NYMEX OIL: US$86.82
+$0.20
May delivery
NYMEX N. Gas: US$4.12
-$0.15 per MMBTU
May delivery

Oilfield NEWS

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TUESDAY PRICES

Benchmark crude for May delivery gained 20 cents to settle at $86.82on the New York Mercantile Exchange. In other Nymex trading in April contracts, heating oil fell 6cents to $2.26/gal and gasoline gained 4 cents to $2.35/gal. Natural gas fell 15 cents to finish at $4.12 per 1,000 cubic feet. In London, Brent crude rose 11 cents to $85.68 on the ICE exchange.

NORTH AMERICAN RIG COUNTS

The U.S. rotary rig count increased 17 to 1,444 for the week of March 26, 2010. It is 405 rigs (39.0%) higher than last year. The number of rotary rigs drilling for oil was up 15 at 489. There are 272 more rigs targeting oil than last year. Rigs currently drilling for oil represent 33.9% percent of all drilling activity. Rigs directed toward natural gas were up 2 at 941. The number of rigs currently drilling for gas is 131 greater than last year's level of 810. Year-over-year oil exploration in the US is up 125.3 percent. Gas exploration is up 16.2 percent. The weekly average of crude oil spot prices is 51.9 percent higher than last year and natural gas spot prices are 1.3 percent higher. Canadian rig activity was down 117 at 203 for the week of March 26, 2010 and is 99 (95.2%) higher than last year's rig count.

GOOD ECONOMIC NEWS SENDS OIL PRICES HIGHER

More signs the economic recovery is taking hold sent oil prices to an 18-month high Monday but also stoked concerns that rising energy costs could put the brakes on the rebound just as it's getting started. The jump in crude prices was attributed to encouraging reports on job growth Friday and on manufacturing and services activity Monday, when traders had a first chance to pounce on the news after markets were closed for the Good Friday holiday. But some analysts warned that investors, in their haste to bet on the recovery, could push oil prices so high that consumers pull back on energy use and perhaps on other spending to compensate for energy's harder hit to their budgets. “People really believe that when the U.S. recovers, U.S. oil demand is going to blow through the roof. And, quite frankly, at $85 a barrel, that's nonsense,” said Ken Medlock, an energy studies fellow at Rice University's Baker Institute. Higher gasoline prices that come with rising crude costs could push Americans to drive less, and also to buy smaller cars, take fewer vacations and eat out less often, he said. “There's all sorts of ripple effects that high oil prices carry with them.” On Monday, crude rose $1.75 to settle at $86.62 a barrel on the New York Mercantile Exchange, after making sizable gains last week as well. The price marked the highest close for crude since $88.95 a barrel on Oct. 8, 2008. Amid so much momentum in crude markets, there is good reason to believe prices will keep moving higher, said AddisonArmstrong, director of market research at Tradition Energy in Stamford, Conn. “There's very little to prevent us from moving to $90 and above,” he said. U.S. gasoline demand dropped sharply following a spike in pump prices to $4.11 a gallon in July 2008 and remained sluggish in 2009 amid the recession. With the recovery still so fragile, the worry is that $3 gasoline right now could keep the economy in neutral. But John Felmy, chief economist of the American Petroleum Institute, the oil industry's chief trade group, said gasoline demand has been rising this year despite increasing fuel prices. Further, many economists still predict global energy usage will rebound to pre-recession levels this year, he said. “If anything, forecasters have continued to increase projections for 2010,” he said, noting particular growth in the developing world. If oil prices continue upward, consumers may feel more pain, but the oil and gas industry clearly could benefit. “Implications for the oil industry are potentially profound as improving oil prices not only result in increased cash flows but improved psychology as well,” said Bill Herbert, industry analyst with Simmons & Company International in Houston. Felmy said the run-up “clearly makes more projects economic.” Higher crude prices are also spurring the industry to shift focus to oil and away from natural gas, where prices remain weak. As evidence of the trend, analysts pointed to the news over the weekend that Oklahoma City-based SandRidge Energy Inc. will pay $1.55 billion in cash and stock to acquire oil-producing fields in West Texas' Permian Basin from Arena Resources of Tulsa. “The oil side of the equation is definitely hotter than the gas side,” said Keith Behrens, managing director of energy markets at Stephens Inc. Investment Bankers in Dallas, who expects more deals to acquire oil assets. Even so, there is still a case to be made that oil prices are higher than they should be considering the economy is still in the early stages of a comeback. “Someone could definitely argue,” he said, “we might be getting ahead of ourselves.”

