

NYMEX OIL: US\$79.82
 +\$1.55
 March delivery
NYMEX N. Gas: US\$4.80
 +\$0.03 per MMBTU
 March delivery



ilfield NEWS



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FRIDAY PRICES

Benchmark crude for March delivery rose \$1.65 to \$79.82 on the New York Mercantile Exchange in afternoon trading. In other Nymex trading in March contracts, heating oil rose 4 cents to settle at \$2.02/gal while gasoline gained 5 cent to \$2.08/gal. Natural gas rose 3 cents to finish at \$4.80 per 1,000 cubic feet. In London, Brent crude gained 96 cents to \$76.54 on the ICE Futures exchange.

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 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. API reported refinery rates at 79.9% of capacity and that gasoline stocks rose 1.4 million barrels while distillate inventories increased by 1.3 million barrels.

CRUDE STOCKS RISE WELL 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. The contracts were recently up 82 cents at \$78.50 a barrel after touching a high of \$78.71 earlier in the session.

SUNCOR TO SELL ASSETS

Suncor Energy today announced that, together with affiliates, it has reached an agreement to sell its assets in Trinidad & Tobago to Centrica plc through its subsidiary

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Centrica Resources (Armada) Limited for production is in the range of 60 to 70 million US\$380 million (Cdn \$396 million). Current cubic feet of natural gas equivalent per day

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(mmcf/d) net to Suncor from the 17.3% working interest in North Coast Marine Area (NCMA-1) included in the assets. The sales agreement also includes equity in three additional blocks: Block 22 (90% working interest) and Blocks 1a and 1b (80% working interest). The sale is expected to close on or about the end of the first quarter 2010 and is subject to customary closing conditions, Trinidad and Tobago government approval and other regulatory approvals. As part of its strategic business alignment, Suncor plans to divest of a number of non-core assets. The proposed divestments include certain natural gas assets in Western Canada and the United States Rockies and certain non-core North Sea assets, including all assets in The Netherlands. To date, Suncor has reached agreements to dispose of non-core assets for aggregate consideration of approximately \$1.3 billion.

MULLEN GROUP 2009 RESULTS

Mullen Group Ltd. has reported its financial and operating results for the period ended December 31, 2009 with comparisons to the same period last year. On May 1, 2009, the holders of trust units of Mullen Group Income Fund and the holders of Class B limited partnership units of Mullen Co. Limited Partnership approved a Plan of Arrangement that resulted in the conversion of the Fund from an open-ended income trust to a corporation called "Mullen Group Ltd." Mullen Group as the successor in interest to the Fund will be accounted for as a continuity of interest whereby the consolidated financial statements for the three and twelve month periods ended December 31, 2009 and comparables for the three and twelve month periods ended December 31, 2008 will reflect the financial position, results of operations and cash flows as if Mullen Group had always carried on the business formerly carried on by the Fund. Throughout this news release, references made to cash distributions declared, distributions payable and cash distributions paid reflect the business of the Fund that occurred prior to conversion from an open-ended income trust to a corporation. For the twelve month period ended December 31, 2009, Mullen Group generated consolidated revenue of \$978.0 million and operating income of \$191.6 million. Mullen Group generated \$121.0 million of funds from operations which was supplemented by \$122.0 million of net proceeds from issuing convertible

