

NYMEX OIL: US\$72.14
+\$0.16
August delivery
NYMEX N. Gas: US\$4.69
+\$0.01 per MMBTU
July delivery



oilfield NEWS

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TUESDAY PRICES

Benchmark crude for August delivery gained 167 cents to \$72.14 on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil was up 1 cent to \$1.93/gal while gasoline was even at \$1.98/gal. Natural gas gained 1 cent to \$4.69 per 1,000 cubic feet. In London, Brent crude fell 35-cents to \$70.89 a barrel on the ICE exchange.

NORTH AMERICAN RIG COUNT

The U.S. rotary rig count increased 5 to 1,557 for the week of July 2, 2010. It is 629 rigs (67.8%) higher than last year. The number of rotary rigs drilling for oil was up 4 at 587. There are 358 more rigs targeting oil than last year. Rigs currently drilling for oil represent 37.7% percent of all drilling activity. Rigs directed toward natural gas were up 2 at 960. The number of rigs currently drilling for gas is 272 greater than last year's level of 688. Year-over-year oil exploration in the US is up 156.3 percent. Gas exploration is up 39.5 percent. The weekly average of crude oil spot prices is 9.1 percent higher than last year and natural gas spot prices are 26.7 percent higher. Canadian rig activity was up 50 at 323 for the week of July 2, 2010 and is 158 (95.8%) higher than last year's rig count.

BP OIL SPILL UPDATE

Drilling of a relief well seen as the most promising way to plug the BP oil spill in the Gulf of Mexico is a week ahead of schedule, the U.S. official overseeing the spill response said on Tuesday. But crews were still aiming to reach BP's blown-out well only in mid-August, Retired Coast Guard Admiral Thad Allen said on Tuesday the oil well, is now spewing up to 60,000 barrels of crude into the Gulf each day. Meanwhile out in the Gulf, stormy conditions have delayed the hookup of a new containment vessel, the Helix Producer, to the cap collecting oil from the gushing wellhead on the seafloor. Elsewhere, The weather has essentially stopped offshore skimming off Mississippi, Alabama and Florida, and curtailed it off Louisiana. BP's shares rose nearly 9 percent in New York after the company said it could cover the costs of the spill without selling new shares, despite reports it was talking to government-owned funds in the Middle East about buying a stake to ward off takeover attempts. The oil company's share boost -- its London shares also rose, partly supported by a brokerage upgrade -- came even as oil from the slick spread to Texas, the last U.S. Gulf state whose shores had been untainted by the environmental disaster. Investors said that barring other negative news, the stock may have found a floor with its closing price at \$26.97 on June 25. Shares are up 16 percent since the close on that day. A source in the United Arab Emirates said on

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Tuesday that BP executives held talks with sovereign wealth funds in Abu Dhabi, Kuwait and Qatar, as well as one in Singapore, to find a partner who might help it avoid being taken over by another major oil company. "BP is seeking a strategic partner so it doesn't get taken over by other major oil companies such as Exxon and Total," the source said. BP declined to comment on talk of a stake sale. It did say there were no plans to issue new equity to anyone, allaying some investors' fears of a share issue to help pay for a spill expected to cost tens of billions of dollars. The company's bill for the spill has already passed \$3 billion. The oil company said in a statement Monday that it has spent \$3.12 billion so far in responding to the spill. The costs

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include attempting to contain oil, paying claims and reimbursing the U.S. and local governments. The company said it has spent \$147 million settling 47,000 claims — about half the claims submitted so far. The figures provided Monday do not include a \$20-billion fund for Gulf damages BP created last month. At the same time, BP is billing partners Anadarko Petroleum Corp. and Japan's Mitsui for their shares of the cleanup. BP has billed Anadarko for more than \$250 million US so far. Anadarko, based in Woodlands, Texas, is a 25 per cent stakeholder in the well. BP is also reported to have billed Mitsui, a 10 per cent partner, for \$111 million. On another development, Bad weather and rough seas have forced officials to wait for results from a new oil skimming vessel deployed over the weekend. The Taiwanese vessel, dubbed A Whale, is 10 storeys high and longer than three football fields. BP and the U.S. Coast Guard are waiting to see if it can live up to its maker's promise of being able to process up to 76 million litres of oil-fouled water a day. TMT, the shipping firm that owns the vessel, had hoped to test a containment boom system designed to direct greater volumes of oily water into the 12 vents or "jaws" the ship uses to suck it in, according to spokesman Bob Grantham. But stiff winds and choppy seas have made that impossible, and have also prevented a flotilla of smaller skimmers from working offshore along the coasts of Alabama, Mississippi and Florida. Cleanup efforts continue, with

more than 44,500 people working on the response effort, BP said Monday. Two containment systems are collecting oil and gas flowing from the blown out well, and the drilling of two relief wells continues despite rough seas, the company said.

