

WTI OIL: US\$103.59
+\$1.04
June delivery
NYMEX: N Gas: US\$4.24
-\$0.09 per MMBTU
June delivery



oilfield NEWS

oilfieldnews.ca



M
MARK MILNE
LUXURY REAL ESTATE
www.markmilne.com

Published By **NEWS COMMUNICATIONS** since 1977

Canadian Edition

Wednesday May 11 2011

NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was up 18 at 1,836 for the week of May 6, 2010. It is 344 rigs (23.1%) higher than last year. The number of rotary rigs drilling for oil increased 8 to 934. There are 406 more rigs targeting oil than last year. Rigs drilling for oil represent 50.9% percent of all drilling activity. This is the third week since 1995 that the number of rigs targeting oil exceeded 50%. Rigs directed toward natural gas were up 8 to 890. The number of rigs currently drilling for gas is 63 less than last year's level of 953. Year-over-year oil exploration in the U.S. is up 76.5 percent. Gas exploration is down 6.6 percent. The weekly average of crude oil spot prices is 35.1 percent higher than last year and natural gas spot prices are 15.0 percent higher. Canadian rig activity was down 10 at 123 for the week of May 6, 2011 due to the spring thaw and is 21 (19.4%) higher than last year's rig count.

SPILL CLOSES KEYSTONE PIPELINE

A malfunction and spill have forced the closure of a major pipeline that carries about 450,000 barrels of oil per day from Canada into the United States. TransCanada Corp. says it shut off its Keystone line early Saturday morning after something went wrong with a valve at a pumping station near Milnor, N.D. Terry Cunha, a company spokesman, says about 500 barrels of oil spilled in the remote area and crews are cleaning it up and making repairs. Cunha says TranCanada hopes to resume oil shipments through the line by the end of the week and make good on its commitments to customers by the end of the month. He says the problem was in a valve located above ground and not in the underground pipeline.

FLINT Q1 RESULTS

Flint Energy Services Ltd. has released its first quarter, 2011 operating results. Revenue for the three months ended March 31, 2011 was \$326.8 million, a decrease of \$96.4 million or 22.8%, compared to \$423.2 million for the same period in 2010. Increased revenue from the Oilfield Services segment was not sufficient to offset reduced revenues in the other reporting segments. Canadian operations generated \$244.9 million in revenue, down \$105.6 million, primarily as a result of decreased activity in Facility Infrastructure. The United States operations generated \$81.9 million in revenue, up \$9.2 million as a result of expansion of the Oilfield Services segment into the United States in late 2010. EBITDA for the quarter was \$15.1 million compared to \$45.2 million for the comparative quarter in 2010. Overall, EBITDA margins declined to 4.6% in the first quarter of 2011, from 10.7% in 2010.

The EBITDA margin in the Facility Infrastructure segment was 10.2% compared to 16.3% for 2010, a decrease of 6.1%, as a result of non-reimbursable costs for ongoing bidding and estimating for future projects. The Production Services segment's EBITDA margin percentage of 5.1% was a decrease of 6.7% from 11.8% in 2010. This decrease resulted from low utilization of equipment and resources due to work delays in Canada, and poor weather in parts of the United States, both of which caused certain locations to have operating losses during the period. EBITDA margins in the Oilfield Services segment increased to 16.2% compared to 13.0% for 2010, as a result of profitable expansion into the US market. The EBITDA percentage for the Maintenance Services segment increased to 8.1% from 4.8% in 2010, as the 2010 results included a write-down in accounts receivable in one of the Company's joint ventures. W. J. (Bill) Lingard, President and CEO, stated, "This was a disappointing quarter with revenues in our key Production Services segment and our Facility Infrastructure segment impacted by a number of timing related issues, while margins were hurt by one-time costs and rising labour and fuel costs. After a very weak January and first half of February, we saw midstream activity levels begin to pick up to more normal levels in March. Production Services is expected to see continuing improvements in the balance of the year as delayed projects get underway and pricing increases begin to be reflected in our margins. We continue to rebalance our assets in this segment to areas of improving activity and better margins." Mr. Lingard went on to say, "We were pleased by the results of our Oilfield Services segment, which offered both increased revenues and improved margins during the quarter. Work in Facility Infrastructure is picking up, and we are still confident that we will add major contract awards to our backlog in this segment in 2011. Maintenance Services revenues were lower than expected as turnaround work tends to be intermittent, but the margin improvement in the segment came in stronger than expected. Overall, in spite of a weaker first quarter, we believe our full year results can come in at or near our expectations."

