WTI OIL: US$97.18
-$4.01
April delivery
NYMEX: N Gas: US$3.94
+$0.03 per MMBTU
April delivery

Oilfield NEWS

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NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was up 8 at 1,715 for the week of March 11, 2010. It is 308 rigs (21.9%) higher than last year. The number of rotary rigs drilling for oil increased 26 to 827. There are 361 more rigs targeting oil than last year. Rigs drilling for oil represent 48.2% percent of all drilling activity. Rigs directed toward natural gas were down 17 at 882. The number of rigs currently drilling for gas is 45 less than last year's level of 927. Year-over-year oil exploration in the U.S. is up 75.7 percent. Gas exploration is down 2.9 percent. The weekly average of crude oil spot prices is 27.7 percent higher than last year and natural gas spot prices are 14.6 percent lower. Canadian rig activity was up 3 at 628 for the week of March 11, 2011 and is 149 (31.1%) higher than last year's rig count.

MAERSK SUSPENDS SERVICE TO 3 JAPAN PORTS

Maersk Line, a unit of Danish shipping and oil group A.P. Moller-Maersk , said in a weekly news bulletin that it suspended service to Sendai, Onahama and Hachinohe. "We have limited details at this moment, but terminal facilities and our containers at these ports have suffered serious damages by the tsunami," Maersk said. "Tokyo, Yokohama, Nagoya, Kobe, Osaka and Hakata ports are safe and no damages have been reported to our equipment in these yards," it said. Maersk Line continues to serve other Japanese ports as usual for now, but service may be subject to changes later, it said.

GLOBAL SUPPLY CHAIN RATTLED BY JAPAN QUAKE

Global companies from semiconductor makers to shipbuilders faced disruptions to operations after the earthquake and tsunami in Japan destroyed vital infrastructure and knocked out factories supplying everything from high-tech components to steel. The earthquake has forced many firms to suspend production and shares in some of Japan's biggest companies tumbled on Monday, with Toyota Corp and Sony Corp falling 8 percent and 9 percent, respectively. Plant closures and production outages from Japan's host of high-tech companies were among the biggest threats to the global supply chain, analysts said. Rolling power blackouts are likely to affect Tokyo and surrounding areas over the next few weeks, adding to the existing challenge of inspecting and repairing north Japan plants amid continuing aftershocks and the threat of major radiation leaks from damaged nuclear power plants. Japanese ports handling as much as 7 percent of the country's industrial output sustained major damage from the earthquake, with most seen out of operation for months. Nippon Steel Corp, the world's No.4 steelmaker, said on Sunday it resumed shipments from all its steel plants except its Kaimishi facility in northern Japan. Rival JFE Holdings said on Monday it was forced to stop shipments at one plant near Tokyo due to a power outage. Other high tech producers including Taiwanese smartphone make HTC said operations and components supply had not been affected but they would be talking to alternative suppliers and monitoring the situation in Japan. Companies in neighbouring South Korea, which depend heavily on Japan supplies such as LCD glass, chip equipment, silicon wafers and other products to produce semiconductors, were some of the most

affected. Companies reliant on Japanese steel such as South Korean shipbuilders were also expected to face supply constraints or higher prices due to disruptions caused by the quake and its aftermath. South Korea houses the world's top three shipbuilders -- Hyundai Heavy Industries, Daewoo Shipbuilding and Marine and Samsung Heavy Industries. The earthquake also raised risks of lower production from Japanese manufacturers of polysilicon and wafers -- materials found in solar panels that convert sunlight into electricity. .

