

WTI OIL: US\$99.32

-\$0.47

January delivery

NYMEX: N Gas: US\$3.625

-\$0.008 per MMBTU

December delivery



oilfield NEWS

oilfieldnews.ca



Published By **NEWS COMMUNICATIONS** since 1977

Canadian Edition

Wednesday November 30, 2011

NORTH AMERICAN RIG COUNTS

The U.S. rotary rig count was down one rig at 2,000 for the week of November 25, 2011. It is 313 rigs (18.6%) higher than last year. The number of rotary rigs drilling for oil increased 5 to 1,130. There are 406 more rigs targeting oil than last year. Rigs drilling for oil represent 56.5 percent of all drilling activity. Rigs directed toward natural gas were down 6 at 865. The number of rigs currently drilling for gas is 88 lower than last year's level of 953. Year-over-year oil exploration in the U.S. is up 56.1 percent. Gas exploration is down 9.2 percent. The weekly average of crude oil spot prices is 18.1 percent higher than last year and natural gas spot prices are 26.0 percent lower. Canadian rig activity is 3 lower at 484 for the week of November 25, 2011 and is 69 (16.6%) higher than last year's rig count.

PUSH FOR IRAN OIL EMBARGO MEETS EU RESISTANCE

A French push for a European Union embargo on Iranian oil has run into opposition in some EU capitals, diplomats said on Monday, signalling that any decision was unlikely before a Dec. 9 summit of EU leaders. Paris has argued Europe should ban Iranian oil as part of Western steps to ratchet up pressure Iran over its nuclear programme, following the release of a report by the International Atomic Energy Agency that suggested Iran had worked on designing an atom bomb. Iran poured scorn on the report and regularly says its nuclear programme is focused on generating electricity and other peaceful projects. EU powerbrokers Britain and Germany support the proposal, although London is still conducting an analysis of the costs, diplomats said. But some EU states, led by crisis-stricken Greece, have expressed concerns during talks on the issue about the economic impact of an oil embargo. Discussions are being held in Brussels ahead of a meeting of EU foreign ministers on Thursday, during which EU governments are set formally to approve an extension of Iranian sanctions lists by some 180 people, companies and institutions. Foreign ministers are expected to map out further measures as well, but are likely to stop short of issuing a joint call for an oil embargo.

OPEC TO BOOST EXPORTS IN DECEMBER

The Organization of Petroleum Exporting Countries will boost shipments by 1.9 percent up to the middle of December as refiners replenish crude inventories before demand for winter fuels peaks, according to tanker-tracker Oil Movements. OPEC will export 23.52 million barrels a day in the four weeks to Dec. 10, up from the 23.09 million barrels

shipped daily in the month to Nov. 12, the Halifax, England-based researcher said today in an e-mailed report. The figures exclude Ecuador and Angola. "There's a lot of crude moving," Roy Mason, the founder of Oil Movements, said by phone. "Refiners don't have any reserve. They ran inventories down in the summer and now they're having to fill them up." Exports from Middle Eastern producers, including non-OPEC members Oman and Yemen, will climb to 17.89 million barrels a day, 1.2 percent more than the 17.68 million barrels shipped in the month to Nov. 12, according to Oil Movements' estimates. The destination for the increase in supplies is "overwhelmingly to the east," Mason said. Crude on board tankers will average 488.16 million barrels in the four-week period, up 5.3 percent from 463.75 million barrels in the period to Nov. 12, the researcher said. Oil Movements calculates shipments by tallying tanker-rental agreements. Its figures exclude crude held on board ships as floating storage.

SAUDIS SEEK TO ENSURE CLIMATE TALKS WON'T HURT OIL INCOME

Saudi Arabia, OPEC's largest crude producer, will seek to ensure climate talks starting next week in Durban, South Africa, won't unfairly limit the exporter group's income, the kingdom's envoy to the negotiations said. Saudi Arabia and its OPEC partners are being asked to bear too much of the burden of cutting greenhouse-gas emissions because their economies depend on oil and natural-gas revenue, Mohammed al-Sabban, said in a speech at the Energy Dialogue conference in the capital Riyadh on Nov. 21. Climate change talks are at a stalemate because richer nations want emerging nations to be included in a global deal. Poorer countries are seeking more effort from states that have emitted the most heat-trapping gases in the past. Members of the Organization of Petroleum Exporting Countries, which supply 40 percent of the world's crude, oppose emission-reduction targets that threaten oil demand, al-Sabban said in an interview. Any package adopted at Durban should include a detailed decision on how to minimize the adverse impact of climate policies on developing countries in general and OPEC nations in particular, he said. Saudi Arabia hasn't asked for compensation for the loss of income from oil sales as consumers look to obtain energy from cleaner fuels such as natural gas or renewable energy, al-Sabban said. Rather the kingdom wants technological assistance from developed countries and more direct investment to diversify its economy, he said. "It is very crucial to include provisions to this effect in any balanced comprehensive package we adopt in Durban," said al-Sabban, who is



MORGAN

Morgan Construction & Environmental Ltd.

