NYMEX OIL: US$89.71
+$0.87
April delivery
NYMEX N. Gas: US$3.87
+$0.01 per MMBTU
March delivery

Oilfield NEWS

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FAIRBORNE TO SELL NG ASSETS

Fairborne Energy Ltd. has entered into a binding Purchase and Sale Agreement for the sale of properties in the Peace River Arch and Brazeau area of north and west central Alberta for $125 million, subject to closing adjustments. The sale is subject to customary closing conditions, including industry standard due diligence and regulatory approval, and is expected to close on or about March 22, 2011. Proceeds from the divestiture will be used to reduce bank indebtednes. Year-end 2009 reserves attributed to the Assets, based on Fairborne's independent reserve evaluation prepared by GLJ Petroleum Consultants Ltd, on a proved basis are 3.9 million boe and on a proved plus probable basis are 5.4 million boe (56 % natural gas and 44 % oil and NGL's. Current production attributed to the Assets is approximately 1,830 boe/d (60% natural gas and 40% oil and NGL's). Divestment metrics are approximately $32.05 per boe on a proved basis and $23.15 per boe on a proved plus probable basis and $68,300 on a flowing boe basis.

FORTRESS LOOKING TO BECOME CLEAN POWER PRODUCER

Fortress Energy Inc said it plans to convert itself from an oil and gas producer, to an independent producer of clean power. Fortress, which has been reviewing strategic alternatives since last year, plans to focus on renewable energy and low emissions gas-fired facilities in regions with growing demand for power where government-backed power purchase agreements are available. In September, the company closed the sale of most of its oil and gas assets to Terra Energy Corp , including the Square Creek assets in Western Canada, for about C$34.6 million ($35.1 million) in a cash-and-stock deal. Fortress hopes to benefit from the Ontario government's 20-year energy plan which it unveiled in 2007, promoting the use of natural gas and renewable powers and replacing the use of coal fired generation by 2014. The Ontario Power Authority introduced the feed-in-tariff (FIT) program in 2009 to encourage power developers to invest in clean energy facilities. Fortress has identified 10 such projects with power capacity of about 500 megawatts, which it is reviewing for acquisition, it said in a statement.

CENOVUS 2010 RESULTS AND REVIEW

Higher oil production and strong oil prices contributed to 2010 cash flow of $2.4 billion. Cash flow was 15% less than in 2009 due to lower realized natural gas prices and lower natural gas volumes, partially as a result of divestitures. Cenovus's refineries experienced lower cash flow in 2010 mainly due to planned turnarounds, higher crude costs and refinery optimization in response to weaker diesel and gasoline prices in the first half of the year. As expected, cash flow at the refineries improved considerably in the fourth quarter of 2010 due to stronger refining margins and increased utilization. Despite crude oil pipeline apportionment and poor weather causing delays in capital investment in 2010, production from Cenovus's conventional oil and natural gas properties met company expectations. Conventional oil and NGLs production was about 47,000 bbls/d in 2010, a 5% decrease compared with 2009. This was primarily the result of expected natural declines, divestitures of non-core properties, as well as capital project delays caused by weather. The declines were partially offset by increased production from well optimizations at Weyburn and production from new wells in southern Alberta and Saskatchewan. Pipeline apportionment in the second half of the year did not significantly affect production but did result in higher volumes of oil in storage. Natural gas production was 737 million cubic feet per day (MMcf/d), a 12% decrease in 2010 compared with 2009, with about one-third of that decrease attributed to the sale of natural gas properties. The remaining decline was due to the company shifting capital to crude oil development and away from natural gas in response to low natural gas prices as well as natural production declines and poor weather causing capital project delays. The 2010 independent reserves and contingent resources evaluation supports Cenovus's plans to grow oil sands production. The independent qualified reserves evaluators estimated that Cenovus had nearly 1.2 billion bbls of proved bitumen reserves on December 31, 2010, 33% more than a year earlier. In addition to the expanded reserves numbers, there was a significant increase to the company's bitumen economic contingent resources in 2010, mainly attributed to the assessment data collected from stratigraphic (strat) wells. Best estimate bitumen economic contingent resources at year-end 2010 were 6.1 billion bbls, a 13% increase over 2009. Cenovus invested about $2.1 billion in capital during 2010, slightly lower than the previous year. The lower spending was mainly due to project delays at conventional oil properties caused by poor weather and various module delivery delays for the expansion project at the Wood River Refinery as a result of record Mississippi River levels. About $750 million of 2010 capital investment focused on the continued development of Foster Creek and Christina Lake, the start up of the Grand Rapids pilot and the assessment of future oil sands projects. An additional $104 million was spent expanding the heavy oil growth opportunity at Pelican Lake. More than $530 million was spent on other conventional properties, primarily oil assets, including appraisal projects in the Bakken and Lower Shaunavon areas. Despite deferred capital investment in 2010, conventional oil and natural gas production remained at expected levels. Cenovus said on Friday it's seeking a joint-venture partner to speed development of its Alberta oil sands holdings and boost the value of its reserves.

