

NYMEX OIL: US\$84.45
-\$2.77
August delivery
NYMEX N. Gas: US\$2.766
-\$0.169 per MMBTU
July delivery



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OIL FALLS AS US JOBS GROWTH DISAPPOINTS

Brent crude prices fell sharply on Friday after a report showing tepid U.S. jobs growth in June reinforced concerns that a sluggish global economy will curb demand for petroleum. U.S. crude fell more than 3 percent and posted a 51-cent weekly loss, while an oil-workers strike in Norway and rising tensions over Iran's disputed nuclear program allowed Brent crude prices to record a 39-cent weekly gain, based on settlement. Norway's oil industry and labor unions agreed to restart negotiations on Saturday at the request of the government. Crude futures briefly pared losses on the news that the government chose not to intervene, hoping the parties can resolve the dispute themselves. Some analysts had expected Oslo to act quickly to return striking workers to their jobs after industry's threat of a lockout. U.S. employers added only 80,000 jobs in June, 10,000 fewer than analysts expected, and the unemployment rate remained at 8.2 percent, fuelling fears Europe's debt crisis was shifting the U.S. economy into a lower gear. "People were looking for something better, some indicator that may show we're crawling out of this trough," said Nigel Gault, chief U.S. economist at IHS Global Insight. "But everything here says we're still in it." Brent August crude fell \$2.51 to settle at \$98.19 a barrel, with the \$97.73 low recorded in post-settlement trading. U.S. August crude slumped \$2.77 to settle at \$84.45 a barrel, down 0.6 percent for the week and falling as low as \$84.02 in post-settlement trading. Brent's premium to U.S. crude CL-LCO1=R increased to \$13.73 a barrel, based on settlement prices, as the Norway oil workers strike and the potential threat to supply from Middle East tensions provide more support to Brent. Thin volumes characterized trading for both Brent and U.S. crude, with total volumes for both contracts below 30-day averages. U.S. refined products futures slipped in tandem with crude oil, with heating oil losing more than 5 cents and RBOB gasoline dropping nearly 5 cents. The Commitments of Traders reports from the U.S. Commodities Futures Trading Commission has been delayed until Monday at 3:30 p.m. EDT (1930 GMT) due to this week's U.S. Independence Day holiday. Commodities tumbled on Friday by their most this year, eroding their second successive weekly gain after dismal U.S. jobs data fueled worries about the global economy and raw materials demand. The Thomson Reuters-Jefferies CRB index .CRB fell 2.2 percent to 286.92, the biggest one-day decline since December, knocking down the weekly gain to just under 1 percent. The loss

curbed one of the biggest, broad-based commodities rallies on record; from June 29 until Thursday, the CRB was up nearly 8 percent. Monetary easing by central banks in China, the euro zone and Britain on Thursday had underscored concerns about a fragile global economy that has muddied the demand outlook for commodities. "The latest jobs data also underscores the weakness that has emerged in the global economy," said Gene McGillian of Tradition Energy, Stamford, Connecticut. "With the economies of China and Europe also weakening, this spells lower global demand for energy." The disappointing jobs report kept intact hopes that the U.S. Federal Reserve will move to bolster a sputtering economy. Adding to the bearish tone, the head of the International Monetary Fund voiced concern over the deterioration of the global economy, saying the IMF will downgrade some of its forecasts. Additional pressure on dollar-denominated oil prices came from the weak dollar. The euro slumped to a two-year low against the dollar as the U.S. jobs report added to concerns that Europe's debt crisis is weighing on U.S. economic growth and stoked strong risk aversion and a flight to safe havens. The downdraft from the disappointing job additions sent U.S. stocks lower, with the S&P 500 index posting a weekly loss.

