NYMEX OIL: US$75.11
-$2.00
June delivery
NYMEX N. Gas: US$4.02
+$0.09 per MMBTU
June delivery

Oilfield NEWS

ESSO

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OIL PRICES FREE FALL

Oil prices continued to drop Friday over continued uncertainty in the stock market surrounding Thursday sell offs and a growing concern over Greece's mounting debt lode on the Euro. In early morning trading June crude was off $2.80 to $75.11 on NYMEX. Last Friday oil closed up $1.42 to $85.12 a barrel.

BLAME GAME SURFACES OVER GULF OIL SPILL

The companies behind the oil drilling disaster threatening the fragile waterways and beaches of the Gulf Coast are beginning to turn on each other. Oil giant BP Plc has been carefully playing the public relations game by saying it bore responsibility for the costs of the clean up of the oil that was shooting out of the damaged well a mile below the surface of the Gulf. But in recent days it has begun to point directly at driller Transocean Ltd as the main culprit. "This was not our drilling rig and not our equipment. It was not our people, our systems or our processes. Their systems, their people, their equipment," BP Chief Executive Tony Hayward told the BBC on Tuesday. Transocean, which is the world's largest offshore oil driller, with rigs used by oil companies around the globe, fired back on Thursday. "It is inappropriate to speculate on what may have caused the catastrophic failure of a cased and cemented well in advance of that investigation," Transocean Chief Executive Steven Newman told a conference call. At stake is potentially billions of dollars of damages for clean-up costs and damages resultinfg from the loss of work for people who live on the Gulf Coast, including many fishermen and shrimpers, and people who run hotels and other tourist businesses. Newman's comments suggested the subcontracting companies it hired and who were responsible for that part of the operation may also become part of the blame game. Transocean's Deepwater Horizon rig drilled the well about 40 miles off the Louisiana coast when a pressure surge appeared to cause an explosion on the vessel on April 20. It sank two days later, leaving 11 workers missing and presumed dead. Well drillers place cement around the casing in the wells to secure the pipes and prevent them from breaking or leaking -- a job performed on the BP well by Halliburton Co, the world's second largest oilfield services company. But Halliburton has said cementing was completed 20 hours before the accident and that testing had shown the work was done properly. BP has also sent a letter to its drilling contractors, including Transocean, to verify the condition of their blowout protectors -- a valve fitted onto the wellhead that is designed to prevent catastrophic surges of oil and gas. If the BOP was defective, that could drag its maker, Cameron International Corp, into the fray. Investors have already punished Cameron, knocking its stock down 20 percent since April 26. Under the Oil Pollution Act of 1990, BP has responsibility to pay for clean up of the spill that could run into the billions of dollars, as well as up to $75 million liability for economic damages, according to Alfred Kuffler, a partner at law firm Montgomery McCracken in Philadelphia and an expert in maritime pollution law. "The responsible party has very limited defenses," he said of the law, which was created in response to the Exxon Valdez oil spill in Alaska. A company can only shift legal blame for the accident if it can show another party was responsible, he said, but BP's contractual relationship with Transocean may prevent such a maneuver. Transocean said its contracts specifically call for BP to indemnify it from any pollution from the well. "We believe in this particular instance the contract is pretty clear about that," Transocean's Newman said. "Our industry has a long history of contract sanctity, and we expect BP to honor that." With the oil slick still growing, the full cost of the cleanup and the damages will not be known for some time, according to Brent Coon, a Texas lawyer representing a Transocean worker who survived the April 20 explosion, as well as others in the area whose livelihoods are affected by the spill. "In this kind of case, there's usually some blame to pass around," said Coon, who previously represented victims in the BP Texas City refinery blast. Anadarko Petroleum, BP's partner in the well with a 25 percent stake, is also on the hook for some clean-up liability, although the Woodlands, Texas company was quick to say it did not make any operational mistakes. Chief Executive Officer Jim Hackett told investors this week his company had nothing to do with the well design or operating procedures and came in only at the end of planning to approve the project's budget. Still, the company was expecting the different parties to begin trading accusations as the facts of the accident came to light. Meanwhile on Friday BP Plc engineers carefully lowered a massive metal chamber toward a gushing oil well on the Gulf of Mexico seabe in a high-stakes mission to contain a leak that threatens an environmental catastrophe on U.S. shores. The four-story structure, BP's only short-term hope of controlling the leak, is supposed to redirect the unchecked flow of crude from nearly 1 mile below the water and, once connected, pump it to a surface tanker. But the technique has never been tried at that depth, where engineers guiding remote-controlled undersea robots must overcome darkness, currents and intense undersea pressure. BP says the containment dome could be in place and operating by Monday. The company is drilling a relief well to halt the leak that could take two or three months to complete. Shippers using U.S. ports on the Gulf of Mexico expect some delays due to the spreading BP oil spill if ships need cleaning before entering port, trade sources said Friday.

