

**NYMEX OIL: US\$113.71**  
**+\$0.85**  
June delivery  
**NYMEX N. Gas: US\$4.69**  
**+\$0.11 per MMBTU**  
May delivery



**ilfield NEWS**  
oilfieldnews.ca



**MARK MILNE**  
LUXURY REAL ESTATE  
www.markmilne.com

Published By **NEWS COMMUNICATIONS** since 1977

Weekender

Saturday April 30, 2011

### EXXON-SHELL PROFITS SURGE IN Q1

Exxon Mobil Corp and Royal Dutch Shell Plc reported significantly bigger first-quarter profits and beat analysts' forecasts, helped by high oil prices and strong refining margins. Profits for the world's biggest oil producers have surged as oil prices moved above \$100 per barrel in the first quarter on unrest in the Middle East and Africa and growing global demand for energy. Exxon, the world's most valuable publicly listed company, posted a 69 percent increase in earnings to \$10.65 billion, its biggest profit since the third-quarter of 2008, when oil prices last traded above \$100 per barrel. Alone among its Western peers, Exxon recorded an increase in production in the quarter, notching a 10 percent rise from a year-earlier to 4.82 million barrels of oil equivalent per day (boepd), helped by its takeover of U.S. natural gas company XTO last year. Shell's earnings rose 22 percent to \$6.9 billion, although asset sales pressured its oil and gas output down 3 percent to 3.50 million boepd. Still, that decline was more modest than the 11 percent drop that BP Plc reported on Wednesday and 7 percent drop in ConocoPhillips's output. BP has been selling assets to pay the more than \$40 billion in liabilities it racked up from the massive oil spill in the Gulf of Mexico last year, while Conoco had been shedding assets to pare its debt load. Shell, the largest shipper of liquefied natural gas, also benefited from higher LNG prices following the Japanese earthquake, which was expected to lead to higher LNG demand in that country as nuclear power is scaled back. That LNG strength, plus a number of large projects coming on stream this year, sparked hopes that Shell could join Exxon and Chevron in raising its dividend payments to shareholders. Exxon raised its second-quarter payout 7 percent on Wednesday, while Chevron boosted its dividend 8 percent.

### IMPERIAL OIL Q1 RESULTS

Imperial Oil delivered a first quarter of solid results with earnings of \$781 million or \$0.91 per share, up from \$476 million in the first quarter of 2010. The 64 percent earnings increase resulted from improved industry refining margins, higher Syncrude and Cold Lake production and lower refinery planned maintenance activities. These factors were partially offset by the unfavourable foreign exchange effects of the stronger Canadian dollar. Reliability and expense management improvements in all operating segments allowed us to capture higher crude oil realizations in the Upstream and improved margins in petroleum product markets. Capital and exploration expenditures were \$859 million in the first quarter, funded from cash flow generated from operations. The company's net income for the first quarter of 2011 was \$781 million or \$0.91 a share on a diluted basis, compared with \$476 million or \$0.56 a share for the same period last year. Earnings in

