NYMEX OIL: US$100.14
-$0.060
January delivery
NYMEX N. Gas: US$3.588
-$0.060 per MMBTU
December delivery

# Oilfield NEWS

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## BP SELLS CANADIAN NGL UNIT TO PLAINS

BP has announced that it has agreed to sell its Canadian natural gas liquids business to Plains Midstream Canada ULC (Plains Midstream), a wholly-owned subsidiary of Plains All American Pipeline, L.P.. Plains Midstream will pay BP a total of US$1.67 billion in cash, subject to customary adjustments, for the business. BP's Canadian NGLs business owns, operates and has contractual rights to assets involved in the extraction, gathering, fractionation, storage, distribution and wholesale marketing of NGLs across Canada and in the Midwest United States. Assets include NGL extraction plants; pipeline gathering systems; fractionation plants; and storage and specification product distribution facilities. In total, the business owns or has rights to approximately 4,000 kilometres of pipeline systems; 21 million barrels of storage capacity; 232,000 barrels per day of fractionation capacity; and NGLs produced from 8.3 billion cubic feet per day of gas processing capacity. Bob Dudley, BP Group Chief Executive, said: "Canada remains an important part of our portfolio of growth opportunities to meet North America's energy needs." The business employs approximately 450 people who will transfer to Plains Midstream upon completion of the deal. "I want to thank our NGL employees for their dedication," said Anne Drinkwater, president of BP Canada. "They have continued to remain vigilant about maintaining safe and reliable operations." Completion of the transaction is subject to closing conditions including the receipt of all necessary governmental and regulatory approvals. The transaction is expected to be completed by the end of the first half of 2012. Credit Suisse acted as the sole financial advisor to BP.



## TRANS MOUNTAIN PIPELINE RECEIVES NEB APPROVAL

The National Energy Board has released its decision to grant the application for Firm Service to the Westridge Marine Terminal (Westridge dock), submitted by Trans Mountain Pipeline ULC on behalf of Trans Mountain Pipeline, L.P. (Trans Mountain). In its application, Trans Mountain asked the Board to approve Firm Service on the Trans Mountain pipeline system (Pipeline) in relation to a segment of the capacity to the Westridge Dock. The implementation of Firm Service involves a change of service that will impact a portion of the existing capacity, but it does not involve any new facilities, modifications to existing facilities or increases in the overall capacity of the Pipeline. Trans Mountain also sought approval to collect and use the Firm Service Fee as a customer contribution, and of the associated reporting and investment of the Firm Service Fee. In addition, Trans Mountain requested that the Board approve certain Tariff amendments to implement Firm Service on the Pipeline. Following the Board's approval of Firm Service on the Pipeline, land capacity will be equivalent to 35 000 $m^3$/d (or 221 000 barrels per day (bpd)) while the Westridge dock capacity will increase to 12 600 $m^3$/d (or 79 000 bpd). Of the total capacity for the Westridge dock, 8 600 $m^3$/d (or 54 000 bpd) will be subject to firm commitments, as was determined through an Open Season process, with the remaining 4 000 $m^3$/d (or 25 000 bpd) available for uncommitted volumes. The NEB has concluded that Trans Mountain's proposal related to the Firm Service Fee is in compliance with sections 60, 62 and 67 of the NEB Act. The Board did not approve the Expansion Right and Step-up Right provisions included in the Transportation Service Agreement that was filed for approval, as the Board does not consider them to be appropriate in the circumstances. The Board similarly did not approve some of the Tariff amendments requested, and accordingly directed Trans Mountain to file a revised Tariff.

## 8TH ANNUAL SHALE GAS & OIL SYMPOSIUM

This January, engineers, geologists and business development professionals from across the oil and gas industry will gather in Calgary for the Shale Gas & Oil Symposium to discuss the leading approaches and best practices to maximizing North America's unconventional reservoirs. Highlights from this year's event include: 1) How to get the most from a well: what's worked, what hasn't - from the operators 2) Lessons learned from the Quebec experience 3) The latest technologies and practices in completions diagnostics to maximize your ROI 4) Strategies for overcoming the negative image of shale development. Location: Hyatt Regency Hotel, Calgary, Alberta Website: www.ShaleGasSympoisum.com

