NYMEX OIL: US$89.38
-$2.17
February delivery
NYMEX N. Gas: US$4.57
- $0.09 per MMBTU
February delivery

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TUESDAY PRICES

Benchmark crude for February was fell $2.17 to USD$89.93 a barrel on the New York Mercantile Exchange. In other Nymex trading in contracts, heating oil was up 3-cents at $2.52 /gal while gasoline slipped 1-cents to $2.41/gal. Natural gas gained 14-cents $4.29 per 1,000 cubic feet. In London, Brent crude was up 36-cents to $94.21 a barrel on the ICE exchange.

NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was down 20 to 1,694 for the week of December 31, 2010. It is 505 rigs (42.5%) higher than last year. The number of rotary rigs drilling for oil was down 6 at 765. There are 347 more rigs targeting oil than last year. Rigs currently drilling for oil represent 45.2% percent of all drilling activity. Rigs directed toward natural gas were down 12 at 919. The number of rigs currently drilling for gas is 160 greater than last year's level of 759. Year-over-year oil exploration in the US is up 83.0 percent. Gas exploration is up 21.1 percent. The weekly average of crude oil spot prices is 14.7 percent higher than last year and natural gas spot prices are 29.2 percent lower. Canadian rig activity was down 65 at 246 for the week of December 31, 2010 and is 37 (17.7%) higher than last year's rig count.

ENBRIDGE PLANS OIL PIPELINE OUTAGES

Enbridge In plans to shut a U.S. Midwest oil pipeline twice over the next two months to make repairs, the company said on Tuesday, putting more pressure Canadian crude prices. The outages threaten to extend tight oil transport constraints that have created a glut of crude in Canada, the largest foreign supplier to the United States. Enbridge, which carries most Canadian oil exports, plans a five-day shutdown of its 290,000 barrel a day Line 6B starting around Feb. 7, and another of the same duration around March 7, spokeswoman Lorraine Grymala said. Line 6B extends to Sarnia, Ontario, from Griffith, Indiana. Last summer, Enbridge was forced to shut it down for nine weeks following a rupture and oil spill near Marshall, Michigan. "We've actually got a lot of maintenance work going on right now on 6B," Grymala said. "These particular outages that we've got scheduled for February and March are related to replacing 14 segments along Line 6B." Western Canada Select heavy blend crude for February delivery was quoted at around $23 a barrel under benchmark West Texas Intermediate light oil. That compares with January prices around $20 a barrel under WTI. A series of pipeline problems over the past five months has raised questions about Canada's reliability as a supplier. U.S. oil imports fell by 866,000 barrels a day last week, according to American Petroleum Institute data, and some of that was likely due to the pipeline squeeze, one analyst said. [ID:nN04242583] High shipper nominations following a series of outages, as well as pressure restrictions on some lines, have forced Enbridge to ration capacity throughout its system. Syncrude Canada Ltd, one of the country's largest oil sands producers, said last month it had been forced to cut shipments of synthetic oil. Canadian Oil Sands Trust, the operation's largest stakeholder, said on its website this week that shipments in December fell 3 percent to 345,800 barrels a day due to pipeline constraints. Devon Energy Corp said on Tuesday it restarted 10,000 barrels a day of Canadian heavy production it had shut off last month. However, marketers said they saw no indication that barrels were any easier to move out of the region.

PENGROWTH PIPELINE EXPLODES

A Pengrowth Energy Corp. gas pipeline in north central Alberta exploded and caught fire on Saturday, forcing it to shut-in part of its production, the company said on Sunday. The Calgary, Alberta-based company said the rupture in the Swan Hills gas gathering pipeline system, north of the Judy Creek gas processing facility, resulted in an explosion and subsequent fire. Pengrowth said the pipeline was quickly isolated and contained and no injuries occurred. The pipeline is being depressured and the fire was minimal and contained to the immediate area of the rupture, it added. "The pipeline rupture and fire caused very limited damage or public disruption, as it occurred in a relatively isolated area with no other oil and gas facilities nearby and no public buildings or private residences in the vicinity," the company said in a statement. "No specific cause of the pipeline rupture and fire is known at this time and a full investigation is being conducted. The explosion has forced Pengrowth to shut-in about 2,200 barrels of oil equivalent per day of production because of the need to reduce gas production from several nearby oilfields until repairs can be made, the company said. It expects repairs to take five to ten days.

