NYMEX OIL: US$97.51
-$2.29
June delivery
NYMEX N. Gas: US$4.25
-$0.01 per MMBTU
June delivery

Oilfield NEWS

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RAINBOW INCIDENT UPDATE

Senior Management with Plains Midstream Provided the Following Statement at a News Conference in Calgary. Plains Midstream Canada (Plains) is fully engaged in a vigorous response to a release on the Rainbow pipeline located in the Evi area of Northern Alberta. We regret any adverse impact this incident has caused and we are committed to mitigating the effects of this release. We have worked diligently to minimize the impact of the release. As soon as the release was confirmed at approximately 7:50 a.m. on Friday, April 29, we initiated our emergency response plan, elevated involvement of senior management, notified the required regulatory agencies and local officials and initiated response efforts. We have estimated that approximately 4,500 m3 or 28,000 barrels of light sweet crude oil was released. The oil is physically contained primarily along our pipeline right-of-way and on nearby stands of stagnant water. The impacted area is approximately 800 metres (half a mile) by 50 metres (150 feet)—an area equivalent to approximately 8 acres or approximately 3 hectares. The release is at least 300 metres away from any running water. Plains continues to work with Alberta Environment, the Alberta Energy Resources Conservation Board (ERCB) and other regulatory agencies to quickly address the incident. Approximately 150 responders are on the scene assisting with the recovery and remediation efforts, which are being conducted 24 hours per day and will continue until the area is cleaned over the coming weeks. Plains has been in communication with local First Nations since the first day of the incident and has provided numerous updates to these parties on the response efforts. Plains has monitored air quality at the site of the release since day one. Although there is an odour at the release site, the monitors at the site have detected no hydrocarbon levels above Alberta Ambient Air Quality guidelines and no negative health effects have been reported by workers on site to date. Immediately upon hearing of concerns raised at the school in the community of Little Buffalo, located approximately 12 kilometres from the release, the company began air quality monitoring at that location. These monitors have been in place since Monday and have detected no hydrocarbon levels whatsoever. We will continue monitoring air quality at the release site and in surrounding areas. There have been several questions on this matter, so please let me repeat – the devices designed to monitor the air quality have detected no hydrocarbon levels above Alberta's Ambient Air Quality Guidelines at either the site of the release or at any neighboring community. The company has also implemented a wildlife protection plan and continues to work under the oversight of the Fish & Wildlife Management division of Alberta Sustainable Resource Development to limit the impact of this incident on indigenous species. The affected portion of the line has been excavated and inspected, both by Plains representatives and by Alberta regulatory officials. Based on this inspection and the results of recent pipeline integrity tool runs, it appears that the release resulted from a singular failure and not a systemic problem. Plains completed the repairs on the pipeline on Wednesday and awaits regulatory approval to bring the line back into service. Plains senior management has been on the scene directing the response effort since day one. Members of our senior management team plan to provide an update on the response effort and tour for a group of officials from regulatory agencies today. These members of management, who are currently on the site and who are most familiar with all of the current details, wre available for a news conference, with Q&A on Friday, May 7th at the Hyatt Regency Hotel in downtown Calgary.

SCOTFORD UPGRADER EXPANSION GOES ON-STREAM

Shell has announced the successful start of production from its Scotford Upgrader Expansion project in Canada. The 100,000 barrels-per-day expansion takes upgrading capacity at Scotford to 255,000 barrels-per-day of heavy oil from the Athabasca oil sands. "This start-up is an important milestone for our heavy oil business," said Marvin Odum, Shell Upstream Americas Director. "And it adds new capacity from an important source of oil in a world requiring more secure energy." Today's announcement marks the first commercial production from the upgrader expansion. The Scotford Upgrader processes oil sands bitumen - heavy oil - from the Muskeg River Mine and Jackpine Mine, for use in refined oil products. With production capacity at the Athabasca Oil Sands Project now at 255,000 barrels-per-day, engineers will focus on improving operating efficiencies and adding capacity through debottlenecking. Design and engineering work also continues on the proposed Quest carbon capture and storage project at the Scotford Upgrader. Quest could capture and store underground some 1 million tonnes of CO_2 per year. A final decision to begin construction could come in 2012, once all regulatory approvals are in place. Shell Canada Energy is 60% owner and operator of the Athabasca Oil Sands Project (AOSP) along with Chevron Canada Limited (20%) and Marathon Oil Corporation (20%). The AOSP includes the Muskeg River Mine, Jackpine Mine and Scotford Upgrader.

