NYMEX OIL: US$77.61
-$0.24
July delivery
NYMEX N. Gas: US$4.79
+$0.03 per MMBTU
July delivery

Oilfield NEWS

oilfieldnews.ca

Published By *NEWS COMMUNICATIONS* since 1977 | Canadian Edition | Wednesday June 23, 2010

ESSO

TUESDAY PRICES

Benchmark crude for July delivery was off 24 cents to $77.61 on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil fell 19 cents to $2.11/gal and gasoline rose 1 cent to $2.12/gal. Natural gas slipped 3 cents to $4.79 per 1,000 cubic feet. In London, Brent crude fell a penny to $76.59 a barrel on the ICE exchange.

NORTH AMERICAN ROTARY RIG COUNT

The U.S. rotary rig count increased 12 to 1,539 for the week of June 18, 2010. It is 640 rigs (71.2%) higher than last year. The number of rotary rigs drilling for oil was up 13 at 574. There are 378 more rigs targeting oil than last year. Rigs currently drilling for oil represent 37.3% percent of all drilling activity. Rigs directed toward natural gas were down 1 at 953. The number of rigs currently drilling for gas is 261 greater than last year's level of 692. Year-over-year oil exploration in the US is up 192.9 percent. Gas exploration is up 37.7 percent. The weekly average of crude oil spot prices is 8.6 percent higher than last year and natural gas spot prices are 26.3 percent higher. Canadian rig activity was up 23 at 236 for the week of June 18, 2010 and is 93 (65.0%) higher than last year's rig count.

TRINIDAD DRILLING
TDG

Trinidad Drilling Ltd.

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.

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.

Experienced in all aspects of drilling:

- Gas
- Well Contolls
- Oil
- BOPs
- Coring

Position requires travel/field work
Proven leadership in safety

If you are interested in applying, please e-mail your resume to:

careers@trinidaddrilling.com
quoting the appropriate title in the subject line.

ANADARKO POINTS FINGER AT BP FOR GULF OIL SPILL

With billions of dollars in liability at stake, Anadarko Petroleum Corp. took direct aim Friday at BP PLC, blasting its Macondo field partner for what it called reckless behavior leading to the worst oil spill ever in U.S. waters. "The mounting evidence clearly demonstrates that this tragedy was preventable and the direct result of BP's reckless decisions and actions," Anadarko Chairman and Chief Executive Officer Jim Hackett said in a statement. Anadarko Petroleum has a 25% stake in the Macondo field, where BP is the operator with a 65% stake. The remaining 10% interest is held by a Houston-based energy subsidiary of Japan's Mitsui Co. "Frankly, we are shocked by the publicly available information that has been disclosed in recent investigations and during this week's testimony that, among other things, indicates BP operated unsafely and failed to monitor and react to several critical warning signs during the drilling of the Macondo well," Hackett said. Hackett's terse statement landed just minutes before Moody's Investor Service cut $12.6 billion worth of Anadarko debt to Ba1 from Baa3. The move puts Anadarko's debt rating at junk status, likely making it more costly for the company to borrow money. BP wasted no time issuing its own statement, saying it "strongly disagrees" with Anadarko's allegations. On Wednesday, BP agreed to set up a $20 billion escrow account that can be used to cover costs and damages stemming from the spill. While the account meets a White House demand that BP take responsibility for the spill, it doesn't set a cap on liabilities or payments, leaving rating agencies and investors nervous about what the final cost might be. Anadarko's share price has fallen 42% over the same period. Other companies caught in the Macondo well mess are Transocean, which owned the ill-fated drilling rig, and Cameron International Corp., the company that manufactured the blow-out preventer used on the well. Transocean's shares are off 41% since April while Cameron's have fared somewhat better, down about 18%.