ARC RESOURCES COMPLETES CORPORATE CONVERSION

ARC Resources Ltd. has announced that ARC Energy Trust has completed its conversion to a dividend paying corporation from an income trust pursuant to a Plan of Arrangement under Section 193 of the Business Corporations Act (Alberta) involving, among others, the Trust, ARC Resources Ltd. and securityholders of the Trust and the Corporation. Pursuant to the Arrangement, holders of trust units of the Trust received one (1) common share of ARC Resources for each Trust Unit and will receive the cash distribution of $0.10 per Trust Unit declared to be payable on January 17, 2011 to Unitholders of record on December 31, 2010 (the "Final Trust Distribution"). Pursuant to the Arrangement, holders of Series A exchangeable shares and Series B exchangeable shares of the Corporation received 2.89162 Common Shares of ARC Resources for each Exchangeable Share, which exchange ratio represents the exchange ratio for the Exchangeable Shares on December 31, 2010, adjusted to reflect the Final Trust Distribution. As a result of the Arrangement, ARC Resources has approximately 284,379,730 Common Shares issued and outstanding. The Common Shares of ARC Resources are expected to begin trading on the Toronto Stock Exchange (the "TSX") under the trading symbol ARX on the day which is two (2) or three (3) business days after the receipt by the TSX of all documentation required by the TSX. Beginning with the January 31, 2011 record date, shareholders of ARC Resources will receive payments in the form of dividends, currently forecast to remain at $0.10 per share per month for the first quarter of 2011. ARC Resources Ltd. remains one of Canada's largest conventional oil and gas companies with an enterprise value of approximately $7.8 billion. ARC Resources expects 2011 oil and gas production to average 84,000 to 87,000 barrels of oil equivalent per day from six core areas in western Canada. ARC Resources's Common Shares will trade on the TSX under the symbol ARX.

KEYERA COMPLETES CORPORATE CONVERSION

Keyera Corp. has announced that it has successfully completed the conversion from an income trust to a corporation pursuant to a Plan of Arrangement approved by unitholders of Keyera Facilities Income Fund (the "Fund") on May 11, 2010. Effectively, Keyera will carry out its business as Keyera Corp. Units in the Fund have been exchanged for common shares of Keyera Corp. on a one-for-one basis. It is expected that the common shares of Keyera Corp. will begin trading on the Toronto Stock Exchange under the symbol "KEY" on or about Tuesday, January 4, 2011, at which time the Fund's units will be delisted from the Toronto Stock Exchange. Keyera's debentures (KEY.DB and KEY.DB.A), which will now be convertible into common shares of Keyera Corp., will continue to trade using the same symbols. The conversion to a corporate structure does not result in any change to Keyera's business practices or strategy. The final 'distribution' declared by the Fund in December will be paid on January 17, 2011 to unitholders of record as of December 22, 2010. Future payments to shareholders will be in the form of a monthly dividend, currently expected to remain unchanged at $0.15 per share per month, or $1.80 per share annually. Keyera Corp. remains one of the largest natural gas midstream businesses in Canada. Its business consists of natural gas gathering and processing as well as the processing, transportation, storage and marketing of natural gas liquids (NGLs) and crude oil midstream activities.

ENERPLUS COMPLETES CORPORATE CONVERSION

Enerplus Corporation has announced that the Plan of Arrangement pursuant to which Enerplus Resources Fund converted into a corporate entity was completed on January 1, 2011 and will now continue as "Enerplus Corporation". The business, directors and management of Enerplus are the same as those of the Fund immediately prior to the conversion. Shares in Enerplus Corporation will commence trading on the Toronto Stock Exchange as ERF on or about January 10, 2011, at which time the Fund's trust units ("ERF.un") will discontinue trading. Enerplus shares will continue trading as usual on the New York Stock Exchange as "ERF". Under the Plan of Arrangement, investors holding Trust Units received one common share in Enerplus in exchange for each Trust Unit held in the Fund, and investors holding Class B exchangeable limited partnership units ("EELP Units") in Enerplus Exchangeable Limited Partnership received 0.425 of a common share in Enerplus for each EELP Unit held. Pursuant to the Plan of Arrangement, all outstanding securities of the Fund and EELP have been cancelled and the Fund and EELP have been dissolved. The final distribution payment to holders of Trust Units and EELP Units will be made on January 20, 2011 to unitholders of record on December 31, 2010. Enerplus intends to maintain the dividend level at the same rate paid by the Fund prior to the Arrangement at CDN$0.18 per common share based upon current commodity prices and capital spending plans. Dividends will continue to be paid on a monthly basis and the first dividend from Enerplus Corporation is expected to be paid on February 20, 2011 to shareholders of record on February 10.

