

NYMEX OIL: US\$83.70
-\$0.41
January delivery
NYMEX N. Gas: US\$4.20
-\$0.02 per MMBTU
December delivery



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TUESDAY PRICES

Benchmark crude for January was down 41-cents to \$83.70 a barrel on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil was down 1-cent to \$2.32 /gal while gasoline rose 1-cent to \$2.19/gal. Natural gas lost 2-cents \$4.20 per 1,000 cubic feet. In London, Brent crude was down \$1.42 to \$85.92 a barrel on the ICE exchange.

NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was up 10 to 1,687 for the week of November 26, 2010. It is 550 rigs (48.4%) higher than last year. The number of rotary rigs drilling for oil was down 7 at 724. There are 345 more rigs targeting oil than last year. Rigs currently drilling for oil represent 42.9% percent of all drilling activity. Rigs directed toward natural gas were up 17 at 953. The number of rigs currently drilling for gas is 210 greater than last year's level of 748. Year-over-year oil exploration in the US is up 91.0 percent. Gas exploration is up 27.4 percent. The weekly average of crude oil spot prices is 8.0 percent higher than last year and natural gas spot prices are 8.1 percent higher. Canadian rig activity was down 3 at 415 for the week of November 26, 2010 and is 98 (30.9%) higher than last year's rig count.

TITANIUM TAILING POND EXTRACTION UPDATE

As the debate rages over the threat oilsands waste poses to the environment, a Canadian company is on the verge of showing whether its technology will make oilsands tailings ponds less toxic and even extract valuable products. After six years in development, Edmonton-based Titanium Corp.'s technology has shown in a small-scale experiment that it can meet targets for

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recovering oil, solvents, water and valuable heavy metals such as zircon from effluent pipes before the waste enters the ponds. Titanium Corporation Inc. and Sustainable Development Technology Canada (SDTC) have completed the first phase of Titanium's oil sands tailings pilot demonstration project and the advance of a second payment of \$2.0 million. The payment has been advanced following completion of the construction phase of the pilot. The Company has now received a total of \$3.6 million from SDTC under the previously announced Contribution Agreement. Scott Nelson, Titanium's President and CEO, said, "We are very pleased to have completed the first phase of our demonstration project which is consistently meeting our targets. Unquestionably, the support from SDTC has been a key factor in advancing this new technology and we look forward to their continuing support. Now that engineering, construction and installation of the major process modules have been completed, we have commenced operations of the pilot. Froth treatment tailings from three oil sands operating sites are being processed over the next four months. We anticipate continuing strong performance of our technology during the program." In June 2009, the Government of Canada through SDTC committed up to \$5M to support the project led by Titanium. This commitment is based on the successful completion of milestones as determined in



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the funding agreement between Titanium and SDTC. Titanium's "Creating Value from Waste" technology has been designed to recover valuable products from waste tailings and reduce environmental impacts in the oil sands industry. The demonstration pilot is being operated at the Natural Resources Canada CanmetENERGY Devon Research Centre near Edmonton. SNC-Lavalin is providing engineering services and independent testing is being performed by Maxxam Analytics. A Consortium of oil sands operators is providing tailings to the pilot which will operate into early 2011. The Company plans to commercialize the technology following the demonstration pilot. In a trial using

tailings from Syncrude's pond over four months ending in October, Titanium met or exceeded its targets for recoveries. It extracted 75 per cent of the bitumen, the same proportion of solvents, 70 per cent of valuable heavy minerals as well as dry tailings and water. A similar trial is currently underway on material from Canadian Natural Resources' pond and Titanium will run a third test, on Suncor's effluent, in January. After that, the next step will be to negotiate with each of those operations and reach a deal with one of them to build a larger, \$15-million project to show that the technology can make money, something Nelson believes will succeed. Titanium estimates that if its technology were employed at four oilsands



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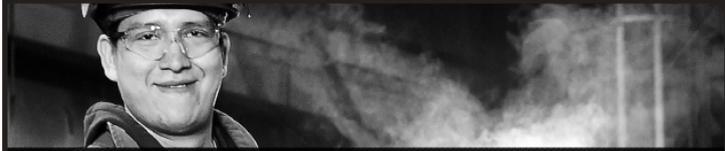
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operations — those run by Syncrude, Suncor, CNRL, and Shell — the total recoveries would be worth \$500 million annually. If the commercial-scale test pans out, Titanium estimates it could build a full-scale plant at one of those operations at a cost of \$350 million. And there's the potential opportunity to grow beyond the existing four operations with Imperial Oil's Kearl site production due for commissioning in 2012, and Total's Joslyn mine undergoing in regulatory review. Titanium's technology is promising enough that the Alberta government has invested \$3.5 million in its development, Ottawa has put in \$5 million and Nelson's been able to find investors to put up another \$10 million.

