

NYMEX OIL: US\$81.76
-\$2.44
June delivery
NYMEX N. Gas: US\$4.21
-\$0.05 per MMBTU
May delivery



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TUESDAY PRICES

Benchmark crude for June delivery fell \$2.44 to \$81.76 on the New York Mercantile Exchange. In other Nymex trading in May contracts, heating oil fell 2 cents to \$2.21/gal and gasoline fell 2 cents to \$2.31/gal. Natural gas dropped 5-cents to \$4.21 per 1,000 cubic feet. In London, Brent crude dropped \$1.48 to \$84.03 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.

NEB SCHEDULES HEARING FOR THE HORN RIVER PROJECT

The National Energy Board has released Hearing Order GH-2-2010, announcing that it intends to hold a public hearing on an application from Nova Gas Transmission Ltd. (NGTL) to construct and operate the Horn River Project. The oral part of the hearing process is scheduled to start on Tuesday, 26 October 2010, at a location to be determined. The Horn River Project consists of two primary components: the acquisition and operation of the existing NEB-regulated Ekwan pipeline facilities owned by EnCana Ekwan Pipeline Inc. and the construction and operation of new facilities. The new facilities would transport sweet natural gas to the Alberta System from two new natural gas processing facilities to be located about 70 km and 75 km respectively, northeast of Fort Nelson, BC. Any person wishing to participate in this hearing process may do so in one of three ways: i. by filing an application to intervene with the Secretary of the Board and serving a copy on NGTL and its counsel by 28 May 2010; ii. by filing a letter of comment with the Secretary of the Board and serving a copy on NGTL and its counsel by 4 August 2010; or iii. by filing a letter with the Secretary of the Board requesting the opportunity to make an oral statement and serving a copy on NGTL and its counsel by 4 August 2010. Upon request, the Board may hold a public information session

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prior to the hearing, at a location to be determined. Interested persons should file a letter, no later than 17 May 2010, to advise the Board of their interest in having a public information session. Any member of the public is welcome to attend. These sessions are not a forum for discussing the merits or substance of the application, but are intended to assist people to better understand and participate in the Board's hearing process. Please visit the NEB website for general information about the hearing process and how you can participate effectively. To access the information, go to www.neb-one.gc.ca, select Hearing and Information Sessions, and then click on Participate in a Public Hearing.

HUSKY Q1 RESULTS

Husky Energy Inc, Canada's No. 3 oil exploration and refining company, said on Tuesday its first-quarter profit rose 5 percent as oil prices strengthened even as output dropped and refining margins sagged. Husky, controlled by Hong Kong magnate Li Ka-shing, said net earnings rose to C\$345 million (\$338 million), or 41 Canadian cents a share, from C\$328 million, or 39 Canadian cents, in the first quarter of 2009. Adjusted net earnings, which remove some one-time items, rose 6.7 percent to C\$368 million, or 43 Canadian cents, from C\$345 million, or 41 Canadian cents. Husky's cash flow, a measure of its ability to pay for new projects, rose 58 percent to C\$895 million, or \$1.05 per share, from C\$565 million, or 67 Canadian cents per share. The cash flow result bettered the average analyst forecast of C\$1.04 per share. The company, which is planning to spin off its Southeast Asian operations into a separate company, said oil and gas production fell 14 percent to 295,900 barrels of oil equivalent per day from 342,000 boed in the year-before quarter because of lower output from the White Rose oil project offshore Newfoundland and lower natural gas production. Husky also said that it has completed initial engineering work on the first 60,000 bpd phase of the Sunrise oil sands project, which it co-owns with BP Plc. The partners have issued tenders for engineering and construction work at the site, which is expected to produce its first oil in 2014. The company said its refineries in British Columbia and Ohio processed 246,400 barrels per day in the quarter, up 4.1 percent, but results from its downstream operations weakened as the spread between crude oil and refined



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products narrowed. Revenue rose 22 percent to C\$4.47 billion.

IMPERIAL OIL ANNUAL MEETING

Imperial Oil Limited will hold its annual meeting of shareholders on Thursday, April 29, 2010 at the Sheraton Suites Calgary Eau Claire, Wildrose Ballroom, 255 Barclay Parade S.W. at 9:30 a.m. (MDT). A live webcast of the meeting can be accessed from the company's website at www.imperialoil.ca. An archived version of the webcast and presentation material will also be available following the live webcast from Imperial's website. Following the formal proceedings, Bruce

March, chairman, president and chief executive officer of Imperial Oil, will be available to answer media questions for about 20 minutes. Additionally, Imperial's 2010 first quarter earnings will be issued on Wednesday, April 28, 2010.

COS ANNUAL MEETING

Canadian Oil Sands Trust plans to release its first quarter 2010 results and hold its annual and special meeting of Unitholders on Thursday, April 29, 2010 at 2:30 p.m. (mountain standard time) in the Ballroom of the Metropolitan Conference Centre, located at 333 Fourth Avenue SW, Calgary, Alberta. A live audio Web cast of

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the meeting can be accessed from Canadian Oil Sands' Web site at: <http://www.cos-trust.com>. An archived version of the Web cast and presentation material also will be available shortly after the live Web cast from the Web site. The close of business on March 12, 2010 was fixed as the record date for determination of those Unitholders entitled to receive notice and to vote at the meeting. All proxies must be received by Computershare Trust Company no later than 2:30 p.m. (mountain standard time) on Wednesday, April 28, 2010.

