

**NYMEX OIL: US\$76.63**  
**+ \$1.51**  
**July delivery**  
**NYMEX N. Gas: US\$5.17**  
**-\$0.02 per MMBTU**  
**July delivery**



**TUESDAY PRICES**

Benchmark crude for July delivery rose \$1.51 to \$76.63 on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil rose 25 cents to \$2.07/gal and gasoline rose 8 cents to \$2.12/gal. Natural gas slipped 2 cents to \$5.17 per 1,000 cubic feet. In London, Brent crude gained \$2.57 to \$76.47 a barrel on the ICE exchange.

**NORTH AMERICAN ROTARY RIG COUNT**

The U.S. rotary rig count rose 21 to 1,521 for the week of June 11, 2010. It is 651 rigs (69.8%) higher than last year. The number of rotary rigs drilling for oil was up 16 at 561. There are 378 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 up 7 at 954. The number of rigs currently drilling for gas is 269 greater than last year's level of 685. 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 21 at 213 for the week of June 11, 2010 and is 105 (102%) higher than last year's count.

**LEGACY OIL BUYS CANERA**

Calgary-based Legacy Oil + Gas Inc. has acquired CanEra Resources Inc. in a deal worth half a billion dollars. Legacy said on Tuesday that it paid \$241-million in cash for the private oil company based in Alberta, as well as offering 20.5 million company shares. Those are valued at about \$262.2-million based on the stock's closing price of \$12.79 Tuesday, bringing the deal to \$503.2-million. CThrough the



Due to our ongoing growth, Trinidad has an immediate opening for the following position:

## Field Superintendent

This position will be based out of the Titan Specialty Drilling Division in Strathmore and will require proven leadership in safety as well as travel/field work.

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quoting the appropriate title in the subject line.

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Is a growth-oriented corporation that operates in the drilling and well servicing sectors of the oil and gas industry. Our business practices promote safe and efficient operations that are focused on providing modern, reliable, expertly designed equipment operated by well-trained and experienced personnel.

*We thank you for your interest. Only candidates selected for an interview will be contacted.*

By applying for employment, applicants consent to the collection, use and necessary disclosure of their personal information. Trinidad Drilling Ltd. is an equal opportunity employer and welcomes applications from all qualified candidates.

Acquisition, Legacy is acquiring high quality, high netback, long life, light oil and liquids rich natural gas assets focused in southwest Alberta for total consideration of \$241 million in cash (subject to adjustment in certain circumstances) and 20.5 million Legacy common shares. CanEra's primary asset is the dominant, operated working interest in the giant 1.3 billion barrel original oil in Jplace ("OOIP") and 1.6 Tcf original gas in Jplace ("OGIP") (both figures from published ERCB estimates) Turner Valley field and associated gathering, treating and compression facilities. Legacy maintains its significant oil and NGL weighting at over 80 percent of proforma production and over 80 percent of proforma proved plus probable reserves. The Acquisition also adds substantial long tenure lands prospective for high impact natural gas drilling opportunities. Furthermore, the Acquisition provides access to 750 contiguous sections of relatively unexplored land in the Strathmore area, east of Calgary, prospective for multi Jzone oil and natural gas. Pursuant to the Acquisition, Legacy has entered into an agreement, on a bought deal basis, with a syndicate of underwriters





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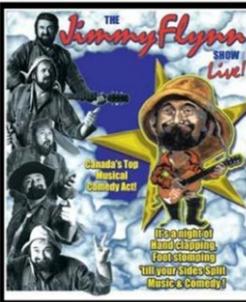
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co Jled by GMP Securities L.P., and Macquarie Capital Markets Canada Ltd., and including FirstEnergy Capital Corp., BMO Capital Markets, National Bank Financial Inc., Canaccord Genuity Corp., Cormark Securities Inc., Raymond James Ltd. and Scotia Capital Inc. for an offering (the "Financing") of 20,000,000 subscription receipts ("Subscription Receipts") at a price of \$11.80 per Subscription Receipt to raise gross proceeds of \$236 million. Legacy will grant the underwriters an option to purchase an additional 3,000,000 Subscription Receipts exercisable at the offering price for a period of 30 days from the closing date for additional gross proceeds of \$35.4 million. Closing of the Financing is expected to occur on or about July 6, 2010 and is subject to customary conditions and regulatory approvals, including the approval of the TSX. The net proceeds of the Financing will be used to fund a portion of the cash purchase price payable by Legacy pursuant to the Arrangement. The Subscription Receipts will be issued pursuant to a short form prospectus filed by Legacy in each of the provinces of Canada and will also be offered for sale internationally pursuant to applicable registration or prospectus exemptions as permitted. The gross proceeds of the Financing will be held in escrow pending the completion of the



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Acquisition. If the Acquisition is completed on or before September 15, 2010, the net proceeds will be released to Legacy and each Subscription Receipt will be exchanged for one common share of Legacy for no additional consideration. If the Acquisition is not completed on or before September 15, 2010 or the Arrangement Agreement is terminated at an earlier time, holders of Subscription Receipts will receive a cash payment equal to the offering price of the Subscription Receipts and any interest that was earned thereon during the term of the escrow.