ARCTIC DRILLING REVIEW UNDERWAY

The National Energy Board has kicked off its Arctic offshore drilling review by meeting with territorial and federal leaders in the North. Gaetan Caron, chair of the federal regulator, met privately with Northwest Territories Premier Floyd Roland and Energy Minister Bob McLeod in Yellowknife on Nov. 24 to discuss infrastructure, devolution and the oil companies that are eager to start drilling. McLeod told the board the North lacks ports and frontline emergency assistance, which are integral to the kind of drilling under consideration. While in the North last week, Caron also met with the Inuvialuit Regional

Corporation Board of Directors and the Gwich'in Tribal Council, as well as Inuvik Mayor Denny Rodgers and Deputy Mayor Chris Laroque. Caron is scheduled to return to the North next week and will spend Dec. 6-9 meeting with the Inuvialuit Game Council, the Inuvik Town Council and the Wildlife Management Advisory Council. The review is expected to last several months, but three major oil companies are waiting anxiously to move on millions of dollars in exploration leases. Imperial Oil Ltd., ExxonMobil Corp. and BP have formed a joint venture to explore offshore areas for which they secured leases in 2007 and 2008. As part of Phase I of the Arctic Review, the National Energy Board issued its first Call for Information on 30 September 2010 and encouraged participants to provide their responses by 30 November 2010. The Board has received letters from the Canadian Association of Petroleum Producers, Imperial Oil Resources Ventures Limited, Frontier Development Chevron Canada Limited and WWF-Canada requesting an extension to provide their responses to the Calls to Information until 1 April 2011. These participants have requested an extension so that they can adequately address the information requested by the Board. The Board has considered the submissions from the



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participants and has decided to grant an extension until 1 April 2011 to all participants to provide their responses to the Calls for Information. Imperial Oil officials say no exploration work will be planned until after the energy board has finished its review — and the clock is ticking. Imperial Oil has another six years to spend \$585 million in the Beaufort Sea if it wants to avoid paying a penalty that could be as much as \$125 million. The Board reminds participants that the completion of the Arctic Review is dependent upon the timely submissions from participants. Until the responses to the Calls for Information have been received, the Board cannot commence with Phase 2 of the Arctic Review, which includes meetings to examine and comment on the facts and information gathered. Accordingly, the Board requests that participants provide their submissions as soon as possible. Updates and further information on the Arctic Review will be posted on the Board's website at www.neb-one.gc.ca and will be sent to participants who have registered with the Board. Those who wish to participate in the Arctic Review and have not yet registered can register on the Board's website or by providing contact information, including name, affiliation (if any) with an organization, mailing address, e-mail address, fax numbers and phone numbers.

SHELL SUBMITS REGULATORY APPLICATION FOR CCS PROJECT

Shell Canada has submitted a regulatory application for its Quest Carbon Capture and Storage (CCS) project located in central Alberta. Quest is a fully integrated CCS project, meaning it will capture, transport (pipeline) and store carbon dioxide (CO₂). Shell submitted the application on behalf of the Athabasca Oil Sands Project, a joint venture among Shell Canada Energy (60%) Chevron Canada Limited (20%) and Marathon Oil Canada Corporation (20%). "Today's submission demonstrates the progress that has been made to advance Quest as we work towards the first application of CCS technology in the oil sands," said John Abbott, Shell's Executive vice president of Heavy Oil. "Shell is pleased to have reached this stage of the project that will allow for a thorough review of all aspects of the project by regulatory agencies and provides a further opportunity for public review and comment." The regulatory submission includes applications for each component of the project, including the capture, transport and storage of CO₂. The Energy Resources Conservation Board (ERCB) is the primary regulatory agency for the project. A cooperative Environmental Assessment was conducted to meet both provincial and federal requirements - with Alberta Environment



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acting as the lead party. The Quest project would capture more than one million tonnes of CO₂ per year from the Shell Scotford Upgrader, located about 40 kilometres northeast of Edmonton. The CO₂ would be transported by an 84-km pipeline to injection wells north of Shell Scotford and permanently stored more than two kilometres underground beneath several layers of impermeable rock. A final investment decision on the proposed Quest project would not be taken until the regulatory process is complete. A decision to proceed with the project would depend on a number of factors, including but not limited to, the outcome of the regulatory process, economic feasibility and final project costs, and ongoing consultation with key stakeholders.

