Oilfield NEWS

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SAUDI ARABIA RAISES OUTPUT

Top exporter Saudi Arabia has raised oil output above 9 million barrels per day (bpd) to make up for a near halt in Libyan exports. The Saudi move follows reassurances from Riyadh earlier in the week that it was prepared to act to prevent shortages as a result of the rebellion in Libya against leader Muammar Gaddafi that has sharply reduced the fellow OPEC producer's 1.3 million bpd of exports. Riyadh does not publish output figures however estimates indicate Saudi Arabia pumped 8.3 million bpd in January which would mean the increase amounts to 700,000 bpd or 8 percent. Saudi Arabia is the only country able to pump large amounts of extra oil at short notice. It sometimes steps in unilaterally to meet shortages or when it feels prices have risen to levels that may threaten economic growth or oil demand. OPEC has resisted calls for a formal increase in output and says it does not plan to meet until June. Iran's deputy Oil Minister Ahmad Ghalebani told the semi-official Mehr news agency he saw no need for an emergency OPEC meeting. Iran holds OPEC's rotating presidency this year. "There is no shortage of oil in the global crude market stemming from political turmoil in Libya and other North African countries that requires an increase of Iran's oil exports," Ghalebani told Mehr. European oil companies have not taken up Saudi Arabia's offer of more supplies yet, industry sources have said, with some saying Saudi crude would not be a suitable substitute for Libyan oil at their refineries.

ENCANA AND NORTHWEST NATURAL FORM VENTURE

Encana Corp has agreed to a joint venture at its Jonah natural gas field in Wyoming, its partner, Northwest Natural Gas Co , said on Friday. Northwest Natural, a Portland, Oregon, natural gas distributor, said in a release that under the terms of the joint venture it will pay $45 million to $55 million per year over five years to cover the cost of drilling new wells in parts of the Jonah field for a total expected investment of $250 million. In exchange for funding the drilling, the company will earn an interest in some sections of the field. Northwest Natural said gas from the new joint venture will supply 8 to 10 percent of its customers' annual needs over the first 10 years of the agreement.

ENERPLUS YEAR END RESULTS AND 2011 OUTLOOK

Enerplus Corporation has announced operating, financial and reserve results for 2010. Cash flow from operations totaled $703.1 million, down 9% from 2009 due to lower production volumes. Enerplus distributed $384.1 million to Unitholders through monthly distributions in 2010, representing 55% of cash flow from operating activities. When distributions and development capital spending are combined, theirr adjusted payout ratio for 2010 was 132%. Enerplus realized cash hedging gains of $49.7 million in 2010. Natural gas contracts generated gains of $67.3 million while crude oil contracts experienced losses of $17.6 million. Total proved plus probable company interest reserves at December 31, 2010 were 306.2 MMBOE, down approximately 11% from year-end 2009. Approximately 60% of this decline was attributable to the sale of non-core properties net of acquisitions. Proved reserves totaled 219.4 MMBOE, representing approximately 72% of total proved plus probable reserves. 53% of P+P reserves are weighted to crude oil and natural gas liquids. Our P+P reserve life index was 10.7 years. Their Bakken/Tight Oil resource play grew significantly in 2010 through the acquisition of undeveloped acreage in North Dakota and Saskatchewan. Through a series of acquisitions, Enerplus now holds over 230,000 net acres of undeveloped land that is prospective for the Bakken and the Three Forks in certain areas. Total production from this resource play grew by 12% year-over-year with the increase in production coming primarily from drilling activity in North Dakota. In total, over 12.1 MMBOE of reserves were added through development activities, with another 11.3 MMBOE added through acquisitions. Enerplus also added 60.0 MMBOE of "best estimate" contingent resource at Fort Berthold attributable to the Bakken only which represents approximately 90 future drilling locations. They believe this provides them with significant future growth potential in the coming years. Enerplus expects to spend approximately $300 million, almost half of their 2011 capital budget, on their Bakken oil properties. Based upon the success of drilling activities in Fort Berthold, $230 million has been targeted for this area as they move into the development phase. They plan to drill 32 net operated wells at Fort Berthold with at least 75% of these wells planned as long lateral horizontal wells. Their primary target will be the Bakken formation however they also plan to test the Three Forks formation underlying the Bakken to evaluate the potential and future prospectivity of this zone. Enerplus has secured service agreements for frac crews, proppant and a drilling rig to support the successful execution of their program. They are also working to have mid-stream agreements in place by mid-year that will allow them to tie in their production and capture the associated natural gas. The remaining $70 million will be invested at Sleeping Giant in Montana and in their Canadian tight oil properties. Enerplus expects production at Fort Berthold will more than double as they exit 2011 with total production from their Bakken/Tight Oil resource play growing by 50% throughout 2011, exiting in the range of 18,000 - 21,000 BOE/day. Given the high initial productivity of these wells and the competition for services in this region, exit production volumes and capital spending could vary from guidance depending upon when new wells are drilled, completed and tied in.