BONNETT TO CONVERT TO CORPORATION

Bonnett's Energy Services Trust has announceds its intention to convert to a growth oriented corporation pursuant to a Plan of Arrangement under the Business Corporations Act (Alberta.) The Board of directors of Bonnett's Energy Services Ltd., administrator of the Trust, has approved the Conversion and will seek the approval of unitholders at the annual and special meeting of unitholders on June 27, 2011. The Conversion will be subject to required court and regulatory approvals and to unitholder approval. Full details of the Conversion will be set forth in an information circular expected to be mailed to unitholders in late May.

EMERALD BAY ANNOUNCES PRIVATE PLACEMENT

Emerald Bay Energy Inc. has reported that the Corporation is proposing a non-brokered private placement offering of up to maximum of 10,000,000 common shares of the Corporation. The Common Shares are to be issued under a unit offering whereby up to a maximum of 10,000,000 units ("Units") at a subscription price of $0.05 per Unit are to be offered. Each Unit shall consist of one (1) Common Share of the Corporation (to be issued either as a Common Share or as a "flow-through share" t the subscribers option) and one (1) non-transferable share purchase warrant (the "Warrant") (each full Warrant shall entitle the holder thereof to purchase one (1) additional common share of the Corporation for a period of 18 months from the issuance of the Units at a price of $0.10). The proceeds will be used for drilling wells, seismic activities and increasing working capital.

HORIZON NORTH Q1 RESULTS

Horizon North Logistics Inc. has reported its financial and operating results for the quarters ended March 31, 2011 and 2010. Revenues from operations in the Camps & Catering segment were $86.1 million for the three months ended March 31, 2011, compared to $35.2 million for the three months ended March 31, 2010, an increase of $50.9 million or 145%. EBITDAS from operations for the three months ended March 31, 2011 was $20.5 million or 24% of revenue compared to $9.3 million or 26% of revenue for the three months ended March 31, 2010, an increase of $11.2 million or 120%. The significant increase in both revenue and EBITDAS was related to higher activity in the oil sands and mining sectors for the first quarter of 2011 relative to the same period of 2010. The increased activity in the oil sands sector has been driven by the price of oil, which has remained consistently above $75 per barrel from mid 2010. This consistency in the price of oil has given oil sands operators the confidence to restart projects on hold and initiate new projects. In the mining sector, increasing mineral prices initiated several significant mine expansion projects in British Columbia and the Northwest Territories. In the first quarter of 2011, these mining projects were near the top of their manpower curve, as compared to the same period of 2010 when they were in the early stages of project initiation. Revenues from camp rental and catering operations were $42.3 million for the three months ended March 31, 2011 compared to $22.3 million for the three months ended March 31, 2010, an increase of $20.0 million or 90%. Revenues are derived from the following main business areas: large camp operations, drill camp operations, catering only operations, and ancillary equipment rentals. Revenues from the large camp operations for the three months ended March 31, 2011 increased $14.5 million, or 83% as compared to the three months ended March 31, 2010. The increase in revenue was driven by higher volumes as a result of increased demand from oil sands operators. With oil prices averaging above the $100 per barrel range, oil sands activity has increased significantly focusing on:

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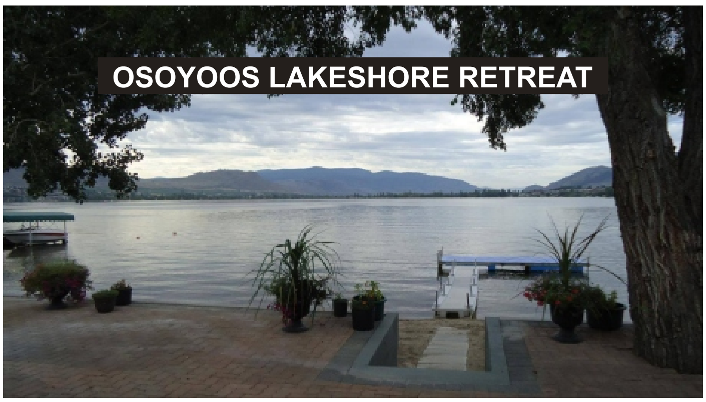