the first quarter were higher than the same quarter in 2010 primarily due to stronger industry refining margins of about \$175 million, higher Syncrude and Cold Lake volumes of about \$100 million and lower refinery planned maintenance activities of about \$85 million. These factors were partially offset by the unfavourable foreign exchange effects of the stronger Canadian dollar of about \$70 million. Reliability and expense management improvements in all operating segments allowed the capture of higher crude oil realizations in the Upstream and improved margins in petroleum product markets. Upstream net income in the first quarter was \$528 million, \$84 million higher than the same period of 2010. Earnings increased primarily due to higher volumes and lower maintenance costs at Syncrude totaling about \$80 million. Earnings were also positively impacted by higher Cold Lake bitumen production of about \$30 million and higher crude oil commodity prices of about \$30 million. These factors were partially offset by the unfavourable foreign exchange effects of the stronger Canadian dollar of about \$50 million. The average price of Brent crude oil in U.S. dollars, a common benchmark for world oil markets, was \$105.01 a barrel in the first quarter of 2011, up almost 40 percent from the corresponding period last year. The company's average realizations on sales of Canadian conventional crude oil and synthetic crude oil from Syncrude production also increased. The company's average bitumen realizations in the first quarter were about ten percent lower than that in the first quarter of 2010, reflecting a widened price spread between the lighter crude oils and Cold Lake bitumen, primarily due to continuing impacts from third party pipeline integrity issues on heavy oil markets. Gross production of Cold Lake bitumen averaged 157 thousand barrels a day during the first quarter, up from 148 thousand barrels in the same quarter last year. Higher volumes were the result of the ongoing development drilling program partially offset by the cyclic nature of production at Cold Lake. The company's share of Syncrude's gross production in the first quarter was 80 thousand barrels a day, versus 67 thousand barrels in the first quarter of 2010. Increased production was primarily the result of improved mining and upgrading reliability as well as lower planned maintenance activities. Gross production of conventional crude oil averaged 22 thousand barrels a day in the first quarter, down from 24 thousand barrels the same period last year, due to natural reservoir decline. Gross production of natural gas during the first quarter of 2011 was 269 million cubic feet a day, down from 273 million cubic feet in the same period last year. The lower production volume was a result of natural reservoir decline. Net income from Downstream was \$276 million in the first quarter of 2011, \$237 million higher than the same period a year ago. Earnings benefited from stronger industry

# FOR SALE

## INDUSTRIAL - COMMERCIAL PROPERTY

### CURRENT OPPORTUNITIES

1. A flagged Full Service Hotel, premier location, very good revenues and mortgage  
**\$29,900,000.**
2. A flagged Limited Service Hotel, Highway exposure, excellent N.O.I., superb return on equity.  
**\$13,900,000.**
3. An Apartment Complex in superb condition, a very high occupancy and yields excellent revenues.  
**\$9,000,000.**
4. Over 4 acres vacant Industrial Business (IB) zoned land  
**\$3,910,000.**

**Vince, Montcalm Property Ltd.**  
**403-237-5584 888-482-5583**

refining margins of about \$175 million due in part to favourably priced crude mix processed and improved demand for petroleum products, as well as the favourable impact of about \$85 million associated with lower planned refinery maintenance activities. These factors were partially offset by the unfavourable effects of the stronger Canadian dollar of about \$20 million. Chemical net income was \$38 million in the first quarter, \$39 million higher than the same quarter last year. Improved industry margins across all product channels, lower costs due to lower planned maintenance activities, and higher polyethylene sales volumes were the main contributors to the increase. Net income effects from Corporate and other were negative \$61 million in the first quarter, compared with negative \$6 million in the same period of 2010. Unfavourable earnings effects in the first quarter were primarily due to changes in share-based compensation charges. In the first quarter, cash flow generated from operating activities was \$959 million, and \$822 million was invested in additions to property, plant and equipment, mostly associated with the Kearl oil sands and other growth projects. The company's balance of cash was \$301 million at March 31, 2011, compared with \$267 million at the end of 2010.

### MULLEN Q1 RESULTS

Mullen Group Ltd. has reported report its financial and operating results for the period ended March 31, 2011 with comparisons to the same period last year. These are the Corporation's first consolidated financial statements prepared in accordance with International Financial Reporting Standards

("IFRS"). Effective January 1, 2011, the Corporation commenced reporting its financial and operating results in accordance with IFRS which requires the restatement of its prior year results for comparative purposes. For the three month period ended March 31, 2011, Mullen Group generated consolidated revenue of \$342.7 million, operating income of \$74.4 million and net cash from operations of \$50.1 million. Cash was used to, among other things, acquire net property, plant and equipment for \$15.2 million, pay cash dividends totaling \$9.8 million, and repay long-term debt of \$5.9 million. Mullen Group's consolidated revenue of \$342.7 million was an increase of \$82.9 million or 31.9 percent from the \$259.8 million generated in 2010. This increase in consolidated revenue was attributable to greater revenues generated by both the Oilfield Services segment and the Trucking/Logistics segment. The increase in revenue experienced by the Oilfield Services segment was primarily due to significantly higher crude oil prices which continue to attract investment capital for oil sands development, infrastructure projects and resource oil drilling. The year over year increase in drilling activity in western Canada, as well as changing well profiles, created strong demand for the fluid hauling and production services business units but did not assist the performance of the rig relocation businesses. Year over year growth in revenue was also achieved by virtue of increased oil sands related activity and through acquisitions. Demand for core drilling services also increased considerably as oil price stability encouraged further oil sands exploration. At