debentures and \$91.2 million of changes in non-cash working capital items to repay long-term debt of \$70.3 million, pay cash distributions and dividends totaling \$40.3 million, acquire net property, plant and equipment in the amount of \$12.1 million, and fund acquisitions of \$5.3 million. Mullen Group's revenue of \$978.0 million for the year ended December 31, 2009 was a decrease of \$336.2 million or 25.6 percent from the \$1.3 billion generated in 2008. This decrease in consolidated revenue was attributable to lower revenues generated by both the Trucking/Logistics segment and the Oilfield Services segment. The Trucking/Logistics segment experienced lower revenues by virtue of the slowing economy and its impact on demand for freight services especially in western Canada, as well as less fuel surcharge revenue being generated due to the reduction in the average cost of diesel fuel on a year over year basis. The Oilfield Services segment experienced lower revenues by virtue of a decrease in demand for its services resulting from the significant year over year reduction in oil and natural gas drilling activity in western Canada. In addition, the business units leveraged to the transportation of fluids and the servicing of oil and natural gas wells experienced a decrease in revenue by virtue of the reduction in drilling activity, competitive pricing and less fuel surcharge revenue. "The operating environment during 2009 was extremely challenging due to the combined impact of the slowing economy coupled with a significant decrease in drilling activity in western Canada. The planning we undertook during the last quarter of 2008 together with the diversity of our business model enabled us to somewhat mitigate the overall impact on our operating results. During 2009 there was a world wide economic crisis and a significant 50 percent year over year decline in oil and natural gas drilling activity in western Canada. Despite such a challenging operating environment, we were able to achieve an overall operating margin of 19.6 percent as compared to 20.8 percent in 2008," stated Mr. Steve Lockwood, President and Co-Chief Executive Officer. Mullen Group generated operating income for the year ended December 31, 2009 of \$191.6 million, a decrease of \$81.7 million or 29.9 percent over the \$273.3 million generated in 2008. The decrease in operating income was mainly attributable to the year over year decrease in consolidated

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revenues. Operating income decreased in the Trucking/Logistics segment by virtue of the impact of the slowing economy and in the Oilfield Services segment by virtue of the decrease in demand for their services resulting from the significant reduction in drilling activity in western Canada. In 2009, Mullen Group generated net income of \$90.8 million or \$1.13 per share, a decrease of \$22.2 million compared to \$113.0 million or \$1.40 per share in 2008. The \$22.2 million decrease in net income was mainly due to the \$81.7 million decrease in operating income coupled with a \$16.5 million increase in the provision for income taxes all of which was offset by a \$89.3 million increase in unrealized gain on foreign exchange. The \$16.5 million

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increase in the provision for income taxes was mainly attributable to the conversion from an open-ended income trust to a corporation in May of 2009. The \$89.3 million increase in unrealized gain on foreign exchange was mainly due to the impact of the change over the year in the value of the CDN. dollar relative to the U.S. dollar on the Corporation's \$235.0 million of U.S. dollar denominated debt. Mullen Group generated revenue of \$233.6 million for the three month period ended December 31, 2009, a decrease of \$121.2 million or 34.2 percent over the \$354.8 million generated for the same period last year. The decrease in revenue was attributable to lower revenues generated by both the Trucking/Logistics segment

and the Oilfield Services segment. The Trucking/Logistics segment experienced lower revenues by virtue of increased pricing pressure, less fuel surcharge revenue and the continued affects of the slowing economy and its impact on demand for freight services especially in western Canada. The Oilfield Services segment experienced lower revenues by virtue of the decrease in demand for its services resulting from the significant year over year reduction in oil and natural gas drilling activity in western Canada as well as a very competitive pricing environment. Operating income in the fourth quarter decreased by \$37.5 million to \$43.7 million from \$81.2 million in 2008. This decrease was mainly attributable to lower revenue generated by both the Oilfield Services segment and the Trucking/Logistics segment. Mullen Group generated net income of \$11.1 million, or \$0.14 per share for the quarter, compared to a \$7.1 million, or \$0.09 per share in the fourth quarter of 2008. The increase in net income was mainly attributable to a \$42.3 million year over year swing in unrealized gain on foreign exchange which was partially offset by a \$37.5 million decrease in operating income. "The challenging operating environment we experienced through the third quarter of 2009 continued in the fourth quarter. Business activity remained soft resulting in competitive pricing pressures for most of our business units. In fact, there were several instances where long-term contract pricing fell to levels we considered unacceptable leaving us with no choice but to decline the work. We have consistently taken the position in all our businesses that we will price competitively, however we will not engage in predatory pricing nor provide services without receiving a reasonable return," stated Mr. Steve Lockwood. "While there is no doubting the fact that 2009 was a difficult and challenging year it is important to put everything into perspective. Business is ultimately about being competitive and

delivering value to your customers. It is not just about a yearly or quarterly result. The steps we took last year, while not always pleasant, were designed to ensure our competitiveness for years into the future. From this perspective I am quite confident that the Mullen Group and our 25 business units are well positioned to capitalize on market opportunities," commented Mr. Murray Mullen, Chairman and Chief Executive Officer.