DEEPWATER DRILLING BAN LIFTED BY U.S. JUDGE

A New Orleans federal judge lifted the six-month moratorium on deepwater drilling imposed by President Barack Obama following the largest oil spill in U.S. history. Drilling services shares jumped on the news. Obama temporarily halted all drilling in waters deeper than 500 feet on May 27 to give a presidential commission time to study improvements in the safety of offshore operations. More than a dozen Louisiana offshore service and supply companies sued U.S. regulators to lift the ban. The U.S. said it will appeal the decision. U.S. District Judge Martin Feldman on Tuesday granted a preliminary injunction, halting the moratorium. He also "immediately prohibited" the U.S. from enforcing the ban. Government lawyers told Feldman the ban was based on findings in a U.S. report following the sinking of the Deepwater Horizon rig off the Louisiana coast in April. "The court is unable to divine or fathom a relationship between the findings and the immense scope of the moratorium," Feldman said in his 22-page decision. "The blanket moratorium, with no parameters, seems to assume that because one rig failed and although no one yet fully knows why, all companies and rigs drilling new wells over 500 feet also universally present an imminent danger." The court cannot substitute its judgment for that of the agency, but the agency must 'cogently explain why it has exercised its discretion in a given manner,'" Feldman said, citing a previous ruling. "It has not done so." Feldman in a separate order today "immediately prohibited" the U.S. from enforcing the drilling moratorium, finding the offshore companies would otherwise incur "irreparable harm." White House press secretary Robert Gibbs told reporters that "continuing to drill at these depths without knowing what happened does not make any sense." The U.S. will ask Feldman to stay his ruling pending an appeal, Justice Department attorney Michael Thorp said today at a court hearing in a separate lawsuit challenging the ban. The government didn't indicate how soon it will request a stay. If Feldman denies the request to halt enforcement of his order, the U.S. could file an emergency application to the U.S. Court of Appeals in New Orleans to stay enforcement. BP has two pipes collecting oil and gas from the ocean floor. They collected 25,830 barrels of oil yesterday, the biggest quantity diverted from the Gulf of Mexico since the April 20 spill began, London-based BP said in a statement. David Nicholas, a BP spokesman, declined to comment on the ruling, saying the company wasn't a party to the case. Lawyers for the drilling companies told Feldman the moratorium illegally sidesteps a required industry comment period. They also said

WESTERN MIDLAND
COMMUNICATIONS GROUP
CALGARY LTD.
Serving Calgary Since 1991

SALES - RENTALS - SERVICE
2-Way Mobile & Portable Radios
Authorized Dealer for
KENWOOD - ICOM - TAIT - TELUS
GLOBALSTAR - OTTO - PELICAN
1-800-289-6918
#8-3601 19 Street NE, Calgary, AB T2E 6S8

Bulldog Vacuum Service Ltd.
NOW HIRING DRIVERS

Bulldog Vacuum Services Ltd, an Oilfield company based in Mannville, Alberta is taking applications for vacuum truck operators.

Must have minimum Class 3 with air and good driver's abstract and oilfield safety tickets. Lodging supplied with newer equipment to work with. Excellent benefit package with competitive wages.

Jobs available in Alberta and Saskatchewan

Please email or fax resume
with abstract and safety tickets to:
Info@bulldogenergyservices.com
Fax: 780.763.6472
Call: 780.763.6473 for more information

regulators failed to tell Obama that all active deepwater rigs passed an immediate re-inspection after the Deepwater Horizon exploded and sank, with only two rigs reporting minor violations and the rest getting approval to continue operations. Henry Dart, special counsel for the Louisiana attorney general, told Feldman that federal regulators failed to consult with state officials about the impact of the drilling ban, allegedly violating U.S. law. “Even after the catastrophic events of Sept. 11, the government only shut down the airlines for three days,” Louisiana said in court papers seeking to lift the ban. Lawyers for the state and oilfield companies told Feldman that the ban could cost as many as 20,000 jobs if the moratorium lasted 18 months. “The defendants trivialize such losses by characterizing them as merely a small percentage of the drilling rigs affected, but it does not follow that this will somehow reduce the convincing harm suffered,” Feldman said. He said the economic impacts of the ban would “clearly ripple throughout the economy of this region.” Feldman granted the injunction after finding it likely the oilfield companies will succeed in proving “the agency’s decision was arbitrary and capricious,” which violates federal law governing policy decisions. “An invalid agency decision to suspend drilling of wells in depths over 500 feet simply cannot justify the immeasurable effect on the plaintiffs, the local economy, the Gulf region, and the critical present-day aspect of the availability of domestic energy in the country,” Feldman said. Realistically, not a lot has changed, said Jud Bailey, an analyst at Jefferies & Co. in Houston. “It’s a small victory for the industry, but clearly the administration has dug in its heels and is going to try to keep this moratorium, come hell or high water,” Bailey said today in a telephone interview. “Investors, as it relates to the drillers, are for the most part staying away. There’s too much uncertainty, too much headline risk.” Bailey said he doesn’t think many operators would run out and immediately try to resume operations. “You run the risk of this getting overturned by the appellate court,” he said.