SHELL SEES LNG PRICE RISE

Royal Dutch Shell will divert as much liquefied natural gas as possible to Japan to make up for energy lost from the country's nuclear plants. Shell's own refining facilities had not been hit by the severe earthquake and ensuing tsunami which struck parts of Japan on Friday, although damage to its retail and distribution businesses was unclear, Shell Chief Executive Peter Voser said. "I am pleased to say we are also helping the Japanese government at the moment to supply additional LNG and low sulphur fuel oil," Voser said. Spot LNG prices in Europe were likely to rise as LNG was diverted to Japan to meet the country's energy needs, Shell Chief Financial Officer Simon Henry added. Shell owns 30 percent of a large new LNG production facility in Qatar that started loading its first tankers of super cooled gas last month and also has LNG export projects in Australia. But in delivering Shell's strategy update on Tuesday, Voser emphasised that unrest in the Middle East and the crippling of Japan's economy, while contributing to market volatility in the short-term did not detract from the macro-economic trends that are driving growth in Shell's business. "I look much more beyond the Middle East, and for that matter Japan, to the developments across the world, with a very strong rise in population and average living standards which normally demands more energy," Voser says. Shell said that it aims to produce 12 percent more oil by 2014 than it did last year, one of the highest growth rates in the industry, and will cut more costs at its refining business. The Anglo-Dutch group said it will be producing 3.7 million barrels of oil equivalent (boe) per day in 2014 after spending over $100 billion in net capital investment in 2011-14, despite the current volatility in oil prices.

LIBYAN OIL EXPORTS HALTED

The International Energy Agency says Libyan oil exports have "ground to a halt" because of the fighting between rebels and forces loyal to Libyan leader Moammar Gadhafi. The Paris-based group said Tuesday in its latest oil market report that production from the North African nation appeared to have "slowed to a trickle" as the fighting and mounting unrest prompted an exodus of foreign oil workers and led international companies to halt their operations. Analysts have said they believe that oil production and exports from the OPEC member are sharply down because of the unrest.

TRUCK FIRE NEAR FIREBAG SITE

A fuel truck caught fire near a Suncor Energy Inc oil sands site in northern Alberta on Tuesday, sending thick smoke into the air but not affecting production, a company spokesman said on Tuesday. The truck ignited in an accident near Suncor's Firebag site near Fort McMurray, Alberta, and was extinguished by fire crews from the city and surrounding oil sands operations, Suncor's Michael Lawrence said. "It was easily put out with foam and water, and according to reports there was a lot of black smoke," Lawrence said. Word of an explosion in the region caused a brief jump in prices for Canadian synthetic crude in an already skittish cash market, a trade source said. The price quickly retreated when it became clear that output was unaffected. Synthetic for April delivery was selling at a $14 a barrel premium to benchmark West Texas Intermediate crude, then climbed to as high as $15.25 a barrel on speculation about the fire, the source said. Prices for the crude derived from Canada's oil sands have jumped in the past two months due to the outage of Canadian Natural Resources Ltd's Horizon plant in January and a halving of output at Husky Energy Inc's heavy oil upgrader last month

NOVUS 2011 CAPITAL BUDGET

Novus Energy Inc expects output to more than double in 2011 as it drills more wells. The 2011 capital expenditure budget of $60 million will exclusively be devoted to oil development activities, and is expected to incorporate the drilling of 60 wells (57 net), the majority of which will be horizontal wells targeting light Viking oil at Dodsland, Saskatchewan. Of note, 51 net wells of the planned 57 net well program will be drilled horizontally. Novus will be operating 98% of the capital expenditures it incurs in 2011, which gives the Company significant flexibility on the timing and scale of its capital program. The Company is currently planning to drill 50 wells (48 net) in its Dodsland Viking light oil resource play, one well (1 net) targeting the Cardium light oil resource play in the Wapiti area of Alberta, one well (1 net) for light oil in the Wembley area, and eight wells (7 net) in its other oil focused areas. The Company recently completed a Bakken light oil well in Saskatchewan, and one light oil well at Wembley. The 2011 capital budget is expected to generate an average production rate of approximately 2,400 boe/d for the year and an exit production rate of approximately 3,000 boe/d, with approximately 80% of average production volumes and 85% of exit production volumes comprised of oil and liquids. Novus has identified a current risked drilling inventory of over 575 high quality Viking horizontal locations based on a drilling density of eight wells per section on its 110 net sections of land. Novus believes that drilling densities in the Dodsland area will ultimately increase up to 16 wells per section, which will have a material effect on the number of future drilling locations the Company possesses. Novus has contracted a drilling rig for the majority of 2011. Drilling commenced on its Viking lands on March 6, 2011 and two wells have been drilled and cased to date.