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increasing production levels at existing facilities, resumption of projects previously on hold and new oil sands projects. The average number of available beds in the large camp rental fleet increased by 518 at March 31, 2011 as compared to March 31, 2010. The number of bed rental days increased significantly for the three months ended March 31, 2011. Higher volumes were driven by improved fleet utilization which increase by 25% as compared to the same period in 2010. Stronger utilization was driven primarily by demand from the oil sands operators. Revenues from the drill camp operations increased for the three months ended March 31, 2011 as compared to the same period of 2010. Increased volumes and utilization were a result of overall higher drilling activity in Western Canada, with the Canadian Association of Oilwell Drilling Contractors (CAODC) reporting average rig utilization in Western Canada for the three months ended March 31, 2011, at 68% as compared to 54% in the same period of 2010. The increase in the revenue per bed day was from provision of additional services and equipment requested by customers while the camps were operational. Camp and space sales revenues for the three months ended March

31, 2011 were $25.2 million as compared to $5.3 million for the same period in 2010, an increase of $19.9 million or 375%. The increase is attributable to two significant manufacturing projects which began production in the third quarter of 2010 and continued through the first quarter of 2011, with one of the two projects continuing into 2012. Camp and space sales revenue may not continue at the present level as some production capacity will be dedicated to internal fleet expansion. For the three months ended March 31, 2010, production capacity had been scaled back to align with the smaller projects and slower economic conditions that were still prevalent exiting 2009. With the higher manufacturing activity, production staff increased to an average of 360 people in the three months ended March 31, 2011 as compared to 200 people in the same period of 2010. Direct costs in the Camps & Catering operations for the three months ended March 31, 2011 were $65.6 million or 76% of revenue as compared to $25.9 million or 74% of revenue for the same period of 2010. Direct costs are closely related to revenues, the increase in overall costs are a result of the higher activity levels seen in the three months ended March 31, 2011, as compared to the same period of 2010. As a percentage of revenue, direct costs were slightly higher than the same period of 2010. The increase was attributable to the revenue mix, with camp and space sales making up a higher proportion of total revenues which typically have a higher cost structure than rental and catering operations.

8TH ANNUAL CONTRACT RISK MANAGEMENT SUMMIT

With last year's incident in the Gulf of Mexico bringing contract risk management to the top of everyone's agenda, contract professionals within the oil and gas industry will be gathering for the Advanced Contract Risk Management for Oil & Gas Summit later this month, to better understand the challenges faced by organizations in the post-Macondo world. The 8th annual Summit takes place 24th - 25th May in Houston and brings together leading professionals to discuss current and key issues involved in managing contracts effectively. "This year's event has seen an unprecedented interest from attendees," says Richard Gibson, event director for the 8th Annual Advanced Contract Risk Management Summit. "In the last year we have seen a period of significant economic and political upheaval which has served to heighten the focus on contract risk management that was prompted by the Macondo blow out and subsequent oil disaster that started a year ago." The conference will provide in-depth presentations, unique analysis and will deliver critical insights into topics such as: - Ownership risk vs. negligence based risk - how to organize your contract in order to minimize your contractual risk - LLC operating agreements - case study from an LNG operator with lessons learned that will maximize value in your operating agreements - Environment and pollution - Uncover current marine law issues and environmental regulations and manage your contractual obligations in the most effective manner - Supply chain contract issues - Identify the particular issues in supply chain contract management including buyer/supplier collaboration and local content provisions - Corruption, due diligence, intermediaries and agents - gain an insight into the latest FCPA rulings and discover how to put together a best-in-class compliance program when launching E&P projects in a new market For more information about the agenda, please visit: http://www.contractriskmanagement.us/pr