

WTI OIL: US\$84.31
 -\$0.05
 March delivery
 NYMEX: N Gas: US\$3.99
 +\$0.06 per MMBTU
 March delivery



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OIL AT 12-WEEK LOW

The benchmark price of crude fell to its lowest in 12 weeks Monday as oil traders weighed growing U.S. oil supplies against unrest in the Middle East. West Texas Intermediate crude fell 77 cents to settle at \$84.81 US on the New York Mercantile Exchange. U.S. supplies of oil are rising, while demand for energy products remains tepid. Meanwhile, China's reported that exports rose almost 38 per cent in January to \$150.7 billion. That's more than double the rate in December. It also had near-record imports of crude oil. China is the world's second-largest economy after the U.S. and the second-largest consumer of oil, according to the Energy Information Administration. That demand has helped drive oil prices higher in recent months. While China's economy is robust, growing at a pace of nearly 10 per cent at the end of last year, the government is worried about inflation and has taken steps to try to slow growth and

rising prices. If China's economy slows, so will its demand for oil, and that could affect prices of oil and other commodities. The market is well-supplied," UAE Energy Minister Mohamed al Hamli said in Abu Dhabi on Monday. "Signs are coming, and they are positive, that there will be a gradual increase in demand." Producers in the Organization of Petroleum Exporting Countries are watching prices because they don't want rising costs of crude to destroy demand, he said. "We don't want to see demand adversely affected by high prices," Al Hamli said, adding that prices don't reflect oil market fundamentals. OPEC may boost supply as demand for crude rises along with a recovery in global economic growth to rates approaching those last seen before the financial crisis. Al Naimi said in a speech in Riyadh Jan 24 that the policy of the 12 member group "is to meet any increase in oil demand to maintain the

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In the growing Saskatchewan oil industry, the need for relevant and current skills in the oil field is a necessity. Great Plains College will deliver the Apprenticeship Training Program in partnership with the Saskatchewan Apprenticeship and Trades Certification Commission. As part of this development the College is seeking experienced oil and gas industry drilling professionals to instruct the Rig Technician Training Program.

The Level 1 (Motor Hand) Program is to be offered at the Warman Campus over a 3-week period from April 4-22, 2011.

This program may run on an on-going basis at Great Plains College. Great Plains College has campus locations at Kindersley, Warman and Swift Current, as well as Program Centres at Rosetown, Biggar, Outlook, Gravelbourg, Nekaneet, and Maple Creek. Instructor will be responsible to instruct all Level 1 (Motor hand), Level 2 (Derrick hand) or Level 3 (Driller) of the apprenticeship program in any one instructional period.

Qualifications:

Persons interested in this potential instructor position must meet the minimum requirements for application. These requirements include: valid industry certification (first and/or second line well control, H2S, First Aid, Boiler Certification, safety management and regulatory awareness); adult education certification or experience teaching adults would also be an asset; must have journeyman Rig Tech status; and good communication skills.

Experience:

- 5 years of rig experience, including work experience in all areas from floor hand to driller
- supervisory experience as either a rig manager or well site supervisor is preferred

Term: 144 hours, from April 4 - 22, 2011

Applications to be reviewed on February 25, 2011.

For more information or to submit a resume and cover letter quoting competition # N41-10/11 to:

Brigitte Wiebe, Program Coordinator
 Great Plains College, Warman Campus
 Box 1001, Warman, SK S0K 4S0
 Phone (306) 242-5377 Fax (306) 242-8662
 Email: brigittew@greatplainscollege.ca

We thank you for your interest in the position; however, only those candidates selected for an interview will be contacted.

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supply demand balance." Worldwide Benchmark WTI crude for March was demand for crude may increase as much down 5-cents to USD\$84.31 a barrel. In as 1.8 million barrels a day, or 2 percent, Nymex trading, heating oil was down 2- from last year, he said. On Tuesday, cents at \$2.73 /gal while gasoline lost 3-

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cents to \$2.48/gal. Natural gas was up 6-cents to \$3.99 per 1,000 cubic feet. In London, Brent crude was off \$1.40 at \$101.68 a barrel on the ICE exchange.

