

NYMEX OIL: US\$74.60
-\$0.42
 October delivery
NYMEX N. Gas: US\$3.94
+\$0.19 per MMBTU
 September delivery



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ENBRIDGE TO EXPAND

ATHABASCA PIPELINE CAPACITY

Enbridge Inc. announced Thursday that it will undertake an expansion of its Athabasca Pipeline to accommodate recent shipping commitments by the Christina Lake oil sands project operated by Cenovus. The estimated cost of the project is approximately \$185 million. The Athabasca Pipeline transports crude oil from various oil sands projects to the mainline hub at Hardisty, Alberta. Following this expansion, which is expected to be in service in the third quarter of 2013, the capacity of the Athabasca Pipeline will be 430,000 bpd, depending on crude slate. "We are pleased with this further expansion of our oil sands regional infrastructure to meet the needs of the Christina Lake project. Our strong existing asset base will continue to provide us with attractive investment opportunities to support growth from existing oil sands customers, as well as new projects as they develop," said Stephen J. Wuori, Executive Vice-President, Liquids Pipelines, Enbridge Inc. "The Athabasca Pipeline can be expanded to as much as 570,000 bpd. Depending on the needs of other shippers we may revise the scope of this expansion upward prior to regulatory filing. Such additional capacity would be available in the third quarter of 2014." Since mid-2009, Enbridge has announced approximately \$1.8 billion in commercially secured projects to expand and extend its Regional Oil Sands System. "All of these projects fit well with Enbridge's investment profile and further strengthen our capacity within the region, enhancing our strategic advantage," said Mr. Wuori.

IMPERIAL SHUTS NOVA SCOTIA REFINERY AS A PRECAUTION

Imperial Oil Ltd said on Friday it is shutting down its 82,000 barrel a day Dartmouth, Nova Scotia, refinery before the onslaught of Hurricane Earl, the first fuel plant on the continent's East Coast to do so. Imperial will leave only essential personnel at the refinery during the storm, spokesman Pius Rolheiser said. "We're currently in the process of a safe and systematic shutdown, Rolheiser said. The company is taking the measure as a precaution, he said. Earl was downgraded to a Category 1 hurricane on Friday as it headed to New England and Atlantic Canada. The Canadian Hurricane Centre warned residents in parts of the Maritime provinces to be on alert for tropical storm conditions, with winds gusting up to 70 mph (110 km/h). The storm was forecast to hit Nova Scotia early Saturday. Dartmouth is directly across the harbor from Halifax on Nova Scotia's southern coast. Rolheiser said Imperial would begin resuming refinery operations once it was safe to do so. The outage was not

expected to mean fuel shortages for the company's customers, he said. Irving Oil, which runs Canada's largest refinery, the 300,000 bpd plant in Saint John, New Brunswick, said earlier on Friday that it was monitoring the storm and making preparations for rough weather. But the company said it did not expect operations to be affected. Meanwhile, EnCana Corp. evacuated 82 more people from its Deep Panuke prospect offshore Nova Scotia ahead of Hurricane Earl, a company spokeswoman said Friday. Drilling operations were suspended late Monday night at the prospect, located about 250 kilometers southeast of Halifax. The two fill line vessels, the Aergy Falcon and Deep Cygnus, moved into the Atlantic to get away from the storm.

PQ CALLS FOR SHALE GAS MORATORIUM

The opposition Parti Québécois is demanding an immediate moratorium on drilling and exploration for shale gas in the province. PQ leader Pauline Marois made the request as she wrapped up a party caucus meeting in Salaberry-de-Valleyfield on Thursday. Marois said she is in favour of shale gas development in the province, but not at any cost. A moratorium should remain in effect until the province's environmental assessment board (BAPE) has completed an in-depth report on the issue. She said a mandate given to the BAPE to study the issue should also be expanded to include all the environmental, social and economic aspects of the matter. The government is reviewing potential regulations on exploration for natural gas, and plans to table a bill this spring. Environmental activists and residents living near gas exploration sites have also called for a stop to all current projects, expressing concerns about the potential contamination of groundwater.

SALAZAR VOICES DOUBT ON ARCTIC DRILLING

U.S. Interior Secretary Ken Salazar said on Friday he cannot predict whether Royal Dutch Shell which has invested \$3.5 billion in an offshore Arctic oil-development program, will be allowed to drill the five wells it plans next year in Alaska's Chukchi and Beaufort Seas. "We will be making that decision in the several months ahead," he said at an Anchorage news conference, citing pending reports on offshore drilling safety and the results of an investigation into the Deepwater Horizon disaster. As to whether a decision will arrive in time for Shell to prepare a drilling program for the brief 2011 open-water season, "I don't know today whether I can give you the answer to that," he said. Salazar held the news conference at the end of a brief visit to Alaska, including the North Slope, where the mostly Inupiat Eskimo residents are staunchly opposed to offshore oil

