

WTI OIL: US\$103.46
+\$0.35 per barrel
June delivery
NYMEX: N Gas: US\$1.979
-\$0.028 per MMBTU
May delivery



oilfield NEWS
oilfieldnews.ca



MARK MILNE
LUXURY REAL ESTATE
www.markmilne.com

Published By **NEWS COMMUNICATIONS** since 1977

Canadian Edition

Wednesday April 25, 2012

NORTH AMERICAN RIG COUNTS

The U.S. rotary rig count was up 22 at 1,972 for the week of April 20, 2012. It is 172 rigs (9.6%) higher than last year. The number of rotary rigs drilling for oil was up 15 at 1,337. There are 424 more rigs targeting oil than last year. Rigs drilling for oil represent 67.8 percent of all drilling activity remaining at an all time high. Rigs directed toward natural gas were up 7 at 631. The number of rigs currently drilling for gas is 247 lower than last year's level of 878. Year-over-year oil exploration in the U.S. is up 46.4 percent. Gas exploration is down 28.1 percent. The weekly average of crude oil spot prices is 6.0 percent lower than last year and natural gas spot prices are 56.4 percent lower. Canadian rig activity is down 18 at 146 for the week of April 20, 2012 and is 3 (2.1%) higher than last year's rig count. The number of rigs drilling for oil slipped 7 to 81 and is 14 (20.9%) higher than last year. Gas directed rig count was down 10 at 66 and is 10 (13.3%) lower than a year ago.

LITTLE RISK OF MUCH LOWER OIL PRICES

Oil prices are unlikely to fall far from current levels as global supply is relatively tight and demand is continuing to rise, the head of the trading and shipping arm of French oil company Total SA said on Tuesday. Pierre Barbe told a commodities conference in Switzerland that oil prices were "a function of the perception of the balance between oil supply and demand". "Today, this balance does not look comfortable at all," he said. "I do not believe there will be a big downward correction from current prices."

KINDER MORGAN TO SEND DILUENT TO ALBERTA

Kinder Morgan Energy Partners LP launched a binding open season on Monday to gauge interest in using its reversed Cochin pipeline to carry condensates to Canada, the latest sign U.S. natural gas liquids are in demand to dilute oil sands bitumen. The company said the project would link Cochin, which runs from Illinois to Alberta, to Explorer pipeline, which runs from southeast Texas to Illinois, beginning on July 1, 2014, if there is enough shipper support. The open season will end on May 31 and Kinder Morgan is seeking binding commitments for minimum contacts of 10 years and 5,000 barrels per day. The project involves modifying the eastern leg of the 1,900-mile, (3,057 km) multi-product Cochin Pipeline to connect to Explorer in Kankakee County, Illinois, and reversing Cochin to move condensate northwest to Alberta. The project would provide about 75,000 barrels per day of light condensate capacity on Cochin and be a new source of diluent for northern Alberta's oil sands. "Our proposal will provide the rapidly growing Canadian market with very cost-effective access to light condensate from both the Eagle Ford Shale and the U.S. Gulf Coast," said Don Lindley, vice president of business development for KMP's Products Pipeline group. "This open season was prompted by

significant, tangible interest expressed in the proposed reversal." Explorer, owned by subsidiaries of Chevron Corp, Phillips 66, Marathon Petroleum Corp, Sunoco Logistics Partners LP, Shell and American Capital Strategies Inc, already had an open season underway until May 7 for a link-up with Enbridge Inc's Southern Lights line in Illinois. Southern Lights carries up to 180,000 bpd from Manhattan, Illinois, to Edmonton, Alberta. The open season concerns building a short link between the two lines. The Cochin and Southern Lights link-up proposals are separate and both could be supplied by Explorer if there is enough shipper support for them to go forward, said Dolin Argo, director of business development for Explorer. Explorer starts at 690,000 bpd in Texas, but is 350,000 bpd when it reaches Illinois. "Explorer will be able to supply both of those without any problem at all," Argo said. "It's just another outlet for us to provide service to stay in this diluent game." Explorer carries petroleum products from the Gulf Coast to the Midwest, but has been underutilized due to recent shifts in motor fuel markets. It has been seeking new customers interested in receiving condensates from Texas' booming Eagle Ford shale.