NORTH WEST UPGRADING PROJECT SET TO RESUME

ACanadian Natural Resources Ltd and North West Upgrading Inc are expected to announce on Wednesday a long-awaited deal to process bitumen for Alberta's government, spurring construction of a C\$5 billion (\$5.05 billion) refinery to

handle the oil. The Alberta government said on Tuesday it plans a news conference in the region that will be the site of the proposed plant, hosted by the premier and energy minister. An Alberta Energy official said details would be released at 9 a.m. local time (1600 GMT) on Wednesday. Canadian Natural, the country's biggest independent oil explorer, and its joint venture partner were short-listed last year to process oil paid to the provincial government under the Bitumen Royalty in Kind program,

which allows producers to pay royalties with bitumen in lieu of cash. The partners are expected to start construction of the first 50,000 barrel per day phase of a plant that will eventually process 150,000 bpd. The facility will turn bitumen directly into diesel fuel and other products rather than the synthetic crude oil produced by other upgraders. Alberta Premier Ed Stelmach and Ron Liepert, the energy minister, are expected to talk about "a new era in value-added development and clean energy production in Alberta," the government

said. Neil Shelly, executive director of Alberta's Industrial Heartland Association, said the plant's go-ahead means a major economic boost for the region, which includes three counties located northeast of Edmonton.

CONNACHER CLOSES SALE OF BATTRUM PROPERTIES

Connacher Oil and Gas Limited has announced the closing of its previously-announced Battrum property sale for \$57.5 million, prior to normal closing

adjustments. The effective date of the sale was January 1, 2011. Proceeds from the sale of the Batrum properties were added to Connacher's cash balances and working capital, thereby reducing net debt.

CNRL UPDATE

Canadian Natural Resources Limited says it may be able to resume some production at its damaged Horizon oilsands upgrader by the spring following a fire last month, injuring five employees and contractors. All five workers injured as a result of the incident are making excellent recoveries with three having already returned to work. Their internal investigation team has determined that the fire resulted from opening the top unheading valve on an active low-pressure Coke Drum. This allowed the release of hot hydrocarbons within the coker cutting deck building, which was followed by ignition and the fire. The investigation team is continuing to establish the 'how and why' such an event occurred through rigorous examination of design, installation, operating and maintenance procedures and practices associated with the top unheading valves on all four of the Horizon Coke Drums. The investigation team is targeting to complete their findings in March with an overall objective to provide recommendations that will prevent recurrence. The cost of repairing and rebuilding the coke drums hasn't been determined, but the company says it shouldn't go over \$250 million. The facility won't be running at full capacity until the third quarter of the year.

NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was down 18 at 1,721 for the week of February 11, 2010. It is 375 rigs (27.9%) higher than last year. The number of rotary rigs drilling for oil declined 13 to 805. There are 362 more rigs targeting oil than last year. Rigs currently drilling for oil represent 46.8% percent of all drilling activity. Rigs directed toward natural gas were down 5 at 906. The number of rigs currently drilling for gas is 15 greater than last year's level of 891. Year-over-year oil exploration in the U.S. is up 81.7 percent. Gas exploration is up 1.7 percent. The weekly average of crude oil spot prices is 17.3 percent higher than last year and natural gas spot prices are 25.2 percent lower. Canadian rig activity was up 4 at 630 for the week of February 11, 2011 and is 79 (14.3%) higher than last year's rig count.

HUSKY Q4 AND 2010 RESULTS

Husky Energy Inc. recorded a 42 percent increase in 2010 cash flow compared to 2009. The Company reported a 58 percent improvement to fourth quarter cash flow compared to the same period of 2009. Net earnings in the quarter were higher by 19 percent compared to the third quarter 2010 on the strength of higher light oil crude prices, improved refining margins and settlement of the Terra Nova re-determination process. "2010 was a transitional year as we undertook a