SPOT GAS RISES

Canadian spot natural gas prices rose to the highest in more than five months on Friday on forecasts for hot weather in some big markets and a bullish storage report. Spot gas at the AECO storage hub in southeastern Alberta rose 9 Canadian cents to average C\$2.29 a gigajoule, its highest since Jan. 25. Deals were done between C\$2.18 and C\$2.23. In its weekly report, the U.S. Energy Information Administration said gas inventories rose last week by 39 billion cubic feet, less than the 44 bcf forecast by analysts. A heat wave in Toronto is expected to end on Saturday, with temperatures expected to be at or near the seasonal average through Thursday, Environment Canada said. Southern Alberta highs are expected to be well above the seasonal average expected for most of the next six days. Alberta's main pipeline system ran at 16.48 bcf, 325 mmcf below operator TransCanada Corp's target line pack. Producers delivered 9.35 bcf into the system and a net 264 mmcf was injected into storage facilities in the province. Export prices were mixed. Spot gas at Niagara, for shipment into the U.S. Northeast, dropped a penny to average \$3.10 per mmBtu. Spot gas at Huntingdon-Sumas on the British Columbia-Washington border averaged



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\$2.60 per mmBtu, up 2 cents.

GIBSON MOOSE JAW FACILITY EXPANSION UPDATE

Gibson Energy Inc. has announced that it continues to consider expansion plans for the Moose Jaw Facility. However, due to uncertainty around capital cost estimates and continued pressure on the construction industry in western Canada, the Company is not in a position to sanction the Expansion at this point. "We will make a decision on the Expansion after we have more clarity in certain areas," said Stewart Hanlon, Gibson's President and Chief Executive Officer. "Although the latest capital cost estimate supports the Expansion economics, it is in the high end

of our economical project range so we want to take the time to refine cost estimates, seek capital efficiencies and further assess construction conditions for large energy projects. As a result of preliminary engineering work completed for the Expansion, certain process improvements have been implemented at the Moose Jaw Facility during our recent maintenance turnaround that will increase capacity by up to 10% with limited capital spending. We will continue to pursue capacity improvement opportunities."

WINSTAR INITIATES STRATEGIC ALTERNATIVES PROCESS

Winstar Resources Ltd. reports that it has retained FirstEnergy Capital LLP to

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initiate a process to explore and evaluate potential strategic alternatives with a view to enhancing shareholder value. FirstEnergy, as financial advisor to the Board, will assist in the process of analyzing and evaluating prospects and options to the Company which may include a strategic investment, cash infusion, joint venture, merger, sale or other alternatives. The Company has not set a timetable for the completion of the review process and it does not intend to comment further regarding the review process unless a specific transaction is approved by the Board of Directors, the review process is concluded or it is otherwise determined that further disclosure is necessary. Winstar is scheduled to release its Q2 2012 financial and operating results in mid August 2012. Preliminary production estimates indicate that Q2 2012 results will be between 1,100 and 1,300 boepd, notwithstanding current well deliverability of 2,400 to 2,600 boepd. Lower production from Tunisian operations is the result of mechanical issues with our natural gas purchaser and labour unrest at our operating properties in Southern Tunisia. Gas sales have recently resumed but at less than stable rates and lower nominations than realized during Q1 2012. Third party compression and gas processing mechanical issues are expected to be partially resolved within the near term and fully resolved by November 2012. During Q2 2012, Winstar had been impacted by labour unrest at its three Southern Tunisian Concessions; namely Sanrhar, Chouech Essaida and Ech Chouech. During that period the company's production in Southern Tunisia was shut-in for a period of eleven days. The effect of the strikes and resulting shut-ins was the temporary elimination of over 1,200 boepd of production and, subsequent to the recommencement of operations, decreased performance at several Triassic oil wells. The decreased performance of several Triassic oil wells has temporarily eliminated 400 to 500 boepd which is expected to be remedied over the next few weeks. The Company is pleased to announce that it has successfully negotiated a definitive agreement with its regional staff and relevant unions and no further labour disputes or production disruptions are expected. Winstar's 2012 Tunisian capital program will remain intact as previously reported, however it is expected that the program which was expected to commence in June, will now be delayed until July or August 2012. In Romania, the Company is finalizing its plans to conduct an 80 square kilometer seismic acquisition program in September over its recent gas discovery at Moftinu.