PEMBINA Q1 RESULTS

Pembina Pipeline Income Fund has announced that it generated increased revenue, net operating income, net earnings and cash flow from operating activities during the first quarter of 2010 compared to the first quarter of 2009, primarily the result of expanding operations to include natural gas gathering and processing and reduced operating expenses. Revenue, net of product purchases, during the first quarter of 2010 was $131.5 million, compared to $116.1 million during the same period in 2009. The increase primarily reflects the contribution of Pembina's Gas Services business, which was acquired in June 2009, as well as increased revenue generated by the Midstream & Marketing business. This was offset by decreased revenue in the Conventional Pipelines business, a result of reduced throughput. During the first quarter of 2010, throughput averaged 389,300 barrels per day (bbls/d), compared to 412,500 bbls/d during the same period in 2009. The decline is attributable to reduced crude oil and natural gas liquids ("NGLs") production in the upstream energy sector and the December 2009 sale of Pembina's Cremona Pipeline system. Operating expenses during the first quarter of 2010 were $38.3 million, compared to $44.1 million during the first quarter of 2009, largely because of cost reductions in the Conventional Pipelines business. This decrease in expenses had a positive impact on net operating income, which totaled $93.2 million during the first quarter of 2010 compared to $72 million generated during the same time period in 2009. Net earnings were $51.1 million ($0.32 per Trust Unit) in the first quarter of 2010, compared to $28.3 million ($0.21 per Trust Unit) in 2009. The increase reflects higher revenues, decreased operating expenses as well as lower depreciation costs, general and administrative expenses and a future income tax reduction, offset by higher interest on long-term debt. Cash flow from operating activities during the first quarter of 2010 was $67.3 million, compared to $41.2 million in the first quarter of the year before. "We had a strong start to 2010 and we have every intention of building on this success through the remainder of the year," said Bob Michaleski, President and Chief Executive Officer. "We expect to generate additional value by continuing to deliver on our growth projects while also operating our businesses in a cost-effective, reliable and safe manner." Cash distributions were $62.8 million during the quarter, compared to $53.2 million in the first three months of 2009, representing a quarterly payment of $0.39 per Trust Unit ($0.13 per Trust Unit monthly). Pembina intends to maintain this level of cash distribution through 2013. At its annual general and special meeting on May 7, 2010, unitholders will vote on a Board of Director recommendation to convert Pembina from an income trust to a corporation Following conversion, Pembina expects to maintain cash distributions to investors as a dividend. On March 4, 2010, Pembina's Board of Directors announced it had determined that the conversion of the Fund into a dividend paying corporate structure is in the best interests of unitholders and unanimously recommended that unitholders approve the corporate conversion at the annual general and special meeting on May 7, 2010. As part of the conversion process, unitholders will also vote on the adoption of a post-conversion shareholder rights plan and amended corporate by-laws. Pending a positive vote by unitholders and outstanding regulatory approvals, Pembina's conversion could become effective as early as July 1, 2010. Pembina's Board of Directors has the discretion to delay implementation of the corporate conversion to not later than December 31, 2010 if it believes such delay is in the best interests of unitholders.