**HUSKY SETS 2012 CAPITAL EXPENDITURE**

Husky Energy Inc. has announced a $4.7 billion ($4.1 billion net cash) capital expenditure program for 2012 which builds on the momentum achieved over the past year to increase short-term production and supports the continued execution of the Company's mid and long-term growth initiatives. "This has been a year of significant progress as we achieved a number of milestones in our growth plan, delivered a solid increase in production, strengthened reserves replacement and reported strong financial results," said Husky CEO Asim Ghosh. "Our business strategy is on course and demonstrating its ability to deliver value to shareholders. Our 2012 program will build on that progress as we remain focused on execution." Approximately 60 percent of the Upstream gross capital expenditure program is directed towards the Company's growth pillars. Investment in the Sunrise Energy Project more than doubles to $610 million as construction activity ramps up and the project advances towards planned first production in 2014. Just over $1 billion is budgeted for the Asia Pacific Region as fabrication of deepwater and shallow water facilities for the Liwan Gas Project accelerates. Liwan remains on target for first production in 2013/2014. In addition to advancing mid and long-term growth pillars, the 2012 Capital Expenditure program provides support to the Company's efforts to reinvigorate and transform its foundation in Western Canada. A substantial oil and liquids-rich natural gas resource play land base has been acquired and drilling is scheduled to take place across the portfolio in 2012. The Company is making progress in its strategy to transition a greater percentage of its heavy oil production to long-life thermal. The 8,000 bbls/day Pikes Peak South thermal project is expected to become operational in mid-2012 and the 3,000 bbls/day Paradise Hill thermal project is on target for first production in the third quarter of 2012. With the adoption of a successful efforts-based exploration accounting policy in 2011, the Company is now reporting exploration expense in addition to capital expenditures. In 2012 the Company expects to incur approximately $400 million in exploration expense, in line with a forecast of $420 million in 2011. Exploration activities are being conducted across the portfolio, including the prospective Madura block offshore Indonesia, which if successful, lends itself to early production due to existing nearby infrastructure. Earlier this year an exploration well in the MDA field confirmed additional commercial gas resources. An exploration well at the MBH field also encountered significant gas shows and tested at rates of 18.1 mmcf/day. The Company is considering development options, including combining the MBH field with MDA in a cluster development. In addition, exploration activities are planned to continue in the Atlantic Region and on the newly acquired licences in the Northwest Territories, where the Company plans to drill two vertical evaluation wells in early 2012 and conduct a seismic program. Exploration expense will also be incurred as the Company continues to prove up Saleski and other oil sands resources. Based on performance year-to-date and the year-end forecast for 2011, the Company is positioned to deliver against its targets. "This reflects the solid progress we have made over the past year to grow production, control costs and execute our growth strategy," said Ghosh. Production is expected to finish the year towards the high end of the Company's guidance in the range of 312,000 barrels of oil equivalent per day (boe/day). Reserves replacement is expected to be approximately 170 percent, which is higher than the target of 140 percent, and efforts to control finding and development (F&D) and operating costs, combined with strong crude oil prices, are expected to result in an approximately 20 percent increase in netbacks. The Company's goal to increase the return on capital employed (ROCE) by five percentage points through 2015 is on track with ROCE forecasted to increase approximately four percentage points in 2011, driven by solid performance in all business segments and stronger crude oil prices.

**PEMBINA SETS 2012 CAPITAL EXPENITURE**

Pembina Pipeline Corporation has announced that its Board of Directors has approved a capital spending plan for 2012 of approximately $550 million, with the majority of the expenditures targeted at projects in the Company's Conventional Pipelines and Gas Services businesses. Pembina's 2012 capital spending plan is approximately 10 percent higher than its 2011 capital budget and represents the largest in the Company's history. "Pembina's 2012 capital spending plan is directly aligned with our goal of continuing to provide long-term value to our shareholders," said Bob Michaleski, President and Chief Executive Officer. "Pembina has demonstrated its ability to secure and execute growth projects that are expected to provide long-term, stable returns in the past, and our 2012 plans are no exception. Our focus in 2012 will be to progress our current suite of projects and bring in the next phase of growth opportunities while maintaining a strong balance sheet." During 2012, Pembina will allocate approximately $245 million of its capital budget, or about 44 percent, towards the construction of the Company's previously announced Saturn and Resthaven enhanced liquids extraction facilities along with the associated pipelines. With respect to the previously announced expansion of Pembina's Peace natural gas liquids (NGL) pipeline system, the Company expects to spend $55 million to increase capacity by 20,000 barrels per day ("bpd") in 2012, and $45 million in 2013 to increase capacity by an additional 35,000 bpd. Pembina also plans to spend $30 million to expand its crude and condensate capacity on the Peace Pipeline system by 40,000 bpd, which, subject to regulatory approval, could be in-service by mid-2013. These expansion projects are necessary so that Pembina can continue to meet the growing needs of producers resulting from new technology and increased activity in plays such as the Montney oil pools. The Company plans to finance its 2012 capital expenditures through undrawn and potentially expanded credit facilities, public or private debt, the reinstatement of its Premium Dividend™ and Dividend Reinvestment Plan (see below), and cash flow from operating activities. Pembina's 2012 capital spending plan reflects strong growth opportunities that expand on existing operations in each of its four businesses and is expected to continue to drive shareholder value in the coming years.

