NYMEX OIL: US$82.34
-$0.71
January delivery
NYMEX N. Gas: US$4.25
-$0.02 per MMBTU
December delivery

Oilfield NEWS

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TUESDAY PRICES

Benchmark crude for January was off 71-cents at $82.34 a barrel on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil was down 2-cents at $2.25 /gal while gasoline fell 2-cents to $2.135/gal. Natural gas lost 2-cents $4.25 per 1,000 cubic feet. In London, Brent was down 77-cents to $82.43 a barrel on the ICE exchange.

NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was down 8 to 1,677 for the week of November 19, 2010. It is 564 rigs (50.7%) higher than last year. The number of rotary rigs drilling for oil was up 11 at 731. There are 365 more rigs targeting oil than last year. Rigs currently drilling for oil represent 43.6% percent of all drilling activity. Rigs directed toward natural gas were down 19 at 955. The number of rigs currently drilling for gas is 210 greater than last year's level of 726. Year-over-year oil exploration in the US is up 94.9 percent. Gas exploration is up 28.9 percent. The weekly average of crude oil spot prices is 5.1 percent higher than last year and natural gas spot prices are 10.5 percent higher. Canadian rig activity was down 11 at 418 for the week of November 19, 2010 and is 125 (42.7%) higher than last year's rig count.

PTTEP BUYS STAKE IN STATOIL OIL SANDS

Thailand's PTT Exploration and Production is to buy 40 percent of Statoil's Canadian oil sands project for $2.3 billion, joining an Asian investor rush into this energy source. Norway's Statoil will remain majority owner and operate the Kai Kos Dehseh project in northern Alberta, which it bought in 2007, according to the deal announced on Tuesday. The investment by PTTEP, the exploration and production unit of state-owned PTT Pcl, is Thailand's first into Canada's oil sands, the largest crude oil source outside the Middle East. Asian state oil firms have invested billions of dollars in oil sands projects as they seek to fuel their booming economies. This latest deal will be the largest ever offshore investment by a Thai company, surpassing the $1.9 billion purchase of Australia's Centennial Coal by Banpu this year. Statoil Canada's president Lars Christian Bacher said in an interview. "Technology development has always been part of Statoil's DNA and both companies are on the same page when it comes to driving technology development." The industry as a whole wants to improve production techniques and cut costs as well as boost the environmental performance of oil sands, which are a heavy, high-carbon energy source that needs extensive processing and refining. PTTEP, valued at $20 billion and 65 percent-owned by its parent, is among Asia's top 10 explorers and competes with big Chinese oil firms such as CNOOC and Sinopec . It plans to finance the deal with $800 million of bonds and seeking $500 million in loans this week from four foreign banks, according to Chief Executive Anon Sirisaengtaksin It will also use $1.5 billion in cash, he added, noting PTTEP's cash flow of about $3.3 billion a year. State-controlled Statoil entered Kai Kos Dehseh in 2007 when it bought Canada's North American Oil Sands Corp for $2 billion. Statoil has since invested a further $1.5 billion. Having a partner in the project was part of the firm's strategy from the beginning, Statoil said. "(It) gives you a bit of a challenge as an operator -- you get a second look on things and you spread your risks," Peter Mellby Statoil's head of international exploration and production says. Leismer, the first phase of the Kai Kos Dehseh project, is expected produce 10,000 barrels a day of bitumen early next year. The company is awaiting regulatory approval to double that capacity. The second phase -- Corner -- is due to start up in 2015 or 2016, to produce up to 60,000 bpd.

PERPETUAL ENERGY INC. SELLS SHUT-IN GAS RESERVES

Perpetual Energy Inc. has announced it has, through a series of three transactions, closed the disposition of certain of its assets affected by the gas over bitumen shut-in issue in the Legend, Liege, Ells, Leismer and Corner areas of northeast Alberta and a minor undeveloped acreage position in west central Alberta, for combined gross proceeds of $40.0 million . As part of the Disposition agreements, Perpetual will continue to receive the gas over bitumen financial solution royalty reductions related to the sold wells, although effective ownership of the natural gas reserves will be transferred to the buyers. As a result, Perpetual expects there will be no material impact on future funds flow as a result of the Dispositions. Giving consideration to the Dispositions, Perpetual's current net bank debt is estimated to be $190 million. Incorporating previously announced fourth quarter 2010 capital plans and estimated funds flow for the remainder of 2010, Perpetual expects to exit 2010 with ending net bank debt of approximately $200 million.