CRESCENT POINT Q1 RESULTS

Crescent Point Energy Corp. has announced its operating and financial results for the first quarter ended March 31, 2010. Crescent Point grew first quarter 2010 average daily production by eight percent over fourth quarter 2009, including more than three percent growth due to drilling activities. The Company produced 56,061 boe/d for the quarter, up from 52,044 boe/d in fourth quarter 2009 and up 41 percent from 39,695 boe/d in first quarter 2009. Production was weighted 89 percent to light and medium crude oil and liquids. - The Company spent $174.1 million on development capital activities in first quarter 2010, including $52.5 million on facilities, land and seismic. The Company spent $121.6 million on drilling and completions activities, including the drilling of 75 (65.6 net) wells with a 100 percent success rate. - Crescent Point's funds flow from operations increased by eight percent to $204.1 million ($0.96 per share - diluted) in first quarter 2010, compared to $188.2 million ($1.36 per unit - diluted) in first quarter 2009. Funds flow from operations in first quarter 2009 included $69.0 million due to the crystallization of certain mark to market gains in the Company's forward hedge book. - The Company's operating netback increased by 20 percent to $46.03 per boe in first quarter 2010 from $38.38 in first quarter 2009. - Crescent Point maintained consistent monthly dividends of $0.23 per share, totaling $0.69 per share for first quarter 2010. This is unchanged from $0.69 per unit paid in first quarter 2009 and resulted in a payout ratio of 72 percent on a per share - diluted basis, down from 80 percent in first quarter 2009, excluding the impact of the hedge crystallization. - On January 15, 2010, the Company completed the acquisition (the "Penn West Acquisition") of certain assets in southwest Saskatchewan from Penn West Energy Trust . On a net basis, Crescent Point acquired approximately 2,900 boe/d of high-quality production, the majority of which is located in the Lower Shaunavon crude oil resource play, and approximately 172 net sections of undeveloped Lower Shaunavon land. - During the quarter, Crescent Point also added more than 210 net sections of undeveloped land through minor acquisitions and land sales for total combined consideration of approximately $125.0 million. The land is primarily in the Company's core southeast and southwest Saskatchewan areas and includes 100 net sections of fee title land.

SUNCOR OPERATIONAL UPDATE

Construction was completed ahead of schedule and within budget on the $1.2 billion Ebla gas development in central Syria. Production from the Ebla gas project was introduced into the Syrian gas network in March 2010 and first commercial gas was delivered on April 19, 2010, following the successful completion of the performance testing period. The facility has a planned production capacity of 80 mmcf per day of natural gas in addition to related liquefied petroleum gas and condensate volumes. Construction continued on the Firebag Stage 3 in-situ oil sands project. The planned $3.6 billion expansion is expected to achieve first production during the second quarter of 2011, with volumes ramping up over an estimated 18-month period toward a planned production capacity of approximately 62,500 bpd of bitumen per day. In March, the Alberta Energy Resources Conservation Board approved Suncor's application to develop three additional stages of its Firebag project. Firebag Stages 4, 5 and 6 each have a planned production capacity of approximately 62,500 bpd. Engineering and planning activities related to Firebag Stage 4 continued during the first quarter to support a target of first bitumen production in the fourth quarter of 2012. "Regulatory approval for Firebag Stages 4 to 6 provides additional depth to an already substantial portfolio of growth projects," said Rick George, president and chief executive officer. "We'll continue to review that portfolio and expect to outline the next stages of our growth strategy by the end of the year." In addition to work on expansion of the Firebag project, work is also underway on an extension to the East Coast Canada White Rose field (of which Suncor has a 26.125% interest); expansion of the company's St. Clair ethanol plant; and construction of a naphtha unit, designed to increase the value of the company's Oil Sands product mix. "We have confirmed our capital synergy target of $1 billion per year through improved sequencing and timing of our projects, a larger pool of high-quality projects to pick from, and capital savings realized as a result of our two companies coming together," said George. As part of its strategic business alignment, Suncor continued with plans to divest of a number of non-core assets. To date, Suncor has disposed of, or reached agreements to dispose of, assets for aggregate consideration of approximately $1.5 billion.