**RIDGELINE Q2 RESULTS**

Ridgeline Energy Services Inc.has announced that it has filed its second quarter fiscal financial results for the three months ending September 30, 2011. The Company also provided an update on the commercial progress of its proprietary water treatment system. During the quarter revenue increased 34.5% to $3.2 million from $2.4 million in Q2 2011 as a result of an increase in revenue predominantly from the environmental consulting business. The company also Signed two development agreements with major North American oil and gas companies to test and treat flowback water from hydraulic fracturing operations and signed a development agreement with California-based waste water disposal company to treat multiple types of wastewater. Ridgeline reported a net loss of $0.28 million, versus a net loss of $0.27 million for the same period last year, which included a non-cash allocation of $0.20 million to non-controlling interests. The non-cash allocation to non-controlling interests will no longer be recorded once acquisition of Danzik Hydrologic Sciences LLC is completed. Tony Ker, CEO of Ridgeline Energy Services, commented "As concerns over flowback wastewater from hydraulic fracturing ("frac" or "fracing") mount, so do the opportunities for our cost-effective and unique water treatment system. We are gaining traction in the marketplace and are excited about being at the forefront of such an important environmental issue. Our reputation among major oil and gas companies over the years, many of whom are existing clients of our Ridgeline Environment Inc. ("REI") subsidiary, is serving as a valuable competitive advantage and means to accelerate market penetration for our new waste water treatment technologies." "In Q2 we signed two more development agreements with major oil and gas exploration and production companies. The first is at a hydraulic fracturing well site in the Waskada area of southwestern Manitoba. The client's strategic focus is on enhanced oil recovery through water flood programs. Ridgeline will provide contract services for the testing, treatment and recycling of produced and flow back water for use in the client's hydraulic fracturing and water flood applications. The second agreement is with an existing client, a major North American oil and gas producer, to construct a Single Train Commercial Installation at one of the client's sites in the Leonard Shale, New Mexico." "Revenue for the second quarter increased 34.5% over the same period last year predominantly from REI, reflecting growth in our consulting business. Based on our success at the Horn River site, we have expanded our water treatment opportunities with our major client, and anticipate water treatment revenues will begin ramping up as our new installations at the client's U.S. sites come online." "In September we signed a development agreement with Lakeland Processing Company in southern California to test and treat commercial and industrial waste water.

The Lakeland project provides an opportunity for the Company to diversify into the treatment of commercial and industrial waste water. Ridgeline's technology was originally developed to extract usable materials out of waste water from grease and oil interceptors associated with restaurants and hotels. We believe this underserved market represents significant potential, and we look forward to expanding our market share as we demonstrate our superior cost and operating efficiencies."

### PENN WEST CLOSES PRIVATE PLACEMENT

Penn West Petroleum Ltd. has confirmed the closing of its previously announced issuance of senior unsecured notes with aggregate principal amounts of approximately $135 million. The notes were issued on a private placement basis in the United States and Canada. The notes issued have an average term of 8.1 years and an average interest rate of 4.49 percent. The notes are unsecured and rank equally with Penn West's bank facilities and Penn West's existing senior notes. The proceeds of the notes were used to repay a portion of Penn West's advances under its credit facilities. Penn West's portfolio of senior unsecured notes now totals approximately $2.0 billion and comprises approximately 63 percent of its debt capital.

