

NYMEX OIL: US\$75.17
+\$1.81
October delivery
NYMEX N. Gas: US\$3.95
+\$0.04 per MMBTU
September delivery



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PETROCHINA LOOKING AT GLOBAL EXPANSION

PetroChina Co., Asia's biggest company by market value, pledged to step up acquisitions and boost cooperation with global oil companies after profit growth slumped because of state controls on fuel prices at home. "PetroChina will continue to expand globally," President Zhou Jiping said at an earnings briefing in Hong Kong Thursday. "We will boost profitability at existing projects and seek new opportunities around existing ventures in Central Asia, the Middle East, Africa, the Americas and the Asia-Pacific." Net income growth slowed to 4 percent in the second quarter from 71 percent in the first as state-set gasoline prices lagged behind gains in crude. The oil producer and refiner plans to spend at least \$60 billion in the next decade on overseas takeovers after paying about \$6.2 billion in the past year for refineries and reserves from Australia to Canada. "PetroChina has about \$20 billion in cash it could put toward acquisitions and this will continue to be one of the major focuses of attention," said Neil Beveridge, an analyst at Sanford C. Bernstein & Co. in Hong Kong. "Cooperation with oil majors makes sense because it gives them greater access to projects overseas and also addresses some of the sensitivities about Chinese investment abroad if they can work as partners." The Beijing-based company completed the C\$1.9 billion (\$1.8 billion) stake purchase in two Canadian oil-sands projects in February and the acquisition of Australian coal-bed gas producer Arrow Energy Ltd. with Royal Dutch Shell Plc for A\$3.5 billion (\$3.1 billion) this week. PetroChina's parent, China National Petroleum Corp., has operations in 29 countries including Mongolia, Indonesia and Sudan. The Hong Kong-listed unit plans to buy assets from state-controlled CNPC to expand its overseas oil and gas reserves, Chairman Jiang Jiemin said in May. Net income was 32.8 billion yuan (\$4.8 billion) in the April-to-June period, according to calculations made by subtracting first-quarter earnings from six-month profit the company reported yesterday.

relatively new player in the industry we don't have the number or scale of facilities of some operators but we share the desire to speed up reclamation and minimize the need to increase the size and number of tailings ponds. We have been very active in tailings research since we began our operations and believe Atmospheric Fines Drying technology could result in a fine tailings deposit which releases water and gains strength in weeks rather than decades." Shell is working with a number of others in the industry and with research institutes to advance this, and other technologies, as fast as practical. "The issue is not whether we, as an industry, can reclaim tailings," continued Abbott, "the issue is whether we can do it better and do it faster. We believe that working with others is key towards developing solutions that will allow us to accelerate the pace of reclamation and meet the expectations of the ERCB's Directive-074. We are actively working to promote broader industry collaboration in this area and Shell will openly share the outcome of this demonstration project with industry players, academia, regulators and others interested in working on tailings solutions." Shell received ERCB approval for operation of the Atmospheric Fines Drying project on August 6, 2010. The demonstration project is located at Shell's Muskeg River Mine. The facility occupies over 0.3 square kilometers (75 acres). The demonstration project is expected to deliver a final deposit of some 250,000 tonnes. Atmospheric Fines Drying was initially tested at Shell's tailings pilot plant at the Muskeg River Mine and this commercial-scale demonstration is the next stage of development for this innovative technology. It is hoped this project will demonstrate the ability of Atmospheric Fines Drying to be one of a number of technologies we, as an industry, bring to bear on the tailings challenge. Atmospheric Fines Drying involves using a large barge to collect mature fine tailings (MFT) from the tailings pond and transfer them to the drying area. The mature fine tailings are then mixed with flocculants - chemical agents which help bring the fine clay particles in the MFT together - and placed on a sloped surface to help speed up the release of water from the clay. The released water runs down the sloped surface to a collection area and is returned to the external tailings facility for reuse in the extraction process. What remains are deposits that are further dried to meet strength and reclamation requirements. Atmospheric Fines Drying could be applied to tailings from both Shell's current Muskeg River Mine and future Jackpine Mine operations. Note: Tailings are a mixture of fine clay, sand, water and residual bitumen produced through oil sands extraction. The Shell tailings pond at the Muskeg River Mine is some 14 square kilometers in area. When tailings are released to a pond, the