COMPTON 2010 RESULTS

Compton Petroleum Corporation has reported its financial and operating results for the year ended December 31, 2010. Revenue decreased in 2010 compared to 2009 due to reduced production volumes. Cash flow for 2010 decreased 18% for the same reason as well as the impact of the costs of terminated office leases and an increase in asset retirement expenditures. Compton reported a net loss for 2010 of $330.9 million versus a loss of $8.3 million in 2009 largely due to a ceiling test impairment of $367.0 million on petroleum and natural gas assets in 2010, due to a reduction in the estimated discounted cash flows of proved plus probable reserves. Operating loss increased by 27% from $59.6 million in 2009 to a loss of $75.6 million in 2010 primarily due to higher depletion and depreciation as a result of the ceiling test impairment. Operating earnings is a non-GAAP measure that adjusts net earnings by non-operating items that, in Management's opinion, reduces the comparability of underlying financial performance between periods. These non-operating items are largely non-cash in nature or one-time non-recurring items, and include those referred to above. The low natural gas price environment experienced throughout 2010 and reduced production volumes continued to impact the amount of internally generated cash flow available to invest in drilling activities. As a result, capital spending, before acquisitions, divestitures and corporate expenses decreased by 32% in 2010. Despite this reduction, the Corporation drilled or participated in 31 wells in 2010 (drilled 18: participated 13) as compared to 20 in 2009 (drilled 6: participated 14). Other factors that influenced 2010 capital expenditures included the reduced costs of drilling, the deferral of capital expenditures as a result of weather related constraints, the implementation of the Alberta Drilling Credit program in 2010, and higher asset retirement costs. Capital spending during the year was primarily directed towards the drilling and/or completion of 13 horizontal multi-stage fracture wells in Niton and the development of natural gas plays in the Southern Plains. Funds were also allocated to the refracture of two wells in High River. During the fourth quarter of 2010 revenue decreased 24% compared to the same period in 2009 due to a 23% decrease in production, which reflects the sale of a portion of the Corporation's Niton and its Gilby assets, as well as natural declines. Although fourth quarter 2009, cash flow and operating earnings were unfavourably impacted by lower production volumes, this was partially offset by reductions in operating, interest and administrative expenses. In 2011, operational activities will be concentrated on those areas that provide the highest economic return or that will help identify additional future development opportunities for the Corporation. Compton will focus primarily on liquids-rich, high return natural gas in Niton, and on developing its emerging oil prospects. At Niton, Compton will focus on drilling several Rock Creek wells as well as testing other zones including the Ellerslie, Cardium (oil), Notikewan and Spirit River Formations. Success in these formations would provide additional potential for growth. In the Southern Plains, the Corporation expects to drill additional Ellerslie Formation oil wells as well as a test well targeting the Alberta Bakken Formation to evaluate the potential of this zone. Should a recovery in natural gas prices occur, additional activities may be considered with increases in available capital. Based on forecast natural gas prices, Compton anticipates that it will invest between $70 and $75 million in capital development in 2011, utilizing available cash flow and funds from other sources. This level of expenditure is expected to largely maintain production, after accounting for 2010 dispositions. With drilling more focused on oil in 2011, the Corporation expects its production to shift towards oil. Success with 2011 oil development could result in a significant shift to oil projects in 2012. Management will monitor economic conditions as they develop and adjust the capital program accordingly.

