

NYMEX OIL: US\$72.47
+\$0.48
July delivery
NYMEX N. Gas: US\$4.78
-\$0.02 per MMBTU
July delivery



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TUESDAY PRICES

Benchmark crude for July delivery rose \$0.48 to \$72.47 on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil rose 7 cents to \$1.97/gal and gasoline rose 2 cents to \$1.97/gal. Natural gas fell 2 cents to \$4.78 per 1,000 cubic feet. In London, Brent crude dropped 6cents to \$72.03 a barrel on the ICE exchange.

NORTH AMERICAN ROTARY RIG COUNT

The U.S. rotary rig count fell 29 to 1,506 for the week of June 4, 2010. It is 619 rigs (69.8%) higher than last year. The Administration's ban on drilling in the Gulf was responsible for almost all of the decline in rig count. The number of rotary rigs drilling for oil was down 10 at 545. There are 366 more rigs targeting oil than last year. Rigs currently drilling for oil represent 36.2% percent of all drilling activity. Rigs directed toward natural gas were down 20 at 947. The number of rigs currently drilling for gas is 247 greater than last year's level of 700. Year-over-year oil exploration in the US is up 204.5 percent. Gas exploration is up 35.3 percent. The weekly average of crude oil spot prices is 7.7 percent higher than last year and natural gas spot prices are 15.6 percent higher. Canadian rig activity was up one at 192 for the week of June 4, 2010 and is 91 (90.1%) higher than last year's rig count.

GULF OIL SPILL UPDATE

The lower marine riser package (LMRP) containment cap, installed on June 3, continues to collect oil and gas flowing from the well and transport them to the Discoverer Enterprise drillship on the surface. On June 5, a total of 10,500 barrels of oil was collected and 22 million standard cubic feet of natural gas was flared. From June 3 through June 5, the volume of oil collected was 16,600 barrels and 32.7 million standard cubic feet of natural gas was flared. Optimization continues and improvement in oil collection is expected over the next several days. BP Plc collected 7,850 barrels of oil in the 12-hour stretch ended at noon CDT (1700 GMT) on Tuesday, the company said. That amount brought the total collected since the cap was installed last week to 51,364 barrels, BP said it will be a few days before an assessment can be made as to the success of this containment effort. This is a complex operation, involving risks and uncertainties, being carried out 5,000 feet under water. The LMRP containment cap never before has been deployed at these depths and conditions, and its efficiency and ability to contain the oil and gas cannot be assured. The volume of oil captured and gas flared is being updated daily on BP's website, www.bp.com Preparations for additional planned enhancements to the LMRP cap containment system

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continue to progress. The first planned addition will use the hoses and manifold that were deployed for the "top kill" operation to take oil and gas from the failed Deepwater Horizon blow-out preventer (BOP) through a separate riser to the Q4000 vessel on the surface, in addition to the LMRP cap system. This system is intended to increase the overall efficiency of the containment operation by possibly increasing the amount of oil and gas that can be captured from the well and is currently expected to be available for deployment in mid-June. The second planned addition is intended to provide a more permanent LMRP containment cap system by directing the oil and gas to a new free-floating riser ending approximately 300 feet below sea level. A flexible hose then will be attached to a containment vessel. This long-term containment option is designed to permit more effective disconnection and reconnection of the riser to provide the greatest flexibility for operations during a hurricane and is expected to be implemented in early July. In the meantime, work on the first relief well, which started May 2, continues and has currently reached a depth of 12,956 feet. The second relief well, which started May 16, is at 8,576 feet, and testing of the BOP is continuing. Both wells are still estimated to take approximately three months to complete from commencement of drilling. Work continues to collect and disperse oil that has reached the surface of the sea, to protect the shoreline of the Gulf of Mexico, and to collect and clean up any oil that has reached shore. More than 2,600 vessels are now involved in the response effort, including skimmers, tugs, barges and recovery vessels. Operations to skim oil from the surface of the water now have recovered, in total, approximately 368,000 barrels (15.5 million gallons) of oily liquid. The total length of containment boom deployed as part of efforts to prevent oil from reaching the coast is now over 2.2 million feet, and an additional 2.4 million feet of sorbent boom also has been deployed. To date, approximately 37,000 claims have been submitted and more than 18,000 payments already have been made, totalling approximately \$48 million. BP has received more than 152,000 calls into its help lines. The cost of the



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response to date amounts to approximately \$1,250 million, including the cost of the spill response, containment, relief well drilling, grants to the Gulf states, claims paid, and federal costs. This excludes the \$360 million in funds for the Louisiana barrier islands construction project. It is too early to quantify other potential costs and liabilities associated with the incident.

OIL SANDS PROTEST BASED ON MISINFORMATION

The Canadian Association of Petroleum Producers (CAPP) said today a protest against development of Canada's oil sands is a misguided attempt to promote environmental activism based on misinformation and rhetoric, not facts. "The Canadian oil and gas industry is committed to achieving an appropriate balance of what energy consumers tell us they want - environmental protection, economic growth and safe, reliable energy supplies," said CAPP president Dave Collyer. "Unfortunately, activities like this protest blur the lines between fact and fiction and add nothing to the serious dialogue occurring among reasonable people seeking solutions to our energy challenges." Rainforest Action Now (RAN), an environmental activist group wants to stop oil sands development and promotes the use of renewable energy like wind and solar power. LUSH, a retail marketer of soap and beauty products, is urging its customers to support RAN. "Store sales and fund-raising plans aside, it's technology - not soap - that enables cleaner energy," Collyer said. "Technology improves performance and delivers cleaner oil and cleaner oil sands. At the same time, technology and innovation will help diversify our energy supplies." All sources of energy, developed responsibly, are required to meet rising global demand. Renewable

