WTI OIL: US$111.82
-$0.39
June delivery
NYMEX: N Gas: US$4.38
-$0.005 per MMBTU
May delivery

Oilfield NEWS

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NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was up 28 at 1,800 for the week of April 22, 2010. It is 318 rigs (21.5%) higher than last year. The number of rotary rigs drilling for oil increased 33 to 913. There are 399 more rigs targeting oil than last year. Rigs drilling for oil represent 50.7% percent of all drilling activity. This is the first week since 1995 that the number of rigs targeting oil exceeded 50%. Rigs directed toward natural gas were down 7 at 878. The number of rigs currently drilling for gas is 78 less than last year's level of 956. Year-over-year oil exploration in the U.S. is up 77.6 percent. Gas exploration is down 8.2 percent. The weekly average of crude oil spot prices is 32.0 percent higher than last year and natural gas spot prices are 7.0 percent higher. Canadian rig activity was down 24 at 143 for the week of April 22, 2011 due to the spring thaw and is 33 (30.0%) higher than last year's rig count.

14TH ANNUAL BC NATURAL GAS SYMPOSIUM

The Canadian Institute's 14th Annual BC Natural Gas Symposium will provide delegates with up-to-the-minute information on BC's evolving natural gas industry - current and future E&P activities, project updates, supply/demand forecasts, plus new and emerging topics including: - Understanding the competitiveness of Canadian LNG on an international scale - Maximizing social license in order to maintain profitability and shareholder confidence - Learning how the WCI's cap and trade system will affect B.C.'s natural gas industry - Taking advantage of emerging opportunities in resurgent NGL markets - Capitalizing on abundant natural gas supplies by exploring alternative uses May 31 - June 1, 2011 Four Seasons Hotel, Vancouver, BC www.CanadianInstitute.com/BCNG

WORKING SOLUTIONS TO ENVIRONMENTAL CHALLENGES

At The Canadian Institute's Oil Sands Environmental Management Conference, industry leaders and key decision-makers from both mining and in situ operations will discuss best practices, explore innovations and share new approaches that are saving time and money, increasing productivity and reducing environmental impacts. With case studies from producers, keynotes from policy makers, and presentations from some of the top minds in the industry, the critical issues being covered at this comprehensive event include: - The Ongoing Commitment to Responsible Development of the Oil Sands - Alternatives and Improvements to Traditional SAGD - Progress and Continuing Initiatives in Tailings Management - Onsite Upgrading to Improve Efficiency and Reduce Footprint - Carbon Capture and Storage -- presented by both ICO2N and Shell - The Federal Government's Perspective on the Oil Sands - Petrobank's THAI & CAPRI

Technologies - The Present and Future of Air and Water Monitoring. Expert speakers include: Conference Chair: Tim Shipton, President, Alberta Enterprise Group (AEG), David Hill, Executive Director Alberta Water Research Institute (AWRI), Diana McQueen, MLA, Parliamentary Assistance to the Minister of Energy, Government of Alberta , James Rajotte, MP, Chairman of the Parliamentary Committee on Finance, The Conservative Party of Canada, Don Thompson, President, The Oil Sands Developers Group (OSDG) Conference: The Canadian Institute's Oil Sands Environmental Management. Date June 2nd & 3rd, 2011. Location: The Fairmont Palliser Hotel - Calgary, AB. www.CanadianInstitute.com/OSEM

