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+\$1.91
August delivery
NYMEX: N Gas: US\$4.35
+\$0.030 per MMBTU
July delivery



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NORTH AMERICAN RIG COUNT

The U.S. rotary rig count was up 4 at 1,886 for the week of July 1, 2010. It is 329 rigs (21.1%) higher than last year. The number of rotary rigs drilling for oil increased 3 to 1,006. There are 419 more rigs targeting oil than last year. Rigs drilling for oil represent 53.3% percent of all drilling activity. Rigs directed toward natural gas were up 1 at 874. The number of rigs currently drilling for gas is 86 lower than last year's level of 958. Year-over-year oil exploration in the U.S. is up 71.4 percent. Gas exploration is down 9.0 percent. The weekly average of crude oil spot prices is 19.5 percent higher than last year and natural gas spot prices are 7.2 percent lower. Canadian rig activity is down 10 at 240 for the week of July 1, 2011 and is 83 (25.7%) lower than last year's rig count.

TRANSCANADA SAYS EXXON SPILL NO THREAT TO XL LINE

TransCanada Corp said on Tuesday that Exxon Mobil's 1,000-barrel oil spill into the Yellowstone River will not derail its plans to build the Keystone XL pipeline, but environmentalists promised renewed pressure to block approval. TransCanada is awaiting State Department approval to build the \$7 billion Keystone XL line, which would carry 700,000 barrels per day of crude oil to the gulf coast refining hub. A final decision on the company's application is expected by year end. "Any time something like (the Exxon spill) happens it brings more attention to the pipeline industry," said Terry Cunha, a spokesman for TransCanada. "But we'll continue to move along with the process ... and address any issues the Department of State may have as we move forward." Environmental groups, some legislators and landowners along the line's planned route are pressing the Obama Administration to deny TransCanada's application, spurred by worries about the line's safety following BP's Gulf of Mexico oil spill, the 20,000 barrel spill from an Enbridge Inc pipeline in Michigan and well-publicized leaks from TransCanada's existing Keystone system. The Saturday spill from an Exxon line under the rain-swollen Yellowstone River gives the line's opponents another argument against approving Keystone XL, since TransCanada also plans to run the line underneath the river. "The Yellowstone is one of our last truly wild rivers," said Susan Casey-Lefkowitz, director of the international program at the Natural Resources Defense Council. "Putting it at risk with an even-more corrosive and liable to spill or leak pipeline like the Keystone XL tar sands pipeline is something that both Montana and the federal government are going to be taking a hard look at, I think." TransCanada disputes claims that crude from Alberta's

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oil sands is more corrosive than any other type of oil. It also says that the line will be buried well under the Yellowstone river, use thicker steel and operate at lower-



Warrior is a Calgary based company that manufactures innovative equipment for the oil field drilling industry including Top Drives and Turbo Tonges. Warrior Manufacturing Services Ltd. has an opening for a

LEAD ELECTRICAL ENGINEER

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- Knowledge of hazardous area classification
- Knowledge of national and international electrical codes and standards

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- Experience with manufacturing
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- Perform maintenance and repair of Warrior top drives and related drilling equipment
- Travel to the field as appropriate to perform troubleshooting, repairs, and rig ups
- "On call" work on a rotational basis
- International travel may be occasionally required

Basic Qualifications:

- High school diploma
- Journeyman mechanic or electrician certificate is an asset
- Top drive rig up/rig down experience considered an asset
- Rig experience or background considered a huge asset
- 2+ years experience with top drive maintenance
- Ability to travel internationally

Preferred Qualifications:

- Excellent verbal and written communication skills
- Strong organizational skills
- Strong mechanical aptitude

Employee Benefits: Full group benefit package

- Apprenticeship available for the right candidate (i.e. rig experience, mechanical aptitude and a great attitude)

HYDRAULIC DESIGNER

Responsibilities:

- Design and drafting hydraulic systems for Oilfield drilling equipment
- Developing, testing and troubleshooting in the shop and on occasion in the field

Basic Qualifications:

- Completion of a related Technical School Diploma or Certificate
- 3 + years experience

Valuable Assets:

- Experience with oilfield drilling
- Experience with manufacturing
- Experience using CAD software, (preferably SolidWorks and AutoCAD)

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than-allowed pressures. "The pipeline would be a minimum of 25 feet below the riverbed," Cunha said. "Additionally, entry and exit points for the crossing would be

extended away from the banks for the river. Thus, any risk of scour or erosion exposing the pipe is mitigated." A number of pipelines already carry Canadian oil



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across the Yellowstone, including Kinder Morgan Energy Partners' 280,000 bpd Express Pipeline and the Western Corridor pipeline system operated by Plains All American Pipeline LP which can ship as much as 33,900 bpd.