ENSIGN Q1 RESULTS

Ensign Energy Services Inc. has reported financial results for the three months ended March 31, 2011. The Company recorded revenue of \$502.2 million in the three months ended March 31, 2011, an increase of 42 percent from revenue of \$352.8 million recorded in the first quarter of the prior year. Net income for the first quarter of 2011 increased 105 percent to \$79.7 million (\$0.52 per common share)

BURNCO

Ready Mix Drivers
Rocanville, SK

Competition #BU11-0006

BURNCO Ready Mix Division is currently recruiting for Ready Mix Drivers in Rocanville, SK. These are seasonal, full time positions with competitive wages and an excellent benefit package.

You must have a Class 1 or 3 Driver's License with air brake endorsement and a clean driving abstract. Preference will be given to candidates with previous concrete experience. You are energetic, highly motivated and possess good communication skills. Knowledge of concrete and the construction industry is an asset. Please submit your resume and driver's abstract to:

BURNCO Rock Products Ltd
P.O. Box 1480, Station "T"
Calgary, Alberta T2H 2P9
ATTENTION: Human Resources
Fax: (403) 440-3454
E-mail: careers@burnco.com

We would like to thank all applicants for their interest.
Only those candidates selected for an interview will be contacted.



Class 1 Linehaul Owner Operators

Required for Salt Spring Freight Service Ltd., a member of the Van Kam Freightways' Group of Companies - runs out of our Surrey BC Terminal and throughout BC and Alberta.

We offer excellent rates - Winter/Mtn experience is required.

Email current abstract, resume and details of truck to:
careers@vankam.com or fax 604-587-9889
or call Laurier at 604-807-3018

WANTED

Project Managers, Supervisors, Technical.
Come with proven oilfield construction background.

CANWEST PROJECTS INC.
Fax resume to: 403-261-8891

compared to net income of \$38.8 million (\$0.25 per common share) for the first quarter of 2010. EBITDA (defined as earnings before interest, taxes, depreciation, amortization, and share-based compensation) totaled \$170.3



K+S Potash Canada GP (K+S) is one of the world's leading suppliers and producers of speciality fertilizers. K+S offers a comprehensive range of goods and services for agriculture and industry and provides growth opportunities worldwide. K+S employs more than 15,000 people and since acquiring Potash One is in the initial stages of building a new potash solution mine in Saskatchewan which is expected to commence operations in 2015.

Future potash mining venture in Saskatchewan has immediate opportunities for talented, senior level industrial operations professionals.

Apply in confidence to:

Ken Curtis, MA, CHRP, CMC

Meyers Norris Penny LLP

Suite 900 - 2010 11th Avenue

Regina, SK S4P 0J3

E-mail: logan.harris@mnp.ca

Fax: (306) 790-7990

For more information about these opportunities go to www.mnp.ca



Superintendent of Environment

The Superintendent of Environment is responsible for providing environmental leadership, expertise and support to K+S during the construction and operation of the Legacy Project. Reporting to the Vice President, Sustainable Development, the Superintendent of Environment will manage and participate in environmental licensing and regulatory processes, environmental protection and monitoring programs, contractor management and stakeholder engagement.

This opportunity will be of interest to individuals with:

- Post secondary degree in Environmental Science, Engineering or a related field.
- Seven or more years of progressive supervisory or management experience with environmental- related practices in an industrial setting
- Supervisory experience with demonstrated commitment to effectively manage, coach and motivate people.

Superintendent of Health and Safety

The Superintendent of Health and Safety is responsible for providing health and safety leadership, expertise, and support to K+S during the construction and operation of the Legacy Project. Reporting to the Vice President, Sustainable Development, the Superintendent of Health and Safety will manage or participate in activities associated with occupational health and safety requirements, programs and management systems, contractor management and stakeholder engagement.

This opportunity will be of interest to individuals with:

- Post-secondary degree in Engineering or related Sciences. Advanced degrees are preferred.
- Seven or more years of progressive experience in health and safety related practices in an industrial setting.
- Extensive knowledge and understanding of accident prevention programs, site hazard assessments, site specific work procedures, safety and compliance audits.
- Extensive knowledge of safety regulations, policies and practices with sound technical knowledge and understanding of safety and occupational health.

