NYMEX OIL: US$79.68
+$0.98
April delivery
NYMEX N. Gas: US$4.71
+$0.03 per MMBTU
March delivery

# Oilfield NEWS

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### TUESDAY PRICES

Benchmark crude for April delivery rose 98 cents to settle at $79.68 on the New York Mercantile Exchange. In other Nymex trading in March contracts, heating oil rose 3 cents to $2.06 /gal and gasoline gained 4 cents to $2.19/gal. Natural gas fell 3 cents to finish at $4.78 per 1,000 cubic feet. In London, Brent crude rose $1.02 to $77.38 on the ICE exchange.

### BP EXPANDING U.S. NATURAL GAS HOLDINGS.

BP has made a joint- venture deal with privately held Lewis Energy Group that will expand the British oil giant's position in the U.S. natural gas business and find it entering a fast-emerging field in South Texas, according to a person familiar with the situation. Under the deal, BP will take a 50 percent stake in 80,000 acres of the Eagle Ford Shale play and is acquiring additional acreage in smaller pending deals, the person said. Company officials were expected to announce the venture in London Monday at BP's annual strategy presentation to investors and analysts. Daren Beaudo, a BP spokesman in Houston, declined to comment. Officials with San Antonio-based Lewis could not be reached for comment. The deal would be the latest in a string of similar moves by major oil companies to enter or expand in unconventional rock formations in the U.S., where huge amounts of natural gas have been discovered in recent years. In December, Exxon Mobil Corp. said it would acquire Fort Worth's XTO Energy in a deal valued at $41 billion. A month later, France's Total agreed to pay $2.3 billion for 25 percent of Chesapeake Energy Corp.'s acreage in the Barnett Shale play in North Texas, and the companies said they may jointly develop acreage in the Eagle Ford Shale and in several Canadian natural gas plays. Royal Dutch Shell, Norway's Statoil and others have also written big checks for access to North American shale plays, and so has BP. In 2008, BP did two deals with Oklahoma City-based Chesapeake, worth nearly $3.7 billion, that gave it access to unconventional reserves in Oklahoma and Arkansas.

### ISRAEL COULD SOON EXPORT NATURAL GAS

A U.S. energy company says Israel's longtime dependence on natural gas imports could soon come to an end. Noble Energy chief executive Charles D. Davidson said in Tel Aviv on Tuesday that two undersea gas fields his company is developing off Israel's coast are set to become operational in 2012. He says he expects the fields to produce enough gas for Israel's needs, and potentially enough for export. The possibility of exporting fuel would mark a dramatic turnaround for Israel, which is notoriously empty of natural resources. Davidson said Noble has already invested $700 million in the project, and the price tag could rise to $3 billion. Davidson is in Israel for an energy conference.

### VENEZUELA TAKES CONOCO TO COURT

Venezuela is taking ConocoPhillips to court in the United States in a dispute with the U.S. oil company over a unit of the Sweeny refinery, Oil Minister Rafael Ramirez said on Thursday. Venezuela said in September it was planning to sue over Conoco's bid to buy state oil company PDVSA's 50 percent share in the Merey Sweeny coker unit at the Sweeny refinery in Texas. Conoco has exercised an option to buy Venezuela's stake, saying PDVSA broke its contract by failing to deliver oil to the plant last year. Conoco left the South American OPEC member in 2007 after President Hugo Chavez took over operations at several oil projects. Speaking at a parliamentary event, Ramirez also said PDVSA still owes 2008 dividends to major oil companies that were partners in PDVSA joint ventures in the country. He said Venezuela was in talks with the companies to reinvest the money in projects, rather than pay them. "We've been reaching various kinds of agreements," Ramirez told reporters. "Remember, with respect to the dividends, the shareholders may decide to reinvest them. Lots of companies have plans to expand production here and that is in our interest too." Ramirez also said Venezuela was buying power plants with output of 800 MW to 900 MW to offset problems caused by an electricity crisis.

### AOSC ANNOUNCE IPO

Athabasca Oil Sands Corp. plans to raise C$750 million in an IPO that is seen as a test of the strength of Canadian capital markets after the recession. One of the lead underwriters in the initial public offering, GMP Capital Inc , said on Tuesday the IPO will signal new life in markets, with companies financing for growth rather than balance sheet repair. "We just launched I think the largest IPO in Canada in the last several years yesterday, which is a C$750 million target raise for Athabasca Oil Sands, so that will give us a sense for the market's desire to commit new money," GMP Capital Chief Executive Kevin Sullivan said. The IPO is expected to be complete in the second quarter. The Athabasca IPO comes just two weeks after the company wrapped up the C$1.9 billion sale of a stake in its two oil sands projects to PetroChina, and will help Athabasca pay for its share of the projects' costs. The company, whose oil sands holdings in northern Alberta contain as much as 7.1 billion barrels of bitumen, has filed a preliminary prospectus for the IPO with securities regulators. Athabasca's MacKay River and Dover projects could eventually produce as much as 500,000 barrels per day. Before the initial public offering, the company plans to distribute C$1.33 billion to existing shareholders as a special dividend.