PANEL SAYS OIL SANDS NEED MONITORING

The province of Alberta should establish an independent agency to monitor pollution from its oil sands developments, a panel appointed by the Alberta government said in a report released on Tuesday. The Alberta Environmental Monitoring Panel -- formed in January when questions emerged over the quality of environmental reporting in the oil sands -- said existing monitoring systems were not integrated and unable to assess the cumulative effects of oil sands production on the environment. Alberta needs "to organize and elevate the standards of environmental monitoring ... to achieve a really world-class, reputable standard", Hal Kvisle, a former chief executive of TransCanada Corp and co-chair of the panel, told a news conference. "To do that we've recommended the creation of an independent, science-focused agency." The proposed Alberta Environmental Monitoring Commission would be at arm's length from the provincial government and responsible for environmental monitoring for the oil sands and the rest of Alberta. A study last year coauthored by University of Alberta biologist David Schindler found that oil sands plant were sending toxins including mercury, arsenic and lead into

the watershed. Schindler criticized work by the government-supported and industry-funded Regional Aquatics Monitoring Program, which has said pollution in the Athabasca River system occurs naturally. Subsequent reviews by a federal panel found there were significant weaknesses in the monitoring system. The Alberta panel made 20 recommendations to improve that monitoring. The provincial government has yet to review the report. "Some of the recommendations ... have significant implications that need to be looked at very closely," Alberta environment minister Rob Renner said. "It's imperative we undertake a rigorous review." Renner did not say when he expected the review to be completed.

PETROWEST COMPLETES CORPORATE CONVERSION

Petrowest Corporation has announced that the previously announced conversion of Petrowest Energy Services Trus from an income trust to a new publicly listed corporation pursuant to a plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) was completed on July 1, 2011. Pursuant to the Arrangement, each outstanding priority unit of the Trust was exchanged for one Class A common share in the capital of Petrowest, each subordinated unit of the Trust issued in 2010 was exchanged for one Common Share and each remaining Subordinated Unit was exchange for one-tenth of a Common Share. All former registered holders of Trust Units and Subordinated Units are encouraged to



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deliver properly completed and duly executed letters of transmittal to receive certificate representing the Common Shares to which they are entitled.

STERLING TO BUILD SECOND PLATFORM

Calgary's Sterling Resources Ltd. has announced increased Company interest reserves numbers for the Breagh field located in the UK Southern North Sea as a result of the successful drilling of appraisal well 42/13a-6 earlier this year. These Company interest reserves have been

independently prepared in accordance with the standards contained in the COGE Handbook by RPS Energy, Sterling's reserves evaluator, as of May 31st, 2011 in a report dated June 12th, 2011. This report pertains only to the Breagh field. Proved (1P) Reserves have risen from 23.6 million barrels of oil equivalent (MMboe) at year end 2010 to 28.2 MMboe, an increase of approximately 19 percent. Similarly, an increase in the Proved plus Probable (2P) Reserves has been realized rising from 31.6 MMboe to 35.3 MMboe, an increase

