WTI OIL: US$105.61
-$2.48 per barrel
May delivery
NYMEX: N Gas: US$2.333
-$0.018 per MMBTU
April delivery

Oilfield NEWS

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NORTH AMERICAN RIG COUNTS

The U.S. rotary rig count was up 11 at 1,984 for the week of March 16, 2012. It is 264 rigs (15.3%) higher than last year. The number of rotary rigs drilling for oil was up 21 at 1,317. There are 478 more rigs targeting oil than last year. Rigs drilling for oil represent 66.4 percent of all drilling activity which is the highest percentage since Baker Hughes started reporting oil and gas separately in 1988. Rigs directed toward natural gas were down 5 at 665. The number of rigs currently drilling for gas is 212 lower than last year's level of 839. Year-over-year oil exploration in the U.S. is up 57.0 percent. Gas exploration is down 24.2 percent. The weekly average of crude oil spot prices is 6.1 percent higher than last year and natural gas spot prices are 45.0 percent lower. Canadian rig activity is down 138 at 517 for the week of March 16, 2012 and is 69 (11.8%) lower than last year's rig count. The number of rigs drilling for oil fell 124 to 470 and is 60 (14.0%) lower than last year. Gas directed rig count was down 14 at 147 and is 8 (5.2%) lower than a year ago. .

ENSIGN Q4 RESULTS

Ensign Energy Services Inc. generated record revenue for the year ended December 31, 2011, increasing 39 percent over the prior year to $1,890.4 million. Net income for the year ended December 31, 2011 was $212.4 million ($1.39 per common share), a 78 percent increase from $119.3 million ($0.78 per common share) recorded in 2010. Operating earnings, expressed as EBITDA for 2011 were $502.0 million ($3.28 per common share), a 54 percent increase from EBITDA of $325.6 million ($2.13 per common share) for the year ended December 31, 2010. Funds from operations increased 59 percent to $475.6 million ($3.11 per common share) in 2011, a record high for the Company, from $299.9 million ($1.96 per common share) in the prior year. During the fourth quarter of 2011, the Company generated the highest fourth quarter revenue in its history, increasing 43 percent over 2010 to $578.0 million. Net income increased 64 percent to $52.6 million ($0.34 per common share) compared to $32.1 million ($0.21 per common share) recorded in 2010. EBITDA was $155.2 million ($1.02 per common share) for the fourth quarter of 2011, an increase of 49 percent over EBITDA of $104.0 million ($0.68 per common share) recorded in the fourth quarter of 2010. Funds from operations were $140.5 million ($0.92 per common share) for the fourth quarter of 2011, a 55 percent increase from $90.5 million ($0.59 per common share) recorded in the fourth quarter of 2010. The improved financial results in the fourth quarter and year ended December 31, 2011 reflect the continued recovery in demand for oilfield services and generally higher revenue rates for oilfield services as pricing, particularly in Canada, improved in line with the increased level of operating activity. Improvements to operating results in the Company's United States and international operations were somewhat reduced by the translational impact of a weakening United States dollar against the Canadian dollar. Although the United States dollar strengthened towards the end of the 2011 fiscal year compared to 2010, overall the United States dollar weakened approximately four percent during 2011 compared to 2010. Improved operating results were also dampened in the Company's international operations by challenges in the Middle East and North Africa as a result of regional geopolitical issues and weather setbacks in Australia during the first half of 2011. In the third quarter of 2011, the Company completed the acquisition of the land drilling division of Rowan Companies, Inc, the largest acquisition in the Company's history, adding 30 deeper capacity electric land drilling rigs to the Company's existing United States fleet. Subsequent to the acquisition, Rowan Land Drilling was renamed Ensign US Southern Drilling LLC . In addition to this acquisition, the Company added 10 new Automated Drill Rigs ("ADR®") and 16 new well servicing rigs to its equipment fleet in 2011 as part of its most recent new build program, which had been expanded throughout the year in response to customer demand for additional oilfield services equipment. The Company's total assets grew 37 percent in 2011 to $3,048.1 million from $2,225.5 million as at December 31, 2010. The Company increased its dividend in 2011 with the dividend declared in the fourth quarter of 2011 increasing 10.5 percent to $0.1050 per common share from the previous dividend rate of $0.0950 per common share. During the year ended December 31, 2011, the Company declared dividends of $0.3900 per common share, an increase of nine percent over dividends of $0.3575 per common share declared in 2010. The dividend increase represents an 18 percent compound annual growth rate since the Company first paid a dividend in 1995.

