NYMEX OIL: US$82.42
+$0.13
December delivery
NYMEX N. Gas: US$3.33
+$0.02 per MMBTU
November delivery

Oilfield NEWS

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TUESDAY PRICES

Benchmark crude for December rose 13-cents to $82.42 a barrel on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil was down 7-cents at $2.24 /gal while gasoline lost 9-cents to $2.09/gal. Natural gas lost 3-cents to $3.33 per 1,000 cubic feet. In London, Brent gained 12-cents to $83.66 a barrel on the ICE exchange.

NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was down 1 to 1,669 for the week of October 22, 2010. It is 621 rigs (60.6%) higher than last year. The number of rotary rigs drilling for oil was unchanged at 695. There are 383 more rigs targeting oil than last year. Rigs currently drilling for oil represent 41.6% percent of all drilling activity. Rigs directed toward natural gas were down 1 at 965. The number of rigs currently drilling for gas is 240 greater than last year's level of 721. Year-over-year oil exploration in the US is up 124.9 percent. Gas exploration is up 34.0 percent. The weekly average of crude oil spot prices is 8.8 percent higher than last year and natural gas spot prices are 10.2 percent lower. Canadian rig activity was down 4 at 419 for the week of October 22, 2010 and is 175 (69.2%) higher than last year's rig count.

NATURAL GAS PRICES TUMBLE

Natural gas prices on Thursday fell to a new low for the year after the government reported that U.S. supplies grew more than expected last week. The Energy Information Administration said the natural gas held in underground storage expanded by 93 billion cubic feet last week. Analysts expected an increase of between 86 and 90 billion cubic feet, according to Platts, the energy information arm of McGraw-Hill Cos. Analysts said natural gas prices will continue to slide toward the end of the year, and that should keep a lid on energy costs this winter for homeowners and businesses. The November contract for natural gas tumbled after the report to a new 52-week low of $3.346 per 1,000 cubic feet on the New York Mercantile Exchange. Natural gas settled 17.1 cents lower at $3.368 per 1,000 cubic feet. Oil and natural gas supplies have grown this year in the U.S. and that typically weakens prices. Oil, however, has been propped up by a falling dollar that has made crude cheaper for investors holding foreign currency. Natural gas contracts, which are also priced in dollars, don't get the same boost because they're not as popular with investors, analysts said. Gas also is produced in the U.S. and is much harder to export than oil, so foreign buyers typically don't look for natural gas. Analyst Stephen Schork said it's unusual to see natural gas prices fall at this time of year, since demand tends to pick up as the weather cools and people

crank up the heat. "The rally usually starts right about now, but it's not coming," analyst and trader Stephen Schork said. "There's a lot of gas already in the ground. There's no significant weather out there, and the economy is still struggling." The EIA inventory report said that the U.S. had 3.68 trillion cubic feet of natural gas in underground storage last week. That's 1.3 percent less than last year's supply, but 8.4 percent higher than the five-year average.

SYNCRUDE RESPONDS TO MORE DEAD WATERFOWL

Syncrude and Alberta government officials are responding to an incident involving waterfowl landing at various locations at the Syncrude site, including roads, parking lots and the Mildred Lake and Aurora settling basins. The waterfowl were first observed late Monday evening, October 25th. The Alberta Government was contacted immediately following an assessment of the situation. Syncrude's waterfowl deterrent system had been in full operation at the time. In addition, extra air cannons, flare guns and air horns were used at the Mildred Lake Settling Basin in an attempt to scare the birds away from the area, but with no response. Currently, approximately 200 birds have been counted on the Mildred Lake settling basin, of which about 125 have been euthanized due to contact with bitumen floating on the surface. The remaining birds are still being assessed by Syncrude and Alberta government personnel. "We are cooperating fully with regulators and are working to minimize waterfowl losses," said Scott Sullivan, Syncrude President and CEO. "This is very unfortunate, especially given the significant efforts we have taken to improve our deterrent system." It is believed this unusual bird activity is due to a freezing rain storm in the localized area which made it difficult for birds to fly. They appeared to be exhausted and unable to fly. Birds that landed on roads and parking lots were approachable, strengthening the opinion that fatigue forced them to land. Preliminary information indicates all other ponds at Syncrude facilities are clear of waterfowl at this time.

