NYMEX OIL: US$77.16
-$0.34
August delivery
NYMEX N. Gas: US$4.68
+$0.11 per MMBTU
August delivery

Oilfield NEWS

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TUESDAY PRICES

Benchmark crude for August delivery fell 34-cents to $77.16 a barrel on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil rose 1 cents to $1.99/gal while gasoline closed down a penny at $2.05/gal. Natural gas rose 11 cents to $4.67 per 1,000 cubic feet. In London, Brent crude fell 23-cents to $75.90 a barrel on the ICE exchange.

NORTH AMERICAN RIG COUNT

The U.S. rotary rig count increased 14 to 1,571 for the week of July 23, 2010. It is 642 rigs (68.1%) higher than last year. The number of rotary rigs drilling for oil was up 11 at 591. There are 334 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 up 153 at 982. The number of rigs currently drilling for gas is 307 greater than last year's level of 675. Year-over-year oil exploration in the US is up 130.0 percent. Gas exploration is up 45.5 percent. The weekly average of crude oil spot prices is 19.6 percent higher than last year and natural gas spot prices are 33.1 percent higher. Canadian rig activity was down 13 at 349 for the week of July 23, 2010 and is 169 (93.9%) higher than last year's rig count.

GULF OIL SPILL UPDATE

The task that's laid out before us is very clear right now," the man in charge of the federal Gulf of Mexico oil crisis response said Tuesday. "We have absolute priorities," retired Coast Guard Adm. Thad Allen said, "on killing the well, maintaining the recovery, making sure the oil is all removed and making sure the beaches are cleaned up and that the commitment by BP to the people is met." Crews are back on track to permanently shut down BP's once-gushing wellhead in the next few weeks, if setbacks are avoided and weather permits. Allen, speaking in a teleconference, reiterated that he expects the first step to begin Monday. The process, called a "static kill," involves pouring mud and cement into the well from above. As soon as five days afterward, once cement dries around a casing, said Allen, the "static kill" would be followed by a "bottom kill," sealing the sunken well permanently from the bottom through an intersecting relief well. At the well site, crews working on the ruptured, but capped, oil well have once again connected through the relief well to existing underwater equipment, BP said Tuesday. BP said it planned to test the blowout preventer on the well later Tuesday, and then run casing pipe later this week as a prelude to the final shutdown. All indications are that the well is structurally sound 11 days after valves on the new containment cap were closed, stopping oil from spewing into the Gulf after three months of relentless flow. The latest readings showed the cap is holding, and there don't appear to be any leaks from the well -- conditions that are essential before it can be sealed from the top and bottom through the two methods.

PIPELINE SPILLS 3M LITRES

A pipeline carrying oil to Sarnia, Ont., has leaked more than three million litres of oil into a creek in southwestern Michigan, endangering birds and other wildlife. The pipe belongs to Calgary-based Enbridge Inc. and carries about 30 million litres of crude oil a day from Griffith, Ind., to Sarnia. The leak in the line, known as the Lakehead System, occurred Monday morning near the company's Marshall, Mich., pumping station near Battle Creek, Enbridge has confirmed. At least 19,500 barrels of oil spilled into the fast-flowing creek, which flows into the Kalamazoo River. Oil-covered Canada geese were spotted walking along the banks of the river Tuesday while dead fish could be seen floating in the oily water. Enbridge stopped the flow of oil and is testing the air in the area for the presence of the cancer-causing chemical benzene. Drinking water is also being tested. Two homes near the leak have been evacuated, but so far, no major health concerns for residents have been identified. Some 200 employees and contractors are working on the cleanup, along with government officials. Michigan has activated its state of emergency operations centre, and U.S. President Barack Obama has pledged a swift response to requests for assistance. "We know that leak has had a major impact on people in that community and on the environment and on wildlife," said Enbridge spokeswoman Gina Jordan. "Our crews are currently working on containment using booms and oil skimmers and vacuum trucks." "There are confirmed reports of birds impacted by the oil … we're also working with Focus Wildlife, a rehabilitation contractor who is on site and they are setting up a decontamination and handling site for any affected wildlife," said Jordan. Enbridge does not yet know what caused the pipe to leak, Jordan said.

SAXON APPOINTS CEO

Saxon Oil Company Ltd.has announced the appointment of the officers and committee members of the Company. Mr. Swartout, the newly elected Chairman and CEO, has over thirty years of experience in the oil and gas business. Previously, he held positions as Manager of Bawden Western Oceanic Offshore, Vice President of Rig Design and Construction for Dreco and Manager of Construction for Nabors Drilling Canada. He held the position of Chairman and Chief Executive Officer of Precision Drilling Ltd., Canada's largest independent drilling rig service company, from 1985 through 2006. Under the direction of Mr. Swartout, Precision Drilling Limited grew from a market capitalization of $1 million into one of the world's largest drilling companies, worth roughly $7 billion by 2005, when Precision shares traded for almost $100 per share on the TSX. In June 2009, Mr. Swartout became Chairman of Calmena Energy Services Inc. (TSX- CEA). Mr. Swartout graduated from the University of Wyoming with a degree in Petroleum Engineering. Don Bailey, the elected CFO, is new to Saxon Oil and joins the group with over thirty years experience in accounting and management. Don's most recent experience has been in the logistics and moving business where he has had various executive management positions including implementation of financial controls.