### PETROBAKKEN TO BUY PEMBINA OIL ASSETS

PetroBakken Energy Ltd has agreed to buy a private oil and gas producer with assets in Canada's Pembina Cardium play, for about C$251.4 million in cash and stock. The company, which is looking to develop its asset base in the high potential but technically challenging Cardium oil prospect in Alberta, said the deal would add about 1,200 barrels of oil equivalent (boe) per day to its fold. PetroBakken, which did not name the private company, said the deal also includes 23 net sections of land in the Cardium light oil fairway, four wholly owned pipeline-connected facilities and more than C$55 million of tax pools. "They are building their position in the Cardium that is sort of the hottest play there," Canaccord Adams analyst Kyle Preston said by phone. "They are acting fast and paying up for the assets." Prior to the deal, PetroBakken had announced buyouts of two smaller rivals this year -- Berens Energy Ltd for C$271 million and Result Energy Inc or C$480 million -- aiming the Cardium light oil play. "They have definitely been aggressive," analyst Preston said, adding the company has the capacity to pull through these acquisitions. He said it would be too early to say if the company is overpaying, even though some investors might think so. Shares of the company have dropped about 12 percent this year, mainly due to volatile oil prices and the company's increasing focus on Cardium play. "We don't have to do a financing for this acquisition or the others. We are set to move forward and the future dollars will be spent not so much on acquisitions but on the drill bit," Chief Operating Officer Gregg Smith said.. PetroBakken said on completion of its deals, it would have four rigs drilling Cardium light oil wells and 500 net prospective locations for Cardium light oil, and strategic facilities that are pipeline-connected for both oil and gas.

**IVANHOE CLOSES PRIVATE PLACEMENT**

Ivanhoe Energy Inc. has announced that it has closed the agent's option portion, of the company's previously announced Cdn$125 million Private Placement. The option consisted of the issuance of Cdn$25 million of Special Warrants. The closing of the option brings the total gross proceeds from the Private Placement to Cdn$150 million. Each Special Warrant, pursuant to the option, was issued at a price of Cdn$3.00 and entitles the holder to receive, upon exercise, 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.

**PROGRESS COMPLETES FINANCINGS**

Progress Energy Resources Corp. has announced that it has completed its previously announced bought deal and private placement subscription receipt financings for aggregate gross proceeds of approximately $600 million. Progress issued 19,850,000 subscription receipts at a price of $12.60 per subscription receipt, on a bought deal basis, for gross proceeds of approximately $250 million, through a syndicate of underwriters led by BMO Capital Markets and including CIBC World Markets Inc., Peters & Co. Limited, RBC Capital Markets, Scotia Capital Inc., Cormark Securities Inc., FirstEnergy Capital Corp., National Bank Financial Inc., Canaccord Financial Ltd. and Macquarie Capital Markets Canada Ltd. In addition, Progress issued 27,780,000 subscription receipts at a price of $12.60 per subscription receipt, by way of a private placement to the Canada Pension Plan Investment Board for gross proceeds of approximately $350 million. The gross proceeds of the subscription receipt financings will be held in escrow pending the completion of the previously announced acquisition of properties in northeastern British Columbia for a purchase price of approximately $390 million, prior to customary closing adjustments and any rights of first refusal that may be exercised by third parties. If the Acquisition is completed on or before April 30, 2010 as currently contemplated, the proceeds will be released to Progress and each subscription receipt will be exchanged for one common share of Progress for no additional consideration or further action. If the Acquisition is not completed on or before April 30, 2010 or the Acquisition is terminated at an earlier time, holders of subscription receipts will receive a cash payment equal to the offering price of the subscription receipts together with any interest that was earned thereon during the term of escrow. Progress expects the closing of the Acquisition to occur on March 31, 2010.

**ENERPLUS APPOINTS NEW EXECUTIVE VICE-PRESIDENT**

Mr. Gordon J. Kerr, President & Chief Executive Officer of Enerplus Resources Fund has announced the appointment of Mr. Ian C. Dundas to the position of Executive Vice-President of Enerplus. "As we transition our business from a traditional income trust to a hybrid growth and income oil and gas company, a critical element to our success will be ensuring we have the right technical and leadership skills to support this strategy", says Mr. Kerr. Mr. Dundas joined Enerplus in 2002 and has led Enerplus' acquisition and new business development activities since that time. He will continue to have responsibility for this critical element of our business strategy going forward and will also assume responsibility for business planning and reserves and will report directly to Mr. Kerr.