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development. Arctic Alaska was not formally included in the moratorium slapped on deepwater drilling in the aftermath of the Gulf oil spill disaster, but a related decision by Salazar delayed exploratory drilling in the region that Shell had expected to conduct this summer and fall. Officials are not yet confident about

drilling safety and oil-spill prevention and response capabilities in the Arctic, Salazar said. "Until we have answered several questions, no drilling will be allowed in the area," he said at the news conference. Previous analysis by the Minerals Management Service, now renamed and reorganized, estimated that

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On Friday, the National Oceanic and Atmospheric Administration reopened 3,114 square miles of federal waters in the Gulf off of the western Florida panhandle to commercial and recreational fishing. That followed the reopening Thursday of 5,130 square miles off the western Florida panhandle, Alabama, Mississippi, and eastern Louisiana. A little less than 40,000 square miles, or about 17 percent of the federal waters in the Gulf, remain closed

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the Beaufort Sea off northern Alaska holds about 8 billion barrels of recoverable oil and the Chukchi Sea off the state's northwestern coast holds about 15 billion recoverable barrels. But pack ice, extreme remoteness and other forbidding conditions make offshore Arctic drilling "a very different kind of challenge" than anything in the Gulf of Mexico, Salazar said. "If you look at the Chukchi, nothing or very little is known about the reservoir pressure that would be encountered," he said. "If you look at the Chukchi, it would be very difficult to mount the kind of spill response that was mounted in the Gulf." Salazar struck a more optimistic note about potential onshore oil development on federal land. He said he hopes to strike a compromise that will allow ConocoPhillips to move forward with oil-field development in the National Petroleum Reserve-Alaska that has been stalled by permitting problems. ConocoPhillips had planned to start production as early as 2012 at a relatively small field called CD-5, with oil feeding into facilities at the large Alpine field on state land to the east. CD-5 is envisioned as the site of first commercial production in the vast petroleum reserve, and the gateway to additional development. But the U.S. Army Corps of Engineers, heeding advice from the Environmental Protection Agency

and U.S. Fish and Wildlife Service, late last year denied a permit that would have allowed ConocoPhillips to build a road and bridge to the project over the ecologically sensitive Colville River. The Corps said ConocoPhillips should avoid the bridge and road entirely by establishing a pipeline system beneath the river floor, an option the company considers impractical. Salazar said he hopes to break the stalemate. The history of the petroleum reserve and its mandate to generate oil and gas production "makes it worthwhile to spend some of my own personal time to see if I can bridge some of the differences," he said. The Indiana-sized petroleum reserve, located on the western North Slope, was established in 1923 as a potential source of energy for the nation's military forces. However, there has never been any commercial oil or gas production in the reserve because the big oil discoveries and resulting development were on state land in the central North Slope.

BP REMOVES FAILED BLOWOUT PREVENTER

BP removed the failed blowout preventer from atop its plugged well deep below the Gulf of Mexico, the company said Friday. The device was detached at 1:20 p.m., BP spokesman Daren Beaudou said, and a

vessel was slowly raising it from its position thousands of feet below the surface. The removal "appears to have gone very smoothly and as planned," Beaudou said. He added that steps also are being taken to reposition a drilling rig over the well site, in preparation for attaching a replacement blowout preventer on the well. Joint investigation teams, engineers and the Department of Justice are closely monitoring the status of the blowout preventer, as it may hold important forensic evidence as to why it failed on April 20, triggering the world's largest accidental oil spill after a deadly explosion killed 11 workers aboard the Deepwater Horizon rig. The detaching of the equipment was somewhat in question earlier this week because of the unknown status of thousands of feet of drill pipe believed to be suspended below the blowout preventer. Last week, BP conducted "fishing experiments" in order to draw out pieces of pipe within the well due to concerns they could affect the integrity of the blowout preventer. Those operations were terminated after officials determined there was a low probability the pipe would cause serious damage. Thursday afternoon, crews removed the cap on the formerly leaking well. The 160,000 pound, 30-foot-tall cap was a key piece of equipment that stopped the flow of oil into the Gulf on July 15. Next, the oil giant plans to install a new blowout preventer. Once it is successfully tested, BP will drill the last remaining feet of a relief well to intercept the damaged well. Finally, the company will execute a "bottom kill" -- a measure that fills the well from the bottom with mud and cement. That is believed to be the only assured way to seal the well for good. "Depending upon weather conditions, mid-September is the current estimate of the most likely date by which the relief well will intercept the MC252 well," BP said in a statement Friday, using the shorthand reference to the well's official designation, Mississippi Canyon Block 252. Also Friday, BP said the total cost of the response to the oil gusher amounted to nearly \$8 billion. That figure includes containment, relief well drilling, killing the well, grants to Gulf states, claims paid and federal costs, the company said. While oil no longer is spilling into the Gulf, nearly 29,000 people, more than 3,200 vessels and 63 aircraft are involved in current response efforts.

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