NABORS POSTS PROFIT

Nabors Industries Ltd., the world's largest land-rig contractor, reported a quarterly profit that was slightly ahead of what analysts had expected as more of its rigs were put back to work. "I believe the second quarter marks the start of a steady upward progression in our business," Chief Executive Gene Isenberg said in a statement on Tuesday. Net income was $43.6 million, or 15 cents per share, versus a loss of $193 million, or 68 cents per share, in the same quarter a year before -- when it had about $240 million in non-cash accounting charges. Leaving out 4 cents a share of one-time items, Nabors earned 19 cents per share in the current second quarter, ahead of the average estimate of 18 cents on Thomson Reuters. Revenue grew 5 percent to $918 million. Isenberg said Our Canadian operations posted a loss of $9.5 million during the seasonally weak second quarter. This result was slightly better than we anticipated due to improved rig activity with an average of 18 drilling and 50 well-servicing rigs operating during the quarter. We expect this trend to continue with significant increases in rig activity in the second half leading to a full-year result on the order of $12 million. This improvement compares favorably to last year's net loss, but is still well below the $180 million historical peak in this unit. This unit also has three new built PACE® rigs under construction that will deploy next winter and further improve prospective 2011 results. "In summary, we are confident we have turned the corner and we are increasingly optimistic regarding steady and meaningful progress in our consolidated income throughout the balance of this year and in 2011. However, predicting the precise pace of this growth is more problematic. The last two years have been fraught with challenges including the weak gas price environment, the financial crisis, the economic downturn and most recently the events in the Gulf of Mexico, with all of them exerting adverse effects on our businesses. Nonetheless, we not only fared better than we expected internally, but we have been able to seize opportunities to enhance our business." The Nabors companies own and operate approximately 550 land drilling and approximately 728 land workover and well-servicing rigs in North America. Nabors' actively marketed offshore fleet consists of 39 platform rigs, 13 jackup units and 3 barge rigs in the United States and multiple international markets. In addition, Nabors manufactures top drives and drilling instrumentation systems and provides comprehensive oilfield hauling, engineering, civil construction, logistics and facilities maintenance, and project management services. Nabors participates in most of the significant oil and gas markets in the world.

TALISMAN Q2 RESULTS

Talisman Energy Inc. has reported its operating and financial results for the second quarter of 2010. - Cash flow(1) during the quarter was $812 million compared to $897 million a year ago and $837 million in the previous quarter. Excluding the effect of financial instruments, cash flow was approximately 20% higher than the second quarter of 2009, which included significant realized gains on derivatives.- Net income was $603 million compared to $63 million a year earlier and $228 million in the first quarter. Net income in the previous year was affected by mark-to-market losses on derivatives.- Earnings from continuing operations(1) were $137 million compared to $132 million in the second quarter of 2009 and $121 million in the first quarter. - Production averaged 411,000 boe/d, down from 424,000 boe/d in the second quarter of 2009 as a result of non-core asset sales. Underlying production from continuing operations averaged 387,000 boe/d, up 2% over last year. - Talisman has continued to strengthen its balance sheet. Net debt(1) at quarter end was $1.3 billion, down from $2.1 billion at December 31, 2009. - The company has closed the sale of $1.5 billion of non-core assets in North America as of mid-July, ($1.3 billion during the second quarter) and is on track for $1.9 billion in sales this year, as previously announced. - Production from the Pennsylvania Marcellus shale play exceeded 190 mmcf/d during July. - Talisman successfully completed an appraisal well in the Grevling discovery in Norway.- The company was awarded three new exploration blocks in Colombia. Talisman also drilled a successful stratigraphic test (the Guairuro-1 well) and tested the recent Chiriguaro discovery. "This was a strong quarter financially, and we are on track to deliver on our key promises for the year," said John A. Manzoni, President & CEO. "Year on year, our underlying production volumes have increased this quarter and we expect this trend to continue through the second half of 2010. We have made substantial progress toward our announced $1.9 billion of asset sales for the year and closed the sale of $1.5 billion of non-core North American properties to date. And, we continue to reduce net debt and strengthen the balance sheet".

STREAM Q2 RESULTS

Stream Oil & Gas Ltd. has announced results for its second quarter ended May 31, 2010. Year-to-date revenue from production has increased to $2,609,028, an increase of 66% compared to the first six months of 2009. Current gross crude oil production is 860 bbls/day. Total working capital as of the end of the second quarter was $2.2 million and is currently about $2.1 million, including $1.6 million in cash and crude oil inventory valued at $0.5 million. The Company continues to maintain positive operating cash flow from oil sales to several local customers who pay in advance. The average price per barrel of crude oil during the quarter was $38.70. Management has developed plans for oil exports which are allowed under the Company's Petroleum Agreements. Exports will begin as soon as volumes permit optimum export sales contracts. Total working capital as of the end of the second quarter was $2.2 million and is currently about $2.1 million, including $1.6 million in cash and crude oil inventory valued at $0.5 million. The Company continues to maintain positive operating cash flow from oil sales to several local customers who pay in advance. The average price per barrel of crude oil during the quarter was $38.70. Management has developed plans for oil exports which are allowed under the Company's Petroleum Agreements. Exports will begin as soon as volumes permit optimum export sales contracts. The Company spent $1.4 million on capital expenditures for the six months ended May 31, 2010 mainly on workovers and reactivations. The Company is studying several funding options to accelerate production growth.