HORIZON NORTH LOGISTICS FOURTH QUARTER RESULT

Horizon North Logistics Inc. has reported its financial and operating results for the quarter ended December 31, 2010 and 2009. Revenue from operations in the Camps & Catering segment was $70.7 million for the three months ended December 31, 2010 compared to $26.5 million for the same period in 2009, an increase of $44.2 million or 167%. EBITDAS from operations for the three months ended December 31, 2010 was $16.7 million or 24% of revenue as compared to $1.5 million or 6% of revenue in the same period in 2009. The increase in revenue and EBITDAS over the prior year was driven by the overall improvement in economic conditions seen throughout 2010, primarily in the strengthening of oil and mineral pricing which drove a significant increase in demand for Horizon's Camps & Catering products and services. Revenue from camp rental and catering operations was $33.1 million for the three months ended December 31, 2010 compared to $12.8 million for the same period in 2009, an increase of $20.3 million or 159%. Revenue is derived from the following main business areas: (a) the BlackSand facilities which include the Executive Lodge and craft camp facilities north of Fort McMurray, Alberta and (b) the Conventional camp rental and catering operations which include open camps, drill camps, catering only work, and ancillary equipment rentals. Revenue from the BlackSand facilities for the three months ended December 31, 2010 was $19.1 million as compared to $7.1 million for the same period in 2009, an increase of $12.0 million or 169%. Higher volumes accounted for the majority of the revenue increase, with 113,239 bed rental days in the three months ended December 31, 2010 as compared to 46,612 bed rental days for the same period in 2009. The increase in volume was the result of an increased level of activity by oil sands operators as compared to the same period of 2009. Activity in the Fort McMurray, Alberta oil sands region was focused on increasing production levels at existing operations and on operational maintenance work, while in the same period of 2009 many oil sands operators had reduced activity waiting for signs of a more stable economy. Utilization for the three months ended December 31, 2010 increased to 95% as compared to 48% for the same period in 2009, on an increased number of available beds. Throughout the second quarter of 2010, 144 newly manufactured beds were added to the BlackSand Executive Lodge and 191 beds were redeployed from the existing conventional camp fleet and added to the Blacksand craft camp. Total beds available in the fourth quarter of 2010 were 1,300 as compared to 965 for the same period in 2009. Revenue per bed rental day for the three months ended December 31, 2010 was $169 compared to $152 for the same period in 2009, the result of a rate increase on a large long-term contract which adjusted the rate for inflation and additional costs associated with operating in a unionized environment. Additionally, the fourth quarter of 2010 included several short-term contracts which typically had significantly higher revenue per bed day due to their short-term nature. Revenue from open camp operations was $3.8 million for the three months ended December 31, 2010 as compared to $2.1 million for the same period in 2009, an increase of $1.7 million or 81%. Revenue from drill camp operations remained unchanged at $1.3 million for the three months ended December 31, 2010 and 2009. Revenue from ancillary equipment rentals was $1.8 million for the three months ended December 31, 2010 as compared to $0.3 million for the same period in 2009. This increase was due to two large equipment rental contracts in British Columbia in the mining and forestry sector. Revenue from the provision of catering and housekeeping only services, with no associated bed rentals, for the three months ended December 31, 2010 was $7.1 million as compared to $2.0 million in the same period of 2009, an increase of $5.1 million or 255%.

PROGRESS RELEASES UPDATE

Progress Energy Resources Corp has announced that it was expanding its 2011 capital program to $350 million. Progress expects the expanded capital program to result in production growth to an average of approximately 45,000 to 46,000 barrels of oil equivalent ("boe") per day in 2011 and 2011 exit production of 50,000 to 52,000 boe per day, an increase of approximately 15 percent from 2010 exit production of approximately 45,000 boe per day. On February 9, 2011, Progress announced that its reserve base had grown by 30 percent on a debt-adjusted, per-share basis in 2010, primarily driven by the success of the Company's Montney drilling program in northeast British Columbia. With an expanded capital program of $350 million for 2011, the Company intends to accelerate the number of Montney wells to be drilled in 2011 to approximately 30 to 35 horizontal wells. In connection with the expansion of the Company's capital program, Progress announced that it had entered into an agreement with a syndicate of underwriters pursuant to which the underwriters have agreed to purchase, on a bought deal basis, 14,400,000 common shares of Progress ("Common Shares") at a price of $13.90 per Common Share for gross proceeds of $200,160,000 and $200,000,000 principal amount of Convertible Unsecured Subordinated Debentures for total combined gross proceeds of $400,160,000 . The Offering is expected to close on or about March 7, 2011 and is subject to Progress receiving all necessary regulatory approvals, including the approval of the Toronto Stock Exchange. Canada Pension Plan Investment Board which currently owns 14.7 percent of the Company's outstanding Common Shares has agreed to subscribe for 2,116,800 Common Shares under the Offering at $13.90 per Common Share in order to maintain its current ownership interest. No fee or other commission will be paid to the underwriters for the Common Shares purchased by CPPIB under the Offering.