NYMEX OIL: US$82.61
+$0.94
November delivery
NYMEX N. Gas: US$3.65
+$0.4 per MMBTU
November delivery

Oilfield NEWS

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OPEC SET TO KEEP CEILING

Robust oil prices might induce OPEC to pump more, helping to calm a rising market and limit damage to a fragile economy, but the producer club is unlikely to agree a formal change in output when it meets in Vienna next week. The 12-member Organization of the Petroleum Exporting Countries has not officially changed production policy since December 2008. It then reacted to a price crash and a recession, which crushed fuel demand, by announcing its deepest ever supply cut. Initially record levels of compliance with the curbs gave rapid support to the oil price, which has maintained a roughly $70-$85 range CLc1 for around a year -- judged by many in OPEC to be high enough for producers needing to invest in supply and low enough not to damage the world's economy. Since the start of this month, it has climbed towards the top of that bracket, supported by the weakness of the U.S. dollar, which makes dollar-denominated commodities relatively cheap. Many predict the currency will decline further as the world's biggest economy resorts to stimulus to ward off renewed recession. Rock-bottom interest rates and a wave of cheap money could drive speculation across asset classes, including oil, unrelated to weak oil market fundamentals of nearly record-high fuel inventories and sluggish demand. "The big risk is that we start to see the genesis of a rally that in many ways would mirror what happened in 2008," said Bill Farren-Price of consultancy Petroleum Policy Intelligence. "I would not be surprised if people start pumping a little bit more." No-one has so far predicted any formal change to output policy at OPEC's meeting on October 14. "There is absolutely no interest to do anything different within OPEC pending a much stronger economic recovery across the world," said Sadad al-Husseini, a former top official at Saudi state oil giant Saudi Aramco. He foresaw the possibility of "some OPEC leakage in environments of rising oil prices", but said the group's major players would be most likely to follow a "wait and see strategy" until after the impact of winter fuel demand on high inventories became clear. Saudi Arabia, keeper of the most spare capacity, with smaller amounts held by other Gulf nations, has the greatest scope to add or subtract supply. Together with the other Gulf producers, it has also been traditionally the most anxious to avoid deterring consumer consumption with overly high prices as it seeks to ensure long-term demand, while other OPEC members are more focused on immediate revenues. Those, such as Iran and Venezuela, which have pursued higher prices have on occasions used dollar-weakness to justify seeking more expensive oil to offset the reduced earning power of OPEC's dollar-income. Apart from any disagreement over price, another potentially divisive issue as swollen world supplies outpace weak

demand is the huge potential of Iraq and how much it should be allowed to produce. Its output of around 2.5 million barrels per day (bpd) has struggled to overcome the impact of years of war and for now it is the only OPEC member that does not have output restrictions. Iraq's oil minister has said there is no need to discuss a target for the nation until its output reaches 4 million bpd. But at the start of October, it laid down a claim for a high OPEC output ceiling when it revised upwards by a quarter its figure for proven oil reserves. Last year, it challenged the status of Saudi Arabia as the world's leading exporter by signing contracts with foreign firms to increase its production capacity to 12 million barrels bpd in seven years' time -- only just below Saudi capacity of 12.5 million bpd.

GRAN TIERRA ANNOUNCES INITIAL MOQUETA-3 RESULTS

Calgary based Gran Tierra Energy Inc. has announced preliminary results of the Moqueta-3 delineation well in Colombia and an operations update for Colombia, Peru and Argentina. Initial drilling and logging results have been obtained from the Moqueta-3 delineation well, with a bottom-hole location 450 meters south of the Moqueta-1 discovery well in the Chaza Block of the Putumayo Basin. Oil and gas shows were recorded through the Villeta Lower U Sandstone, the Villeta T Sandstone and the Caballos formations, with electric logs indicating total net oil pay in the Moqueta-3 well increasing to 118 feet, from 44 feet encountered in the Moqueta-2 delineation well. As a result of these initial indications of increased oil pay, a test program is being designed to confirm the fluid content and productivity of the encountered zones. This test program is expected to start immediately and take approximately three weeks to complete. Log evaluation shows that the Villeta Lower U Sandstone reservoir has approximately 14 feet of net pay, with no evidence of gas as found in the Moqueta-1 well, suggesting the section may be oil bearing. Oil and gas shows encountered during drilling and log interpretations from data acquired after drilling, indicate the presence of oil-bearing reservoir sandstones in the underlying Villeta T Sandstone beginning at 4,545 feet measured depth ("MD") or 4,265 feet true vertical depth ("TVD") with an approximate potential net oil pay thickness of 53 feet. Both well logs and pressure gradient data obtained with a wireline testing tool indicate the entire T Sandstone reservoir is oil bearing in contrast to Moqueta-1 and Moqueta-2, where the zones were gas bearing. The underlying Caballos formation was encountered at 4,682 feet MD or 4,402 feet TVD with approximately 51 feet of potential net pay interpreted from the well logs, consisting of approximately 31 feet of potential net oil pay in the uppermost Caballos sandstone reservoir and 20 feet of potential net oil pay in the Middle Caballos reservoir. In contrast, these zones were interpreted as gas bearing in the Moqueta-1 and Moqueta-2 wells. No oil-water contact was identified for the Upper and Middle Caballos intervals. Subject to successful testing and subsequent delineation drilling, there remains potential for additional oil down-dip. The Lower Caballos reservoir has 29 feet of net reservoir with lower oil saturations than found at Moqueta-1 and Moqueta-2. The fluid type is not conclusive and this reservoir is not included in net pay; however, it will be tested to confirm the fluid type. The Moqueta-4 delineation well will be located approximately 1.5 kilometers southwest of Moqueta-1. The main objective is to delineate the Moqueta discovery as no gas-water or oil-water contact is evident in the existing wells. We intend to drill further down-dip with the Moqueta-4 well, and as demonstrated in Moqueta-2 and Moqueta-3, drilling down-dip has the potential to extend the oil columns encountered. Gran Tierra Energy has completed 20% of a new 3D seismic acquisition program on the western portion of the Moqueta area in the Chaza block. It is anticipated that the seismic program will continue to provide additional subsurface information to assist in Gran Tierra Energy's interpretation of the Moqueta field and adjacent prospectivity. Design and land negotiations associated with the Moqueta to Costayaco pipeline are currently underway. Upon completion of the land negotiations, the application for an environmental permit will be submitted. Construction of the eight kilometer pipeline is expected to be undertaken in fourth quarter of 2010 with long-term flow testing expected to begin in the first quarter of 2011.