SOUR GAS WELL BLOWS OUT

A sour gas well blew out Wednesday morning and was burning throughout the day northwest of Hythe, Alta. The well, which is owned by Canadian Natural Resources Ltd., caught fire around 3 a.m. local time while a crew was drilling on the site. No one was hurt. The cause of the blowout hasn't yet been determined. The closest home is more than seven kilometres away, outside the well's 400-metre emergency planning zone, said Bob Curran, a spokesperson for the Energy Resources Conservation Board (ERCB). The well was targeting sweet gas, he said, but had to be licensed as a sour well in case pockets of sour gas were encountered during the drilling process. Inspectors from the ERCB are also on site and have started an investigation into what caused the fire. An air-monitoring unit was set up in the area and no sour gas has been detected.

CONNACHER OPERATIONAL UPDATE

Connacher Oil and Gas Limited has announced that it has continued its success in achieving or exceeding milestones for its key projects during the winter months of late 2009 and early. The Algar Project has advanced in a most favorable manne. All foundation piles have been installed and all concrete slabs have been poured and cured. All major equipment has been set at the site. Building fabrication is 95 percent complete and 90 percent of the major equipment has been set in place at the three

well pads. Algar is currently on budget and on schedule. Commissioning of Algar is anticipated to occur in mid-April 2010. Connacher's winter 2010 core hole program was completed last week, under budget and ahead of schedule even though their core hole well count was increased to 68 wells at Great Divide and to 13 gross wells at Halfway Creek. This program was initially anticipated to be approximately 60 gross wells in total, but was increased due to considerable encouragement encountered at both sites while drilling and because of an improved cost structure and efficiencies arising from our experience in core hole drilling. Connacher had conducted 3D seismic over the northern portion of its main lease block in 2008. They believe they experienced considerable success in testing the features arising from the 2008 3D program. In their assessment, Connacher believes they have delineated additional pods north and northeast of Pod One, with up to 30 meters of net SAGD pay identified in certain wells. The results of which will be interpreted along with now-completed additional 3D seismic shot this winter. They also were encouraged by the resources identified this winter at Halfway Creek, where they hold a 50 percent working interest. An independent evaluation of the results of these programs will be conducted by GLJ Petroleum Consultants Ltd. This updated reserve and resource evaluation should be available to Connacher for public disclosure in early July 2010. This 2010 core hole and 3D seismic program is the second largest program conducted by Connacher and historically these programs have been the basis for the consistent expansion of their significant reserve and resource base since acquiring main oil sands leases in 2004. An eight-well drilling program on conventional northern Alberta natural gas properties at Parker and Randall was conducted during the past two months. The program was aimed at developing additional production from our

Randall area and to follow up on a 2008 natural gas discovery at Parker. The program resulted in one new natural gas exploration discovery, three successful natural gas development wells and four dry holes. Incremental production from Randall will be tied in this winter, while discoveries at Parker will be evaluated for possible follow up drilling and tie-in in the winter of 2011. Bitumen production at Pod One averaged 6,274 bbl/d in 2009 and full year averages were primarily impacted by voluntary production curtailments early in the year due to economic conditions; our annual plant turnaround in September 2009 and other minor interruptions characteristic of early stage bitumen production. Pod One bitumen production, however, averaged 7,924 bbl/d in the month of December 2009 and production in 2010 continues to be optimized and recently has exceeded 8,000 bbl/d of bitumen, above our year-to-date 2010 averages. Their recent steam/oil ratio has been approximately 3.2 and their objective for the full year 2010 is to achieve an SOR of approximately 3.0, as the full impact of our steam distribution efficiencies impact on bitumen production levels. This would compare favorably with their 2009 SOR of 3.68, based on relationship of production to actual steam generated for that year. Their current steam generating capacity at Pod One is slightly over 27,000 bbl/d. They are increasingly confident, with the passage of 24 months of commercial production and with overall production in excess of 4.5 million barrels of bitumen at Pod One. In the interim, our production to capacity ratio is currently running in excess of 80 percent. Their objective for 2010 is to achieve stabilized production to capacity ratios at Pod One of approximately 90 percent, which would exceed the norm for the industry. Higher production levels in turn will contribute to increased operating efficiencies and to lower unit operating costs.

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