# FOR SALE BEARSPAW EXECUTIVE HOME



- two fully treed and private acres with two ponds and tons of wildlife close to the city
- unique open floor plan features a great room with two storey tall cathedral sized windows and library loft.
- huge deck off living room and kitchen ideal for entertaining
- three fireplaces, hardwood floors and other extras
- paved driveway with lots of parking for guests.

## ONLY 945,000

Call or email Lou Pesta to arrange a private viewing at  
403-863-7510 or [lpesta@wwclawyers.com](mailto:lpesta@wwclawyers.com)

the beginning of the drilling season, TREC Drilling Services L.P. had secured work for 15 rigs, unfortunately however, due to an inability to hire qualified personnel, TREC was only able to operate nine rigs this past drilling season. The Trucking/Logistics segment experienced increased revenue by virtue of the incremental revenue generated from acquisitions, increased demand for transportation services in western Canada, as well as higher fuel surcharge revenue. Mullen Group generated operating income for the period ended March 31, 2011 of \$74.4 million, an increase of \$18.5 million or 33.1 percent over the \$55.9 million generated in 2010. Operating income was negatively impacted by the recent rapid rise in diesel fuel costs. According to the Energy Information Administration, diesel fuel costs increased by approximately 20.0 percent during the quarter. Mullen Group was not able to fully recover this cost escalation resulting in a negative impact on operating income. "The operating environment in the first quarter of 2011 continued to show positive signs that the Alberta economy, in particular, is gaining momentum with substantial revenue increases as compared to 2010. Higher commodity prices, particularly for crude oil, have strengthened the demand for the majority of the services provided by Mullen Group. Higher oil prices have also increased the price of diesel fuel substantially. Fuel is one of Mullen Group's largest operating expenses and this rapid rise negatively impacted operating income as fuel surcharge revenue always lags cost escalation. The positive signs from the first quarter have resulted in us reassessing our capital budget for 2011. A number of our business units, specifically those involved in the areas of production services and oil sands operations, continue to see attractive opportunities to deploy capital. As a result, our Board has approved an increase of

## ARE YOU READY FOR RETIREMENT?

### Have You Considered Canada's East Coast?

**Nova Scotia**  
*Canada's #1 Retirement Destination*  
offers mild winters, low housing costs, low crime rate & very friendly culture.

**Neil Schultz**  
**Hybrid Realty**  
**902-830-8008**  
[nschultz@eastlink.ca](mailto:nschultz@eastlink.ca)

\$25.0 million to our capital expenditure budget moving it to \$75.0 million for the year," stated Mr. Stephen Lockwood, President and Co-Chief Executive Officer. "It is worth noting that our year over year growth in revenue and operating income was very much assisted by our recent acquisitions. Both Smook and Panda, as standalone business units, performed very much as expected and the tuck-ins of Radium into Cascade Energy Services L.P. and Ger-Ed and GVT into Payne Transportation L.P. clearly bolstered the financial performance of these business units," added Mr. Lockwood. In the first quarter of 2011, Mullen Group generated net income of \$48.3 million or \$0.61 per share, an increase of \$24.5 million or 102.9 percent compared to \$23.8 million or \$0.30 per share in 2010. The \$24.5 million increase in net income was mainly attributable to Mullen

# RESORT LIVING AT IT'S BEST!



Fully furnished premium cottages only 30 minutes from Kelowna and Vernon. On the Westside of lake Okanagan. Cottages start at \$279,000. Lots start at \$59,000. Builders on site. Amenities galore. Best value for non stop year round family fun. Backs onto crown land for quading, snowmobiling, hiking or what ever nature loving hobby you have.