ENSIGN ENERGY Q4 RESULTS

The fourth quarter financial results for Ensign Energy Services Inc. ("Ensign" or the "Company") improved significantly from the fourth quarter of 2009. Net income increased 83 percent to $41.3 million ($0.27 per common share) for the fourth quarter of 2010 from net income of $22.6 million ($0.15 per common share) recorded in the fourth quarter of 2009. Operating earnings, expressed as EBITDA (defined as earnings before interest, taxes, depreciation, amortization, and stock-based compensation), of $103.3 million ($0.67 per common share) for the fourth quarter of 2010 increased 54 percent over EBITDA of $67.2 million ($0.44 per common share) recorded in the fourth quarter of 2009. Funds from operations were $88.7 million ($0.58 per common share) for the fourth quarter of 2010, a 53 percent increase from $57.8 million ($0.38 per common share) recorded in the fourth quarter of 2009. Financial results in the fourth quarter of 2010 reflect a strong recovery in the demand for oilfield services which resulted in higher activity levels across all geographic segments compared with 2009. The Company recorded net income of $121.4 million ($0.79 per common share) in the year ended December 31, 2010, a three percent decrease from $125.4 million ($0.82 per common share) recorded in 2009. Operating earnings for 2010 were $326.5 million, a six percent increase from EBITDA of $309.0 million for the year ended December 31, 2009. Funds from operations increased 15 percent to $297.0 million ($1.94 per common share) in 2010 from $257.4 million ($1.68 per common share) in the prior year. Overall activity levels in 2010 increased over 2009 as demand for oilfield services began to show signs of recovery from the global economic crisis that reduced demand for much of 2009. However, pricing pressures continued throughout most of 2010, reducing revenue rates across all geographic segments. This, combined with the translational impact of a weakening United States dollar on United States and international consolidated financial results, and higher depreciation as high-valued equipment was added to the fleet through the Company's new build program, led to slightly lower overall financial results when compared to 2009. While the global economic recovery proceeded at a slower pace than had earlier been projected, the Company's strong cash position and geographic diversification allowed it to take advantage of new growth opportunities that arose in the year. In 2010, the Company expanded its new build program to capitalize on customer needs for new oilfield service equipment as a result of the increasing technical demands of resource plays. Two Automated Drill Rigs (ADR™) and seven well servicing rigs were added to the Company's fleet in 2010; and 19 ADR's and 12 additional well servicing rigs are forecast to be completed throughout 2011 and early 2012. The Company also expanded its Canadian directional drilling services in 2010 through the acquisition of 14 directional drilling packages late in the year. The 2010 fourth quarter dividend rate increased 8.6 percent to $0.0950 per common share from $0.0875 per common share declared in the fourth quarter of 2009. The Company's 2010 annual dividend rate was $0.3575 per common share, an increase of four percent over the annual dividend rate of $0.3425 per common share declared in 2009. The Company has increased its dividend every year since it first started to pay a dividend in 1995. Working capital at December 31, 2010 was $95.9 million compared to $107.9 million at December 31, 2009. The Company's expansion of its new build program to take advantage of market growth opportunities in 2010 led to a decrease in the consolidated working capital at December 31, 2010. The Company is cautiously optimistic about future market developments in 2011, and accordingly will preserve its operational and balance sheet strength to support future strategic growth opportunities for the Company.