HORIZON NORTH LOGISTICS AWARDED CAMP CONTRACT

Horizon North Logistics Inc. has announced that it has signed an agreement for the design, manufacture, transportation and installation of a 2,700 person construction camp for a major Canadian resource project. The camp is comprised of approximately 830 units with completion scheduled for May 2012. Total value of the contract is \$104 million with 45% of the work scheduled to occur in 2010, 50% in 2011 and 5% in 2012. Bob German, President and Chief Executive Officer of Horizon, noted that "the award of a project of this nature confirms the success of our quality and safety programs and the ongoing efforts of all our employees at our manufacturing facilities. It also is tangible evidence of the resurgence of resource development in Canada and validates the decision to expand our manufacturing facilities late last year."

HSE ENTERS INTO NEW SENIOR CREDIT FACILITY

HSE Integrated Ltd. has announced that effective immediately, the Company has entered into a new \$15 million senior credit facility with ATB Financial, a regional financial institution with \$27.2 billion in assets. The facility consists of a \$10 million operating revolving loan facility for general operating purposes and a \$5 million non-revolving term loan facility. The term loan will be used to retire substantially all of HSE's existing bank indebtedness and has a four-year repayment amortization schedule. Based on the Company's December 31, 2009 balance sheet, the operating facility would only be drawn down by \$300,000. Interest rates and fees are competitive. David

Yager, chairman and CEO, commented, "This new senior credit facility removes the last element of uncertainty associated with what we believe is an otherwise very strong balance sheet."

SPILL AREA GROWS AS OIL CONTINUES TO LEAK

As a major oil spill in waters off Louisiana tripled in area, a growing task force led by BP kept trying and failing Monday to plug a leaking well one mile below, damaged when a massive drilling rig sank last week into the Gulf of Mexico. Efforts remained focused on the quickest fix — using robot submarines to close valves sitting atop the well. BP also said it has made progress with back-up plans to build a dome-like device to collect seeping oil at the sea floor, which could be installed in as little as two weeks, and with a worst-case plan — possibly taking months — to drill relief wells into the damaged one to stop the bleeding. "We don't know which technique will ultimately be successful," said Doug Suttles, BP's chief operating officer of exploration and production, in a news conference. "Just like everyone, we want to bring this to conclusion absolutely as fast as possible." The leaking well was discovered Saturday after the Deepwater Horizon sank Thursday morning about 40 miles off the coast of Louisiana. The rig, owned and operated by Swiss-based Transocean and under lease to BP, went down after an apparent blowout sent the hulking structure up in flames the night of April 20. Eleven of the 126 aboard at the time of the blast remain missing and are presumed dead. The situation has cast a glaring light on the physical and environmental risks of offshore oil drilling at a time when the industry is pushing for greater access to domestic oil and gas resources and after the Obama administration recently called for opening more federal waters for energy exploration. And some political opponents of offshore drilling have seen an opening for attack. As of Monday, the British oil giant had tapped an army of more than 1,000 people to brainstorm fixes for plugging the well, and had marshaled a small armada of boats, planes and other resources to fight the spill as far from the shore as possible. Under a 1990 U.S. oil pollution law, BP is required to foot the bill for the clean-up. The Deepwater Horizon spill now covers an estimated 1,800

square miles, the Coast Guard said Monday, dramatically increasing its estimate of 600 square miles on Sunday. But it noted that the slick was not continuous over that entire area, and that 97 percent of it is a thin sheen that dissipates easily, while the rest is thicker oil. Government forecasters said the spill posed no immediate threat of making landfall, based on three-day weather models. "Our biggest concern is that it continues to spill," said Doug Helton, incident operations coordinator for the National Oceanic and Atmospheric Administration. "We're not expecting any landfall at this point, but at some point we'll start to see some of the shoreline impacts." The Coast Guard has been working on contingency plans with state governments in Texas, Louisiana, Mississippi and Florida, which would have ample time to respond if the spill came ashore, said Rear Adm. Mary Landry, commander of Coast Guard District 8. But Chuck Kennicutt, professor of oceanography at Texas A&M University, doubts it will come to that. "This is far enough offshore that at least for the time being the likelihood of it washing up into the sensitive areas on the shore is probably fairly low," he said. As a precautionary measure, Houston-based Diamond Offshore Drilling said it evacuated more than 100 employees from its Ocean Endeavor drilling rig because the oil sheen had moved within a few miles of a well it is drilling for Exxon Mobil. BP and Coast Guard officials said they remain hopeful of sealing off the well, which is leaking up to 1,000 barrels or 42,000 gallons a day, in two places — from a section of drill pipe near the wellhead and from the end of the long riser column that had connected the rig to



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the well and broke when the rig sank. Workers were using up to four remotely operated vehicles in an effort to activate shut-off valves on a giant piece of equipment called a blowout preventer that rests on top of the well at the sea floor. None of the multiple attempts to activate the 50-foot stack of valves had been successful yet, BP said. Separately, the company has begun constructing three of the dome-like oil-collection devices that could be deployed in two to four weeks, he said. Also, BP was expecting the arrival of a rig to drill relief wells should they be needed.

NEWFIELD MOVES SPENDING TO OIL FROM GAS

Newfield Exploration Co., the petroleum producer with properties from the U.S. Rocky Mountains to China, said it's shifting about \$200 million of its 2010 capital budget to oil from natural gas because of the gap between prices. Oil spending will increase to about \$700 million, while the total capital-spending plan will remain at \$1.6 billion. Houston-based Newfield said it started moving additional capital to its oil projects in the second half of last year, with crude volumes now expected to comprise 60 percent of revenue in 2010, based on current prices. The company said output this year will be in the upper half of its forecast of 278 billion to 288 billion cubic feet of gas equivalent. That would mark an increase of at least 10 percent from 2009. The company said it will invest more in oil work in the basins of Uinta in Utah and Williston, which includes North Dakota. The pace of gas-development drilling will slow in the Woodford formation, and Newfield said it plans to drop several rigs in the second half of the year.