### OIL EXECUTIVES GRILLED BEFORE US SENATE COMMITTEE

A hearing to discuss the future of national energy policy in the wake of the Gulf oil disaster got pretty ugly Tuesday. Lawmakers slammed executives from five of the world's largest oil companies. At one point Rep. Cliff Stearns, R-Fla., called on Lamar McKay, chairman and president of BP America, to quit his job. Rep. Anh "Joseph" Cao, R-Louisiana went so far as to suggest McKay try a type of ritual suicide. Mr. Stearns asked you to resign. In the Asian culture we do things differently. During the Samurai days we just give you a knife and ask you to commit hara-kiri," said Cao, who is of Vietnamese descent. McKay did not respond to these comments. However, he did say that a relief well will allow his company to get the leak under control "by mid-August." Rep. Ed Markey, D-Mass. called on executives

from BP, ExxonMobil, ConocoPhillips, Chevron and Shell Oil to answer before his House Energy and Environment subcommittee Tuesday. The hearing opened with Markey criticizing the companies for having cookie-cutter contingency plans for dealing with disasters like the Gulf Coast oil spill. In opening remarks, senior House Democrats held up a 500-page binder from Exxon Mobil, which details the company's plans for dealing with emergencies such as oil spills, and decried it for being nearly identical to BP's. Chevron, ConocoPhillips and Shell Oil also have similar plans, calling for measures like blowout preventers and top kill procedures which failed to contain the ongoing spill, lawmakers said. When it comes to emergency plans, the "only technology you seem to be relying on is a Xerox machine," Markey told the oil execs.

### BP BONDS TAKE MAJOR HIT

Fitch Ratings downgraded BP for a second time this month to just above junk status, as the news just keeps getting worse for the oil giant. Fitch said it lowered its senior unsecured rating to BBB from AA on Tuesday, in response to increasing estimates of spilled oil in the Gulf of Mexico and increasing pressure on the oil giant to establish an escrow account to pay for damages. The rating agency said it has increased its estimates for clean-up and claim settlements to range of \$3 billion to \$6 billion, compared to its June 3

estimate of \$2 billion to \$3 billion. The rating agency said the spill could result in civil fines ranging from \$2 billion to \$8 billion. Fitch said that BP also faces one-off costs related to the cleanup of \$1.4 billion, but that figure could rise. However, the rating still indicates that Fitch finds BP to have little risk of default and the "the capacity for payment of financial commitments is considered strong." Fitch announced its downgrade as BP executives prepared to appear before congressional committees on Tuesday and Wednesday to testify about the spill. BP's stock plunged 10% on Monday, as executives held a board meeting. The company is weighing whether to issue its \$2.4 billion second quarter dividend in August.

### PEMBINA PIPELINE SETS DATE FOR CONVERSION

The Board of Directors of Pembina Pipeline Corporation, a wholly-owned subsidiary of Pembina Pipeline Income Fund, announced today that it plans to complete the conversion of the Fund into a dividend-paying corporate entity on October 1, 2010. At its annual general and special meeting May 7, unitholders overwhelmingly voted in favour of completing the conversion between July 1, 2010 and December 31, 2010. Completion of the conversion was subject to receiving all necessary regulatory approvals, which have since been granted. The Toronto Stock Exchange (TSX) has conditionally approved the

listing of the common shares and convertible debentures of Pembina. As a result, Pembina expects its common shares and convertible debentures will commence trading on the TSX on or about Tuesday, October 5, 2010 under the symbols "PPL" and "PPL.DB.B", respectively. Pembina Pipeline Income Fund's trust units and convertible debentures are expected to be de-listed by the TSX that same day. Under the conversion, investors will receive one common share in Pembina Pipeline Corporation for each trust unit they hold. Holders of debentures will receive common shares in Pembina Pipeline Corporation when they choose to convert their debentures. This is expected to be considered a tax-deferred exchange; however investors should consult with financial advisors regarding potential tax consequences of the exchange. The decision to convert to a corporate entity results from a Government of Canada decision in 2006 that introduced legislation designed to change the taxation of income trusts. By converting to a corporation, Pembina can avoid the imposition of specified-investment flow through (SIFT) tax applicable beginning in 2011. Pembina expects conversion may provide greater access to capital markets, improved liquidity and greater flexibility to pursue growth and expansion. Based on certain assumptions, Pembina expects to maintain its current level of cash dividend of \$1.56 per share per year payable monthly through 2013.