CALFRAC CLOSES PRIVATE PLACEMENT

Calfrac Well Services Ltd. has announced that Calfrac Holdings LP, a Delaware limited partnership which is indirectly wholly owned by Calfrac, has closed a private offering of US$450.0 million aggregate principal amount of 7.5% senior notes due 2020. Fixed interest on the notes is payable on June 1 and December 1 of each year. The notes will mature on December 1, 2020. Calfrac Holdings intends to use the net proceeds of the offering to repay indebtedness, including to fund the previously announced tender offer for its 7.75% Senior Notes due 2015, for general corporate purposes and to pay related fees and expenses.

TAG OIL CLOSES BOUGHT DEAL FINANCING

TAG Oil Ltd. has announced that it has closed its previously announced bought deal common share public offering. The Company sold, through a syndicate co-led by GMP Securities L.P. and Wellington West Capital Markets Inc. a total of 10,300,000 common shares at a price of $5.20 per share for aggregate gross proceeds of $53,560,000. The Company has also granted to the Underwriters an over-allotment option, exercisable in whole or in part at any time on or up to 30 days after the closing of the offering, to purchase up to an additional 1,250,000 common shares at the same price for additional gross proceeds of up to $6,500,000. In the event that the over-allotment option is exercised in its entirety, the aggregate gross proceeds of the Offering will be $60,060,000. The Company plans to use the net proceeds from the Offering to increase production from the 100% owned Cheal Oil Field, to accelerate the exploration programme of conventional and unconventional resources in the Taranaki and East Coast Basins, New Zealand and for general corporate purposes.

HSE ACQUIRES SAFETY CONSULTING COMPANY

HSE Integrated Ltd. has announced that it has entered into a Letter of Intent to Purchase the shares of Taylored Safety Services Inc of Halifax, Nova Scotia. Founded in 2009 by Tom Hickey and TSL President Jocelyne Clarke, the company provides industrial safety consulting and training services to clients in Atlantic Canada. TSL provides senior safety supervisors for a variety of operations. These are services HSE has increasingly been asked to provide over the past few years. With TSL, HSE will acquire the management, client list, structure and direction to expand into this important market area more rapidly and effectively. Tom Hickey has a long and successful history in the industrial health and safety industry. He founded a company called FrontLine Safety Ltd. in 1995 which was acquired by HSE in 2006. Mr. Hickey is a successful entrepreneur in the health and safety and other industries. Also joining HSE will be Jocelyne Clarke, who has been a key driver for the growth of these services with TSL and FrontLine.

STERLING Q3 RESULTS

Sterling Resources Ltd. an international oil and gas company with exploration and development assets in the United Kingdom, Romania and France, announces interim operating and financial results for the quarter ended September 30, 2010. The net loss for the quarter ended September 30, 2010 was $3,182,931 ($0.02 per share - basic and diluted) compared to net income of $69,758,879 ($0.53 per share - basic and diluted) for the three months ended September 30, 2009. During the third quarter of 2009 a one-time gain was recorded on the sale of one third of the Company's 45% interest in the Breagh field in the UK North Sea. During the quarter Sterling recorded foreign exchange losses of $1,544,522 compared to gains of $384,234 during the third quarter of 2009. During the third quarter of 2010, the UK pound strengthened against both the US and Canadian dollars, resulting in losses on translation of US and Canadian dollars to UK pounds, the Company's functional currency. Gains and losses in functional currency are then translated into the reporting currency, which is the Canadian dollar using the current rate method. In order to minimize exposure to foreign exchange fluctuations, non-cash working capital is only held in foreign currencies where it is required for operating activities and cash is converted into foreign currencies for known or anticipated expenditures in the near term. Cash and cash equivalents at September 30, 2010 were $71,409,702 compared to $81,798,904 as at December 31, 2009. Net working capital was $70,330,884 at September 30, 2010 compared to net working capital of $75,495,150 at December 31, 2009.

EQUAL 2011 CAPITAL BUDGET

Equal Energy Ltd is planning total capital spending of $60 million in 2011, heavily weighted to light oil drilling. The capital spending is intended to match cash flow for 2011 and is based on price assumptions of $80 WTI, $4.25 NYMEX Natural Gas, $3.50 AECO natural gas and an exchange rate of $0.975 CAD/US. The 2011 capital program will focus on Equal operated resource plays with the majority of the spending on the Alliance Viking and Lochend Cardium light oil plays. Liquids rich natural gas wells are also planned in the Oklahoma Hunton resource play after the first quarter of 2011. The 2011 capital budget is expected to deliver steady production while increasing Canadian operating netbacks and overall corporate cash flows by approximately 20 percent. The three proven resource plays are operated by Equal so the Company has the flexibility to react quickly to variations in cash flow and increase or reduce capital spending as needed to keep debt levels constant. The level of activity within each play will be adjusted based on commodity prices and operating netbacks. The Company expects to exit 2010 with daily production between 9,100 and 9,300 boe/d. Drilling at Lochend Cardium and Alliance Viking continues with positive results.