SHELL STARTS-UP TAILINGS FIELD DEMONSTRATION

Shell Canada today announced start-up of its commercial-scale Atmospheric Fines Drying field demonstration for managing tailings from its oil sands operations. "Throughout our industry we all recognize the need to improve our management of the tailings that result from oil sands operations," said John Abbott, Executive Vice President, for Shell's Heavy Oil business. "The challenge is to develop and apply technologies that will accelerate the pace at which tailings can be reclaimed and this demonstration project is a step forward in meeting this challenge." "As a

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heaviest material — mostly sand — settles to the bottom, while water rises to the top. The middle layer, often called mature fine tailings (MFT) or fluid fine tailings, is made up of fine clay particles suspended in water. These particles remain suspended in water for long periods of time, making it

necessary to expand tailings facilities or find new technology to speed up this process. The Energy Resources Conservation Board (ERCB) Directive-074 was introduced in February 2009. The directive specifies performance criteria for the reduction of fluid tailings and the

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formation of trafficable deposits. Operators may use a suite of technologies to meet the requirements of this directive.

ENBRIDGE TO BUILD SUNCOR PIPELINE

Calgary-based pipeline company Enbridge said Thursday it will build a \$370-million pipeline to connect a Suncor Energy oilsands plant to Enbridge's system in the oilsands region of northern Alberta. The 95-kilometre Wood Buffalo pipeline will run parallel to the Athabasca line that Suncor currently uses and will carry increased production from the oilsands. It is expected to be in service by the middle of 2013. Enbridge is the largest operator of pipelines in the oilsands region. The latest project will bring to \$1.6 billion the amount it has spent on expanding its system of pipelines and tanks in the area. Enbridge Inc. announced Tuesday plans to expand its pipeline system from the prolific Bakken and Three Forks crude oil formations. The expansion will increase capacity by 145,000 barrels per day from the formations, which are located in an area that includes parts of Saskatchewan, Manitoba, North Dakota and Montana. The firm will spend about \$580 million Cdn on the expansion, which must still be approved by regulatory authorities, and which can be further expanded to carry 325,000 barrels per day. The Bakken has been the source of a boom over the past few years that has made North Dakota one of the top oil-producing states. Last year, oil production in the state rose by 27 per cent to about 218,000 barrels a day. The company said it has already received enough long-term commitments from oil companies to use the new pipeline to justify building it.

NG DROPS TO 11-MONTH LOW

Natural gas futures fell to an 11-month low after an Energy Department report Thursday showed that U.S. stockpiles rose more than forecast last week. Gas supplies gained 40 billion cubic feet in the week ended Aug. 20 to 3.052 trillion, the report showed. Analyst estimates compiled by Bloomberg showed an