If you are interested in taking your career to the next level we encourage you to apply.

the impact of the Company's hedging program. The Company's high heat content gas stream achieves a premium to AECO prices. Royalty rates averaged 10.6 percent in the Quarter as a result of lower natural gas prices and the impact of higher gas-cost-allowance recoveries in Alberta. Operating costs averaged \$5.38 per boe in the Quarter reflecting the Company's continued focus on operational efficiencies and maximization of volumes through existing facilities. Their 2011 capital program has been established at \$350 million and is expected to result in year-over-year production growth of approximately 13 percent. Production is expected to exit 2011 at between 50,000 and 52,000 boe per day, before the impact of dispositions. They have a current productive capability of approximately 46,000 boe per day with approximately 1,000 boe per day awaiting tie-in after break-up. Production in the second quarter is expected to average in the range of 39,000 to 40,000 boe per day as a result of the impact of the 21-day planned turn-around at the McMahon natural gas processing plant in Fort St. John in northeast British Columbia.

ARCTIC NATIONS TO MEET IN GREENLAND

Leaders of Arctic nations gather in Greenland this week to chart future cooperation as global warming sets off a race for oil, mineral, fishing and shipping opportunities in the world's fragile final frontier. U.S. Secretary of State Hillary Clinton will join foreign ministers from

seven other Arctic states in Greenland's tiny capital of Nuuk -- population 15,000 -- on Thursday for an Arctic Council meeting on the next steps for a region where warming temperatures are creating huge new challenges and unlocking untapped resources. The council includes the United States, Canada, Russia, Norway, Finland, Iceland, Sweden and Denmark, which handles foreign affairs for Greenland, as well as groups representing indigenous inhabitants of the Arctic most directly affected as ice and snow retreat. "It's an important gathering, but also a symbol of some of the big challenges that the Arctic faces," U.S. Deputy Secretary of State James Steinberg told a Washington think-tank audience on Monday, noting that U.S. Interior Secretary Ken Salazar would accompany Clinton to Nuuk. "There are very core interests that are at stake in the Arctic, but it is an opportunity to find new patterns of cooperation," he said. Evidence is mounting of climatic transformation in the Arctic, where temperatures are already at their highest levels than at any time in the past 2,000 years and are rising much faster than elsewhere in the world. Oil companies are alert to the potential of the Arctic, which the U.S. Geological Survey estimates may hold 25 percent of the world's undiscovered oil and natural gas reserves. Among oil majors eyeing the Arctic are Royal Dutch Shell Plc, ConocoPhillips, Exxon, Norway's Statoil and Russia's state-controlled oil group Rosneft. Global shipping, too, is adapting

to the new conditions. Previously icebound routes such as the Northern Sea Route past Russia and the Northwest Passage along Canada have become increasingly navigable -- cutting transport time but raising questions about how the region will be managed. The council will discuss a plan to divide search-and-rescue responsibility across the Arctic region, a step closely watched by shipping lines and oil firms seeking to expand operations. It will also debate guidelines for admitting observer delegations to the council, which could see non-Arctic powers such as China get a seat at the table, and may discuss where the Arctic Council should base its secretariat. U.S. officials say they are also pushing for a broader initiative on oil and gas activity in the region, including how to deal with potentially disastrous oil spills. "I think that there will be explicit discussion in Nuuk with the Arctic Council nations about how to take the next step and cooperatively address some of the important offshore oil and gas issues," Deputy U.S. Interior Secretary David Hayes told a news briefing. Heather Conley, an Arctic expert at the Center for Strategic and International Studies think-tank, said the council was moving to strengthen its governance role that could allow it to take action on weighty issues. Environmental activists say the Arctic challenges require much more aggressive action on everything from fishing quotas to international standards for oil and gas development in a pristine, delicate region.

PROGRESS Q1 RESULTS

Progress Energy Resources Corp. has announced results for the first quarter of 2011. Production averaged 44,356 barrels of oil equivalent (per day in the Quarter, up 26 percent as compared to the first quarter in 2010. Cash flow for the Quarter was \$63.3 million or \$0.29 per share, diluted. Capital investment was \$140.2 million. As at March 31, 2011, the Company was undrawn on its \$650 million revolving credit facility. Debt-to-total capitalization as at March 31, 2011 was 12 percent. On April 29, 2011 the Company amended and restated its bank credit facility to be a covenant-based facility rather than a borrowing base facility. This facility is a 3-year extendible revolving secured facility in the amount of \$650 million from a syndicate of lenders with an initial maturity date of April 29, 2014. As Progress continues to grow its production, reserves and cash flow with the objective of doubling the size of the Company in the next five years, this new facility will provide more certainty and flexibility to fund the Company's growth program. Progress' average gas price in the Quarter was \$4.08 per thousand cubic feet, including