comprehensive portfolio review. From this, we developed and implemented a strategic plan setting out clear financial and operational milestones," said CEO Asim Ghosh. "We successfully implemented near-term steps to stabilize production and accelerate value, while providing clear direction around our mid and long term initiatives. We developed a comprehensive financing plan, allowing us to build on our momentum and provide the disciplined capital investment to develop our growth pillars: the Oil Sands, the Atlantic Region and South East Asia. Annual production was in accordance with guidance at 287,100 boe/day. In the fourth quarter, total production averaged 280,500 boe/day compared with 288,700 boe/day in the third quarter and was primarily impacted by the scheduled maintenance turnaround of the *SeaRose FPSO*. Total production at year-end was 292,500 boe/day. For the fourth quarter, cash flow from operations increased 58 percent from the same period last year due to higher light crude oil prices, cash taxes returning to normal levels and improved refining margins partially offset by a strengthening of the Canadian dollar. Crude oil prices (WTI) averaged U.S. \$84.89 per barrel for the quarter, an increase of 11 percent compared to the same period of 2009. Of the Company's total production, all Atlantic Region volumes (approximately 15 percent) are priced and sold relative to the North Sea Brent benchmark, which is now trading at a significant premium to WTI. For the fourth quarter, heavy blend crude prices (Lloydminster blend) averaged U.S. \$66.52 per barrel as compared to U.S. \$63.82 per barrel for the same period of 2009, a 4% increase. U.S. refining market crack spreads were 86 percent higher during the fourth quarter as the Chicago 3:2:1 crack spread averaged U.S. \$9.13 per barrel, compared to U.S. \$4.92 per barrel in the fourth quarter of 2009. Net Earnings of \$305 million in the quarter resulted from higher light crude oil prices, settlement of the Terra Nova re-determination and the improved downstream price environment. These were partially offset by the strengthening of the Canadian dollar, lower production and increased operating costs and depletion. The Enbridge Line 6A/6B shutdowns reduced net earnings by an estimated \$17 million for the quarter. The Enbridge shutdowns increased Husky's inventory position at year-end as product was stored to mitigate the impact of selling medium and heavy crude oil and bitumen at distressed prices given the wider differential. Upstream capital spending in the quarter was \$1,280 million, with 80 percent directed to Western Canadian exploration and development. The benefits of this exploration and development spending are anticipated to be realized through 2011 and 2012. "To support our strategic growth initiatives, we built a solid financing plan that will provide the necessary capital to develop our three growth pillars," said CFO Alister Cowan. "We closed our common share offering in



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late 2010 and are taking steps to introduce a mechanism that allows shareholders to receive dividends in cash or common shares." During 2010, Husky invested \$4.0 billion including \$3.2 billion directed at the Upstream business. Of the Upstream capital, \$1 billion was allocated to the three growth pillars with the remainder going to Western Canada production. To help stabilize short-term production and increase cash flow generation, \$0.4 billion was spent on developed property acquisitions. The capital invested in the Midstream and Downstream segments was focused primarily on maintenance activities. "We plan to increase our return on capital

employed (ROCE) by five percentage points over the next five years by investing in higher return projects. A one percentage point increase translates into approximately \$200 million in increased earnings from operations," explained CEO Ghosh. "Our plan focuses on increasing production, improving our reserve replacement ratio, containing our operating costs, and reducing our finding and development costs, while producing higher netbacks." Husky said on Tuesday that it is planning a minor maintenance turnaround later this year at its Lloydminster heavy oil upgrader, a plant damaged by a small fire in early February. The 82,000 barrel a day plant

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will run at about 70 percent of capacity while it undergoes inspection and maintenance in the third quarter. The upgrader, on the Alberta-Saskatchewan border, is currently running at 40 percent to 50 percent of capacity and repairs are expected to be completed by early March. The next major maintenance run is scheduled for the autumn of 2013. On Canada's East Coast, the SeaRose floating production, storage and offloading vessel at the Terra Nova offshore oil project will be down for 16 days of maintenance in July.

NABORS' 4Q BEATS EXPECTATIONS

abors Industries Ltd. has announced its results for the fourth quarter and full year 2010. The Company's non-GAAP net income from continuing operations was \$127.7 million (\$0.44 per diluted share) in the fourth quarter and \$299.9 million (\$1.03 per diluted share) for the full year. This compares to the Company's 2009 results which were \$35.1 million (\$0.12 per diluted share) and \$384.4 million (\$1.34 per diluted share), respectively, in net income from continuing operations. The quarter's adjusted income derived from operating activities was \$222.4 million bringing the total for 2010 to \$655.4 million. This compares to \$140.4 million for the corresponding quarter of 2009 and \$681.6 million for all of last year. This quarter's results do not include nearly \$5 million or \$0.02 per share of deferred income from work performed for the Company's NFR joint venture which have been eliminated for GAAP purposes and will be reflected in future periods through favorable adjustments to the Company's portion of their depletion. Revenues for the Company were \$1.3 billion for the quarter and \$4.2 billion for the full year. The quarter's GAAP income from continuing

