NYMEX OIL: US$83.94
+$0.09
June delivery
NYMEX N. Gas: US$3.97
-$0.00 per MMBTU
May delivery

Oilfield NEWS

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TUESDAY PRICES

Benchmark crude for June delivery rose 9 cents to settle at $83.84 on the New York Mercantile Exchange. In other Nymex trading in May contracts, heating oil rose 2 cents to $2.18/gal and gasoline rose 1 cent to $2.28/gal. Natural gas was even at $3.97 per 1,000 cubic feet. In London, Brent crude gained 56 cents to $84.17 on the ICE exchange.

NORTH AMERICAN RIG COUNTS

The U.S. rotary rig count increased 15 to 1,491 for the week of April 16, 2010. It is 516 rigs (52.9%) higher than last year. The number of rotary rigs drilling for oil was up 1 at 506. There are 301 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 14 at 973. The number of rigs currently drilling for gas is 213 (28.0%) greater than last year's level of 760. Year-over-year oil exploration in the US is up 146.8 percent. Gas exploration is up 28.0 percent. The weekly average of crude oil spot prices is 69.9 percent higher than last year and natural gas spot prices are 15.3 percent higher. Canadian rig activity was down 4 at 122 for the week of April 16, 2010 and is 48 (64.9%) higher than last year's rig count.

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GAS EXPORTERS LOOK TO OIL-PRICE LINK

Most of the world's leading gas exporters on Monday agreed to seek higher, oil-linked prices for spot sales, a decision that could eventually support suppliers like Russia that already use the method in their long-term contracts. The Gas Exporting Countries Forum, which accounts for two-thirds of global gas exports, will work independently to reach price parity between gas and oil in their sales contracts, said Chakib Khelil, Algeria's energy minister. "Gas exporting countries decided to let each country adopt its own strategy," he told reporters after a meeting of energy ministers fr om member countries in Algeria's coastal city of Oran. Informally known as the gas OPEC, the 11-country forum began formal meetings only last year and does not have nearly the same price-setting clout as the Organization for the Petroleum Exporting Countries. The group on Monday approved the plan on individual strategies after European customers were seen shunning most pipeline deliveries — including from forum members Russia and Algeria — in favor of spot purchases that offered much more price flexibility. Liquefied natural gas, or LNG, which dominates the spot market, flooded Europe as a result of a reduced U.S. appetite for the fuel. Oil prices fluctuated between $80 and $85 per barrel last month, which means that natural gas would have traded at about $11 per million British thermal units, a standard measure of energy. Even so, pipeline gas sold for $8 per million BTUs last month in Germany, the biggest gas importer in Europe, according to energy consulting firm Wood Mackenzie. Spot market suppliers — such as Qatar, another GECF member — offered LNG for about $5 for the same amount. The situation prompted Algeria earlier this year to call for production cuts to lim it the supply of LNG, a proposal that appeared to have mustered little sympathy from the rest of the group. Energy Minister Sergei Shmatko said GECF members voted unanimously to pass the decision to apply individual strategies to remove the disparity with oil prices. Russia and Qatar, a major LNG supplier that added one more LNG producing plant earlier this month, held a series of high-level talks before Monday's event and agreed to consider development of each other's gas reserves. Shmatko stressed that there should not be competition between pipeline gas and LNG, which is shipped by tankers after the gas is chilled into a liquid. "We must do some work to bring stability to the gas market," Shmatko said. In another policy guideline, a statement issued by the group after the meeting said gas exporters should invest in downstream facilities in consumer countries as a way to bring greater market stability. The exporters will open their gas fields so that consumer countries can participate in tapping the reserves, the statement said. The forum's other members are Bolivia, Egypt, Equatorial Guinea, Iran, Libya, Nigeria, Trinidad and Tobago, and Venezuela. Angola and Yemen said Monday that they had considered joining the organization, which has its headquarters in Doha, Qatar.