OPENING OF ALGAR SAGD PLANT AT GREAT DIVIDE

Connacher Oil and Gas Limited announced Tuesday the occurrence of the formal ceremonial opening of Algar, the company's second 10,000 bbl/d steam-assisted gravity drainage plant, at its Great Divide oil sands complex in northeastern Alberta. Participants in the ribbon-cutting ceremony included The Honorable Mel Knight, Minister of Sustainable Resource Development and Richard A. Gusella, Connacher's Chairman and Chief Executive Officer. Mr. Knight was Minister of Energy when Connacher's Algar application was approved by the Government of Alberta and related regulatory agencies, including the Energy Resources Conservation Board, Alberta Environment and ASRD. The event was also attended by Drayton Valley-Calmar MLA Diane McQueen, who is parliamentary assistant to Alberta's Minister of Energy, by members of Connacher's Board of Directors, other representatives of the Government of Alberta, three Chiefs from the Aboriginal Community, invited guests from the banking and investment community, service providers, Algar staff, members of the construction team and members of the press. Algar was constructed on time and under budget. It has been designed for subsequent expansion to 34,000 bbl/d of bitumen production and over 100,000 bbl/d of steam generating capacity, pursuant to the company's Great Divide Expansion Program. Regulatory approvals required for this expansion are anticipated for late 2011. This planned brownfield expansion, which contemplates the addition of a further 24,000 bbl/d of bitumen production capacity at Algar in 2012 for a 2013 startup, would increase Connacher's total designed bitumen productive capacity, including Great Divide Pod One, to 44,000 bbl/d. We anticipate this can be accomplished at lower unit cost than the current levels of investment required for greenfield plants, in keeping with Connacher's continuing commitment to a low capital intensity and attractive steam/oil ratios ("SOR") for its oil sands operations, assisted and enhanced by continuing technical innovations which the company has introduced or plans to introduce. These include the use of high temperature electrical submersible pumps, natural gas coinjection and SAGD plus, using solvents with steam to enhance well productivity and recoveries. In addition to construction of the Algar plant and site, Connacher constructed three well pads on which there are situated 17 horizontal SAGD well pairs. At this date, 14 well pairs are undergoing steam circulation, designed to heat up the McMurray reservoir before actual steam injection. Steaming of the remaining three well pairs will be initiated in the next several days. Full steam injection and bitumen production is anticipated for August 2010, or approximately 90 days after the initiation of steam circulation, which commenced in late May 2010. Connacher is also pleased to announce that it has already sold its first diluted bitumen from Algar. The first load was transported by a contract carrier to market on June 17, 2010. Connacher forecasts bitumen production at Algar will approach 7,000 bbl/d by year end 2010 and average approximately 6,740 bbl/d during the fourth quarter 2010 (1,685 bbl/d on a full year 2010 annualized basis), which with anticipated production from Pod One will contribute to a target annualized 2010 level of total corporate bitumen production exceeding 10,000 bbl/d, with a 2010 exit

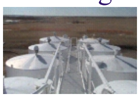
HUNTING Energy Services (Canada) Ltd.
www.hunting-intl.com
Complete Threading Services For Full Length Pipe & Accessories
Certified ISO9002 API JET, Class 7
Calgary 403-543-4477 Fax: 403-543-4484

NU LINE Pipeline Services Inc.
PRESSURE TESTING • DRYING • PIGGING
Ken Ryalls
General Manager
Phone: 444-5775
Cell: 991-4701
4415 211 Street Edmonton, AB

P & R Concrete Ltd.
Fort McMurray, AB
Office (780) 748-8412
Fax (780) 748-7579
Perry (780) 598-6958
Email: pandrconcreteltd@shaw.ca

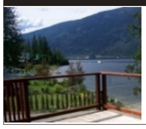
RBL
24 HOUR
HOT SHOT &
DELIVERY SERVICE
780-619-2647
rblleasing@telusblackberry.net

PETROTAG Technologies
Precision
TANK GAUGING
FUEL $nventory
Monitoring
SASKATOON, SK
1-306-244-8808 www.petrotag.com



Gallup Agitator Systems Inc.
Servicing the Oilfield Community
for over 10 years!
(403) 793-4862
Email: mgallup@eidnet.org
BROOKS - ALBERTA

SHUSWAP WATERFRONT+



New 5 Bedroom Home
Phone 250-832-2359 or
250-675-3406
BEST BUY AT $698,000

TJ SAGOO TRUCKING
TRUCKS - TRAILERS - HEAVY EQUIPMENT
We will tailor logistics and services to meet your project needs and budgets
·Commercial Project Development
·Oilfield Construction,
Refineries, and Pipeline Construction.
·Environmental Services;
Contaminated Soil Transport and Trucking
·Transportation of Dry Bulk and Solid Materials
780-919-7236

HoffmannKool INSURANCE
"Insurance for your Business Operation – large or small"
"Expert Advice With Personal Service"
Mining - Excavating
Oil & Gas Services
All Types of Construction
Bonding
Crane Operations
An Independent Insurance Broker
Covers You Best
SGI MOTOR LICENCE ISSUER
306 934-1999
www.hoffmannkool.com
OPEN: Monday to Friday 8 a.m. - 6 p.m.
Saturday 9 a.m. - 5 p.m.
5 - 75 Lenore Dr., Saskatoon, Saskatchewan S7K 7Y1
(1 Block North Of Lawson Heights Mall)

rate of between 16,000 and 17,000 bbl/d. This suggests significant and sustainable growth in 2011 production, on both a quarterly and annualized basis, as compared to the current year.