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operations was \$50.2 million (\$0.17 per diluted share) and included non-cash impairments of certain E&P assets. Gene Ibsenrig, Nabors' Chairman and CEO, commented, "Our fourth quarter results exceeded expectations in virtually all sectors of our business except the Gulf of Mexico where the permitting gridlock persists. Operating income rose sequentially by \$58.0 million to \$222.4 million. The addition of Superior Well Services generated the largest impact followed by Canada, US Lower 48 land drilling, International and US Well-servicing. Our Other Operating Segments income decreased sequentially as a result of lower activity in both our Alaska joint ventures and in our directional drilling entity, more than offsetting an increase in Canrig's results. "We expect 2011 to show a 50-60 percent increase in non-GAAP earnings per share, even though the first and second quarters will be adversely impacted by several period-specific issues and the customary seasonal slowness in our US Pressure Pumping and US Well-servicing businesses. Among these issues are the usual first quarter payroll tax drag on our US businesses and approximately \$90 million in International income reductions resulting from three events: lower market rates on three jackup renewals, scheduled downtime for regulatory inspections on four jackups, and approximately 360 days of downtime to accomplish upgrades on six land rigs in Saudi Arabia in preparation for long-term

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gas drilling contracts. Despite the magnitude of these items, we still expect International income in 2011 to approximate 90% of 2010 with a fourth quarter annualized run rate that far exceeds that result as rig activity increases. With the exception of Alaska, all of our units are expected to be up significantly and in the aggregate deliver a very strong year. "Results in our Canada operations increased substantially to \$16.6 million as we ramped up into the seasonally strong first quarter. In addition to the normal improvement associated with the beginning of the winter drilling season, this market is seeing strong increases in oil and liquids-directed activity which more than offsets declining rig counts in gas areas such as Horn River and Montney. We expect 2011 to be a significantly better year than 2010.

USING CANADIAN COAST GUARD SHIP GOOD BUSINESS

Using a federally owned ship for oil and gas research in the Arctic is good for Canadians, BP and Imperial Oil executives told a Parliamentary committee Tuesday. The oil companies appeared before the committee to explain their use of the Canadian Coast Guard ship Amundsen to collect data on the Beaufort Sea in the northwest Arctic. Michael Peacock, exploration manager for Imperial Oil Ltd., said that because the data on currents, ice thickness and other topics is collected as part of a public-private partnership, it isn't proprietary. It's not data that Imperial Oil or BP are going to keep buried away in a basement filing cabinet," he told the standing committee on fisheries and oceans. "It allows us to share the data." Imperial Oil and BP want data about the Beaufort Sea to support submissions they will need to make if

they decide to apply to drill exploration wells. But the data can also be used by local communities, federal agencies and other scientific researchers, Peacock said. The coast guard ship is managed by a non-profit consortium called ArcticNet, based at the University of Laval. News of the oil companies' involvement upset some environmentalists, since much of the ship's mission has been to research climate change in the North. However, Louis Fortier, scientific director of ArcticNet, said the public-private partnership ensures high-quality scientific data is used to evaluate whether to drill. Peacock said the data was collected for the oil companies by ArcticNet scientists on the Amundsen — not oil and gas industry employees — while they also conducted other types of scientific research. Anita Perry, vice-president of government and public affairs for BP Canada Inc., added that the companies do not receive any taxpayer subsidies for the work. She told the committee that her company paid ArcticNet \$9 million in 2010 and spent about \$5.5 million on its own staff time for the collaboration. Peacock said Imperial Oil similarly paid \$11 million to ArcticNet in 2009 and also spent \$5.5 million on its own staff time. Fortier also appeared before the committee Tuesday. He said the money paid by the oil companies: Covers a "fair share" of costs to run the ship, which total \$2.7 million per year; Pays for recapitalization of the ship as it depreciates; Repays past investments made by taxpayers to prepare the ship for deployment and finances new research on Inuit health and education. Fortier, a biology professor at the University of Laval, estimated that in 2009-10, a third of ArcticNet's \$20-million budget came from partnerships with oil and gas companies.