Morgan Construction & Environmental Ltd. is looking for experienced Finishing Grader, Scraper, Hoe, Dozer, Rock Truck Operators, and Labourers for work in the oilfield and heavy civil construction projects.

Clean driver's abstract and all safety tickets a must (Standard First Aid, H2S, CSTS/PST and Ground Disturbance II). Competitive wages, full benefits.

Resumes can be faxed to **780-960-8930**

or emailed to **careers@mcel.ca**,

or apply in person at 702 Acheson Road, Acheson, Alberta.

Only those contacted will be interviewed.

POGO LOGISTICS

We make it easy!

*An integrated solution to your freight needs.
An honest, straight forward approach
to getting your freight transported
no matter how complex the routing.*

REGIONAL - NATIONAL - INTERNATIONAL

Toll Free 866 706-4710

pogologistics@sasktel.net



RENT TO OWN

EDMONTON

2 & 3 Bedroom Houses/Condos

(780) 447 - R7E3N6T8



Book Your Corporate Functions

locations in Edmonton, Sherwood Park & Morinville

Your Choice: Menu, Live Music

Live Comedy, Karaoke, Limo Service

Call 780 418-3895

also a senior economic adviser to the minister of petroleum. UN climate negotiators gather in South Africa on Nov. 28 for two weeks of talks aimed at agreeing a successor to the present commitment period of the Kyoto Protocol, which obliges developed countries to cut greenhouse gas emissions by about 5 percent below 1990 levels in the five years through 2012. "Saudi Arabia thinks that a second commitment period for the Kyoto Protocol is a must, and without having unconditional emission reduction numbers from developed countries for the period beyond 2012, it will be impossible to have any agreement in Durban," he said. Saudi Arabia and other developing countries won't agree to renegotiate the United Nations' Framework Convention on Climate Change, known as the UNFCCC,

al-Sabban said. The Gulf state wants carbon capture and storage, or CCS, to be included in the Clean Development Mechanism, the second-biggest CO2 market that was set up by the Kyoto Protocol in 1997.

BP FACES REVOKED CRIMINAL PROBATION IN ALASKA

U.S. federal prosecutors on Tuesday said BP Plc broke pledges to improve operations after causing the worst pipeline spill on Alaska's North Slope five years ago and should be subject to additional punishment for its negligence. Prosecutors are seeking to revoke the criminal probation imposed on BP in a 2007 settlement agreement, claiming the oil company violated probationary terms by continuing its pattern of sloppy

stage west
THEATRE RESTAURANTS
play with your dinner!

Gift Certificates

The Ideal Gift for Any Occasion!

Box Office: 403-243-6642
stagewestcalgary.com

JUST SCAPE

Landscaping, Paving Stones and

SNOW REMOVAL

CALL JUSTIN ROBERTS @ 403-977-2858



ESCAPE TO PARADISE

You can now afford your luxury HOME...

- * Custom designed home & lot - \$275,000
- * Sustainable Green Community
- * Stewart Title guarantees your investment
- * No heating bills, low taxes (\$400/year)

COSTA RICA AWAITS YOU!

www.costaricanooceanhomes.com

1-800-870-1891

are at odds over the amount of damage and environmental threat posed by the spill. Prosecutors argue that the spill of that material, which included about 13,500 gallons of crude oil, amounted to a new Clean Water Act violation because it fell on permafrost, which is classified as wetlands, holding groundwater that flows into rivers, lakes and the ocean. BP argues that the oil-produced water mix did not reach any federally controlled waters, so there was no such legal violation. The revocation-of-probation hearing -- essentially a miniature trial -- is expected to last at least three more days. Both sides plan to call expert witnesses. Among those testifying for the government will be a former BP environmental-compliance officer who is expected to speak about BP's operational shortcomings. BP witnesses will include a former program manager for the U.S. Army Corps of Engineers, the agency that oversees federal wetlands. U.S. District Court Judge Ralph Beistline, who approved the 2007 criminal settlement, will preside over the hearing and decide whether BP violated its probation and whether sentencing terms should be reopened. "He can go back and start over on that case," said Assistant U.S. Attorney Andrea Steward, lead prosecutor in the probation-revocation effort. That could mean additional time in criminal probation as well as additional fines. How long it will take for Beistline to render a decision is unknown, Steward said.