Call for details on how to get a free two nights stay.  
[www.steelegrouprealtors.com](http://www.steelegrouprealtors.com) for a virtual tour.



**Donna Steele**



Royal LePage Kelowna/Westbank

250-469-0252

[www.steelegrouprealtors.com](http://www.steelegrouprealtors.com)

## JUST LISTED FOR SALE



### SHUSWAP AREA LOT FOR SALE PRIVATE

STUNNING 2.43 FULLY TREED ACRES IN THE SUNNYBREA BEACH AREA. 4 MINUTES TO THE LAKE, DEEDED. SPRING WATER ON LOT. LEVEL LOT - \$169,000

No restrictions in this area, build your dream home or set-up your own private camp site. Can be viewed on you tube. Enter Shuswap building lot for sale and see video. This is a private sale, please call and ask for Steve

780-910-9086

Group's strong operating performance which contributed \$18.5 million in operating income. Net income also increased by virtue of a \$9.8 million change in the fair value of investments. These items were somewhat offset by a \$2.2 million year over year decrease in unrealized foreign exchange gain and a \$3.5 million increase in income tax expense. Adjusting Mullen Group's net income and earnings per share to eliminate the impact of unrealized foreign exchange

## KELOWNA PENTHOUSE



**REDUCED \$150,000  
to \$600,000**

Beautiful get away or full time comfortable  
1768 sq. ft. 2 lge br. 2.5 baths  
3 way 4th floor views

Won't last-expect quick sale  
call George @ 250-448-9414  
[gconnelly@shaw.ca](mailto:gconnelly@shaw.ca)

## RENT TO OWN

**Edmonton**  
**1 & 2 Bedroom Condominiums**  
**2 & 3 Bedroom Houses**  
**(780) 447 - R7E3N6T8**

gains and changes in fair value of investments results in adjusted net income of \$34.0 million and adjusted earnings per share of \$0.43 for 2011 compared to \$18.5 million, or \$0.23 per share, in 2010.

### CE FRANKLIN Q1 RESULTS

CE Franklin Ltd. has reported net earnings for the first quarter ended March 31, 2011. Net earnings for the first quarter of 2011 were \$3.4 million, an increase of \$1.2

million from the first quarter of 2010. Revenues were \$137.7 million, an increase of \$15.8 million (13%) from the first quarter of 2010. Capital project business comprised 55% of total revenues (2010 - 50%), and increased \$14.5 million (24%) from the prior year period, while well completions increased 36% for the comparable period. Industry activity continues to improve and is focused on oil, oil sands and liquid rich natural gas plays. Gross profits increased by \$2.6 million (13%) due to the increase in revenues year over year. Average gross profit margins improved sequentially from fourth quarter 2010 levels and were comparable to first quarter 2010 levels, as increased purchasing levels contributed to higher volume rebate income. Selling, general and administrative expenses increased by \$1.4 million (9%) to \$17.0 million for the quarter as compensation and operating costs have increased in response to higher revenues levels. The weighted average number of shares outstanding during the first quarter decreased by 0.1 million shares (1%) from the prior year period principally due to shares purchased for cancellation pursuant to the Company's Normal Course Issuer Bid. Net income per share (basic) was \$0.19 in the first quarter of 2011, a 46% increase from the first quarter 2010.