BP SUSPENDS CONSTRUCTION ON ALASKA LIBERTY RIG

Wary of safety issues after the Gulf of Mexico oil spill, BP's Alaska unit has suspended construction of a massive drill rig at its offshore Liberty prospect, a spokesman said on Tuesday. Construction has stopped so that the company can review the huge rig's safety systems, including power and mud-handling systems, said Steve Rinehart, spokesman for BP Exploration (Alaska) Inc. "We've just decided that it's a better approach to stop the construction and identify and resolve any and all issues that we find," Rinehart said. BP had originally hoped to start drilling at Liberty, a prospect in the Beaufort Sea, late this year and for production to start in late 2011. But in the aftermath of the Deepwater Horizon blowout in the Gulf of Mexico this year, which led to the biggest oil spill in U.S. history, BP's plans at Liberty came under new scrutiny. Federal and state regulators announced additional reviews, and BP announced plans to slow down development. BP remains committed to Liberty, though no new target dates for drilling or production start-up have been announced, Rinehart said. The company has already expanded the existing island that will be used as the drill site, and the rig arrived last year. Engineering and seismic work will continue even as rig construction is delayed, Rinehart said. Liberty holds about 100 million barrels of recoverable oil. It is located about five to six miles (eight to ten kms) offshore and east of BP's Endicott field. It is slated to be the first producing oil field located entirely in federal waters off Alaska. BP's plans to drill the prospect from land using ultra-extended-reach wells have not changed, Rinehart said.

The construction halt will mean the loss of about 100 project jobs, he said.

CAPP AD NOT MISLEADING

The Advertising Standards Canada (ASC) has ruled that a Canadian Association of Petroleum Producers' TV ad highlighting environmental performance is not misleading. Earlier this year the activist group, Sierra Club, complained to the ASC about CAPP's use of 'essentially like yogurt' in a TV advertisement about tailings pond reclamation. CAPP used the reference to yogurt to describe the consistency of oil sands tailings material. Following an extensive review of the commercial, Advertising Standards Canada's Council did not find CAPP's claim comparing the consistency of yoghurt to tailings was misleading. The ASC agreed CAPP's reference to yogurt referred only to the apparent physical consistency of tailings material. CAPP vice president of communications Janet Annesley said: "We are pleased with ASC's finding that the oil and gas industry's ad is not misleading. Tailings reclamation technology is a game changer. The tailings reclamation proof point will go back on air minus reference to yoghurt, just to remove any potential misunderstanding." CAPP's environmental performance claims have not been challenged. CAPP's French translation of the ad says 'constants comme du yoghurt' and received no complaints. Nationally broadcast for two months, the CAPP advertisement highlights successful reclamation of an oil sands tailings pond. In the ad, against a backdrop of a newly reclaimed area, an oil sands engineer wearing safety glasses and a hardhat talks about tailings reclamation. She states: Tailings results when we extract the bitumen from the oil sands. It's essentially like yogurt and if left on its own would take decades to settle. The new technology that we've developed allows us to transform liquid materials in our tailings pond into a type of solid, dry material in just a couple of weeks. This is a game changer. It's amazing to think that we can reclaim tailings ponds in a fraction of the amount of time that it had taken in the past.

TRIOIL CLOSES FINANCING

TriOil Resources Ltd. is pleased to announce that it has closed its previously announced offering of 5,950,000 common shares of TriOil at a price of \$5.90 per Share,



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for aggregate gross proceeds of \$35,105,000 through a syndicate of underwriters led by National Bank Financial Inc., and including, Canaccord Genuity Corp., Clarus Securities Inc., GMP Securities L.P. and Wellington West Capital Markets Inc. TriOil will use the net proceeds from the Offering to temporarily reduce all outstanding bank debt, to expand and accelerate its Cardium light oil exploration program at Lochend, Alberta and for general corporate purposes.

AOS Q3 RESULTS

Alberta Oilsands Inc. has reported consolidated unaudited earnings results for the third quarter and nine months ended September 30, 2010. For the quarter, the company reported net income and comprehensive income of CAD 2,595,322 or CAD 0.02 per share basic and diluted on petroleum and natural gas sales of CAD 501,367 against net loss and comprehensive loss of CAD 486,157 or CAD 0.01 per share basic and diluted on petroleum and natural gas sales of CAD 894,316 for the same

period of 2009. Income before income taxes was CAD 3,301,176 against loss before income taxes of CAD 624,444 a year ago. Net cash used in operating activities was CAD 1,200,459 against net cash flows from operating activities of CAD 399,091 a year ago. Expenditures on property and equipment were CAD 1,096,505 against CAD 1,651,024 a year ago. For the nine months, the company reported net income and comprehensive income of CAD 469,654 or CAD 0.00 per share basic and diluted on petroleum and natural gas sales of CAD 1,939,010 against net loss and comprehensive loss of CAD 2,624,539 or CAD 0.03 per share basic and diluted on petroleum and natural gas sales of CAD 2,153,857 for the same period of 2009. Income before income taxes was CAD 650,430 against loss before income taxes of CAD 3,110,251 a year ago. Net cash used in operating activities was CAD 2,444,611 against net cash flows from operating activities of CAD 1,048,824 a year ago. Expenditures were CAD 6,428,190 against CAD 9,522,113 a year ago.