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increase of 38 billion, as did a separate survey of Bloomberg users. The price decline was exaggerated by technical trading signals, said Guy Gleichmann, the president of WaveLength Energy in Pompano Beach, Florida. "This selling is overkill," Gleichmann said. "It's happening against a backdrop of bad price charts and weak economic data." Natural gas for September delivery dropped 5.4 cents, or 1.4 percent, \$3.817 per million British thermal units, the lowest settlement price since Sept. 28. Gas prices have declined 7.3 percent this week. Gas futures have been trading below the 100-day moving average since Aug. 9. Last week's storage increase was smaller than the five-year average gain of 59 billion, department data showed. A surplus to the five-year average narrowed to 6.2 percent from 7 percent the previous week. A deficit to year-earlier supplies widened to 6.1 percent from 5.8 percent. U.S. gas inventories at the end of October will reach 3.752 trillion cubic feet, the Energy Department said in its monthly Short-Term Energy Outlook on Aug. 10. Stockpiles rose to a record 3.837 trillion last November. The number of rigs drilling for natural gas in the U.S. fell by seven to 985 last week, according to data from oil-field service company Baker Hughes Inc. Few storms have emerged to disrupt gas pipelines and platforms in the Gulf of Mexico. The National Oceanic and Atmospheric Administration earlier this month reduced its 2010 Atlantic hurricane forecast to 14 to 20 named storms from an earlier estimate of 14 to 23. Hurricane Danielle and Tropical Storm Earl in the Atlantic Ocean will probably bypass the Gulf, according to Weather Underground. A low-pressure system in the Gulf of Mexico is unlikely to intensify into a tropical cyclone, according to MDA Federal Inc.'s EarthSat Energy Weather in Rockville, Maryland.

NOVUS Q2 RESULTS

Novus Energy Inc. has announced that it has filed its unaudited interim consolidated financial statements and management's discussion and analysis. For the three months ended June 30, 2010, Novus' gross revenue increased 284% to \$3,087,877 compared to \$804,001 recorded in the comparative period in

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2009. For the six months ended June 30, 2010, gross revenue was \$6,074,547, compared to \$1,715,221 in the comparative period of 2009, representing a 254% increase. Funds flow used in operations was \$686,199 in the second quarter of 2010, versus \$475,918 in the comparative three month period of 2009. For the first half of 2010, funds flow used in operations was \$764,930, compared to \$1,854,949 recorded in the first half of 2009. Novus' capital program, excluding non-cash and business combination transactions, for the three month period ended June 30, 2010, was \$20,155,349, versus \$328,639 spent in the comparative period of 2009. Novus' capital program, excluding non-cash and business combination transactions, for the first six months of the year was \$26,093,307 compared to \$548,797 spent in the first six months of 2009. Average daily production for the second quarter of 2010 increased 137% to 774 boe/d compared to 327 boe/d recorded in the corresponding period in 2009. Average daily production for the first six months of 2010 was 742 boe/d, up 134% from the 317 boe/d recorded in the corresponding period in 2009. During the second quarter of 2010, Novus participated in the drilling of 10 Viking horizontal oil wells (10 net) in the Dodsland area. Novus now controls 77 net sections in its Dodsland Viking core area, and has a six year drilling inventory of more than 240 Viking horizontal oil wells based upon a drilling density of four wells per section. Novus plans on using its strong financial position to complete an aggressive drilling program in its core Viking oil area of Dodsland, Saskatchewan. The Company

plans to focus the majority of its efforts over the near term on developing these assets and pursuing complementary acquisitions to consolidate its interests within the Dodsland area.

SECOND WAVE Q2 RESULTS

Second Wave Petroleum Inc. has announced its financial and operating results for the three months ended June 30, 2010. During the quarter Second Wave increased production rates for the second quarter of 2010 by 44% year-over-year to an average of 1,417 boe/d over the quarter, with oil and natural gas liquids weighting increasing to 67% of production. Production increased 17% from the first quarter of 2010. Second Wave's production rates have continued to ramp upwards during the third quarter with a current production rate, based on field estimates, increasing to approximately 2,000 boe/d (65% oil and NGLs) from a June 2010 average rate of 1,462 boe/d (66% oil and NGLs). Netbacks increased by 119% from the second quarter in 2009 to \$24.14 per boe for the second quarter of 2010. Operating costs (including transportation charges) were reduced 42% year-over-year and 18% quarter-over-quarter to \$19.23 per boe. Cash flow from operating activities increased 279% year-over-year and 541% quarter-over-quarter to \$3.5 million. Subsequent to the end of the second quarter Second Wave initiated drilling operations and pipeline construction on its southwest exploration land block in Judy Creek with up to nine additional Pekisko horizontal oil wells currently planned to be drilled, completed and tied in prior to year end 2010.

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