FLINT ACQUIRES PSI

Flint Energy Services Ltd. has announces that it has acquired all of the issued shares of PES Surface Inc. (PSI) a subsidiary of Paintearth Energy Services Inc. for approximately $7.3 million in cash and the assumption of $610,000 debt, subsequent to closing adjustments. PSI is a production equipment fabrication company with a facility located in central Alberta. Flint has been a leader in the design and manufacturing of oil and gas production equipment across the United States for a number of years. This facility and workforce will allow Flint to expand its production equipment manufacturing services into Canada. The outstanding quality, customer service and manufacturing process at PSI will provide the platform for Flint to add engineering and design solutions for production equipment to Flint's customers in Western Canada. This wider range of services will include gas dehydration, dewpoint control, gas filtration, BTEX removal and incineration, oil dehydration and process equipment design to match the production specifications of the field and formation it is designed for. Flint's extensive geographic footprint and business development team will be used to expand the sales and grow the business. The close tie to Production Services will allow for the design manufacturing and field installation of equipment, providing production solutions to our customers. Bill Lingard, President and CEO of Flint said, "I am excited to welcome the employees of PSI into the Flint team. Flint sees this as a strategic opportunity for growth, tied to the expansion work in oil drilling and shale gas drilling in Western Canada."

STEALTH SIGNS JOINT VENTURE DEAL

Stealth Ventures Ltd. has announce that it has signed a joint venture with MOI Resources Ltd (MOI) a Saskatchewan based, private oil and gas company looking to expand into the Colorado Group of Shales resource play. "We're excited to be entering into a partnership with Stealth and see a lot of potential in the Colorado. It's a good time to be entering into the gas markets as we probably wouldn't have had this chance if gas was $10/mcf." said MOI Resources Ltd's Chief Executive Officer Kerwin Mondor. The Cretaceous Colorado group in the WCSB is represented almost continuously in a 1000km east-west profile. Of the over 250,000 well bores that penetrate the Colorado, most have been drilled to target deeper horizons. Derek Krivak, President and CEO of Stealth said, "There is a lot of running room for the Colorado and there is no question that Stealth's efforts are just the tip of the iceberg. There is more potential than we would ever be able to manage on our own and so we're excited to be expanding our efforts with MOI." No further terms or conditions were announced. Further to Stealth's initial downspacing approval by the Alberta Energy Resources Conservation Board to proceed with eight wells per section on two sections of land in the Wildmere area; the Company has added an additional 17 sections bringing the total sections to 19 which are available for 8 wells per section drainage on Stealth lands in Wildmere. Fekete Associates Inc. completed extensive rate transient analysis on location 15 10-50-06 W4M which had over two years of production data and showed ultimate well density will approach 18 wells per section (36 acre spacing) to ultimately drain the resource before interference is found. An additional 11 sections are currently awaiting decision by the Board with the remaining Stealth acreage (80+ sections (gross)) in process with Fekete. With full spacing approval, Stealth will have hundreds of locations available to the Company for development.

