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NYMEX N. Gas: US\$4.35
+\$0.06 per MMBTU
 January delivery



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HORIZON EXPANSION WILL BE BUILT IN STAGES

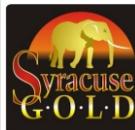
Canadian Natural Resources Ltd will carve further expansion of its Horizon oil sands project into several small pieces as it seeks to avoid the ballooning costs that plagued the first phase. Canadian Natural said it still aims to lift output at Horizon to an eventual 250,000 barrels a day from the current capacity of 110,000. But timing will depend on costs and market conditions, not hard-and-fast schedules. With the resurgence in oil sands development over the past two years, Canadian Natural President Steve Laut is concerned about a return to the overheated construction environment that marked the period before the economic meltdown. "We're maximizing our flexibility to start and stop any individual projects based on what the market conditions are," Laut said in an interview. "If costs are too high, or productivity too low, which go hand in hand, we can make the decision to just not do that project and wait until the conditions improve." The first phase of the northern Alberta mining and synthetic crude processing development cost C\$9.7 billion (\$9.7 billion) after a series of overruns and delays. Costs will now be spread over 46 individual projects within five separate stages, and production could climb through 2017, although the timing could easily slip, Laut said. Annual project spending would be capped at C\$2 billion to C\$2.5 billion, and the peak construction labor force would be 5,500 workers, compared with 10,000 in phase one. Canadian Natural said spending on Horizon could be C\$800 million to C\$1.2 billion next year.

OIL SANDS TRUST PLUNGES ON DIVIDEND DROP

Canadian Oil Sands Trust units plunged as much as 12 percent on Friday after the largest owner of the Syncrude Canada oil sands joint venture said its payout could drop by more than half after it converts to a traditional corporation. Its units were off C\$3.10, or 11 percent, at C\$25.31 on the Toronto Stock Exchange at midday on Friday after earlier touching C\$25.06. More than 7.5 million units changed hands, nearly five times the average volume over the past three months. In its 2011 budget details, Canadian Oil Sands said it expects to pay a first-quarter dividend of 20 Canadian cents a share. That is down from its October quarterly distribution of 50 Canadian cents a unit. "It's a bigger dividend cut than, clearly, everybody was expecting," said Randy Ollenberger, an analyst at BMO Capital Markets, who downgraded the trust's units to "market perform" from "outperform". "The street was assuming (the dividend) would be 35 cents and we'd been anticipating 25 cents so even relative to us it was more," Ollenberger said. Along with unexpectedly large cut in its payout, Canadian Oil Sands said in its budget forecast released late on

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Thursday that it expects its share of Syncrude's 2011 production to average around 110,700 barrels per day, below what some analysts had expected. As well, it expects capital spending of C\$927 million (\$918 million) next year, higher than most forecasts. UBS Securities Chad Friess downgraded the units to "sell" from "neutral" with a target of C\$26, down from C\$28, in part because of Syncrude's rising operating costs and higher than expected spending.

ENBRIDGE UPS DIVIDEND

Enbridge Inc. raised its quarterly dividend by 15 percent on Wednesday and said it expected higher earnings next year as it completes new pipeline and power projects. The company, whose pipelines carry the bulk of Canada's oil exports to the United States, said its quarterly dividend will rise to 49 Canadian cents for the March 1 payout, up from 42.5 Canadian cents. Enbridge also said it expects 2011 adjusted earnings of C\$2.75 to C\$2.95 a share, compared with this year's target of C\$2.50 to C\$2.70. Despite high profile problems with its U.S. pipeline network this year, including an 19,500 barrel spill into a Michigan river system that shut a key line for nine weeks in the summer, the company said new projects would spur the higher earnings. Projects brought into service include the Alberta Clipper expansion of its oil pipeline network, a solar-power plant in Southern Ontario and a pipeline carrying ultra-light oil from the U.S. Midwest to the Alberta oil sands, where it is blended with tar-like bitumen. "The steady growth of our liquids pipelines, natural gas transportation and green energy businesses will continue to drive strong earnings growth and even more significant cash flow growth in coming years," Pat Daniel, the company's chief executive, said in a statement.

AOS COMPLETES PRIVATE PLACEMENT FINANCING

Alberta Oilsands Inc has announced that it has closed the remaining and final portion of its previously announced private placement financing, originally announced on October 5, 2010. The Company has closed a further \$1.25 million of the Private Placement through the sale of 2,500,000 units at a price of \$0.50 per Unit, for aggregate gross proceeds under the Private Placement of \$6,260,000. The Private Placement was for a minimum \$5.0 million and maximum of \$7.5 million of gross proceeds. Each Unit consists of one common share of AOS





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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 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.

TRINIDAD ANNOUNCE PRIVATE PLACEMENT.

Drilling-equipment maker Trinidad Drilling Ltd said it plans to offer \$450 million in senior notes through a private placement. The Calgary based company will offer senior unsecured notes due in January 2019, and plans to enter into a new senior secured revolving credit facility expiring in December 2014. Trinidad Drilling said it expects to use the net proceeds to redeem its outstanding convertible unsecured subordinated debentures due July 2012

which total about C\$354 million, and repay a portion of its debt under its existing revolving credit facilities and term loans that mature in 2012. Following the closing of the notes offering and the new credit facility, the company expects to redeem its debentures.

OPEC TO MAINTAIN QUOTA

OPEC is unlikely to change its production quota when it meets at the end of next week, said Jose Maria Botelho de Vasconcelos, Angola's Minister of Petroleum. The members of the Organization of Petroleum Exporting Countries "feel" oil at \$80 to \$85 a barrel is a "comfortable price" and will probably keep the group's output targets unchanged at their meeting on Dec. 11 in Quito, Ecuador, Vasconcelos said in an interview late Thursday. "The current environment is of some stability," he said. "The sentiment among members is for maintaining the production level." Angola, which vies with Nigeria for the rank of Africa's top oil producer, joins fellow OPEC members Venezuela and Libya in saying that the group is likely to leave quotas unchanged, as they did as OPEC's last meeting on Oct. 14.