NABORS Q3 RESULTS

Nabors Industries Ltd. has announced its results for the third quarter and nine months ended September 30, 2010. Adjusted income derived from operating activities was $164.4 million for the third quarter, compared to $117.2 million in the third quarter of 2009 and $126.8 million in the second quarter of this year. Excluding certain non-cash asset impairments and

expenses related to the acquisition of Superior Well Services Inc., net income from continuing operations was $84.7 million ($0.29 per diluted share) for the third quarter, compared to $66.7 million ($0.23 per diluted share) in the third quarter of 2009 and $44.0 million ($0.15 per diluted share) in the second quarter of this year. Including these charges, income from continuing operations was a loss of $31.6 million ($0.11 per diluted share). For the nine months ended September 30, 2010, adjusted income derived from operating activities was $433.0 million, compared to $395.9 million in 2009. Net income from continuing operations, excluding the aforementioned items, was $172.2 million ($0.59 per diluted share) for the first nine months of 2010, compared to $349.3 million ($1.23 per diluted share) in the first nine months of 2009. The excluded items during the quarter amounted to $134 million, or $0.40 per share, the largest component of which was impairments to goodwill and various underutilized assets primarily in the Company's US Offshore operations. The drilling slowdown following the Gulf of Mexico blowout is likely to restrict utilization of these assets for some time. The impairments also included the writedown of an E&P investment. Because most of the Company's wholly owned and joint-venture interests in Canada and Colombia are being marketed for sale, their results have been classified as discontinued operations beginning this quarter. Gene Isenberg, Nabors' Chairman and CEO, commented, "The quarter represented solid operational performance by most of our North American businesses. This is particularly notable considering the flat results in our International operations. "In Canada, we posted $1.0 million in operating income, a significant improvement over the $9.5 million loss in the seasonally low second quarter. We have significantly increased our income expectations for both this year and next as a result of higher activity and rigorous cost control. The higher activity is occurring in the British Columbia shale plays, the traditional oil areas of Alberta and Saskatchewan, and the emerging oil shale plays, particularly the Cardium Shale in south central Alberta. Another significant driver is drilling in support of potash development. This unit is building three new rigs, the first of which will deploy in our US Lower 48 operations. An award for the second rig is pending in Canada, and there is strong interest in the innovative design of the third rig, which is targeted at pad drilling applications and should deliver late next year.

PROGRESS Q3 RESULTS

Progress Energy Resources Corp. has announced results for the third quarter of 2010 Production averaged 42,335 barrels of oil equivalent ("boe") per day in the Quarter, up 12 percent per share as compared to the third quarter in 2009. Capital investment in the Quarter was $108.2 million and was primarily directed towards the Company's Montney properties in the Foothills of northeast British Columbia. "We are one of the largest land rights holders in a play that many industry observers consider to be among the top unconventional gas plays in North America," said Michael Culbert, President and Chief Executive Officer of Progress. "Our Montney program provides shareholders with unique exposure and leverage to large-scale, long-term natural gas development, normally associated with a much larger company. The pace of development has accelerated during the last six months, more than doubling the number of horizontal wells since the first quarter of 2010." Highlights in the Quarter - Progress roduced 42,335 boe per day, up 12 percent per share compared to the third quarter of 2009; Generated cash flow of $44.9 million in the Quarter or $0.21 per share, diluted, up 75 percent per share compared to the third quarter of 2009; Drilled a total of 25 wells (20.2 net) with a 100 percent success rate; Completed four Montney horizontal wells at Town South and Kobes with an average test rate of 7.1 mmcf per day; Optimized the completion technique on the Montney horizontal wells using cluster perforation technology; Commenced expansion of the Town South and Kobes gas handling facilities; Maintained the third quarter dividend at $0.10 per common share.