CANYON CLOSES BOUGHT DEAL FINANCING

Canyon Services Group Inc. has announced that it has closed its previously announced bought deal equity financing. Pursuant to the terms of the Offering, Canyon issued 12,305,000 common shares), which included 1,605,000 Common Shares issued on exercise of the over-allotment option. The Common Shares were issued at a price of $3.80 per Common Share for total gross proceeds of $46,759,000 through a syndicate of underwriters led by Peters & Co. Limited and including Cormark Securities Inc., Raymond James Ltd. and Wellington West Capital Markets Inc. Canyon will use the net proceeds of the Offering to fund the Company's expanded 2010 capital expenditure program which consists primarily of the construction of approximately 50,000 horsepower of additional hydraulic pumping equipment, high rate blending equipment, and sand transportation and storage equipment.

PIPELINE SAINT-LAURENT HAS BACKING OF QUEBEC GOVERNMENT

More than five years after filing its project notice with the Quebec department of sustainable development, Environment and Parks, Ultramar, today, is very proud to have the full support of the Quebec government for its Pipeline Saint-Laurent project. On March 17, 2010, Ultramar obtained the last four government decrees that will allow, at the appropriate time, to begin construction work covering all 32 municipalities on the pipeline route. This step completes the project's evaluation process. Now that it has the full backing of the Quebec government, Ultramar will be able to complete the last steps required in the preparation and planning process, once it obtains final approval from its Board of Directors, so that some of the work may begin in the fall of this year and the pipeline is put in operation in 2012. Mr. Jean Bernier, President of Ultramar Ltd., said: "We are pleased that the Quebec government has recently made this significant gesture, confirming its full support for our pipeline project linking the Jean-Gaulin refinery to the Montreal East terminal. These decrees allow us to resolutely advance towards the realization of this important link between our refinery and the Montreal market, thereby helping to secure energy supplies to the Montreal area and the entire Western region of Quebec. Consequently, this is good news not only for us but also for all Quebecers." Ultramar will now go ahead to finalize the engineering phase and prepare the execution of work required. The company's liaison agents will proceed to conclude easement options with owners who do not yet have an agreement with Ultramar. To date, over 80% of owners have signed such an option. These four decrees now conclude five years of work where Ultramar demonstrated it has met environmental requirements related to the project, while also illustrating its rationale. It is worth mentioning that the Pipeline Saint-Laurent project has gone through a long process involving successively, among others, presentations to the environmental public hearings bureau (BAPE), the Canadian Environmental Assessment Agency, the agricultural land protection commission, the Quebec administrative tribunal and the Court of Quebec. This project of nearly $350,000,000 will allow to substantially reduce the number of unit trains circulating in the Lévis-Montreal corridor, resulting in significant gains, in terms of environment protection as well as safety, for the population and from a supply perspective. The project offers many advantages. Transportation via a pipeline is clean, reliable and efficient. It is a major element for the energy security of Quebec, allowing Ultramar to secure even further its supplies to the Greater Montreal region, and ensuring uninterrupted supplies during winter. It will also allow a reduction in greenhouse gas emissions of nearly 30,000 tons per year.