CRESCENT POINT CLOSES BAKKEN ACQUISITION

Crescent Point Energy Corp has closed the previously announced acquisition from PetroBakken Energy Ltd. of certain assets in the Viewfield Bakken light oil resource play in southeast Saskatchewan. The assets are primarily in the Company's proposed waterflood units and include more than 2,900 boe/d of production and more than 25 net sections of land in the Viewfield Bakken resource play. The Bakken Acquisition is expected to help accelerate Crescent Point's waterflood program in the Viewfield Bakken resource play.

MARQUEE CLOSES ACQUISITION

Marquee Energy Ltd. has announced that it has completed its previously announced acquisition of a private oil and gas company pursuant to a plan of arrangement under the Business Corporations Act (Alberta) Privateco shareholders received approximately 10.6 million common shares of Marquee in the aggregate (approximately 20% of the issued and outstanding Marquee shares following completion of the Arrangement) and Marquee assumed approximately $3.9 million of net debt. The acquisition adds high netback, focused heavy oil assets in the Lloydminster area of Eastern Alberta and further expands Marquee's existing East Central Alberta core area. Marquee is also announced the appointment of Mr. Sam Yip as Vice President, Heavy Oil. Mr. Yip is a Professional Engineer with over 26 years of experience. He was a co-founder of Privateco and was a director and the Vice President, Production. Dundee Securities Ltd. and National Bank Financial Inc. acted as financial advisors to Marquee, and Sayer Energy Advisors acted as financial advisor to Privateco with respect to the Arrangement. Marquee is currently executing its oil focused first quarter capital program. Marquee expects to complete its fifth horizontal oil well at Michichi and its first horizontal well at Coutts before the end of the first quarter.

HIGH ARCTIC Q4 RESULTS

High Arctic Energy Services Inc. has announced its operating and financial results for the fourth quarter and year ended December 31, 2011. High Arctic generated revenue of $127.2 million, compared to $119.3 million in 2010, representing a 6.6% increase. This increase was driven by a $7.9 million, or 20.2% increase in Canadian revenue. Adjusted EBITDA was $33.4 million compared to $33.3 million in 2010. Net earnings for 2011 of $18.0 million ($0.40 per share), increased by $3.5 million, representing an increase of 24.1% compared to $14.5 million ($0.46 per share) in 2010. Commenting on the results, Bruce Thiessen, High Arctic's Chief Executive Officer, stated: "I am very pleased with the results for 2011, especially considering the challenges facing the Company heading into the year, namely an extremely weak natural gas price environment in North America and the significant pricing concessions granted to our major customer in PNG at the start of 2011. The strong performance in the Canadian division demonstrates that our high pressure well completion services are well suited for the liquids rich plays that are expected to remain the primary gas targets for 2012. The continued decline in gas prices is concerning but I am confident in our relationships with our major customers and our ability to adapt to their emerging needs. During the year, we strengthened our relationship with our main customer in PNG and invested significantly in our rental fleet as part of our strategy to expand our revenue base in the country. The operation in PNG offers excellent investment opportunities while providing diversification away from the oil and natural gas prices in North America. High Arctic has a strong balance sheet and we are positioned to take advantage of strategic growth opportunities which may present themselves." Given the ongoing weakness in natural gas prices, the Company expects that Canadian drilling and completion activity in 2012 will continue to focus on the development of oil and liquids-rich natural gas resource plays. The activity in the Montney and other deep basin plays of northwest Alberta and northeast British Columbia are expected to remain reasonably active in 2012 as producers focus on areas with plays offering the highest liquids content. In addition to the more developed regions, emerging areas such as the Duvernay shale could drive improved demand for High Arctic's services in 2012 and beyond. The growing interest in Canadian gas prospects by Asian based energy companies are encouraging in terms of bringing new capital to the industry and hopefully ultimately leading to improved access to Asian markets.