BP'S COMPENSATION FUND SHOULD BE ENOUGH

A $20 billion fund for the economic victims of the BP Plc Gulf oil spill should be enough to compensate those affected, the Financial Times reported, citing the lawyer administering claims. Fund administrator Kenneth Feinberg, appointed by the Obama administration to handle the compensation, told the newspaper he had paid $2 billion to 125,000 people, but had approved fewer than half of the claims made. "Based on what I've seen so far I'm cautiously optimistic that $20 billion is more than enough," the newspaper quoted Feinberg as saying. The paper added that Feinberg said the government clean-up costs would also be claimed from the fund as well as the lost income of businesses and individuals. BP set up the fund in June under White House pressure to make reparations for losses sustained in the fishing, tourism, housing and other industries in the Gulf coast states of Texas, Louisiana, Mississippi, Alabama and Florida. A separate $100 million is set aside for losses sustained due to a federal six-month moratorium on new offshore drilling. -

CONOCOPHILLIPS TO CUT JOB IN CANADA

ConocoPhillips, the third-largest U.S. oil company, said on Monday it will cut jobs in Canada as part of a plan to deal with stubbornly low natural gas prices. ConocoPhillips, which has been turning off unprofitable production through the autumn, will not say how many people it will lay off until a staff meeting planned for Wednesday, said Rob Evans, spokesman for the company's Canadian unit. "Today we notified our Western Canada gas employees about a number of things we're doing with the low gas environment, and projected low gas environment, including that there will be some layoffs, and those will be happening this week," Evans said. ConocoPhillips has about 2,000 employees in Canada, about half of whom work in the gas division, he said. In recent days, gas prices have climbed due to cold weather, especially in the western part of the continent. But the market has been weak since the economic crisis, as industrial demand has been slow to recover and inventories have climbed to record volumes. In recent months, the company has turned off the taps on about 28,000 barrels equivalent worth of gas a day for economic reasons, Evans said.

AOS PRIVATE PLACEMENT UPDATE

Alberta Oilsands Inc. has announcd that it has closed a portion of its previously announced private placement financing, originally announced on October 5, 2010. The Company has closed just over $5.0 million of the Private Placement through the sale of 10,020,000 units at a price of $0.50 per Unit. The Private Placement was for a minimum $5.0 million and maximum of $7.5 million of gross proceeds. Any sales of additional Units pursuant to the Private Placement may be closed prior to November 30, 2010. Each Unit consists 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 . Each whole Warrant will entitle the holder thereof to acquire one common share from the Company at a price of $0.70 per Common Share at any time that is before 18 months after the date of issuance. The common shares and Warrants issued pursuant to the Private Placement are subject to a four-month statutory hold period. Proceeds of the Private Placement will be used to incur eligible Canadian exploration expenditures that will be renounced to the subscriber effective on or before December 31, 2010. Under the terms of the Private Placement the Company was required to pay a finder's fee of 5% on the gross proceeds raised from 9,720,000 Units of the Units sold.

FLINT ENERGY SERVICES TO EXPAND IN US

Flint Energy Services Ltd. has announced a US$36 million asset acquisition, including property and equipment in five locations in the United States; three in East Texas, one in Louisiana and one in Oklahoma. This acquisition furthers the expansion of Flint's operations into the busy shale gas fields in the United States. Flint began with fluid hauling services in Vernal, Utah, and recently expanded into the Marcellus shale gas basin, moving under-utilized equipment from western Canada to its new Williamsport, Pennsylvania location. With the addition announced today of the five new locations, approximately 170 new employees and 450 pieces of equipment, Flint will become one of the largest oilfield haulers in the US shale basins. In addition, this new acquisition will provide equipment, personnel, and management for a new location that Flint is constructing in Williston, North Dakota, to provide oilfield hauling services in the active Bakken shale oil play in North Dakota. This brings the total to eight locations for Flint's US Oilfield Services business segment. W. J. (Bill) Lingard, President and CEO of Flint said, "We are very excited about this expansion of our oilfield services capabilities into some of the busiest shale gas plays in the United States. Prior to 2010, we had very limited oilfield hauling operations in the United States, and this move, together with our earlier expansions, will make Flint a market leader, bringing our Company's reputation for safety and our commitment to execution excellence to this important service line."