carbon sequestration project, which he said would be operational by 2012, was a sign of Saudi Arabia's commitment to environmentally sound energy development.

SUPERIOR PLUS ANNOUNCES PUBLIC OFFERING

Superior Plus Corp. has announced that it has reached an agreement with a syndicate of underwriters co-led by TD Securities Inc. and CIBC, and including Scotia Capital Inc., National Bank Financial Inc., BMO Capital Markets and Cormark Securities Inc., pursuant to which Superior will issue on a "bought deal" basis, subject to regulatory approval, \$150,000,000 aggregate principal amount of convertible unsecured subordinated debentures at a price of \$1,000 per Debenture. Superior has granted to the Underwriters an over-allotment option to purchase up to an additional \$22,500,000 aggregate principal amount of Debentures at the same price, exercisable in whole or in part at any time for a period of up to 30 days following closing of the Offering, to cover over-allotments. Superior intends to use the net proceeds from the Offering to repay existing revolving term bank debt and for general corporate purposes.

WESTERN ENERGY SERVICE ACQUISITIONS AND UPDATE

Western Energy Services Corp has announced that it has entered into two separate non-binding letters of intent to acquire all of the issued and outstanding shares of two separate privately held companies, each of which owns and

operates oil and gas drilling rigs for a total purchase price of approximately \$84.1 million including the assumption of debt. Under the terms of the non-binding letter of intent with one of the private companies ("PrivateCo No. 1"), Western is required to offer cash consideration for all of PrivateCo No. 1's outstanding shares. Under the terms of the non-binding letter of intent with the other private company ("PrivateCo No. 2"), Western is required to offer shares of Western as consideration for all of PrivateCo No. 2's outstanding shares. Western hired Cormark Securities Inc. and Raymond James Limited as co-advisors (the "Advisors") to identify financing alternatives in relation to the Proposed Acquisitions. Through this process, the Advisors and Western have met, subject to the provision of confidentiality agreements, 58 institutional investors in North America over a two week period to assess interest from such investors in a potential private placement financing by Western. These meetings have resulted in firm interest in Western's common shares in an amount sufficient to complete both acquisitionst.

NEW C.E.O. AT SOLID

Solid Resources Ltd. has announced the appointment of Mr. Joerg Schuetz as Chief Executive Officer. The appointment of Mr. Schuetz completes the Company's new management team, which aims to take Solid to the next stage of its growth cycle. In addition to Mr. Schuetz, Solid has recently appointed Mr. Max Hare as president. Having studied business administration and mechanical engineering, Mr. Schuetz has managed his own successful companies as an entrepreneur.