NIGERIA TO CHARGE DICK CHENEY IN PIPELINE BRIBERY CASE

Nigeria will file charges against former U.S. Vice President Dick Cheney and officials from five foreign companies including Halliburton Co. over a \$180 million bribery scandal, a prosecutor at the anti-graft agency said. Indictments will be lodged in a Nigerian court "in the next three days," Godwin Obla, prosecuting counsel at the Economic and Financial Crimes Commission, said in an interview at his office in Abuja, the capital. An arrest warrant for Cheney "will be issued and transmitted through Interpol," the world's biggest international police organization, he said. Obla said charges will be filed against current and former chief executive officers of Halliburton, including Cheney, who was CEO from 1995 to 2000, and its former unit KBR Inc., based in Houston, Texas; Technip SA, Europe's second-largest oilfield-services provider; Eni SpA, Italy's biggest oil company; and Saipem Construction Co., a unit of Eni. Obla didn't identify the former officials whom he said held office when the alleged bribes were paid. Last week, Nigeria arrested at least 23 officials from companies including Halliburton, Saipem, Technip and a former subsidiary of Panalpina Welttransport Holding AG in connection with alleged illegal payments to Nigerian officials. Those detained were all freed on bail on Nov. 29. Authorities in the West African nation are probing Halliburton, Saipem and Technip for the alleged payment of \$180 million in bribes to win a \$6 billion liquefied natural-gas contract. Panalpina is being investigated for illegal payments it allegedly made to Nigerian customs officials on behalf of Royal Dutch Shell Plc.

ALASKA PREDICTS PRICE RISE

Prices for North Slope crude oil will continue to rise, and production from the basin will increase briefly as some new fields are brought on line in the next year, the Alaska Department of Revenue said in its semi-annual revenue forecast, released



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on Friday. The high oil prices and positive outlook for new production put Alaska in excellent financial condition, state Revenue Commissioner Pat Galvin said in an Anchorage news conference. "Right now, Alaska's finances are the strongest as they've been in our history," Galvin said. The forecast, used as the basis for state budgeting, predicts North Slope crude prices will average \$77.96 during the current fiscal year, which ends June 30, and rise to \$82.67 for fiscal 2011. Oil revenues will continue to provide the bulk of Alaska's operating funds well into the future, according to the department. The forecast predicts that oil royalties, taxes and fees will make up 87 percent of state unrestricted general revenues. Production is expected to average 616,000 barrels per day in the current fiscal year and rise in fiscal 2011 by about 1 percent, to 622,000 barrels per day, as some new fields come on line, the department predicts. Galvin cited Italian company Eni's Nikaitchuq field, which is scheduled to produce its first oil within the next two fiscal years, as one of the reasons for the forecast production increase. Still, the long-term trend of reduced oil production will continue, though not at the same dramatic rate as in recent years, Galvin said. Production fell 7 percent between fiscal 2009 and fiscal 2010, but the decline rate slowed to 4.2 percent the

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The company owner also established a separate Automotive Repair company to repair and maintain the fleet, that currently has a contract with an oil and gas exploration and production company. The owner may consider selling this business as well.

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following year, he said. "Over the next decade we expect to see a continuation of the decline, but a slowing of the decline rate," he said. North Slope production, dominated by the giant Prudhoe Bay field, peaked in 1988 at over 2 million barrels per day. Despite the dependence on oil-related revenue, Alaska enjoys healthy finances that will last for several years into the future, Galvin said. The state has fat reserve accounts, including a \$10 billion Constitutional Budget Reserve that is available to fill any shortfalls through the next decade, even if state spending increases substantially, he said. "That provides us with a great deal of stability and a cushion to basically bear any shocks to the system." Galvin said. "We also have the advantage of sitting on the most valuable resource in the world."

SANCTIONS COST IRAN BILLIONS IN OIL INVESTMENTS TOUGHER

U.S. sanctions on Iran are costing the Islamic regime as much as \$60 billion in lost energy investments, Undersecretary of State William Burns said Thursday. Expanded U.S. sanctions on Iran and businesses active there prompted Royal Dutch Shell Plc, France's Total SA, Italy's Eni SpA and Norway's Statoil ASA to stop investing in the country. "According to reliable estimates, Iran may be losing as

much as \$50 billion to \$60 billion overall in potential energy investments, along with the critical technology and know-how that comes with them," Burns said at a House Foreign Affairs Committee hearing. Iran is under sanctions designed to keep the country from developing nuclear weapons. Iran says it is enriching uranium for peaceful purposes. The United Nations Security Council in June adopted a resolution calling for trade and financial penalties. The U.S., European Union and nations including Japan and South Korea followed with their own sanctions. U.S. officials say the force of those sanctions is driving Iran back to the negotiating table. Iran's President Mahmoud Ahmadinejad said Wednesday he is ready for talks with an EU-led group that includes the U.S., China, Russia, France, the U.K. and Germany. The parties, which last met more than a year ago, will meet Dec. 6-7 in Geneva, the office of EU foreign policy chief Catherine Ashton said in Brussels. Iran is becoming "relegated to the margins of the international financial system" because of sanctions and is finding it difficult to conduct commercial transactions, Stuart Levey, Treasury undersecretary for terrorism and financial intelligence, said at the hearing. "A growing number" of financial institutions are "shying away from doing any kind of business with Iran."