CPP INVESTS \$250 MILLION IN OILSANDS

The Canada Pension Plan Investment Board has paid \$250 million for a stake in a small Alberta oilsands firm. On Tuesday, Canada's largest pension plan purchased 8,333,333 shares in Laricina Energy Ltd. for \$30 per share in a private placement. After the sale, CPP will own 17 per cent of the energy company. "The investment is a very important endorsement for Laricina, and we are excited CPPIB has shown confidence in Laricina's management team and development strategy," Laricina president Glen Schmidt said. "We are pleased to be making an investment that we believe will deliver attractive returns over the long term," said Andre Bourbonnais, CPPIB's vice-president of private investments. Laricina, formed in the sale of Deer Creek Energy Ltd. in 2005, will use the proceeds to fund development of its Germain project in the West Athabasca Oil Sands region, roughly 130 kilometres southwest of Fort McMurray, Alta. As part of this strategic investment Laricina has agreed to provide CPPIB with the right to nominate one representative for election by shareholders to the Company's Board of Directors so long as CPPIB owns greater than 10 percent of the outstanding common shares. Upon closing a nominee of CPPIB will be appointed to the Laricina board and hold that position until the next meeting of shareholders at which directors are to be elected and thereafter, so long as CPPIB holds greater than 10 percent, such individual will be included in the slate of directors recommended for election by shareholders. Concurrent with the CPPIB investment, Laricina has entered into an agreement with a syndicate of agents co-led by Peters & Co. Limited and RBC Capital Markets for a private placement offering of up to 1,700,000 common shares at a price of \$30.00 per common share for gross proceeds of up to \$51 million. Closing of the subsequent private placement is expected to occur on or about July 28, 2010. The introduction of this new capital provides Laricina with substantial flexibility and confidence in managing capital requirements through 2011. Laricina expects to use these proceeds to further develop the Company's assets, in particular the construction and development of the Germain 5,000 barrel per day commercial demonstration project, regulatory work for future expansion phases at Germain and Saleski and general corporate purposes. The regulatory amendment to enlarge the Germain project to 5,000 barrels of bitumen per day and incorporate solvents is well underway with approval expected in the third quarter of 2010. With financing in place, Laricina will begin ordering equipment and prepare for construction in the first quarter of 2011 with first steam to occur in the second half of 2012.



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DENALI STARTS OPEN SEASON ON ALASKA PIPE LINE

The \$35 billion Denali pipeline project backed by BP Plc and ConocoPhillips launched a 90-day open season on Tuesday, as the it looks to gauge interest from shippers in moving gas from Alaska's North Slope to southern markets. Denali, the company formed in 2008 by the two top North Slope oil-field operators, started concurrent open seasons for the Alaska and Canadian portions of a line proposed to run 1,750 miles (2,800 km) from Prudhoe Bay to Alberta. The line would transport 4.5 billion cubic feet of natural gas a day, according to Denali's proposal. BP remains committed to the natural gas project despite the massive tab it faces from the Deepwater Horizon disaster in the Gulf of Mexico, a Denali spokesman said. "BP's support for Denali has not changed," said Dave MacDowell, Denali's director of media and corporate communications. Once the open season ends on Oct. 4, it will probably be months before Denali knows if the process has produced solid commitments from potential shippers, MacDowell said. "It's

likely that even after the close of open season, there will be a period of negotiations between the pipeline company and the shippers (and) the customers," he said. "We would expect the discussions would continue into the first quarter of 2011." The Denali open season launch comes about two months after a partnership of TransCanada Corp and Exxon Mobil Corp started concurrent Alaska and Canada open seasons for a competing natural gas pipeline. The TransCanada-Exxon project envisions a similar 1,700-mile line running from Prudhoe Bay to the British Columbia-Alberta border, costing as much as \$41 billion. As with the Denali project, the TransCanada-Exxon group expects shipper bids to be contingent on numerous conditions that will be subject to future negotiations. Reports last month said the rival projects were in talks to merge, since only one of the two lines is likely to proceed. But MacDowell reiterated that no agreement between the two is in the works. "There are no negotiations going on between Denali and TransCanada," he said. However,

Denali has always been open to the idea of taking on new partners, he said. "Our owners, BP and ConocoPhillips, have said repeatedly they would consider involvement of any party, of any entity, who could add value or take on project risk." Alaska's North Slope holds about 35 trillion cubic feet of proven conventional natural gas reserves, most of that within the Prudhoe Bay oil field.