#### CHEVRON ADOPTS BRENT FOR OVERSEAS PRODUCTION

Chevron Corp is switching to Europe's Brent crude benchmark from West Texas Intermediate (WTI) when calculating production-sharing contract changes, to better reflect moves in international oil prices. Chevron, the third-largest nongovernment-controlled oil company by value, said on Friday that higher oil prices cut volumes under production-sharing and variable-royalty contracts in the first quarter by about 22,000 barrels per day. "Given the recent divergence in the WTI-Brent spread, going forward we will use the change in Brent to calculate a price effect because it is more closely tied to our international realizations," Jeanette Ourada, general manager of investors relations, told analysts on a conference call. Ourada said Brent prices LCOc1 increased by an average \$19 per barrel between the fourth quarter and first quarter, resulting in a 1,200-bpd volume reduction for each \$1 increase in Brent. The San Ramon, California-based firm had earlier reported a near 1 percent decline in overall first-quarter oil and gas production, along with a sharp rise in profits. Brent has gained momentum as the global oil price reference of choice for producers and users, in a battle of benchmarks for the world's most widely traded commodity.

#### FLINT Q1 UPDATE

Flint Energy Services Ltd. has announced that operations in the first quarter were negatively impacted by significant weather and project delays experienced in the Production Services segment, as well as the expected trough in major construction projects in the Facility Infrastructure segment. Production Services in both Canada and the United States experienced significant quarter over quarter declines in both revenue and EBITDA. The combination of lower revenues and EBITDA in the Production Services and Facility Infrastructure segments was somewhat



SECLUSION VALLEY  
ESTATES

## RECEIVERSHIP SALE

### 61 PRIME RESIDENTIAL LOTS IN THE EXCLUSIVE COMMUNITY OF SECLUSION VALLEY ESTATES IN TURNER VALLEY, ALBERTA

PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager (the "Receiver") of all of the assets, undertakings and properties of 1323606 Alberta Ltd. and Seclusion Valley Developments Ltd., is soliciting offers for 61 prime residential lots, including one lot where a residential home has been constructed, in the exclusive community of Seclusion Valley Estates in Turner Valley, Alberta.

The lots available for sale range in size from 5,522 to 17,609 square feet and offer a variety of features which may include backing onto green space or grading for a walkout basement. All of the lots are serviced to typical municipal standards. Interested parties may bid on an individual lot, a combination of several lots, or all of the lots on an en bloc basis. Buyer commissions will be paid up to a maximum of 1.5%.

The Receiver has prepared an information package which provides further details on the assets for sale along with additional details regarding the sales process. To obtain more information, please visit our website at [www.pwc.com/car-seclusionvalley](http://www.pwc.com/car-seclusionvalley) to obtain a copy of the Information Memorandum or contact Kimiko McCarthy of PricewaterhouseCoopers Inc. at 403-509-7366 immediately.





## 'Experience an Award Winning Builder'

### Enjoy the Shuswap Lake Lifestyle

Whether you're planning your retirement dream, considering a major renovation, or seeking design and project management, Award Winning Copper Island Fine Homes is your contractor of choice in the Shuswap.

Visit us at [www.copperislandfinehomes.ca](http://www.copperislandfinehomes.ca)

(Bus) 250.675.3701	(Fax) 877.273.7506
(Cell) 250.833.8718	E-mail <a href="mailto:gvistisen@telus.net">gvistisen@telus.net</a>

offset by increased revenues and EBITDA in the Oilfield Services segment and increased EBITDA in the Maintenance Services segment. Both segments experienced quarter over quarter improvements. However, resulting revenue and EBITDA for the Company were below 2010 levels and a net loss will be reported for the first quarter. Flint expects fully diluted loss per share to be within a range of (\$0.08) and (\$0.14). W. J. (Bill) Lingard, President and CEO, stated, "A

very weak January and first half of February resulted in midstream activity levels below that typically expected in the first quarter. We did see gradual improvements through the back half of the quarter and this positive trend is expected to continue and provide improving results for 2011 in spite of the slow start to the year." During the management conference call for the first quarter, W. J. (Bill) Lingard, President and CEO, and Paul M. Boechler, Executive Vice President and

CFO, will discuss the quarter over quarter trends, major project bid status, delays in the Production Services work, one-time items, and the outlook for the balance of 2011. The Company will release its first quarter 2011 financial results after markets close on Monday, May 9, 2011. A conference call has been scheduled for Tuesday, May 10, 2011 at 8:00 AM, Mountain Time (10:00 AM Eastern Time).