NEXEN Q4 RESULTS AND 2010 REVIEW

Fourth quarter cash flow from operations increased 13% to $549 million ($1.04/share) over the third quarter 2010. This reflects increased production and rising oil prices driven by the strengthening global economic recovery. In 2010, WTI and Brent traded at similar levels. Since late December, international oil prices have risen faster than WTI with Brent currently trading at a premium of $18/bbl (average January premium $7/bbl) as WTI is being held back by high regional inventories. With 80% of our oil production receiving international prices, Nexen is seeing the strong benefits of this in 2011 as cash flow sensitivity is $270 million annually per $10 change in Brent after tax. Fourth quarter cash flow from operations was lower than the same period in 2009, primarily as a result of lower production, lower marketing contribution and adjustments to the annual cash tax provision in the U.K. Production decreases reflect downtime related to the commissioning of the fourth platform at Buzzard, natural declines in Yemen and the sale of our Canadian heavy oil properties. The higher 2009 marketing contribution reflected the increased value of our natural gas inventories with rising gas prices in late 2009. This business was sold in the third quarter of 2010. Cash flow from operations for the year was $2.1 billion ($4.06/share) and net income was $1.2 billion ($2.28/share). The doubling of net income in 2010 reflects the net gains from our disposition program ($566 million, after tax.). Fourth quarter after royalties production increased 7% over the third quarter. Higher production from Syncrude following the completion of the third quarter turnaround and improved uptime at Scott/Telford following maintenance at a third-party transportation facility more than offset Buzzard downtime. Commissioning of the fourth platform at Buzzard is proceeding well and we are near to having it fully integrated with the existing production systems. With the increased H2S handling capability, we expect to be able to continue to maintain our high netback Buzzard production at plateau for many more years. Fourth quarter production also benefited from shale gas volumes, following the startup of our eight-well pad. Fourth quarter production was lower than the same period in 2009 due to downtime related to the commissioning of the fourth platform at Buzzard in 2010 and sale of our heavy oil properties, partially offset by increased production at Long Lake. Annual production increased over 2009 as a result of higher production at Long Lake, achieving full capacity at Ettrick, shale gas growth and good performance across our US fields. Production gains were offset by the mid-year sale of 15,000 boe/d of heavy oil volumes and natural declines in Yemen. During the past five years, production after royalties has grown at a compound annual rate of 6% excluding our heavy oil disposition. During 2010, Nexen nvested

$2.5 billion in oil and gas activities and added 101 million boe of proved reserves. These additions replaced 114% of production and the conventional reserves replacement ratio of 105% their best in four years. In 2010, Nexen invested $733 million in the North Sea, including $305 million on exploration and appraisal activities. During the quarter, the UK Government announced that, subject to completion of the award process, Nexen was the successful applicant for 10 licences covering 18 blocks in the UK North Sea 26th Offshore Oil and Gas Licensing Round. Most of these blocks are near their existing acreage and infrastructure, and are expected to enhance Nexen's ongoing exploration program they are having a great deal of success. At Buzzard, Nexen spent $80 million to install the topsides and commission the fourth platform. This will enable Nexen to produce wells with higher H2S concentrations. Nexen invested $228 million on the Long Lake project and other joint venture lands. The focus of the capital has been on the electric submersible pump (ESP) installation program, activities to increase production and reliability at Long Lake, advancing Kinosis and on our other future oil sands developments. Nexen has made considerable progress in advancing their northeast BC shale gas play. They have successfully drilled and brought on-stream their eight-well pad, and commenced drilling another nine-well pad late in the year. Nexen has more than doubled their acreage position to 300,000 acres. Nexen expects to seal a partnership to develop its large Canadian shale gas plays in the second half of this year, adding to a string of similar transactions, including a C$5.4 billion ($5.5 billion) one last week. Nexen has hired Bank of America as adviser in its quest for a joint venture partner for its Horn River, Cordova and Liard plays in British Columbia as Asian interest in the region builds. Reserves in Nexen's Horn River and Cordova properties are estimated at 5-14 trillion cubic feet, and the Liard Basin reserves could be even larger. In the Gulf of Mexico, Nexen's capital program is focused on the deepwater and in 2010, they invested $178 million on exploration and appraisal, and $83 million on deepwater and shelf producing assets. Nexen's exploration program resulted in a significant discovery at Appomattox, located in Mississippi Canyon blocks 391 and 392. An exploration well and two appraisal sidetracks have confirmed this to be an oil discovery with excellent reservoir quality. We estimate the recoverable contingent resource for this discovery exceeds 250 million boe (gross) with upside potential. We plan to further appraise this discovery once drilling permits are received. In Yemen, Nexeninvested $52 million and added 6 million boe of proved reserves. They continue to focus on maximizing the value of these assets over the remaining life of the contracts. They are currently in discussions with the Yemen government on a contract extension. In Offshore West Africa, Nexen made excellent progress on the development of the Usan field and remain on track to achieve first oil next year. The development includes a FPSO with the ability to process 180,000 bbls/d (36,000 bbls/d net to them) and store up to two million barrels of oil. FPSO fabrication is nearing completion and the vessel will soon be towed to the field installation. The project is approximately 85% complete and is expected to generate $800 to $850 million of net annual cash flow at $90/bbl Brent. Nexen has a 20% interest in exploration and development on this block along with partners ExxonMobil, Chevron and operator Total E&PNigeria Limited. In early 2011, Nexen completed the sale of its 62.7% interest in Canexus Income Fund. The sale proceeds amounted to $458 million and were received in early February. Nexen's successful disposition program has generated $1.7 billion in cash proceeds and net debt reduction of $2.1 billion including the elimination of Canexus' debt from their balance sheet. The Board of Directors has declared the regular quarterly dividend of $0.05 per common share payable April 1, 2011, to shareholders of record on March 10, 2011. Shareholders are advised that the dividend is an eligible dividend for Canadian Income Tax purposes.

