NYMEX OIL: US$96.30
-$1.40
January delivery
NYMEX N. Gas: US$3.508
+$0.049 per MMBTU
December delivery

Oilfield NEWS

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Published By *NEWS COMMUNICATIONS* since 1977 | Weekender | Saturday November 26, 2011

IROC APPROVES 2012 CAPITAL EXPENDITURES

IROC Energy Services Corp. has announcea the Board of Directors has initially approved $21 million for capital spending for 2012. The bulk of the new equipment will be built and deployed to meet existing demand in their service rig and rental divisions. A strong balance sheet and excess free cash flow will allow IROC a great deal of flexibility in dealing with additional opportunities for growth as they develop during the first half of 2012. Eagle Well Servicing is IROC's largest operating division. Eagle started 2011 with 36 rigs and expects to exit 2011 with 43 rigs. For 2012, the Corporation has budgeted $12.5 million for an additional 5 service rigs, with the first rig expected to be delivered at yearend and the remaining 4 service rigs currently scheduled for delivery during the first half of 2012. This will bring our currently planned fleet configuration to 47 service rigs, consisting of 22 singles, 22 doubles, 1 heavy double, and 2 slant rigs. Building slots for the 5 additional service rigs have been secured and the Corporation has started to commit to capital expenditures relating to these new service rigs. With the increase in drilling and field service activity in the last 12 months, IROC's rental services division remains strong and continues to grow. For 2012, the Corporation has approved $8.0 million for Aero to continue increasing its rental assets through targeted equipment purchases aimed at meeting current or anticipated customer demand, primarily in our core competency of pressure control. In addition to the capital additions noted above, the Corporation has approved $0.5 million for other miscellaneous capital expenditures, including IT infrastructure and maintenance capital. At current operating levels, the Corporation is anticipated to fund spending on all budgeted capital expenditures through operating cash flow and existing credit facilities.

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NOBLE RAISES SPENDING OUTLOOK

Noble Energy Inc raised its five-year production outlook and capital expenditures, citing recent oil and gas discoveries. Spending will rise to $5 billion by 2016, up from $3 billion currently, with more money earmarked for properties in the Marcellus Shale in the U.S. Northeast and the company's massive Leviathan prospect offshore Israel, Chief Executive Charles Davidson said on Tuesday. "We are seeing growth today and it's going to move forward," Davidson told analysts in a meeting broadcast over the Internet. "I think there is a lot of upside in our programs." Analysts at Houston energy investment bank said news from the meeting largely met Wall Street's high expectations for the company. Noble's exploration successes include oil and gas production in the DJ Niobrara in Colorado and Wyoming, where the company expects to expand operations. A Noble executive also told analysts that results from Marcellus wells have also exceeded company expectations. In the Eastern Mediterranean, Noble had identified 12 additional prospects to drill in its Tamar prospect that likely hold vast amounts of both oil and natural gas, the Houston company said. Noble is also exploring ways to export natural gas from the region -- via pipeline or liquefied natural gas -- and is in the early stages of looking for an LNG partner, the company said. Elsewhere, Noble said it and its partners have made a new oil discovery that the Carla prospect offshore Equatorial Guinea. Oil and gas output is expected to increase at a compound annual growth rate of 17 percent over the next five years reaching 490,000 barrels oil equivalent per day in 2016, the company said.

NABORS SEEKS WAY OUT OF OIL AND GAS ASSETS

Nabors Industries Ltd , the world's largest land-drilling contractor, plans to shed its non-core oil and gas exploration and production assets under its new chief executive, Anthony Petrello. The company had sought last year to sell off its British Columbian natural gas assets and also float its NFR Energy joint venture on the stock market, but persistently cheap North American gas put both those plans on hold. Nabors has an extensive oil and gas position in Colombia as well as acreage on Alaska's North Slope and in Texas and Arkansas. Petrello told investors that these interests were clearly not core assets, and he planned to "rectify" that. The company also expects to have 130 rigs working outside the United States by the end of 2012, he said. That would be an increase of 25 rigs, including 10 going back to work in Saudi Arabia, according to Petrello, who took over as CEO from Gene Isenberg at the end of October. "It will be a record for the longest succession plan in history," Petrello, who became the Nabors chief operating officer in 1992, said at the start of his presentation to the Bank of America Merrill Lynch Global Energy Conference in Miami on Tuesday.

