NYMEX OIL: US$74.90
-$1.27
October delivery
NYMEX N. Gas: US$3.94
+$0.01 per MMBTU
October delivery

Oilfield NEWS

ESSO

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TUESDAY PRICES

Benchmark crude for October delivery fell $1.27 to $74.90 a barrel on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil was down 2-cents at $2.11/gal while gasoline fell a 3-cents to $1.92/gal. Natural gas gained 1-cent to $3.94 per 1,000 cubic feet. In London, Brent crude fell$1.13 to $78.19 a barrel on the ICE exchange.

NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was up 7 to 1,661 for the week of September 18, 2010. It is 651 rigs (63.6%) higher than last year. The number of rotary rigs drilling for oil was up 7 at 670. There are 377 more rigs targeting oil than last year. Rigs currently drilling for oil represent 40.1% percent of all drilling activity. Rigs directed toward natural gas were up 2 at 982. The number of rigs currently drilling for gas is 277 greater than last year's level. Year-over-year oil exploration in the US is up 130.2 percent. Gas exploration is up 40.2 percent. The weekly average of crude oil spot prices is 5.6 percent higher than last year and natural gas spot prices are 40.4 percent higher. Canadian rig activity was down 50 at 333 for the week of September 10, 2010 and is 119 (45.9%) higher than last year's rig count.

IGOR NEARS NEWFOUNDLAND OIL FIELDS

Hurricane Igor swept into southern and eastern Newfoundland Tuesday with enough force to close roads, shut down highway traffic, and put some coastal communities at risk. Igor collapsed roads, brought down bridges, destroyed culverts, knocked out power and even sparked a couple of house fires as it pushed aggressively through Newfoundland, dropping more than 200 millimetres of rain with winds gusting to 140 km/h. In preparation Monday, Husky Energy Inc removed some staff from offshore operations in Newfoundland and Labrador ahead of the arrival of Hurricane Igor, though Suncor Energy Inc said it expected to continue operations off Canada's east coast despite the storm. Exxon Mobil Corp, which operates Canada's biggest offshore oil project, also expected to ride out the storm. The region contains Canada's three major offshore oil projects; the 80,000 barrel per day Terra Nova field; Husky's White Rose project, which pumps about 60,000 bpd; and the 170,000 bpd Hibernia project operated by Exxon Mobil. Husky said on Monday it has removed some staff from White Rose, but production had not been affected. Suncor expects to continue operations during the storm, since the ship used to produce and store oil from the Terra Nova field was designed to operate in harsh weather. "Our assessment at this time is that the forecast conditions are within the operating design of the (ship), and consistent with conditions we have safely encountered in the past," Dany Laferriere, a spokesman for Suncor, said in an email. "The preparations we have made are similar to preparations we would make for a winter storm." Margot Bruce-O'Connell, a spokeswoman for Exxon, said the massive Hibernia platform will also maintain operations during the storm. "We're not expecting any impact for Hibernia," she said. "It was designed to withstand extreme weather conditions.

CRESCENT POINT ANNOUNCES ACQUISITIONS

Crescent Point Energy Corp. has announce that it has acquired more than one million net acres of exploratory land in southern Alberta that the Company believes is prospective for multi-zone light oil opportunities, including the unconventional Bakken and Three Forks zones. The land was acquired through Crown land sales, freehold leasing programs and the acquisition of a private company. In addition, Crescent Point has acquired more than 100 net sections of undeveloped land in Saskatchewan, including 60 net sections in the Company's core Viewfield Bakken and Lower Shaunavon resource plays through Crown land sales in the last several months. Crescent Point has already licensed and drilled wells on the Saskatchewan land and expects to book reserves on this land at year-end 2010. As a result of the Private Co. Acquisition and the successful Alberta and Saskatchewan land acquisitions, Crescent Point is upwardly revis ng 2010 capital expenditure plans and guidance. Capital expenditures are expected to increase by $175 million to $925 million, with 80 percent of the increase allocated to the land acquisitions and the remainder directed towards increased drilling in the Alberta and Saskatchewan Bakken and Lower Shaunavon resource plays. Year-end 2010 exit production is expected to increase to more than 71,000 boe/d from 69,500 boe/d, which represents an annual growth rate of more than 10 percent excluding acquisitions. In addition, the Company announces that it has entered into an agreement, on a bought deal basis, with a syndicate of underwriters co-led by CIBC and BMO Capital Markets, and including Scotia Capital Inc., RBC Capital Markets, FirstEnergy Capital Corp., TD Securities Inc., National Bank Financial Inc., GMP Securities L.P., Macquarie Capital Markets Canada Ltd. and Peters & Co. Limited for an offering of 10,250,000 Crescent Point shares at $36.60 per share to raise gross proceeds of approximately $375 million. Closing is expected to occur on or about October 13, 2010, and is subject to customary regulatory approvals. The assets acquired in the Private Co. Acquisition include approximately 900 boe/d of low-decline conventional production, 3.6 million boe of proved plus probable reserves and more than 995,000 net acres of exploratory land in Alberta. Crescent Point considers the Alberta land to be prospective for multi-zone light oil reserves, including the unconventional Bakken and Three Forks zones. Independent engineers assigned reserves, utilizing NI 51-101 reserve definitions and effective as of July 1, 2010, of approximately 3.6 million boe of proved plus probable and 2.0 million boe of proved reserves. The reserve life index is 11.0 years for proved plus probable reserves and 6.1 years for proved reserves. Total consideration for the Private Co. Acquisition