CONNACHER OPERATIONAL UPDATE

Connacher Oil and Gas Limited has announced that combined bitumen production from its Pod One and Algar steam assisted gravity drainage ("SAGD") operations exceeded 13,200 bbl/d during the seven days ended October 22, 2010. This represents a 14 percent increase in output since our last report on October 4, 2010. Algar and Pod One are located on the company's Great Divide oil sands lease block, approximately 80 km southeast of Fort McMurray, Alberta. Production levels during ramp up can fluctuate on a daily basis, as produced emulsions in the early stages of a ramp up are variable, as new equipment at the surface is activated and as volumes escalate towards design capacity. At Algar, bitumen production averaged over 6,000 bbl/d for the seven days ended October 22, 2010, an increase of 20 percent during the past three weeks. To date, 15 of the project's 17 SAGD well pairs have been converted to full SAGD production, with one well remaining on circulation. The seventeenth well pair has not yet been steamed. The company recently completed brief workovers on selected well pairs at Algar to optimize steam injection and production from the middle of the well bores, in addition to the heel and toe of the well bores, a design innovation relative to Pod One. During this short time, our ramp up at Algar was temporarily flattened. Ramp up of total steam and fluid rates is now continuing as steam injection has been improved and as the steam chambers develop. Readers should note that Algar production, related costs and revenues will be capitalized and will not be recorded in the company's operating and financial results until such time as a declaration of commerciality occurs. At Pod One, bitumen production averaged over 7,200 bbl/d for the seven days ended October 22, 2010. This represents an increase of eight percent over both September 2010 production and also over the average daily Pod One production during the three months ended September 30, 2010. The company recently added an additional free water knockout vessel at Pod One. This is anticipated to further improve the reliability of the emulsion treating process at Pod One and more closely align it to the treating system being used at Algar. Connacher continues to advance technical innovation in its SAGD operations. The company received regulatory approval this month for the co-injection of methane (with steam) on the five northern well pairs at Pod One. It is expected this process will reduce steam:oil ratios (SORs) while maintaining or improving production levels from these well pairs. Steam could then be diverted to other well pairs, with lower SORs, to increase overall production. Connacher's co injection project is one of the first commercial approvals of its kind in the oil sands and its implementation aligns with Connacher's strategy of continuously pursuing methods of improving the SAGD process. When combined with Connacher's current conventional production of approximately 2,260 boe/d, Connacher's total production is now approximately 15,500 boe/d. Readers are cautioned that all references to barrels of oil equivalent (boe) are calculated on the basis of 6Mcf:1 bbl. This conversion is based on an energy equivalency method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Boes may be misleading, particularly if used in isolation. Operations at the company's 9,500 bbl/d heavy oil refinery located in Great Falls, Montana continue to be strong. Crude charged during the month of September averaged slightly in excess of 10,200 bbl/d, for a utilization rate of 108 percent. Weather-related paving conditions for asphalt have seen an improvement thus far in October 2010 over September 2010, facilitating current sales of asphalt at average prices in excess of US$90/bbl. Diesel and jet fuel prices continue to be robust. The refinery's results are anticipated to evidence the benefit of the temporary widening of heavy oil differentials related to the recent disruption in Enbridge Inc.'s crude pipeline delivery system. We anticipate this will partially offset the dampening effect of wider heavy oil differentials on the company's upstream bitumen operations and related results during September and into October 2010. More normal pricing conditions are already evident for heavy oil. Connacher's full operating and financial results are anticipated to be released to the public on November 10, 2010. These results will be the topic of discussion during a Conference Call scheduled for 8:00 AM Calgary time on November 11, 2010. Phone in details and other directions regarding the Conference Call will be included in the company's Press Release.