AOS PRIVATE PLACEMENT

Alberta Oilsands Inc has entered into an agreement to raise a minimum of $5.0 million and a maximum of $7.5 million in a private placement financing. PROFORMA Capital Inc. has agreed, subject to certain conditions, to subscribe, either directly or through an affiliate, for a minimum of 10,000,000 and a maximum of 15,000,000 units (the "Units") at a price of $0.50 per unit to the Private Placement. Each Unit will consist of one common share of AOS issued on a "flow-through" basis and one half of a common share purchase warrant of AOS issued on a "flow-through" basis (a "Warrant"). Each whole Warrant will entitle the holder to acquire one common share from the Company at a price of $0.70 per Common Share at any time within 18 months after the closing date of the Private Placement. It is anticipated that the net proceeds will primarily be used to further delineate and define AOS's oil sands properties. The Company expects to embark on a program of delineation this winter with the objective of enhancing its reserves and resource base. "This financing provides us the capital to identify additional project areas which may eventually lead to multiple production avenues for our company," said Shabir Premji, Executive Chairman of AOS. Closing is expected to occur in early or mid November, 2010 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange. Under the terms of the Private Placement the Company is required to pay a finder's fee of 5% of the gross proceeds of the financing upon closing of the Private Placement.

NOVUS ANNOUNCES STRATEGIC FARM-IN AGREEMENT

Novus Energy Inc. has announced that it has entered into a farm-in agreement with a private oil and gas company to earn certain key lands within its Dodsland, Saskatchewan core operational area. The agreement will provide Novus with the right to farm-in on an estimated 5.25 net sections of land with petroleum and natural gas rights in the Viking formation. With this agreement, Novus now controls approximately 82.25 net sections of land in the Dodsland area. Under the terms of the farm-in agreement, Novus will pay 100% of the farmor's drilling costs to earn 70% of the farmor's working interest. Novus has agreed to drill two development wells prior to May 14, 2011, and the agreement provides Novus with a rolling option to earn the remainder of the farm-in lands. The Company also announced that it has commenced drilling operations of its fall program in the Dodsland Saskatchewan area. Novus plans on drilling a minimum of 11 net horizontal Viking oil wells in the area during the fourth quarter of 2010. Subject to favorable weather conditions, the Company may increase the number of wells to be drilled. The Company has also recently participated in the drilling and fracture stimulation of seven gross (3.5 net) non-operated, horizontal, Viking oil wells in the Dodsland area and expects its partner to have these wells tied-in and on production early in the fourth quarter. In the Rocanville area of Saskatchewan, Novus has recently completed the drilling and casing of a prospective 35% working interest Bakken oil well. Pending completion operations, the Company may elect to pursue the drilling of a follow up location. Based upon the production rates, recoverable reserves, and drilling and completion costs in the Dodsland area the Company has experienced to date, Novus plans on maintaining an aggressive drilling program on its current acreage, and will continue its efforts to further consolidate and expand its position within the area through acquisitions. Novus has been one of the most active operators in the Dodsland area, and with the success it has enjoyed to date, the Company plans to continually expand its already significant position in the area.

SPECTRA TO EXPAND SERVICES IN NORTHERN BC

Spectra Energy is holding an open season to confirm customer requirements for additional transportation service on the company's Transportation North natural gas transmission facilities in Northern British Columbia. Interested parties are invited to respond to a binding open season for up to 600 million cubic feet per day (MMcf/d) of additional capacity on the Fort Nelson Mainline and up to 200 MMcf/d of additional capacity on the Fort St. John Mainline to provide firm transportation service between any T-North receipt point and any T-North delivery point. The new facilities are expected to be put into service in stages over the latter half of 2012 and the first half of 2013. "We are offering new pipeline capacity to meet the growing demand for transportation service from the prolific producing regions in northeast British Columbia," said Rob Whitwham, vice president, pipeline, Spectra Energy Transmission West. "Securing long-term firm transportation contracts will enable us to expand our existing assets in the region, thereby enhancing market optionality for natural gas buyers and suppliers in BC." Interested parties must submit a request for service form to Spectra Energy prior to the close of the open season period on Friday, October 29, 2010, at 3:00 p.m., MDT. The details of the open season and the request for service forms will be posted on www.wei-pipeline.com. For enquiries regarding the open season, customers should contact their Spectra Energy Strategic Account Manager, or Mel Thorp, director of marketing and business development, at 403-699-1578 or by email at melthorp@spectraenergy.com.