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was approximately $95.6 million, comprised of $68.8 million of cash and assumed debt and approximately 0.74 million Crescent Point shares. The Private Co. Acquisition closed in July 2010. Including success at recent Crown land sales and freehold leasing programs, the Company's exposure to exploratory land in southern Alberta is more than one million net acres.

FOSTER CREEK RECEIVES APPROVAL TO EXPAND

Cenovus Energy Inc. has taken a significant step forward in the expansion plans for its Foster Creek oil sands operation after receiving regulatory approval from the Alberta Energy Resources Conservation Board (ERCB). The approval covers three phases of expansion (F, G and H), which are expected to increase Foster Creek's production capacity to 210,000 barrels per day (bbls/d) from the current 120,000 bbls/d. "The regulatory approval of these expansions at Foster Creek is another milestone reached in Cenovus's efforts to expand production and increase net asset value," said Brian Ferguson, President & Chief Executive Officer of Cenovus. "With these approvals, we believe there is a step change in the value of this project as there's increased certainty around the schedule and timing of the expansion." Each of the three phases that have been approved by the ERCB is designed to add an additional 30,000 bbls/d of oil production capacity to the Foster Creek facility. The next step for the expansion project is to receive endorsement from the Foster Creek/Christina Lake partnership with ConocoPhillips. Engineering on phase F is already underway and preliminary ground work is expected to start soon. Additions to plant infrastructure will happen first, followed by pipelines and well pads. Cenovus expects to employ about 1,000 people to complete phase F. First production from this phase is anticipated in 2014. Production from the other two phases is anticipated in 2016-2017. Cenovus expects it will be able to maintain its industry-leading capital efficiencies in the construction of these three phases. "In addition to expanding our current operations, our teams are working hard to prepare for regulatory reviews of several new, additional projects," Ferguson said. "We anticipate our combined expansions to result in a five-fold increase in our oil sands production by the end of 2019." A regulatory application for an additional Foster Creek expansion, phase I, is expected to be submitted by Cenovus in 2014. It's anticipated that phase would add another 25,000 bbls/d of production capacity, bringing the total capacity at Foster Creek to about 235,000 bbls/d in 2019 from current levels. "The staff members at Foster Creek have helped that facility earn a reputation as one of the most innovative and efficient oil sands operations," said John Brannan, Cenovus Executive Vice-President & President of the Integrated Oil Division. "As we move forward with these expansions, we will draw upon the knowledge we've gained from the current operations and make improvements to help reduce our costs, decrease the amount of energy needed to produce the oil and minimize our impact on the environment." Foster Creek began operating as a steam-assisted gravity drainage (SAGD) project in 1996 and became the industry's first commercial SAGD project in 2001. There are now about 160 wells producing more than 100,000 bbls/d of oil. In February, Foster Creek became Alberta's largest producing SAGD project to reach payout to date for royalty purposes, reflecting the success of the operation. Construction is progressing on expansions at Christina Lake, Cenovus's other producing oil sands asset. Phases C and D are each expected to add an additional 40,000 bbls/d of production capacity with phase C projected to begin production in the second half of 2011 and phase D scheduled to start producing in 2013. That would bring Christina Lake's expected total production capacity to 98,000 bbls/d in 2013 compared to the current 18,000 bbls/d. An application for the next oil sands project, Narrows Lake, is now with the regulators. That operation is expected to have output capacity of 130,000 bbls/d and, if all goes as planned, may begin production in 2016. Drilling of a SAGD pilot well pair is complete and construction of the associated facilities is underway in the Grand Rapids formation of the Greater Pelican Region with a regulatory application for a 180,000 bbls/d commercial operation expected to be filed by the end of 2011. Delineation drilling and seismic work continues on Cenovus's other properties in order to gain additional data to contribute to future regulatory applications.