PROBLEM SHUTS BUZZARD

Output has been shut down at the North Sea Buzzard oil field, Britain's largest, following a problem with a gas compressor on the field's newest platform over the weekend, operator Nexen said on Monday. Traders said the shutdown had been prompted by a small fire and was likely to cause delays in loading of Forties crude, which is one of the four streams used for the global dated Brent price benchmark and has been hit by repeated output problems at the field since last year. "Saturday morning there was a bearing failure on one of the gas compressors on the fourth platform at Buzzard that resulted in smoke being emitted," Nexen spokeswoman Patti Lewis said. "Repairs are under way and during this maintenance period, production has been halted. We expect production will ramp up over the next 24-48 hours." She added that Nexen was investigating the cause of the problem. The company has struggled over the past year with reliability issues at Buzzard, resulting in frequent downtime. In February, interim Chief Executive Kevin Reinhart identified fixing Buzzard's problems as one of a handful of priorities for the company. It is looking to regain favor with investors after months of production glitches, delays and the loss of Yemen operations, which culminated in January with the exit of CEO Marvin Romanow. Another major initiative is boosting production at the Long Lake oil sands project in Alberta closer to capacity, and Nexen last week reported some progress. A spokesman for the UK Health and Safety Executive (HSE) said: "HSE undertook an initial investigation but decided there was no need to go offshore to investigate. Instead, HSE is awaiting the outcome of Nexen's internal investigation before deciding what



MORGAN

MORGAN CONSTRUCTION AND ENVIRONMENTAL LTD. –
Currently looking to fill the following positions in Alberta, BC, and Fort McMurray area.

- Experienced Heavy Equipment Operators
- Labourers
- Foreman's
- Experienced Class 1 Truck Drivers

WHAT WE OFFER:

- Camp/hotel accommodations while on rotation
- A comprehensive benefits program
- A safe work environment where safety comes first
- Safety ticket training
- Competitive wages

Please submit resumes careers@mcel.ca or fax 780-733-9130.
Thank you for your interest in Morgan Construction, only those selected for an interview will be contacted.

NTL 
Pipelines Inc.

is seeking an
Operations Manager
for their Grande Prairie Division

Primary responsibilities include to, plan, direct, and coordinate the division's total field and facility activities. Areas of responsibilities include all aspects of Management, Production, Equipment maintenance and Quality Management.

Skills/Experience Required:

A minimum of 5 years management experience in pipeline facilities environment. Technical or mechanical background with additional management/supervisory studies preferred. Strong leader, with solid computer skills in MS Word and Excel. Able to work under pressure in fast-paced environment.

Wage/Benefits Offered:

This position will be salary based opportunity, to be negotiated at time of interview. Benefits package available immediately.

Please send resumes in confidence to:
hr@ntlpipelines.com or Fax (403) 309-2212

action to take." There was no oil spill into the water. The oil field's output fell to less than half on Saturday and was shut down completely on Sunday, traders said. It normally pumps about 200,000 barrels of crude oil per day. So far, at least one cargo loading has been delayed since the shutdown, although Nexen did not confirm

that the two events were directly related. There was no immediate word from Nexen on whether it had declared force majeure in response to the outage. Cargo F0411 will load between May 2-4, according to trade sources. The loading dates for the cargo have been repeatedly delayed from the initial schedule to load April 14-16. More than half

This is what we do.



Better than anyone else!

Phone: (403) 279-(403) 279-6615

Fax: (403) 236-4249

Toll free: (800) 708-7453

CompassBending.com



Experience, Quality & Service.

7320 30 Street S.E., Calgary, Alberta T2C 1W2

COULTER & MCGILLICKY

Sales & Service Ltd.