CHRISTINA LAKE EXPANSION APPROVED

Cenovus Energy Inc. has received approval from the Alberta Energy Resources Conservation Board (ERCB) to move forward with a major expansion at its Christina Lake oil sands operation. The approval covers three expansion phases (E, F and G) of 40,000 barrels per day (bbls/d) each, which would bring gross production capacity to 218,000 bbls/d once complete. "The regulatory approval at Christina Lake is a significant step in our plan to increase the company's net asset value," said Brian Ferguson, President & Chief Executive Officer of Cenovus. "This is a major milestone that allows our expansion plans at Christina Lake to remain on schedule. Additionally, as a result of this approval and the expansion of the development plan area, we expect to add substantially to our Christina Lake proved reserves at year end." Christina Lake is a major part of the company's plan to grow oil sands production five-fold by 2019. With this approval, Cenovus has oil sands expansions totaling 290,000 bbls/d of gross production capacity either under construction or approved by the regulators. That's in addition to its current combined gross production capacity of 138,000 bbls/d at Christina Lake and Foster Creek. Engineering and equipment fabrication for Christina Lake phase E is already underway with first production planned for 2014. Phase F is expected to begin production in 2016 and phase G the following year. The first phase of the expansion is expected to be sanctioned by Cenovus and its partner by the end of 2011. Cenovus's Christina Lake operation is located near the community of Conklin in northeast Alberta, about 120 kilometres south of Fort McMurray. The operation began as a pilot project in 2000 and is currently producing about 18,000 bbls/d gross from 19 wells. Christina Lake is one of the company's premier growth assets with more than 700 million barrels of proved plus probable reserves and 800 million barrels of best estimate economic contingent resources. The operation currently has an industry-leading steam to oil ratio (SOR) of less than 2.0, which means less than two barrels of steam are needed to produce each barrel of oil. The low SOR contributed to low average operating expenses of $16.47 per barrel at Christina Lake in 2010. Christina Lake currently has two additional phases of 40,000 bbls/d of gross production capacity each under construction. Phase C is almost complete, with final testing and commissioning adjustments now taking place. The plan is to start injecting steam by the end of this quarter, with first production expected in the third quarter of this year. Construction is also progressing well on phase D with more than half of the work complete. Most of the larger pieces of infrastructure are already at site and the final modules are being completed at the company's assembly yard in Nisku, Alberta. Steam injection at phase D is expected in the first quarter of 2013 with production starting in the second quarter. Construction for both phases is on schedule and on budget. An application for an additional 40,000 bbls/d expansion, phase H, at Christina Lake is expected to be submitted for regulatory review in 2013. That would bring the project's total gross production capacity to 258,000 bbls/d by 2019. Cenovus is also moving forward with three approved expansion phases at its Foster Creek operation, which are expected to increase gross production capacity to 210,000 bbls/d from the current 120,000 bbls/d. A regulatory application for the Narrows Lake project, located in the Christina Lake Region, is under review. Narrows Lake is expected to have gross production capacity of 130,000 bbls/d. In addition, Cenovus is doing preliminary assessment work on nine other emerging oil sands projects, including Grand Rapids in the Greater Pelican Region and Telephone Lake in the Borealis Region. The company believes several of the emerging projects could be of the same scale as Foster Creek and Christina Lake.

TRANS MOUNTAIN UPDATE

Kinder Morgan says it expects to restart its Trans Mountain pipeline later Tuesday. The Alberta-to-West-Coast line was taken down for repairs after a small amount of crude leaked over the weekend. The company inspected the site of the spill, 150 kilometres west of Edmonton overnight, and found no free oil when it dug up the pipe. High water levels and wet soil initially hampered access to the pipeline. The Trans Mountain pipeline has the capacity to carry 300,000 barrels per day of crude oil and various refined products. It starts near Edmonton and ends up at terminals in the Vancouver area and in Washington.