TRINIDAD DRILLING 2011 RESULTS

CIn 2011, Trinidad generated its highest revenue since inception, reaching $797.3 million, up 19.0% from 2010. Record revenue levels were driven by a combination of increased operating days and higher dayrates reflecting the strong operating environment present throughout 2011 North America. These positive factors were partly offset by the impact of foreign exchange with a strengthening of the Canadian dollar versus the US dollar during 2011, which led to a reduction in revenue after translation to Canadian dollars. Gross margin grew to $307.7 million in 2011, up 20.3% from the previous year largely due to higher revenue generation in the year. Gross margin - net percentage averaged 41.7% in 2011, up slightly from 40.8% in 2010. The impact of higher dayrates in 2011 was somewhat muted when viewed as a percentage of revenue due to a higher contribution from lower margin generating equipment and an increase in labour costs which are passed through to the customer. In addition, lower coring revenue and lower external construction revenue as a result of the 2011 reorganization had a negative impact on gross margin. Adjusted EBITDA grew to $252.5 million in 2011, up 25.2% from 2010 as a result of higher gross margin levels, slightly offset by increased general and administrative expenses compared to the prior year. Net earnings for 2011 totalled $76.5 million or $0.63 per share (diluted) compared to a net loss of $75.0 million or $0.62 per share (diluted) in 2010. In addition to higher Adjusted EBITDA, net earnings were positively impacted by increased gains on foreign exchange and the sale of property and equipment, lower impairment charges and lower finance costs reflecting the Company's lower leverage levels and the absence of refinancing costs. Higher depreciation and amortization expense as a result of increased equipment utilization in the year, and higher income tax charges partly offset these increases in 2011. At year-end 2011, Total Debt to EBITDA decreased to 2.42 times, compared to 3.18 times at year-end 2010, a direct result of Trinidad's ongoing commitment to continue reducing total debt levels moving . Activity levels and demand continued to grow in 2011 for the Company's Canadian operations. Utilization increased in 2011 to 62.0% compared to 55.0% in the previous year, with 2011 utilization above the industry average of 49.0% by 13 percentage points. Strong demand led to increased dayrates in the current year, particularly in the last half of 2011 as customers prepared for a busy winter drilling program. Increased operating days and higher dayrates resulted in a 15.5% increase in revenue over the prior year, to $311.8 million in revenue for 2011. The higher revenue contributed to $123.1 million in gross margin, a 15.6% increase compared to the prior year. While the higher activity levels and revenue drove 2011 gross margin higher, this increase was moderated by the lower gross margin contribution from the service rig operations due to its sale in the middle of 2011. During 2011, Trinidad's Canadian rig count dropped by one rig reflecting the transfer of a Canadian rig to the US operations and into the Company's growing Niobrara shale operations in Wyoming. By moving this rig to a high demand, less seasonal location, Trinidad was able to improve the rig's profitability and grow its presence in the area. Industry conditions strengthened for Trinidad's US and international operations in 2011 as demand continued to grow for Trinidad's high performance equipment, contributing to increased dayrates and higher activity levels compared to the previous year. Increased operating days and higher dayrates led to record revenue generation of $425.6 million, a 19.3% increase over the prior year. Throughout 2011 Trinidad's activity levels consistently achieved above 80.0% utilization, compared to a 2010 average utilization of 69.0%. Dayrates have increased over the past two years as demand intensified, resulting in Trinidad re-signing contracts with customers at higher dayrates. During 2011, Trinidad's US and international rig count grew by a net two rigs.

ENSIGN 2011 RESULTS

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