Oilfield Equipment & Services
Manufacturing

Treaters, F.W.K.O.'s, Separators

Estevan SK (306) 634-3114



Residential - Commercial

HOLLOW METAL - SERVICE - PARTS

www.ultralitedoors.ca (403) 280-2000

RENT TO OWN

(780) 447 - R7E3N6T8

EDMONTON

1 & 2 Bedroom Condominiums
2 & 3 Bedroom Houses

AS ONE OF CANADA'S 50

Best Managed Companies and a leader in the electrical construction industry, we have recently been awarded a large multi-year industrial project near Saskatoon and immediate openings for Permanent, Full-time

ELECTRICAL JOURNEYPersons, FOREMEN, GENERAL FOREMEN AND SUPERINTENDENTS

Experience with large industrial projects and basic PLC knowledge is an asset. The project involves PLC, high voltage cable, High voltage distribution, substation, motor control and cable, cable tray, power cables etc. Industrial experience is an asset.

Top wages and benefits with 20 hours of overtime every two weeks. Journeymen start at \$37.88. The wage for 3rd and 4th year apprentices is 80% and 90% respectively. The work shift is 10 days on 4 days off, 10 hour days - moving to 14 and 7 in the summer. Retention bonus \$4/hr. LOA \$120/day and travel also available.

The job site is located at Vansoy, Saskatchewan which is a 20 minutes outside the City of Saskatoon, Saskatchewan. Transportation is provided to and from the site with two pick-up locations in Saskatoon.

Check out our website at: www.alliance-energy.com

Please email resume to: bthamilton@alliance-energy.com

EXCHANGER INDUSTRIES

Exchanger Industries, a world leader in design and manufacture of heat transfer equipment is seeking the following individuals for our Calgary Manufacturing Facility. All applicants should have 1 to 3 years experience. These positions report directly to the Plant Manager.

"B" Pressure Welders

The hourly wage rate is \$39.85 with full Company paid benefit package.

To Apply:

Fax Resume to (403) 279-8242

OR email human.resources@exchangerindustries.com

OR in person at our Main Office at 5505-52 Street SE

of the April loading Forties cargoes have been already disrupted by production glitches before the latest shutdown. The shutdown limited the fall in ICE Brent futures prices compared with U.S. crude futures. ICE Brent crude futures were trading 61 cents lower at \$118.15 a barrel by 1631 GMT due to renewed concerns over the euro zone economy. U.S. crude fell \$1.09 by the same time.

CONOCO TO CONTINUE CUTTING NATURAL GAS OUTPUT

ConocoPhillips said Monday it plans to continue shutting down its U.S. natural gas production due to low commodity prices, and that a major liquefied natural gas project offshore Australia is on schedule to see a final investment decision in the second quarter. "We...expect continued gas shut-ins in North America of around 9,000 BOE [barrels of oil equivalent] per day due to low gas prices" Conoco Chief Financial Officer Jeff Sheets told analysts in an earnings conference call. "We continue to evaluate

this for further shut-in." Conoco, which is splitting into two companies by the end of the month, has been curtailing natural gas production as prices continue to be depressed in a glut caused by the shale gas revolution. Prices have been trading at their lowest levels in a decade despite production cuts from Conoco and other companies. The Houston-based firm continues to shift drilling toward more profitable oil areas, Sheets said. Separately, Conoco said the second phase of its Asian Pacific LNG project offshore Australia is on schedule to see a final investment decision in the second quarter and that delivery of its first cargo is expected in mid-2015. The company has not decided yet if the project will require another expansion. Conoco has drilled two of eight wells at its Jasmine project in U.K. and "results are exceeding expectations," the company said. Jasmine production is expected next year. The company reiterated its target to sell \$8 billion to \$10 billion worth of assets in the next 12 months, and said it expects to repurchase