NABORS 1Q RESULTS

Nabors Industries Ltd.has reported its financial results for the first quarter of 2011. Adjusted income derived from operating activities was $191 million, compared to $142 million in the first quarter of 2010 and $222 million in the quarter ended December 31, 2010. Net income from continuing operations was $84.3 million, or $0.29 per diluted share, compared to $43.5 million or $0.16 per diluted share in the first quarter of last year and $50.2 million or $0.17 per diluted share in the fourth quarter of 2010. Operating Revenues and Earnings from unconsolidated affiliates for this quarter totaled $1.4 billion compared to $899.0 million in the comparable quarter of the prior year and $1.3 billion in the fourth quarter of 2010. Income from continuing operations reflects an effective tax rate of 31%, significantly higher than the 24% rate in the Company's combined continuing and discontinued operations. Gene Isenberg, Nabors' Chairman and CEO, commented, "Our first quarter operating results obscure the fact that virtually all of our businesses are experiencing significantly improving outlooks that will be more fully reflected in our results during the second half of the year. The first half will be negatively affected by the previously disclosed $90 million decrease in International income from the repricing of three jackups and scheduled downtime for multiple rigs. First quarter results reflect a portion of that element, along with another $24 million ($0.06 per share) in unusual costs and lost income, comprised of cost increases and weather-related delays in our Pressure Pumping and US Well-servicing businesses, top drive delivery deferrals due to supply chain interruptions in Canrig, and some interruptions in three international venues. We expect those costs to be confined to the first quarter and to recover approximately one-third of this amount over the balance of the year. Our second quarter will again reflect the aforementioned International items and will also be subject to the customary seasonal loss in Canada. Nonetheless, all indications point to a second half characterized by significantly improving results across all of our units other than US Offshore and Alaska, and improving visibility indicates a resumption of growth in these two units longer-term. "An early indicator of this uptrend is the strong first quarter performance posted by our Canadian operation whose $39 million in operating income more than doubled the $16.6 million it posted in the fourth quarter. Activity was seasonally strong, with an average of 50 rigs operating for the quarter, and margins approximated the all-time high for this unit at $12,000 per rig day. As is the case in the US Lower 48, results have benefitted from a continuing shift from dry gas to oil and liquids-rich wells. This unit is completing two new well service rigs for use in the tar sands and has two more rigs in production. While we will likely see a seasonal loss in the second quarter, the balance of the year appears to be quite strong with 45 rigs already committed to work following the spring thaw. "Results in our US Lower 48 land drilling operations were down slightly at $80 million as a $500 per day increase in average daily rig margins was more than offset by the absence of the favorable adjustment to worker's compensation accruals that once again benefited the fourth quarter, coupled with early year payroll taxes, and higher SG&A expenses, all of which are unique to the first quarter. Rig activity for the quarter averaged 187.9 rigs operating with average margins of $9,394 per rig day. We expect both our rig count and average margins to increase meaningfully throughout the balance of the year, evidenced by today's rig count of 196. During the quarter this unit was awarded four additional term contracts for new rigs, two for the Bakken and two to be deployed into the Rocky Mountain region. This gives this unit a total of 132 new build rig contracts with 33 of these secured in the last four quarters, including three economically equivalent SCR upgrades. "As expected, our International income was down at $35.5 million as two high-margin jackups were demobilized to a Dubai shipyard in early February for regulatory inspections and upgrades pending contract renewals secured at the end of March. Two more jackups will also be idled for inspections, one of which will also be upgraded pending its expected contract renewal at the end of June. These inspections, the shutdown of six land rigs in preparation for long term gas drilling contracts, and lower rates for the three renewing jackups are the primary components of the aforementioned $90 million in lost income. Additional negative impacts arose from three other rig shutdowns for long-term contract modifications and the interruption of rig operations due to civil unrest in Yemen and a labor strike in Oman. A customer-mandated special bonus payment to local workers in Saudi Arabia also impacted results, but should ultimately be recovered. We anticipate a healthy increase in second half income as these rigs return to work and another 17 incremental rigs commence operations. Among these are seven rigs that should commence operations in Iraq throughout the year, along with the late-year deployment of two additional platform rigs in India and two high-specification land rigs in Papua New Guinea. Five land rigs will also be reactivated in Saudi Arabia in the second half of the year. Various other projects are pending and we believe the fourth quarter could approximate the $72 million this unit achieved in the fourth quarter of 2010. This portends strong results in 2012 with a full year of contributions from these rig