ONE EXPLORATION 2009 RESULT AND UPDATE

One Exploration Inc. has announced its fourth quarter and full year 2009 financial and operating results and 2009 year-end reserves. OneEx carried out limited field activities in 2009 as it continued to focus on cash conservation and balance sheet strength. OneEx eliminated its bank debt through significant asset dispositions in the Watelet, Willesden Green and various other non-operated areas in Alberta for proceeds totaling $8,754,406 and significantly reduced its net debt to $570,957 as at December 31, 2009 from $3,556,430 as at December 31, 2008. OneEx drilled 3 gross (2 net) wells in 2009. 2 (1 net) wells were drilled in North Eastern British Columbia that were successful, however, were not brought on production as a result of the low gas price environment. 1 (1 net) well was drilled in the fourth quarter of 2009 in the Leaman area of Alberta and recently brought on production at a rate of approximately 80 boe/d. The Corporation's year end reserves were 909 mboe on a total proved ("TP") basis and 1,393 mboe on a proved plus probable ("P+P") basis. Reserve life indices are 7.5 years and 11.4 years on a TP and P+P basis, respectively. Capital expenditures, before dispositions, were $4,032,123 for the year ended December 31, 2009 as compared to $14,196,731 for the year ended December 31, 2008. During 2009, the Corporation drilled 3 gross (2 net) wells with a success rate of 100%. 2 gross (1 net) wells were drilled in North Eastern British Columbia that were successful, however, were not brought on production as a result of a low gas price environment. One gross (1 net) well was drilled in the fourth quarter of 2009 in the Leaman area of Alberta. This well was recently brought on production at a rate of approximately 80 boe/d. As a result of focusing on cash conservation and balance sheet strength, OneEx disposed of several significant properties in the Watelet, Willesden Green and other non-operated areas of Alberta. Proceeds from dispositions totaled $8,754,406 for the year ended December 31, 2009. Proceeds of disposition were used to reduce bank debt. The Corporation's funds from operations were $(1,457,889) in 2009 compared to $5,815,751 in 2008 as a result of a significant decline in production and a significant decrease in commodity prices. Production was 565 boe per day in 2009 compared to 855 boe per day in 2008 as a result of dispositions and natural production declines. On January 13, 2010, a new management group, led by Russell J. Tripp as President and CEO, completed the recapitalization of OneEx, which included (i) a private placement of 21,982,407 Class A shares at $0.17 per share for aggregate gross proceeds of $3,730,000 and (ii) the concurrent private company acquisition of TriOil Resources Ltd. (subsequently renamed TriOil Holdings Ltd.) pursuant to which the Corporation issued an aggregate of 47,831,272 Class A shares. The Corporation closed a second traunche of the private placement on January 28, 2010, issuing an aggregate of 1,470,526 Class A shares at a price of $0.17 per share for gross proceeds of $249,989. In February 2010, the Corporation entered into a commitment for the provision of a $6 million revolving credit facility with a Canadian chartered bank. The facility is expected to close by mid April. The new management group implemented a new growth strategy focused on light oil resource plays in Alberta and Southeast Saskatchewan. The Corporation has assembled significant land positions on emerging light oil resource plays at Tableland in Southeast Saskatchewan and at Queenstown and Lochend in Southern Alberta. Since the recapitalization transaction, the Corporation completed a $25 million bought deal financing, a $2.3 million rights offering and entered into an arrangement agreement to acquire Canext Energy Ltd. which is expected to close on or about April 12, 2010. The Canext transaction will significantly increase the Corporations critical mass and adds another key light oil property with identifiable production and reserve growth potential. In the first quarter of 2010, the Corporation acquired approximately 18 net sections of undeveloped acreage on the Cardium Lochend trend of Alberta for total costs of approximately $6.1 million through a combination of crown land sales, freehold leasing and asset acquisitions. The Corporation also entered into an asset purchase agreement to purchase 17 net (25 gross) sections of undeveloped land in the Lochend area of Alberta and approximately 50 boe/d of production for a cash purchase price of $7,500,000 and the issuance of 1,312,566 Class A shares (on a post consolidation basis). This transaction doubles the Corporation's position in its core Lochend Cardium light oil play in Southern Alberta to 35 net sections of land. The Lochend Cardium transaction is expected to close on April 30, 2010. On April 1, 2010, the Corporation changed its name to TriOil Resources Ltd. and effected a 20 for 1 consolidation on its outstanding Class A shares. The Corporation's Class A shares are expected to begin trading on a post-consolidation basis under the new corporate name of TriOil Resources Ltd. and under the new stock symbol "TOL" on the TSX Venture Exchange on or about April 7, 2010. The Corporation's 2010 horizontal drilling program is entirely focused on light oil resource plays and we continue to remain opportunistic on additional strategic light oil acquisitions to further increase the Corporations oil weighting and opportunity base.