\$5 billion of its own shares in the first half of the year. "Timing of additional share repurchases will depend on timing of the dispositions," Sheets said. Conoco said its 2012 capital expenditure budget is expected to be \$15 billion, up from its previous guidance of \$14.5 billion. In the downstream side, the company's refineries will run at slightly more than 90% of capacity in the second quarter as the company takes about 140 million barrels a day in refining capacity offline for maintenance, Sheets said. On May 1, Conoco's refining arm will become a stand-alone refining company called Phillips 66. Conoco said it is extending its sale deadline for its refinery in Trainer, Pa., to late May due to strong interest from buyers. Media reports have focused on Delta Air Lines Inc. (DAL) as a possible buyer, with the airline considering using the 185,000 barrel-a-day refinery as a source of jet fuel. ConocoPhillips also continues to try to find a buyer for its 247,000 barrel-a-day refinery in Belle Chasse, La. ConocoPhillips' said its chemical joint venture with Chevron Corp. (CVX), Chevron

Phillips Chemical Co., is still studying a potential \$5 billion ethane cracker to be built in Cedar Bayou, Texas. A final investment decision will be made in late-2012, with any project taking up to four years to complete.

CHINA HALVES MARCH IRAN OIL IMPORTS

China halved its Iranian crude imports in March compared with a year earlier due to disputes over contract terms, its deepest cut so far this year as Western sanctions complicate Tehran's oil exports. South Korea cut its imports by 40 percent in March from a year earlier, official data showed, as it sought to secure an exemption from U.S. sanctions. Japan, which has secured a waiver, made steep cuts in April imports. Iran traditionally sells most of its oil exports to Asia, where China, India, Japan and South Korea are the biggest buyers. Exports were 2.3 million barrels per day in the Iranian year to March 19. As the sanctions intensified, Gulf Arab exporters including Saudi Arabia, Kuwait and the United Arab Emirates boosted their



SASK. LAKE LOTS

Starting at \$49,900 – Lake Front starts at \$89,900

Between Regina and Saskatoon on Last Mountain Lake
No building time limit or build to suit.

403-830-8562

www.Sunsetacres.com



Central Vancouver Island Sproat Lake Lakefront Condo

2007 built, Fully Furnished 3 Bedroom, 3 Bath on Sproat Lake. Furniture included. 23' boat slip. Trade considered Calgary, Vancouver

Go to ownerdirect.com ID 201859
to view more pics

\$719,000

rents for \$2500.00 / week

Call: 403-808-3942

OFFERED FOR SALE BY RECEIVER

"The Edge" Luxury Ski Chalets Big White Ski Resort Kelowna, BC



Stunning luxury ski chalets in the heart of the very popular Big White Ski Resort, conveniently located minutes from downtown Kelowna, BC and from Kelowna International Airport, are being offered for sale.

These nine (9) once-in-a-lifetime properties are part of an innovative 16-unit development by Solido Mountain Homes Ltd. ("Solido").

For further information please contact our listing agent at:



Mr. Gary Turner
Royal LePage 250-860-1100
rgaryturner@shaw.ca

Or you may contact the Receiver for Solido at:



Mr. James F. Gilchrist
KPMG Inc.
250-979-7150
jgilchrist@kpmg.ca

exports to the region. The United States and Europe are trying to squeeze the revenues Iran makes from its oil exports to force it to halt a nuclear program they fear will be used to make weapons but which Tehran says is for power generation. Until recently, China was Iran's top customer, taking more than 20 percent of its crude exports. But China's state oil buyers have decreased their purchases since the start of the year as they haggled with the National Iranian Oil Corporation over prices and terms. In the first quarter of this year, China's crude imports from Iran were a third lower at 346,183 bpd compared to a year earlier, customs data showed, mainly because the state-run China Petroleum & Chemical Corp. (Sinopec) slashed purchases by 285,000 bpd, or just over half of the amount it imported daily in 2011. China cut its oil imports from Iran 5 percent year-on-year in January and 40 percent year-on-year in February. March imports dropped 54 percent to 253,302 bpd, customs data showed. "The drop in Iran crude imports in March is largely in line with what we were expecting," said a crude trader with a Western oil trading company. "We may still see some cuts in Iranian crude imports in April customs data as most of April-arrival cargoes were loaded in March." China also increased its oil purchases from Russia, Kuwait, and the United Arab Emirates in March by between 79 percent and 50 percent compared to the same month a year ago. It reduced its oil imports from top

exporter Saudi Arabia, however, by a marginal 9 percent year-on-year. It was not clear if China would maintain the depth of its import cuts in April.