FORT CHICAGO PARTNERS COMPLETES CONVERSION

Fort Chicago Energy Partners L.P. and Veresen Inc. have announced that the plan of arrangement providing for the conversion of Fort Chicago from a limited partnership to a Canadian corporation, named Veresen Inc., has been completed, effective at 12:01 a.m. on January 1, 2011. Pursuant to the Arrangement, holders of Class A limited partnership units of Fort Chicago received one common share of Veresen Inc. (in exchange for each Class A Unit held at the Effective Time. In addition, all of the rights, covenants, obligations and liabilities of Fort Chicago under the 5.75% convertible unsecured subordinated debentures, Series C due July 31, 2017 (the "Series C Debentures") were assumed by Veresen Inc. at the Effective Time. Holders of Series C Debentures will be entitled to receive Common Shares, rather than Class A Units, on the basis of one Common Share in lieu of each Class A Unit which they were previously entitled to receive, on conversion, redemption or maturity. The exchange of Class A Units for Common Shares pursuant to the Arrangement occurred, from a Canadian federal income tax perspective, on a tax-deferred rollover basis for holders of Class A Units. There is no need for the filing of a tax election form to realize the tax-deferred rollover. The Common Shares and Series C Debentures will commence trading on the Toronto Stock Exchange within 3 to 5 business days of the Effective Time under the symbols "VSN" and "VSN.DB.C", respectively. The Class A Units will be delisted concurrent with the commencement of trading of the Common Shares. In order to receive their Common Shares, registered holders of Class A Units must deposit with Computershare Investor Services Inc. a duly completed letter of transmittal, together with the certificates representing their Class A Units, in accordance with the instructions contained in the letter of transmittal provided to them in October 2010 along with Fort Chicago's information circular dated October 19, 2010. Unitholders who hold their Class A Units through a broker or other intermediary do not need to submit a letter of transmittal and do not need to take any action to exchange their Class A Units for Common Shares. For further information on how to exchange Class A Units for Common Shares, holders of Class A Units should contact Computershare Investor Services Inc. at 1-800-564-6253. On December 23, 2010, Fort Chicago entered into an amended and restated senior unsecured credit agreement with a syndicate of Canadian and other financial institutions providing for an unsecured committed revolving credit facility in the maximum principal amount of Cdn.$450,000,000 which expires on December 23, 2013 and replaces Fort Chicago's prior revolving credit facility in the maximum principal amount of Cdn.$300,000,000. Veresen Inc. assumed all of the indebtedness and obligations of Fort Chicago in connection with the new credit facility effective January 1, 2011.

PETROAMERICA TO ACQUIRE TALISMAN COLUMBIAN BLOCKS

Petroamerica Oil Corp. has announced that it has signed the definitive agreements with Talisman (Colombia) Oil & Gas Ltd. to acquire participating interests in four exploration blocks in the Llanos Basin of Colombia (the "Acquisition") (reference: PTA Press Release, Oct. 26, 2010). As per the agreements, Petroamerica will pay a total cash consideration to Talisman of US$18 million upon signature. Following payment of this cash consideration, Petroamerica will, through its wholly owned subsidiary Petroamerica International Corp., earn a 25% participating interest in the El Porton block and 50% participating interests in the Los Ocarros and El Sancy blocks. Petroamerica will earn its 25% participating interest in the El Eden block, excluding the Chiriguaro-1 discovery, after paying Talisman's 50% share to a cap of US$7.85 million to drill one exploration well at a future date. The Los Ocarros, El Sancy, El Porton and El Eden exploration blocks occupy an area of more than 441,000 acres gross (1,785 km2) and 165,800 acres net (671 km2) in a prospective trend containing some of the fields discovered in the Llanos Basin to date. In the El Porton block, the Calatea-1 well is currently drilling and results are expected by early 2011. All four blocks are operated by CEPSA COLOMBIA S.A.