NORTH PEACE ANNOUNCES PRIVATE PLACEMENT

North Peace Energy Corp. has announced that it intends to complete a non-brokered private placement of up to 25,000,000 units at a price of Cdn$0.20 per Unit for gross proceeds to North Peace of up to $5 million as part of its ongoing strategic alternatives review process. Proceeds from the private placement will be used to implement the first stage of North Peace's Top Down Steam Drive plans at its existing pilot facility on its Peace River oil sands area asset at Red Earth, Alberta. Each Unit will consist of one common share and one half of one common share purchase warrant ("Warrant") of the Company. Each whole Warrant will entitle the holder to acquire one common share of the Company at a price of $0.30 per share for a period of 12 months from the closing date of the offering. In connection with the private placement the Company may pay a cash commission of up to 6% of the aggregate gross proceeds raised from subscriptions for Units to eligible dealers upon closing of the private placement. In addition, the Company will issue warrants to purchase such number of common shares that is equal to 6% of the Units purchased under the offering. Each whole Compensation Warrant will be exercisable into one common share at an exercise price of $0.20 per share for a period of 12 months from the closing date of the offering. The Top Down Steam Drive process consists of injecting high pressure steam in the upper and mid portions of the reservoir, improving the steam distribution within it by diffusing steam with the use of the radial legs. The heated bitumen would then be produced from a lower pressure horizontal well located in the lower part of the reservoir, thus making use of both pressure drive and gravity to support oil production. Post start-up, the Top Down Steam Drive process would become a continuous process with certain operational attributes similar to those of Steam Assisted Gravity Drainage. Specifically, the Company's two existing vertical observation wells, 1-35 and 8-35, located adjacent to the existing L1 horizontal producer, will be modified as steam injectors with the addition on each vertical well of 12 radial legs approximately 100 meters long each. The 12 radial legs will be located at two separate elevations above the L1 producer. A temporary 3" steam line, approximately 700m in length, will be required to tie-in the existing pilot facility with the vertical injectors. The ramp-up to production will be initiated in cyclic mode and transitioned to the continuous Top Down Steam Drive process once satisfactory production rates are achieved. An application to proceed with the Top Down Steam Drive process was submitted to the ERCB in March 2010 and is progressing as anticipated.

ZAPATA ANNOUNCES AQUISITION

Zapata Energy Corporation has announced that it has entered into an agreement to acquire a private oil and gas company for consideration of 0.4 Zapata shares for each PrivateCo-1 share. Total consideration is approximately 16.0 million Zapata shares and the assumption of approximately $11.3 million in net debt at the closing of the Acquisition. The Acquisition is expected to close on or before July 15, 2010 and is subject to the approval of the shareholders of PrivateCo-1. Holders of approximately 75% of the common shares of PrivateCo-1 have agreed to enter into lock-up agreements with Zapata pursuant to which they have agreed to vote their shares in favour of the Acquisition and the board of directors of PrivateCo-1 has unanimously approved the Acquisition and recommended that the shareholders of PrivateCo-1 vote in favour of the Acquisition. Upon completion of the Acquisition, Zapata expects that one director of PrivateCo-1 will be joining the board of directors of Zapata. The Agreement, among other things, provides for a mutual non-completion fee of up to $3.5 million in the event the Acquisition is not completed in certain circumstances. Completion of the Acquisition is subject to certain conditions and the receipt of all regulatory approvals, including the approval of the TSX Venture Exchang. As a result of the Acquisition, Zapata is also pleased to announce an increase to the Company's capital budget and production guidance for 2010. Through the Acquisition, Zapata will acquire high quality, long life, light oil and gas reserves, which include two high impact light oil core areas in Alberta and one in Southwest Manitoba. The producing properties are greater than 90 percent operated with high working interests, 3D & 2D seismic coverage, control of key producing infrastructure and are associated with nearly 80,000 acres of net undeveloped land. Zapata has identified more than 125 gross (greater than 100 net) light oil horizontal drilling locations on PrivateCo-1's three core areas, with only 11 locations booked in PrivateCo-1's September 2009 reserves report. Zapata estimates the Total Petroleum Initially In Place(1) ("TPIIP") of these three light oil core areas is more than 190 million barrels (greater than 160 million barrels net) with cumulative oil recovery to date of less than five percent of TPIIP. Furthermore, Zapata sees the potential for increased horizontal well density and waterflooding.