INTER PIPELINE 2010 RESULTS AND REVIEW

Inter Pipeline Fund has announced its financial and operating results for the three and twelve month periods ended December 31, 2010. Inter Pipeline achieved record financial results in 2010, with funds from operations totalling $334 million or $1.30 per unit, an increase of 10% or $30 million over funds from operations generated in 2009. Inter Pipeline's results were driven by strong performance across all business segments, including a very positive frac-spread environment which benefited propane-plus sales in the NGL extraction business segment. The oil sands transportation, NGL extraction, conventional oil pipelines and bulk liquid storage businesses contributed $73.8 million, $177.0 million, $113.0 million and $40.7 million, respectively, to funds from operations. Corporate costs, including interest and general and administrative charges, totalled $70.8 million. Fourth quarter 2010 funds from operations totalled $82.7 million, an increase of $4.6 million over the comparable period of 2009. Strong results from the NGL extraction and conventional oil pipelines segments contributed to increased fourth quarter 2010 results. In the fourth quarter, Inter Pipeline's oil sands transportation, NGL extraction, conventional oil pipelines and bulk liquid storage businesses contributed $17.9 million, $46.8 million, $27.0 million and $9.3 million, respectively, to funds from operations. Corporate charges totalled $18.3 million. Cash distributions to unitholders during the year totalled $232.6 million, or $0.905 per unit, up from $202.4 million or $0.845 per unit in 2009. Total distributions paid in 2010 were higher primarily due to a $0.06 annual increase in distributions per unit beginning in December of 2009, and to an increased number of class A units outstanding. Strong financial results for the year led to a low annual payout ratio of 69.7% before sustaining capital. During the fourth quarter, Inter Pipeline distributed $59.3 million to unitholders, or $0.230 per unit, representing a quarterly payout ratio before sustaining capital of 71.7%. In 2010, total volumes transported on Inter Pipeline's oil sands pipeline systems averaged a record 637,600 b/d, an increase of 55,000 b/d, or 9% over 2009 levels. Of this total, Cold Lake system volumes averaged 447,600 b/d and Corridor system volumes averaged 190,000 b/d. During the fourth quarter of 2010, throughput volumes on the Cold Lake system rose to 469,100 b/d and Corridor volumes increased to 237,200 b/d. Quarterly Cold Lake system volumes grew by 90,700 b/d compared to 2009 as Cenovus, Canadian Natural Resources and Imperial in-situ projects contributed to record production levels during the quarter. Corridor pipeline system volumes increased by 20,700 b/d as the Jackpine mine commenced production in the fourth quarter of 2010. Cash flow on the Corridor system is generated under a 25-year ship-or-pay contract with Shell, Chevron and Marathon. This contract includes provisions for the recovery of all operating costs, depreciation, taxes and interest, and provides a structured return on the equity component of Corridor's rate base, regardless of volumes shipped. Construction efforts commenced in late 2010 on the Polaris pipeline system, a diluent transportation system that will serve the Athabasca oil sands region. With initial support from two major contracts, the Polaris system is expected to begin transporting diluent to the Kearl oil sands project in 2012, and to the Sunrise oil sands project in 2013. Inter Pipeline will provide 30,000 b/d of capacity on the Polaris system for the Sunrise project, being jointly developed by BP and Husky Energy. In total, these projects involve capital investments of $150 million, and are expected to generate $67 million in annual EBITDA once in commercial service. Diluent capacity contracted to these two oil sands projects will utilize approximately 75% of the initial capacity of the Polaris pipeline system. Inter Pipeline is pursuing additional diluent transportation opportunities to maximize system utilization.