ANGLE OPERATIONAL UPDATE

Angle Energy Inc.has announced the following operational results, updated reserve report, resource assessment for the Harmattan Viking field, and credit line expansion: Angle is currently producing approximately 12,100 boe/d (65% natural gas, 35% oil and NGLs) from field estimates. Average production for the third quarter ended September 30, 2010 was an estimated 10,021 boe/d, representing a 37% increase from the second quarter of 2010. Current light oil production is approximately 1,150 bbl/d. Average light oil production for the third quarter has increased 47% over the second quarter, to 756 bbl/d from 515 bbl/d. Increase of 100% in total proved plus probable reserves as at September 30, 2010 to 50.2 million barrels of oil equivalent ("boe"), over the 26.2 MMboe assessed at December 31, 2009 (pro forma the acquisition of Stonefire). *Calculated increase includes 2010 production to September 30 of 2.31 million boe.* Increase of 101% in total proved reserves to 27.3 MMboe as compared to 14.7 MMboe at year end 2009 (pro forma Stonefire). *Calculated increase includes 2010 production to September 30 of 2.31 million boe.* „h Drilled 15 gross (12.6 net) wells in the quarter of which 12 gross (10.9 net) were successful. The Company drilled five wells in Harmattan (4 wells targeting light oil), three wells in Ferrier for Ellerslie/Notikewin gas, six wells in Edson and one well in Lone Pine Creek. „h Increase in net undeveloped land of 79% as at September 30, from 98,966 net undeveloped acres (exit 2009) to 177,191 acres. Angle acquired 39,340 net acres (61.5 net sections) at Crown land sales in core areas in 2010 to date, with 34.6 net sections of Viking rights acquired in the Harmattan area. „h Angle now owns over 65 net oil prone sections of Viking rights within this resource play and another 30 sections of acreage identified as primarily gas prone. Angle's well inventory on the oil resource play is approximately 195 wells (2-3 wells per section). GLJ Petroleum Consultants were engaged to prepare a Viking resource evaluation report effective October 1, 2010 for the Harmattan core area. Based on geological well control, existing vertical well production, and drilling results to date including two Angle horizontal Viking wells, the Discovered Petroleum Initially in Place ("DPIIP") associated with this Discovered Resource was estimated to be 471 MMstb of oil net to Angle. GLJ has estimated that 47,800 acres of Angle interest lands would be classified as a Discovered Resource. Increased our credit line to $180 million and added a new bank to our banking syndicate. At September 30, 2010, Angle net debt is estimated at $168 million, of which $135 million is currently drawn from their existing banking facilities. Based on the Company's updated view of total capital spending in 2010 of approximately $187 million, an increase from our previously guided $160-165 million, Angle estimates net debt at year end 2010 to be $170-173 million. The additional capital was used to purchase Crown lands for the Viking light oil play and to expand existing, or construct additional, facilities.

BP MAY SHUT GAS FIELD IN IRAN

European Union sanctions over Iran's nuclear programme will likely force the closure of a gas field off Scotland jointly owned by British group BP and Tehran, an EU spokesman said Tuesday. EU foreign ministers gave the final stamp of approval Monday to tough sanctions targeting Iran's vital energy sector in order to bring the Islamic republic back to the negotiating table over its uranium enrichment activities. "The UK authorities have informed the (European) Commission that the Iranian sanctions legislation is likely to cause the closure of this field," the EU spokesman said. "This is an intended effect of the legislation and it shows that the UK authorities are ready to take the difficult decisions that are necessary to make the sanctions effective," he said. "The commission will, of course, assist in any way possible an effective and orderly closure," the spokesman added. The Rhum field, which lies some 250 miles (400 kilometres) off Scotland's northeast coast, is a 50-50 venture between BP and the National Iranian Oil Company (NIOC) under a deal that pre-dates the 1979 Islamic revolution. The Iranian firm is not directly targeted by the European sanctions. But the measures forbid the transfer of sensitive equipment and technologies to companies controlled by Tehran, making the joint venture nearly impossible, a European diplomat said on condition of anonymity. A BP spokesman told AFP earlier that the sanctions would have an "impact" on the Rhum field. "We're waiting to see what the EU regulation says on this matter. As yet, as I understand, it hasn't been published," the BP spokesman said. "We are aware that the regulations being considered could have an impact on Rhum. Until we've had time to analyse them we don't know what that impact will be."

SCHLUMBERGER PROFIT DOUBLES

Schlumberger Ltd., the largest oilfield services provider, said profit more than doubled as an increase in onshore drilling in the U.S. and Canada offset a slowdown in the Gulf of Mexico. Net income in the third quarter increased to $1.7 billion, or $1.38 a share, from $787 million, or 65 cents, a year earlier, Schlumberger said in a statement today. Profit, excluding one-time gains and charges related to its purchase of Smith International Inc., was 70 cents a share, matching the average of 32 analysts' estimates compiled by Bloomberg. The number of rigs active in North America climbed 55 percent at the end of the third quarter from a year earlier, according to Baker Hughes Inc., which tracks worldwide use of the equipment. Oil prices rose 12 percent to average $76.21 a barrel in the quarter, from $68.24 a year ago. Drilling delays outside North America caused by "the knock-on effect" of the BP Plc oil spill in the Gulf are ending, "and the recent strength in oil prices gives us some optimism that the rate of recovery overseas will accelerate slightly," Chief Executive Officer Andrew Gould said.