BAKER HUGHES CHASING SHALE OIL

Baker Hughes Inc. is looking at deals as it tries to extract bigger profits from the boom in U.S. shale-oil exploration. That may put Key Energy Services Inc. and Lufkin Industries Inc. on its wish list. Baker Hughes, which provides drilling services to oil and gas companies, is seeking opportunities to make acquisitions, Andy O'Donnell, its president for the western hemisphere, said this week. After spending $7.1 billion on BJ Services Co. last year to gain a pressure-pumping business that helps drillers unlock oil trapped in shale, Key Energy, which hauls the fluids used in hydraulic fracturing, and Lufkin, a maker of pumps used to extend well production, may now make sense for Baker Hughes, Cambiar Investors LLC and Tudor Pickering Holt & Co. said. With oil prices eclipsing $100 a barrel, oilfield-services suppliers are vying to help energy companies tap unconventional assets as the average cost

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for finding and developing the fuel for the largest U.S. producers surged more than sixfold in the past decade, according to data compiled by Bloomberg. Among U.S. oilfield-services companies between $1 billion and $5 billion in market value, analysts project Key Energy and Lufkin will boost earnings by the most next year to records, the data show. "Strategically it definitely would make a lot of sense" to buy Key Energy, Tim Beranek, a Denver-based money manager who specializes in energy companies at Cambiar, which oversees $8 billion, said in a telephone interview. "Oil services stocks are very inexpensive on their earnings power assuming that the oil price stays in the $90 to $100 range." Cambiar owns shares of Baker Hughes, Key Energy and Lufkin. Baker Hughes Inc. is looking at deals as it tries to extract bigger profits from the boom in U.S. shale-oil exploration. That may put Key Energy Services Inc. and Lufkin Industries Inc. on its wish list.

CHESAPEAKE CHIEF OPPOSES EXPORTING US NATURAL GAS

The head of Chesapeake Energy, one of the biggest U.S. natural gas drillers, does not want the country to ship its huge gas reserves overseas, despite agreeing to supply fuel for a proposed export project. Record U.S. natural gas production has sparked a debate about whether the resource should be used more at home, potentially for wider use in transportation, or shipped abroad to fetch higher prices on the global market. "I want the right to export natural gas, but I am really hopeful that we never do," said Chesapeake chief executive Aubrey McClendon during a panel discussion on natural gas vehicles in New York on Wednesday. A string of rival liquefied natural gas (LNG) export projects have been proposed in the United States over the past year as unconventional gas production has left the country with a century's worth of cheap supply, evaporating import needs and thinning producers' profit margins. Together, the proposed export plants could export the equivalent of more than 10 percent of U.S. gas needs by the end of the decade. Chesapeake has pledged to supply U.S.-produced gas for the most advanced U.S. project at Sabine Pass in Louisiana, run by Cheniere Energy , which could be online by 2015, pending regulatory approval. Last month Cheniere signed an agreement with LNG shipper BG Group to supply U.S. shale gas to the world. "When we first announced the Sabine Pass Liquefaction project, Chesapeake stated publicly that they would provide half a billion cubic feet per day of gas to the Sabine Pass facility," a Cheniere spokeswoman said. Still, McClendon hopes that there will be enough demand at home for that not to be necessary. "An LNG export facility wouldn't be ready for another four years or so," McClendon said. "I really hope in the next four years that we embrace natural gas for transportation so we don't need to export it outside the country." Despite massive reserves and nascent efforts, the United States is yet to make widespread progress to turn diesel and gasoline engines over to natural gas. Much depends on legislation in Washington. There is some optimism surrounding the Nat Gas Act, introduced in the Senate on Tuesday, which provides tax incentives to buy natural gas engines, though past efforts of this kind have been slowed and halted by political wrangling. In the meantime, McClendon is hedging his bets. "If for some reason this country refuses to use this wonderful fuel I

have to put my gas up for sale to somebody," he said.

EXXON LOOKING AT NORTH AMERICAN LNG EXPORTS

Exxon Mobil Corp is actively assessing options to export liquefied natural gas from North America, where it is a top producer of the fuel. "In terms of exports from North America, whether it is the Gulf Coast or whether it is Western Canada, it's something we're actively looking at," Andrew Swiger, senior vice president of Exxon said at a Bank of America Merrill Lynch investors conference. North America market is different from places where Exxon has LNG projects because the gas is not stranded without a viable market, so the company is mulling options, Swiger said in remarks broadcast on the Internet. Exxon has 340,000 shale gas acres in Western Canada's Horn River Basin. The company also has a stake in the Golden Pass LNG Terminal in Texas.

WINALTA Q3 RESULTS

Winalta Inc. has announced its financial results for the three months ended September 30, 2011. Winalta has record revenues of $4.9 million and record EBITDA of $2.8 million for the period, compared to revenue of $3.2 million and EBITDA of $0.3 million for the three months ended October 31, 2010. Gross profit for the period was 75% as compared to 52% for the comparative period; an improvement of 44%. The improvement in gross profit was due to the higher utilization of the Company's assets and increased day rates for Wellsites. Utilization of Wellsites units for the period was 81% as compared to 48% for the comparative period with day rate increases of 3.4% over the comparative period and 14.3% for the nine months ended September 30, 2011. During the period the Company reduced its total debt by $0.8 million and increased its rental fleet by $1.9 million using cash flows generated by operations.