NABORS' Q1 RESULTS

Nabors Industries Ltd. has reported its financial results for the first quarter of 2010. Adjusted income derived from operating activities was $138.5 million compared to $274.1 million in the first quarter of last year and $133.0 million in the sequential quarter ended December 31, 2009. Net income was $40.2 million, or $0.14 per diluted share, compared to $184.4 million, or $0.65 per diluted share, in the first quarter of last year, and $51.5 million, or $0.18 per diluted share, in the fourth quarter of 2009. Operating Revenues and Earnings from unconsolidated affiliates for this quarter totaled $905.7 million compared to $1.2 billion in the comparable quarter of the prior year and $841.1 million in the fourth quarter of 2009. For comparison purposes, all of the prior period results exclude certain non-cash charges which were primarily related to ceiling-test impairments in the Company's oil and gas joint venture entities. Gene Isenberg, Nabors' Chairman and CEO, commented, "Our first quarter operating results were modestly ahead of both consensus estimates and our fourth quarter results, and were primarily attributable to larger-than-expected increases in our US Lower 48 Land Drilling business and our Alaskan

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and Canadian segments. These gains more than offset the much larger-than-anticipated decrease in our International operations. The quarter's results would have reflected an even larger increase were it not for weather- related startup delays in our US Offshore segment. "Net income and earnings per share were also in line with consensus estimates when we exclude certain items specific to the first quarter aggregating $17 million, or $0.06 per diluted share, and a spike in the first quarter effective tax rate of $4 million, or $0.01 per share. The charges emanated primarily from three sources: the devaluation of the Venezuelan Bolivar; a market price adjustment of the carrying value of a portion of our holdings in the Chinese rig manufacturer Honghua; and a book loss on $110 million in additional first quarter purchases of our convertible debt at an average price of $99.04. While the average purchase price of these notes represents a better yield than our cash portfolio, it is higher than the discounted value at which we carry these notes in accordance with the applicable convertible accounting rules. We still expect the full-year effective tax rate to be approximately 12%, although the first quarter rate was 20% primarily as a result of an adjustment to our final 2009 tax liability in Mexico and Canada. Despite the anemic natural gas price environment, we believe this business will continue to post modest improvements in subsequent quarters, albeit at a slower pace than the last two quarters. Although activity in the gas shales appears to be flattening, we continue to benefit from increasing activity in our oil and liquid-rich gas directed markets, which now employ nearly one-third of our operating rigs."

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STERLING 2009 RESULTS

Sterling Resources Ltd., has announced operating and financial results for the year ended December 31, 2009. Net income for the year ended December 31, 2009 was $66,384,535 ($0.51 per common share basic, $0.50 per share diluted) compared to a loss of $2,313,736 ($0.02 per share basic and diluted) for the year ended December 31, 2008. The increase in net income relates primarily to the gain on the disposition of a 15 percent working interest in the Breagh field and varying interests in the surrounding blocks in the United Kingdom North Sea (UKNS). Capital expenditures during 2009 totalled $21.1 million compared to $87.0 million during 2008. Major capital expenditures items during 2009 included $11.8 million related to the completion of testing of the Breagh 42/13-5z horizontal well, $5.8 million related to the acquisition and interpretation of high resolution seismic over the Doina trend and the Ioana prospect, and $1.0 million related to engineering studies and a pipeline survey for the proposed route for taking Breagh gas to shore. In addition to these major items, capital was also deployed to complete additional seismic programs on other licenses in the greater Breagh area, as well as to maintain existing licenses in the UKNS. Net working capital as at December 31, 2009 was $72.7 million compared to $14.0 million as at December 31, 2008. This increase in net working capital year over year is primarily attributable to the proceeds received from the sale of a partial interest in the Breagh assets.

TAG ANNOUNCES FINANCING

TAG Oil Ltd. has announce that it has filed a preliminary prospectus in connection with an overnight-marketed public offering of units in all the provinces of Canada, other than Quebec. Each Unit shall be comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole Warrant will be exercisable at a premium to the Unit price and will entitle the holder thereof to acquire one Common Share. Though the Offering will be priced in the context of the market, with final terms of the Offering to be determined at the time of pricing and entering into an underwriting agreement, the Company expects to issue Units in the aggregate amount of approximately C$17 to C$20 million. The Offering will be conducted through a syndicate of underwriters, led by GMP Securities L.P. The Company will also grant the Underwriters an over-allotment option to purchase additional Units and/or Warrants in an amount up to 15% of the number of Units sold pursuant to the Offering, exercisable in whole or in part at any time up to 30 days from the closing of the Offering. The Company intends to use the net proceeds of the Offering to fund its exploration and development programs in the onshore portion of the Taranaki Basin and the East Coast Basin of New Zealand, for working capital and general corporate purposes. The Offering is expected to close on or about May 7, 2010 and is subject to certain customary conditions and regulatory approvals, including the approval of the TSX Venture Exchange.