**EMERALD BAY ANNOUNCES BOARD CHANGES**

Emerald Bay Energy Inc. has reported that Mr. Kendall Dilling has been appointed to the Corporation's Board of Directors and as a member of the Corporation's audit committee. Mr. Dilling has 17 years of progressive technical and management experience in the oil and gas industry with TransCanada Pipelines, EnCana Corporation and ConocoPhillips Canada. Mr. Dilling currently serves as Director, Regulatory and HSE at Ivanhoe Energy. During his time with Ivanhoe, Mr. Dilling has been partially seconded to the Canadian Association of Petroleum Producers where he fulfills the role of Manager, Oil Sands Environment and Regulatory. The addition of Mr. Kendall Dilling to the board of directors of the Corporation augments an already well-established group of directors and officers. In connection with the new appointment, the Corporation further reports that Mr. Chris Croteau has resigned as a director of the Corporation, but will continue to act for the Corporation in his capacity as a partner at TingleMerrett LLP, the Corporation's legal counsel. The Corporation expresses its most sincere thanks to Mr. Croteau for his contributions to EBY. The appointment of Mr. Kendall Dilling to the Corporation's board of directors is subject to the final approval of the TSX Venture Exchange.

**INSIGNIA YEAR-END RESERVES**

Insignia Energy Ltd. has announcd the results of its independent reserve evaluation effective December 31, 2009 of the Company's reserves by GLJ Petroleum Consultants Ltd. ("GLJ"). Proved reserves increased by 601% to 5.4 mmboe and proved plus probable reserves increased by 630% to 13.3 mmboe, compared to 2008 year end levels. - On a per-share basis, proved plus probable reserves increased by 200% and proved reserves increased by 188% compared to 2008 year end levels. - The net present value of the future net revenue attributable to the Company's proved plus probable reserves (before tax and discounted at 10%) was $158.1 million resulting in a net asset value per share of $5.42 per common share. - Insignia replaced 2300% of annual production for an all-in annual Finding, Development and Acquisition ("FD&A") cost of $10.21 per barrel of oil equivalent ("boe") before consideration of future development capital ("FDC") on a proved plus probable basis. FD&A costs including FDC were $18.01 per boe on a proved plus probable basis. - Net acquisition spending was $110.3 million resulting in a net acquisition cost of $9.30 per boe on a proved plus probable basis, prior to FDC and $17.63 per boe on a proved plus probable basis including FDC. - Reserves additions resulted in a one year recycle ratio of 1.6 times based on an annual 2009 estimated operating netback of $16.81 per boe and an annual FD&A cost of $10.21 and a one year recycle ratio of 2.2 times based on a fourth quarter 2009 estimated operating netback of $22.14 per boe and an annual FD&A cost of $10.21. - Based on fourth quarter 2009 average production of 2,243 boe per day, Insignia's reserve life index ("RLI") increased more than three times on a year over year basis to 16.2 years on proved plus probable basis and 6.6 years on a proved basis.

**NORTH AMERICAN RIG COUNTS**

The U.S. rotary rig count rose 28 to 1,373 for the week of February 26, 2010. It is 130 rigs higher than last year. The number of rotary rigs drilling for oil was up 16 at 456. There are 1961 more rigs targeting oil than last year. Rigs currently drilling for oil represent 30.7% percent of all drilling activity. Rigs directed toward natural gas were up 12 at 905. The number of rigs currently drilling for gas is 65 less than last year's level of 970. 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 6 at 576 for the week of February 26, 2010 and is 182 (42.1%) higher than last year' count.

**DEMAND FOR OPEC OIL MAY DROP**

Demand for OPEC crude may drop by 100,000 barrels a day this year as stockpiles are higher than the five-year average and the global economy is weak, the United Arab Emirates oil minister said. Demand for crude produced by the Organization of Petroleum Exporting Countries could drop this year after last year falling by 2.3 million barrels a day to 28.7 million barrels a day, Mohamed Al-Hamli said in a speech in Abu Dhabi Tuesday. “Oil price stability has been achieved despite weakness in the global economy and unfavorable market fundamentals,” he said. Prices are fluctuating between $70 and $80 a barrel, “a level that is acceptable to producers, which at the same time does not dampen prospects for economic recovery.” World demand fell by 1.4 million barrels a day last year, the minister said. This year, it is forecast to grow by 800,000 barrels a day. Stocks in developed nations are around 93 million barrels above the five-year average, or almost 60 days of forward cover OPEC meets March 17 in Vienna to decide whether to adjust production quotas for the first time since it agreed a record output cut in December 2008. Demand for OPEC oil this year will remain almost at the same level as last year, the group said in a report last month. OPEC is unlikely to change production targets, Algerian Oil Minister Chakib Khelil says.