LIBYA OUTPUT NEAR PRE-WAR LEVELS

Libya's oil minister says production is nearly back to its pre-war levels. It's now at 1.5 million barrels a day. Abdulrahman Ben Yezza says Libya could start pumping about 1.6 million barrels a day by midyear. That's what Libya produced before the eight-month conflict to oust dictator Moammar Gadhafi. That brought production to a halt. Gadhafi was captured and killed last October. Current output is about 100,000 barrels a day higher than February's production. Libya is hosting an oil and gas exhibition that has attracted an American delegation, with representatives of 20 U.S. companies and organizations, including Boeing, ExxonMobil and General Electric. Ben Yezza said Monday the new Libyan regime wants to attract international investors to improve its lucrative oil and gas sectors. Meanwhile, Iraq's crude oil exports from its southern oil terminals have jumped to record rates in April and these are expected to be sustained for the rest of the year thanks to the operation of two new floating terminals. Exports from the country's southern export terminals have surged by around 40,000 barrels a day so far in April, to 1.95 million barrels a day, the official told Dow Jones Newswires. Iraq said

its southern exports averaged 1.91 million barrels a day in March. "The average exports from the south in April is expected to increase beyond the 1.95 million barrels a day [level]," the official said. Iraq's total crude oil exports in March jumped by 15% to 2.317 million barrels a day, a record high since the U.S.-led war in 2003, due to a new Single-Point Mooring, or SPM, facility. Iraq expects its April exports from the south to remain at or climb to slightly above the levels of March as it has started operations at a second SPM. Each can handle up to 900,000 bpd

WEATHERFORD Q1 PROFIT TRIPLES

Oilfield services company Weatherford International Ltd's quarterly profit more than tripled, helped by higher revenue at its North American segment, but the company forecast second-quarter earnings below analysts' expectations. The world's fourth-largest oilfield services company said it expects diluted earnings between 24 and 26 cents per share before excluded items for the second quarter. Analysts were expecting Weatherford to earn 27 cents per share. The Switzerland-based company said it maintains a "positive but measured" outlook for its North American business. North America revenue rose 29 percent, while international revenue was up 23 percent for the first quarter. Net income attributable rose to \$123 million, or 16 cents per share, for the quarter ended March 31 from 37 million, or 5 cents per share, a year before. Excluding an

after-tax loss, profit was 25 cents per share. Revenue rose 26 percent to \$3.59 billion. Last week, sector leaders Schlumberger and Halliburton Co posted earnings that beat expectations, which had been lowered dramatically due to industrywide challenges in the North American market.

BAKER HUGHES Q1 RESULTS

Baker Hughes Inc posted a better-than-expected profit helped by improved performance at its international business, but the world's third-largest oilfield services company said pricing pressure in the North American market will likely extend through the year. Baker Hughes said last month that its North American profit margins were hit by a shift of U.S. drilling activity from natural gas-producing areas to liquids-rich basins, along with pressure on hydraulic fracturing pricing. "It is clear that the overall market is experiencing pricing pressure that is likely to extend throughout 2012," Chief Executive Martin Craighead said in a statement. Baker Hughes said it was improving its distribution network, and increasing supplies of critical raw materials. "We expect to realize significant benefits from these improvements in the second half of 2012," Craighead said. First-quarter net profit fell to \$379 million, or 86 cents a share, from \$381 million, or 87 cents per share, a year earlier. Analysts on an average were expecting a profit of 80 cents a share. Revenue rose 18 percent to \$5.36 billion.