startups. By the end of 2011 it appears that land rig supply/demand in international markets may well be approaching balance. "Our Pressure Pumping operations were down materially at $43.7 million reflecting the impact of weather delays and cost increases, primarily for materials, repair parts and fuel, during the first quarter. We are implementing price increases and surcharges that should cover most of these increases going forward. Labor and training costs were also higher than usual, primarily related to hiring and training incremental crews for new equipment. Deployment of these spreads is now delayed by as much as two months, but all are still expected to be in service by the end of this year. Despite these near-term issues rates continue to increase and we are having considerable success in securing term contracts for a good portion of our fleet. Our first incremental spread will soon commence operations and we expect to deploy the remaining equipment at the rate of one spread per month. "Our US Well-servicing unit posted a respectable $11 million despite approximately $1.7 million in weather-related losses. Rig hours increased significantly and, when coupled with recent price increases, should lead to steady improvement throughout the balance of the year. Our optimism is further bolstered by increased activity in this unit's 24-hour rig operations and recent and prospective deliveries of 20 new 400 horsepower rigs in California. This unit will also take delivery of 150 new tanker trucks in the second half and has already received 400 of 1,000 additional frac tanks, all for use by its Fluids Management operations. We are also seeing market conditions that are more conducive to pricing improvement. "Our US Offshore business posted a modest loss at $4 million compared to a more significant loss in the prior quarter. Two of our deepwater platform rigs have resumed operations and we remain cautiously optimistic regarding improving activity in the second half as additional customers have indicated that they expect to receive permits to resume operations in the not too distant future. In total we have had eight platform operations suspended for some time and a number of shallow-water projects postponed. Recently a few of our shallow-water rigs commenced operations, all on short-term commitments. We believe this situation will continue to improve slowly and by the end of this year we will have significantly improved visibility regarding the intermediate term outlook. Meanwhile we continue construction on two new 4,000 horsepower deepwater platform rigs. One of these will be sold to the customer and will be operated by Nabors under a long-term management contract. It will contribute slightly in 2011 and 2012, but the largest impact on our results will be in 2013 when both rigs should be operating for the full year. "In Alaska we posted $11 million in operating income, somewhat lower than expected as a couple of key projects slipped into the second quarter. The outlook for this business remains challenging, but the prospects for a significantly improving market in 2012 and 2013 are becoming more tangible. "Income in our Other Operating Segments was considerably lower than last quarter at $6.1 million despite seasonal highs in our Alaskan joint ventures. This was principally due to roughly $7 million in deferred income in Canrig due to delayed top drive shipments arising from a supply chain interruption. The issue has been resolved and we expect to complete the originally scheduled shipments in the next two quarters. "In our Oil and Gas segment we have signed four separate agreements covering the sale of various portions of our Colombia holdings. All of these transactions either have closed or are expected to do so before the end of the second quarter. The combined proceeds to Nabors are expected to exceed $250 million. We still retain approximately 245,000 net acres in the Llanos Basin that will require further seismic activity and potentially some drilling to enhance its value. "Our financial position remains strong and we have adequate resources to comfortably redeem the $1.4 billion in remaining convertible notes due on May 15, 2011 and still continue to take advantage of attractive investment opportunities. Last week we increased our revolving credit facilities to a total of $1.35 billion at very attractive rates giving us additional financial flexibility. "It is becoming increasingly probable that the current uptick in nearly all of our businesses is sustainable. We believe that as the year progresses we will begin to demonstrate the powerful leverage that exists across all of our entities and that we will be in a position where each of our segments is improving simultaneously."

IMPERIAL OIL ANNUAL SHAREHOLDER MEETING

Imperial Oil Limited will hold its annual meeting of shareholders on Thursday, April 28, 2011 at the Sheraton Suites Calgary Eau Claire, Wildrose Ballroom, 255 Barclay Parade S.W. at 9:30 a.m. (MDT). A live webcast of the meeting can be accessed from the company's website at www.imperialoil.ca. An archived version of the webcast and presentation material will also be available following the live webcast from Imperial's website. Following the formal proceedings, Bruce March, chairman, president and chief executive officer of Imperial Oil, will be available to answer media questions for about 20 minutes. Please note that the media question and answer session will not be webcast. Media attending the meeting will be asked to show accreditation when signing in at the media registration desk located outside the main meeting hall. Additionally, Imperial's 2011 first quarter earnings will be issued on Thursday,April 28, 2011.