energy is a good thing. But in reality, it represents a very small portion of total supply. While Canada's oil and gas producers won't bare it all this week to make their point, consider these facts: Canada's oil sands are more difficult and expensive to develop compared with conventional sources but they remain economically viable and competitive both economically and environmentally with other options. - In northern Alberta, oil sands are developed using two techniques: surface mining or in situ drilling. Today, about one-half of production comes from each method. - Surface mining, used to develop 20 per cent of the resource, uses large electric shovels and trucks. In more than 40 years, oil sands development has disturbed about 530 square kilometres of land. This is equivalent to 4.8 per cent of Los Angeles County or 0.02 per cent of Canada's Boreal Forest. - The other 80 per cent of the resource must be developed using advanced in situ drilling technology, similar to conventional oil production. - All lands disturbed by oil sands development must be fully reclaimed under government laws. The land, air and water surrounding development are closely monitored and companies must abide by one of the strongest government regulatory systems in the world. - Many oil sands detractors argue making synthetic oil from oil sands produces significantly more carbon dioxide than conventional oil production. We see a range among producers and cite oil sands as five to 15 per cent more carbon intensive on a lifecycle basis than the average barrel imported into the U.S. today. (Source: Cambridge Energy Research Associates) - However, it's important to remember that trend-wise, the CO2 gap between oil sands and conventional fuel continues to narrow. - Oil sands producers have reduced CO2 per barrel by 39 per cent since 1990 (Source:

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Environment Canada) and continue to reduce emissions intensity or pay a carbon levy under law. While oil sand emissions are going down, conventional oil worldwide is declining so the average emissions from crude oil use is actually going up - a trend that underscores the need for increased investment in both oil sands technology and lower carbon energy. - Oil sands companies operate under GHG regulation (Alberta) and must reduce GHGs or pay a \$15 per tonne carbon levy, which is comparable to the current CO2 price in Europe. Oil sands development does not go ahead without direct and meaningful consultation about both environmental impacts and economic benefits. - Discussion, science, stakeholder viewpoints and disputes are brought forward transparently at public, government-moderated hearings. - Productive relationships are crucial to oil and gas companies earning their licence to operate. - Delivering economic and social benefits and minimizing environmental impacts are fundamental to an oil sands project being found in the public interest, the final test a development must pass in order to proceed. The Athabasca River is one of the largest rivers in Canada and is also one of the most stringently regulated northern rivers in the world - Currently oil sands production draws less than one per cent of the Athabasca's average total flow. Going

forward, all oil sands mining projects, including current and approved projects, are forecast to use about 2.2 per cent of the natural flow of the river.- Industry supports protecting the river during winter low flow and is developing improved recycling measures as well as water storage options. - More than 80 per cent of process water is recycled - Water quality in the Athabasca is monitored and over several decades of monitoring there has been no significant change in water quality. "Bottom line, the oil sands will play an important, necessary role in the global energy mix for the foreseeable future," Collyer said. "The goal is to develop these resources safely and responsibly, using the latest technology to improve the process and reduce the environmental footprint. Experience shows that collaboration, not confrontation and rhetoric, is the most direct path to results."

KALLISTO CLOSES FINANCING
 Kallisto Energy Corp. has announced that it has closed a private placement financing with a syndicate of underwriters led by Acumen Capital Finance Partners Limited and including Canaccord Genuity Corp. and Versant Partners Inc. pursuant to which the Underwriters have purchased on a bought deal basis 10,428,000 common share special warrants of the Company at an issue price of \$0.825 per Common Share Special Warrant and

1,578,948 common share special warrants issued on a "flow-through" basis pursuant to the Income Tax Act (Canada) at a price of \$0.95 per Flow Through Special Warrant for aggregate gross proceeds of \$10.1 million. Proceeds of the Common Share Special Warrant portion of the Offering will be used to fund Kallisto's development drilling program and for general corporate purposes, with the gross proceeds from the sale of the Flow Through Special Warrants used to fund ongoing exploration activities eligible for Canadian exploration expenses or Canadian development expenses eligible for conversion to CEE, which will be renounced in favour of the subscribers of the Flow Through Special Warrants effective on or before December 31, 2010.

SHELL COMPLETES AOSP MAINTENANCE
 The turnaround at Shell Canada's Muskeg River Mine and Scotford Upgrader has come to a successful close with both operations now officially back online. "This was a huge undertaking for Shell and we are proud of what the teams at our heavy oil sites accomplished," said Shell Executive Vice President Heavy Oil, John Abbott. The Muskeg River Mine and Scotford Upgrader, which started operation in late 2003, had their first large turnaround in 2006. "The complexity of safely and efficiently managing such a large scope of work between two distinct but integrated facilities is a major undertaking," said Abbott, adding that about 4,500 contractors from all major skills and trades were required for the work. Planning for the event had been underway since early 2007. Maintenance work was completed in just over two months, on time and within budget. Several important projects were completed during the shutdown, including replacing more than 250 valves at the Upgrader, as well as replacing the surge feed conveyor belt and installing new feed wells for the Primary Separation Cells at Muskeg River Mine. In addition, the shutdown allowed for the commissioning of a new 42-inch pipeline between Muskeg River Mine and Scotford ahead of the start-up of our 100,000 barrels per day expansion project which is scheduled to be fully online in early 2011.

2010 CAPP OIL & GAS
 Investment Symposium The 21st Annual CAPP Oil & Gas Investment Symposium will take place June 14 to 16 at the Hyatt Regency Hotel in Calgary. For further information: Travis Davies, Telephone: (403) 267-1151, Cell: (403) 542-4115, travis.davies@capp.ca, www.capp.ca