WEIR INTRODUCES NEW FRAC PUMP

Weir SPM is introduceing a new triplex frac pump, the Destiny(TM) TWS 2500, that addresses industry demand for high performance in the harsh environments of unconventional gas formations. Following three years of research, design innovation, engineering and extreme testing, the TWS 2500 has proven to be a durable and technologically advanced frac pump for North America shale plays. The TWS 2500 offers a high rod load capacity at 273,000 lbs and 2500 horsepower. It has a 10" stroke producing fewer cycles for the same amount of flow rate as an 8" stroke pump. Fewer duty cycles result in less wear on expendables and better durability for the entire pump. This combination provides more operating ranges than any other triplex pump in this category currently in the market. Dubbed "Destiny(TM)", the TWS 2500 is a totally new frac pump built with the latest engineering tools to meet the industry's needs for superior performance in harsh environments. "Our customers needed better performance from their equipment to impact their operations successfully. Their current equipment reflected decades-old technology; we responded with innovation," said Gavin Nicol, president of Weir SPM. "Our job is to give our customers solutions to their problems. This frac pump solves their current issues and reduces their total cost of operations." Chris Poole, executive vice president of engineering, Weir SPM said: "Performance under those conditions required innovation in creating a new robust pump with structural

integrity to meet the demand of high pressure conditions. After extensive in-house testing, the Destiny(TM) TWS 2500 was field tested in very harsh weather and shale environments. Its reliability was excellent and it represents the very latest technology."

INDUSTRY SUPPORTS PUBLIC UNDERSTANDING OF NG

Natural Gas Canadian Natural Gas, an initiative of Canada's natural gas industry - upstream production and processing, pipeline transmission, and downstream distribution - have responded to the Bureau d'audiences publiques sur l'environnement (BAPE) report, released last week by the Quebec government. "The natural gas industry respects the public process in Quebec and will work constructively with the Quebec government to build public understanding of the technology and processes used to explore for and develop natural gas. Industry advocates for the application of best practices and efficient and effective regulations across the country to ensure responsible development, consistent with the expectations of Canadians," said Dave Collyer, president of the Canadian Association of Petroleum Producers (CAPP). CAPP, the Canadian Gas Association and the Canadian Energy Pipeline Association, along with the Canadian Natural Gas Vehicle Alliance and the Canadian Society for Unconventional Gas, comprise the *Canadian Natural Gas* Initiative. Together, their members reliably and safely produce, transport and deliver clean, efficient Canadian natural gas to the market for a variety of uses. The initiative aims to raise understanding of the role natural gas can play in achieving our country's energy, environmental and economic objectives. The Canadian natural gas industry has a long track record of safe and environmentally responsible unconventional natural gas development using hydraulic fracturing in other areas of Canada, experience that can be brought to bear in Quebec. "We are confident, based on experience in other jurisdictions, that shale gas can be developed safely in Quebec," said Brenda Kenny, president of the Canadian Energy Pipeline Association. "Safe shale gas development would provide benefits to Quebecers in terms of jobs and public revenues, and provide consumers in Quebec and beyond with a clean-burning reliable energy solution." These benefits make natural gas a smart energy choice and a core strategic asset for Quebec and Canada. "Today, natural gas distribution companies serve approximately 6.2 million customers - homes, businesses and industry that combined represent well over half the population across the country. Natural gas is a significant provider of public revenue, an affordable energy choice, a safe and reliable fuel, and a flexible energy partner for buildings and communities," said Timothy Egan, president and chief executive officer of the Canadian Gas Association. "The many benefits of natural gas - and new applications in high-emission industries like transportation - underscore the opportunity its development affords to Quebec to make an even more robust and sustainable energy system for the benefit of Quebecers," said Egan. Canada requires an energy mix that meets the needs of a growing economy and population, while helping to ensure a lower carbon future. Given the benefits of natural gas use in reducing air pollution and greenhouse gases, it is a foundational element in our energy supply mix.