GALLIC CLOSES PRIVATE PLACEMENT

Gallic Energy Ltd. has announced the closing of the previously announced brokered portion of its private placement of units. Each Unit is comprised of one class A common share and one warrant , with each Warrant exercisable into one Common Share for a period of 24 months after closing at an exercise price of $0.10 per share. The closing of the brokered portion of the private placement comprised 38,000,000 Units at a price of $0.05 per Unit for gross proceeds of $1,900,000. Directors, officers and other insiders participated for 700,000 Units of the brokered portion of the private placement. The securities issued in connection with the private placement are subject to a four month hold period. The proceeds from this private placement will be used for general working capital requirements.

TWIN BUTTE Q3 UPDATE

Twin Butte Energy Ltd. has provided an operations update on our third quarter activities. The Company anticipates the third quarter to be one of our most active, further demonstrating our operation momentum. We anticipate a minimum of 25 gross (16 net) wells will be drilled while expending approximately $13 million net of dispositions. To date 21 of these planned wells have been cased with an overall success rate of 95 percent. Unseasonably wet weather has hampered industry activity across Western Canada. Twin Butte has not been immune to such conditions and although they will accomplish our planned drilling program, some completion and onstream times have been delayed. As a result of this and an unplanned pipeline repair at our Pincher Creek property which caused approximately 300 boe per day to be shut in for most of August, third quarter production will be flat with our second quarter average of just under 6,500 boe per day. Current production is approximately 7,000 boe per day which puts the company on track to meet its forecast exit rate of 7,200 and positions Twin Butte for continued growth in 2011. With continued success at our Frog Lake heavy oil, Bruce light, and Princess medium oil plays and over 90 percent of the capital plan focused on oil based activities, liquid production weighting will grow to in excess of 50 percent by the end of the year and in excess of 60 percent by the end of 2011. The Company has also entered into a natural gas fixed swap hedge agreement on 4,500 GJ/d at $5.90 per GJ for the period of November 1, 2010 through October 31, 2011.

BP JOINS EFFORT TO CONTAIN FUTURE GULF SPILLS

BP Plc, which permanently sealed its ruptured Gulf of Mexico well this weekend, said on Monday it is joining the industry's $1 billion effort to contain future subsea oil spills. As part of its agreement to join the Marine Well Containment Company (MWCC) headed by Exxon Mobil Corp , BP will make its underwater well containment equipment available to all oil and gas companies operating in the Gulf. Chevron Corp, ConocoPhillips , Exxon and Royal Dutch Shell Plc said in July they are developing a new, rapid-response oil spill containment system in the Gulf to help prevent another disaster like the Macondo blow-out. "We believe the addition of our recently gained deepwater intervention experience and specialized equipment will be important to the marine well containment system," Richard Morrison, BP vice president for Gulf of Mexico operations, said in a statement. BP's equipment could capture and contain oil from a potential underwater well blowout while the new system announced is under development, the British company said. BP's Macondo well rupture off the coast of Louisiana on April 20 caused an explosion that killed 11 workers and caused more than 4 million barrels of crude oil to spill into the Gulf. It took the company five months to permanently kill the well, although it was capped July 15 and no oil flowed into the water since that date. The industry's rapid-response system, which will be available for mobilization within 24 hours, will be used on a range of equipment and in varying weather conditions and has the potential for expansion. It will consist of specially designed subsea containment equipment connected by manifolds, jumpers and risers to capture vessels that will store and offload any spilled oil. Existing BP equipment is being assessed for use in near-term response capability. The sponsor companies' project team will utilize full time BP technical personnel with experience from the Gulf of Mexico response. BP's equipment will be operated by MWCC.