PANTERRA ANNOUNCES BROKERED PRIVATE PLACEMENT

PanTerra Resource Corp. has announced that it has engaged MGI Securities in connection with a proposed private placement, on a commercially reasonable efforts basis, of up to 5,000,000 units at a price of \$0.20 per Unit and up to 4,000,000 common shares to be issued on a "flow-through" basis at a price of \$0.25 per share (the "Flow-Through Shares") for total gross proceeds of up to \$2,000,000.00. Each Unit will consist of one (1) common share (a "Common Share") in the capital of the Corporation and one half of one (1/2) common share purchase warrant. Each whole Warrant will entitle the holder to



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purchase one Common Share of the Corporation at an exercise price of \$0.40 for a period of twenty-four (24) months from the closing of the Offering. Upon the expiration of the mandatory hold period, in the event the common shares of the Corporation close for 30 consecutive days at a price of CDN \$0.65 or above per common share, the Corporation shall have the right to require conversion of the Warrants at the exercise price therefor. The proceeds of the Offering will be mainly used for drilling and development activities on the Corporation's 100% held properties located in Alberta and Saskatchewan, as well as for general working capital. While the Corporation anticipates that it will spend the funds available to it as set forth above, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The Offering is expected to close on or about July 15, 2010.

RIPPER OIL ANNOUNCES NORMAL COURSE ISSUER BID

Ripper Oil and Gas Inc. has announced that the TSX-V Venture Exchange has accepted Ripper's Notice of Intention to Make a Normal Course Issuer Bid to purchase for cancellation, from time to time, as Ripper considers advisable, its

issued and outstanding common shares. There are currently 20,565,409 Common Shares issued and outstanding. Pursuant to the Bid, Ripper intends to purchase for cancellation up to a maximum of 1,028,270 Common Shares, being approximately 5% of Ripper's currently issued and outstanding Common Shares. Notwithstanding the foregoing, pursuant to the rules of the TSX-V, Ripper may not purchase more than 411,308 Common Shares (i.e. 2% of its currently outstanding Common Shares) in a given 30-day period. Purchases under the Bid will be made on the open market through the TSX-V through CIBC World Markets. The price that Ripper will pay for any Common Shares purchased by it under the Bid will be the prevailing market price of the Common Shares on the TSX-V at the time of such purchase. The actual number of Common Shares that may be purchased under the Bid for cancellation and the timing of any such purchases will be determined by Ripper. The Bid will commence on July 7, 2010 and will terminate on July 6, 2011 or such earlier time as the Bid is completed or terminated at the option of Ripper. Management of Ripper believes that, from time to time, the market price of the Common Shares may not fully reflect their underlying value and that at such times the purchase of

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Common Shares would be in the best interests of Ripper as such purchases would increase the proportionate interest of, and be advantageous to, all remaining shareholders. Ripper has purchased 203,500 of its Common Shares during the last 12 months.

SUNCOR JUNE PRODUCTION

Suncor Energy Inc. reported today that the company's oil sands production during June averaged approximately 247,000 barrels per day (bpd). Year-to-date oil sands production at the end of June averaged approximately 249,000 bpd. Suncor is targeting average oil sands production of 280,000 bpd (+/- 5%) in 2010. Planned maintenance work on the company's second upgrader which began on May 17 was completed safely and on

schedule. The unit has now returned to normal rates. Production numbers include upgraded sweet and sour synthetic crude oil and diesel, as well as non-upgraded bitumen sold directly to the market, from all Suncor-operated facilities. Reported volumes do not include Suncor's proportionate production share from the Syncrude joint venture. On a monthly basis, Suncor reports production numbers from its oil sands operation in order to provide stakeholders with a more timely review of operational performance. These numbers are preliminary and subject to adjustment. Monthly totals may differ from the year-to-date total due to rounding, the impact of sales and changes in inventory. Production volumes will be confirmed when Suncor's second quarter results are released.