STERLING RESOURCES Q3 RESULT

Sterling Resources Ltd. has announced interim operating and financial results for the quarter ended September 30, 2011. For the three months ended September 30, 2011 the Company recorded a net loss of $7.8 million ($0.04 per share) compared with a net loss of $10.2 million ($0.07 per share) for the three months ended September 30, 2010. For the nine months ended September 30, 2011 the Company recorded a net loss of $43.8 million ($0.22 per share) compared with a net loss of $17.9 million ($0.13 per share) for the nine months ended September 30, 2010. During the second quarter the Company made provision for a bad debt of $6,792,000 against recovery of an overdue amount receivable from a co-venturer in the unsuccessful Grian well on Block 48/28b in the UK Southern North Sea. For the nine months ended September 30,2011 the Company expensed dry hole costs of $9,733,000 relating to the unsuccessful Grian exploration well, while during the first nine months of 2010 dry hole costs of $8,747,000 were expensed relating to wells at Airidh and Macanta in the UK. There were no dry hole costs incurred during the third quarter of 2011, while during the third quarter of 2010 dry hole costs of $4,670,000 were incurred relating to the Macanta well in the UK. During the third quarter of 2011 pre-license and other exploration costs of $1,881,000 were comparable to the $1,987,000 incurred during the third quarter of 2010, with most of these costs related to Company development assets. However, during the nine month period ended September 30, 2011, pre-license and other exploration costs of $9,032,000 were $2,657,000 higher than those incurred during the first nine months of 2010. Most of this increase was attributable to the initial costs and purchase of seismic data associated with the commencement of operations in the Netherlands during the first quarter of 2011. The Company expects to drill a well in the Netherlands during the fourth quarter of 2011. Cash and cash equivalents at September 30, 2011 were $58.0 million compared to $142.6 million as at December 31, 2010. Net working capital was $64.7 million at September 30, 2011 compared to net working capital of $138.4 million at December 31, 2010. Net working capital levels have declined since year-end 2010 as a result of operational activities at Breagh, Cladhan and Grian, however this level of working capital is up significantly over that at the end of the second quarter as a result of the drawdown of the Breagh credit facility and the equity issue in August 2011. During the nine months ended September 30, 2011 capital expenditures on development, exploration and evaluation activities totaled $143.7 million. Construction of the Breagh platform jacket, topsides, pipeline and onshore facilities accounted for $101.2 million of this total and the platform was put in place in mid-October. Cost of the four well drilling campaign at Cladhan during the spring of 2011 totaled nearly $27.0 million and pre-development work for Cladhan has commenced with regulatory approval anticipated during 2013 and first production expected in 2014. Earlier in the year an unsuccessful exploratory well 48/28b-2 was drilled at Grian in the UK North Sea at a total cost of $9.7 million. In addition, a successful appraisal well 42/13a-6 at East Breagh was drilled earlier in the year, which enhanced the size and scope of the Breagh field, at a cost to Sterling of $5.7 million.

EXTENSION REQUEST IN OILSANDS QUEST'S WALLACE CREEK

sale Oilsands Quest Inc. has announced that the potential purchaser of the Wallace Creek assets has requested an extension of the planned timeline to complete its due diligence and financing arrangements. Oilsands Quest may therefore extend the termination date for finalizing the definitive Purchase and Sale Agreement to January 31, 2012, subject to the potential purchaser agreeing to certain conditions. Negotiations are proceeding between Oilsands Quest and the potential purchaser on the terms for such an extension. Oilsands Quest intends to determine whether a mutually-agreeable extension of the sale process is possible by the end of November 2011. OQI will then make a further announcement as to whether such an extension has occurred, and, if not, on next steps for the Company.

NORDIC AND DESOTO SEEKING EXPEDITED TRIAL

Lawyers representing Nordic Oil and Gas Ltd. and its joint venture partner, Desoto Resources Limited ("Desoto"), along with lawyers representing Encana Corporation appeared in Court of Queen's Bench of Alberta on Monday, November 21, 2011 and have agreed to file a Standard Case Litigation Plan, thereby moving the matter between the two parties to trial. "Both parties agreed on a Litigation Plan and we will be making application to the trial coordinator for an expedited trial date," stated Donald Benson, President and CEO of both Nordic and Desoto. "As such, it is anticipated that the trial will take place in early 2012." Nordic Management Ltd , a company controlled by Mr. Benson and another officer of the Company, has entered into an agreement with Nordic Oil and Gas Ltd. and Desoto Resources Limited whereby Nordic Management will provide financial assistance to the two companies with regard to the legal fees associated with this matter. The setting of the trial date comes after it was announced last April that the Alberta Court of Appeal ruled in favour of Nordic and Desoto in regard to setting aside a Summary Judgment previously received by Encana. The matter at hand relates to the validity of numerous freehold leases in Joffre, Alberta, which were issued by Pan Canadian Petroleum Limited, a predecessor to Encana. "These valued lands consist of 2.5 sections, which have been proven for the production of both Natural Gas and Coal Bed Methan" Mr. Benson stated. "Current spacing allows for as many as 12 CBM wells and 12 Belly River Natural Gas wells to be drilled. "Perhaps the sweetest highlight of these leases is the fact that they are subject to only a 15% royalty," he added. In addition to the ratification of the leases, Nordic and Desoto are also seeking damages totaling $111 million, of which $100 million are in the form of punitive damages. Furthermore, the Nordic/Desoto lawyers will also be making an application to the Court with respect to the Court of Appeal Bill of Costs that have yet to be returned to Nordic and Desoto following the April 1 judgment in their favour.

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