### TRENDON ACQUIRES OILFIELD ASSETS OF X-TREME

Trendon Bit Service Ltd., a leading oilfield services company specializing in the rental and sales of tri-cone, core, and PDC oilfield drilling bits, announced today that it has acquired the assets of X-Treme Bits & Downhole Tooling Ltd., a subsidiary of X-Treme Energy Group Inc. Upon closing of the acquisition, the acquired business will operate under the name of Trendon Bit Service Ltd. and its headquarters will be at Trendon's head office in Calgary, Alberta. Trendon will maintain X-Treme's distribution network based in Red Deer and the X-Bits™ product line will be introduced into Trendon's existing distribution network in northeast British Columbia, northwest Alberta, Grand Prairie, Lloydminster, Red Deer, Medicine Hat, southeast Saskatchewan, southwest Manitoba, and the northern United States.

### ANADARKO HAS GULF OF MEXICO GAS DISCOVERY

Anadarko Petroleum Corp has made a natural gas discovery at its Cheyenne East prospect in the Gulf of Mexico, an executive told investors on Thursday. The first well Anadarko drilled since the U.S. government's moratorium was lifted was a discovery with "50 foot of high-quality gas pay," Chuck Meloy, Anadarko's senior vice president of worldwide operations, told the Jefferies energy conference. First production is expected next year, Meloy said. Announcement of Anadarko's discovery comes as there is growing optimism from companies about a return to more normal levels of drilling in the Gulf of Mexico following BP Plc's 2010 oil spill disaster that halted deepwater operations for nine months. Superior Energy Services Inc CEO David Dunlap said he expects Gulf of Mexico drilling to return, before the end of next year, to levels about two-thirds of those prior to the Macondo well blow-out. "The international arena and the Gulf of Mexico are really poised to give us some upside if it comes to fruition," Pete Miller, chief executive officer of oilfield services firm told investors. The process of obtaining permits to drill is still very slow, oil executives at the Jefferies conference cautioned, but progress is being made.

### NORWAY OIL INVESTMENT SET FOR RECORD HIGH

Norway's oil and gas sector investments could hit a record in 2012 as companies take advantage of high oil prices and upgrade ageing infrastructure but the lack of rig availability could contrain exploration, Statistics Norway said. Investment spending could hit 184.6 billion crowns ($32.00 billion) in 2012, an increase of 7 percent from a September estimate and well above the 175 billion crown projection by the Norwegian Oil Industry Association, an industry lobby. "There are at least 25 major projects in the next 5 to 6 years, so investment is pretty high, maybe even extremely high," said Magnus Smistad, an oil sector analyst at brokerage Fondsfinans said. Norway, the world's seventh-largest oil exporter and the second largest natural gas exporter, generates a fifth of its GDP and half of its exports from its oil and gas sector. Oil output has been falling steadily for years but investments have been high as companies upgrade ageing infrastructure to increase recovery rates, taking advantage of high oil prices. "The combination of persistent high crude oil prices and many mature fields on the Norwegian Shelf forms the backdrop for the expected high investment level in 2012," Statistics Norway said in a statement. "Production in many fields is falling, and many platforms are old. These facts necessitate upgrading on a large scale," it added. But the agency warned that exploration activity could be constrained going forward as a shortage of rigs restricts exploration plans. "This is definitely an issue because you see a lot of delays and the lack of rigs that meet the North Sea requirements could cause further delays," Smistad added. "But this is a side issue really, we're talking about delays of a quarter or so," he added. Still, exploration investments is seen rising to 32.4 billion crowns next year, an 11 percent increase from 2011, the statistics agency added. The data indicate that exploration investments in the area have nearly doubled since 2007. The Norwegian Oil Industry Association earlier this month predicted that investments in the sector would rise through 2014, before a drop. However, the giant Aldous/Avaldsnes discovery, possibly the third-biggest find ever made off Norway, could push up investment expenditure beyond 2016, experts said earlier. Smistad estimated development costs at the field at 60 billion crown, a figure large enough to make a noticeable impact on the overall investment spending. Test drilling in the Aldous Major South field showed it contains 900 million to 1.5 billion barrels of recoverable oil equivalent, above the earlier 400 million to 800 million barrel estimate, Statoil, the field's operator said. Exploration could get another boost later this decade as Norway prepares to unlock offshore Arctic oil and gas resources and open the area up for exploration.