NEXEN TO SELL NORTHEAST BRITISH COLUMBIA ASSETS

Nexen Inc said on Tuesday it will sell 40 percent of its British Columbia shale gas holdings to a group led by Japan's Inpex Corp for C\$700 million (\$680 million) in the latest Asian foray into Canada's rich unconventional resources. Nexen shares surged 5 percent to C\$15.99 on the Toronto Stock Exchange as investors digested a positive development following a string of disappointments, including this month's loss of Nexen's long-held production contract in Yemen and struggles with its Long Lake oil sands project. The deal - to include an upfront payment for half the amount and the rest in capital spending by Inpex and partner JGC Corp - marks the close of Nexen's year-long search for a partner to develop lands that could hold as much as 38 trillion

cubic feet of gas. Inpex joins a rush of Asian-based investors that have entered partnerships to develop such reserves, including Malaysia's Petronas, Korea Gas Corp and Mitsubishi Corp, also of Japan. Like Petronas's tie-up with Calgary-based Progress Energy Resources Corp, Nexen and Inpex will study developing a liquefied natural gas plant on the West Coast as a way to supply markets across the Pacific and avoid the North American gas market, which is glutted with burgeoning shale supplies. "The next phase with Inpex is to study those choices and determine if we have a feasible and attractive option." Nexen Chief Executive Marvin Romanow said in an interview. "So we plan to evaluate that over the next few years." It is a nascent industry in Canada. A trio of companies led by Apache Corp plans the country's first LNG plant at the port of Kitimat, British Columbia, as companies keep improving the technology they use to produce gas trapped in tightly stacked rock. Inpex is no stranger to LNG, owning controlling stakes in large LNG projects in Indonesia and Australia. It is also building a regasification terminal in Japan. "The read-throughs here are pretty self-evident; we have trouble believing that Inpex does not plan to aggressively pursue LNG export capability over time," TD Securities analyst Menno Hulshof said in a research note. Hulshof pegged the deal value about 14 Canadian cents per thousand cubic feet of contingent resource, which puts it in the range of similar recent transactions and his expectations. The reserves are located in British Columbia's Horn River, Cordova and Liard basins. Early this year, a C\$5.4 billion B.C. shale venture between Encana Corp and PetroChina collapsed amid speculation the two sides came to an impasse over valuation, control and pace of development. Romanow said that was not a risk with Nexen's arrangement, as the deal is completed and not just being worked out, as was the case with Encana. "These large projects require not only good agreements but good alignment on what each joint venture party wants to achieve," he said. "When you get alignment on that you get success, and that was one of the criteria that we looked for." He used Nexen's Usan oil venture off the Nigerian coast as an example. The \$10 billion Total SA-operated oil field is due to start producing in the coming

months. Nexen has a 20 percent stake. The shale deal is expected to close in the first quarter. Meanwhile, Nexen said it plans capital spending of C\$2.7 billion-C\$3.2 billion, up to 19 percent higher than its 2011 budget. The budget shows the company aims to live within its projected cash flow of C\$2.8 billion-C\$3.3 billion. It devised its plan assuming an Brent average oil price of \$110 a barrel. Nexen forecast 2012 output of 185,000-220,000 barrels of oil equivalent a day before royalties, compared with 200,000-215,000 bpd this year. A possible fall in production is primarily due to the exit from Yemen, where the company failed to renegotiate its contract after 18 years in the country. However, Nexen's share of output from Usan could help compensate for the Yemen production losses. Usan is expected to begin production in the first half of 2012. It plans to spend most its budget on Usan, its Long Lake oil sands development, Golden Eagle discovery in the North Sea and Appomattox find in the Gulf of Mexico.

OILSANDS QUEST GETS PROTECTION FROM CREDITORS

Oilsands Quest Inc said it got a court order temporarily protecting the company from creditors after failing to sell its Wallace Creek assets in Alberta. The company, which got the order from the Alberta Court of Queen's Bench on Tuesday, will have to file a restructuring plan or get an extension of the order before Dec. 21. Oilsands, valued at about \$62 million, said if "affected stakeholders" do not approve the restructuring plan, it may have to file for bankruptcy or go into receivership. The company's move to sell the Wallace Creek assets failed after a potential buyer backed out of a letter of intent signed in September. "We have been actively seeking options to manage our liquidity and to raise the capital we need to proceed with developing our assets," Chief Executive Garth Wong said in a statement.

SUNCOR RESTARTS UNITS AT ONTARIO REFINERY

Suncor Energy Inc said on Monday it began restarting units at its Sarnia, Ontario, refinery over the weekend after shutting them a week earlier due to a leak. "The plant is operating per plan," Suncor said in an e-mailed statement. The company shut the equipment at the 85,000 barrel a day refinery on November 20 after a small leak was discovered in a naphtha unit.