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of 12 percent. Proved plus Probable plus Possible (3P) Reserves have risen from 39.0 MMboe to 44.1 MMboe, an increase of 13 percent. These updated reserves numbers clearly indicate the impact of our drilling success at East Breagh earlier this year. The 42/13a-6 well was drilled approximately six kilometers from the 42/13-3 and 42/13-5Z wells both of which are located on the western side of the field which will be developed utilizing the Breagh Alpha platform," stated John Rapach, Sterling's Chief Operating Officer. "The success of the 42/13a-6 well is great news for the Breagh development story and the partnership has now commenced conceptual and environmental studies for a second phase of development, most likely involving a second platform on the eastern side of the field. These studies will form the basis of an addendum to the current Field Development Program (FDP) for the Breagh Field submitted to the Department of Energy and Climate Control. The second phase addendum is planned to be submitted during the fourth quarter of 2011. First gas from the intended Breagh Bravo platform would be expected during 2013," added Mr. Rapach. The full field project remains on schedule and budget. Fabrication of the jacket and topsides for the Breagh Alpha platform are progressing towards tow-out and installation is scheduled for mid-August. Pipelay operations have progressed well during May and June with all but three kilometers

of the 20 inch production pipeline and the majority of the three inch methanol lines constructed and laid on the seabed by the Allseas pipelay vessel Lorelay. The beach crossing has been completed with a Horizontal Directional Drilling (HDD) installation of the various pipelines and services under the Coatham sand dunes and beach to a point one kilometer offshore. "It's a fantastic time for the development and satisfying to see this project now taking shape after Sterling Resources' start to the Breagh story with the drilling of the 42/13-3 well in 2007," added Mr. Rapach. Sterling holds a 30 percent interest in Breagh with operator RW Dea holding 70 percent.

IEA RAISES ESTIMATE FOR OPEC CRUDE DEMAND

The International Energy Agency boosted its forecast for the amount of crude that will be needed from OPEC this year as supply growth outside the group slows. The Organization of Petroleum Exporting Countries must provide an average of 30.1 million barrels a day in 2011, the IEA said today in its monthly market report, or 400,000 a day more than it estimated last month. OPEC failed to agree an output target when it met on June 8. Demand for the group's oil in the third quarter is about 1.5 million barrels a day more than May production levels and there are "reassuring signs" members will boost output, the IEA said. "There is a clear need for the organization to boost supply," the

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Paris-based adviser said. "There are reassuring signs that Saudi Arabia and some other producers will rise to the challenge. Without such positive developments, there is a risk" of "damaging implications" for the global economy. Brent crude futures have advanced 20 percent this year, trading today at \$113 a barrel in London, as world consumption increases and conflict halts exports from Libya, holder of Africa's largest reserves. Saudi Arabia said June 8 that it and three other Persian Gulf exporters will keep markets adequately supplied in the absence of a collective OPEC pledge to do so. The agency boosted its global oil demand forecasts for this year and last. World crude consumption will rise by 1.3 million barrels a day to 89.3 million a day in 2011, or 100,000 a day more than the IEA predicted last month. It raised demand projections for 2010 by an equivalent amount. The 12 OPEC members pumped 29.18 million barrels a day last month, or 210,000 a day more than in April, according to the agency. The increase in May was led by Saudi Arabia, which produced 9 million barrels a day. The so-called call-on-OPEC, or the amount needed to balance world supply and demand, during the third quarter is estimated at 30.7 million a day. Disruptions in the North Sea, North and South America and Yemen prompted the IEA to reduce its forecast for non-OPEC production in 2011 by 400,000 barrels a

day to 53.3 million a day. That means supply from outside OPEC will expand by 560,000 barrels a day this year, or about half the amount of 2010.

'FRACKING' TO GET NEW YORK GO AHEAD

Gov. Andrew Cuomo is expected to lift a moratorium on the controversial natural gas extraction technique known as hydraulic fracturing. Such a move could open the state to a gas drilling boom similar to what is happening in neighboring Pennsylvania, and it would certainly raise opposition from environmentalists who believe "fracking" or "hydrofracking" pollutes drinking water. A spokesman for Cuomo, Joshua Vlasto, called the report "baseless speculation and premature." But the state's Department of Environmental Conservation later Thursday announced it would recommend allowing fracking in certain areas, while preventing it in the watersheds that serve New York City and Syracuse. Drilling also would be banned within primary aquifers and surface drilling prohibited on state-owned land, including parks, forest areas and wildlife management areas. "This report strikes the right balance between protecting our environment, watersheds, and drinking water, and promoting economic development," DEC Commissioner Joseph Martens said in a statement. A moratorium imposed by former Gov. David Paterson expired on Friday.