ENBRIDGE FINE FOR 2010 US OIL SPILL

The U.S. pipeline regulator on Monday slapped a \$3.7 million fine, the largest penalty ever imposed, on Enbridge Inc for a July 2010 crude oil spill which contaminated stretches of the Kalamazoo River in Michigan. The Transportation Department's Pipeline and Hazardous Materials Safety Administration (PHMSA)

said its probe uncovered two dozen regulation violations related to the leak on Enbridge's Line 6B near the town of Marshall, about mid-way between Detroit and Lake Michigan. "We will hold pipeline operators accountable if they do not follow proper safety procedures to protect the environment and local communities," Transportation Secretary Ray LaHood said in a statement. Enbridge has 30 days to respond to the order. PHMSA's order against Enbridge accuses the company of failing to adhere to regulations for maintaining pipeline integrity. The agency also said the company attempted to bring the pipeline back into service despite receiving multiple leak alarms the night it ruptured, leading to the release of more oil. Enbridge's 30-inch line ultimately spilled more than 20,000 barrels of heavy crude and contaminated 38 miles (60 km) of the Kalamazoo River. The accident shut down the pipeline for more than two months and spawned a massive clean-up that the company has estimated will cost more than \$700 million. Following the Enbridge spill and other major pipeline accidents, the Transportation Department enhanced its oversight last year. The department is collecting more data on pipelines and in 2011 closed 102 enforcement cases, its highest level for a single year. Last December, Congress passed a pipeline safety bill that raised maximum fines and authorized an increase in the number of pipeline inspectors. Enbridge said it was reviewing the PHMSA order. "We will not comment specifically on the contents of the (Notice of Probable Violation) until that analysis is complete," the company said in a statement.

ENBRIDGE LOWERS PROFIT FORECAST

Enbridge Energy Partners LP lowered its full-year profit forecast on weakening natural gas liquids prices. The company expects full-year adjusted net income to be \$440 million to \$450 million, down from its earlier view of \$510 million to \$550 million. The company continues to target 2 to 5 percent annual distribution growth.

FRANCE TAXES OIL SECTOR

France confirmed on Wednesday it would impose a one-off tax on the oil sector to raise some 550 million euros (\$693 million), helping depleted government coffers but hurting its struggling refining industry. "This should, in principle, be a one-off tax," Budget Minister Jerome Cahuzac told reporters at a news conference presenting the amended bill for France's 2012 budget. The tax, which the new Socialist government said would tap a sector whose margins have been boosted by the sharp rise in oil prices, will hit all owners of oil stocks in mainland France, from refiners to supermarket petrol stations and traders. The tax will amount to 4 percent of the value of average crude and fuel stocks owned in the last three months of 2011, the bill document showed. That includes refineries of oil majors such as Total, which had a total net profit of 12.3 billion euros in 2011, and petrol stations owned

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by supermarket chains such as Carrefour. However, the targeted French oil distribution industry had a net margin of about 500 million euros last year, according to statistics from the Comité Professionnel du Pétrole industry think-tank, equivalent to the amount sought by the government. The head of France's oil industry body UFIP Jean-Louis Schilansky told Reuters last month the tax would be a severe blow for the ailing refining sector. European refiners have been struggling



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for years due to poor margins and weak demand for fuel products, prompting Total to shut its Dunkirk, northern France, refinery at the start of 2010 and Petroplus to end refining at its Reichstett plant in eastern France in May 2011.

ADNOC OPEN TO HAVING MORE PARTNERS IN OIL SECTOR

The United Arab Emirates (UAE) is likely to allow more foreign partners, especially from Asia, to take stakes in its oil and gas concessions, the chief executive of Abu Dhabi Marine Operating Company (ADMA-OPCO) said on Tuesday. Abu Dhabi, which has the largest share of the UAE's oil, plans to invest \$60 billion over the next five years to boost its oil production capacity from 2.7 million to 3.5 million barrels per day (bpd) - and oil concessions lie at the heart of its ambitions. The concessions system allows oil and gas producers to acquire equity hydrocarbons from the OPEC member in return for investing in projects. Western oil majors like ExxonMobil, Shell and Total have been partners with Abu Dhabi for decades, but concession renewals starting from 2014 could allow Asian companies to boost their presence in a country which now exports nearly all its oil to Asia. "The principal of the tender is to be more open for partners. In the last three years there has been a change towards more openness, some additional partners," ADMA-OPCO CEO Ali Al Jarwan told reporters. "There's consideration to have newcomers in these marginal fields," Jarwan said when asked if Korean and Chinese companies could be awarded some field rights.

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Japanese refiner Cosmo Oil has already secured a new concession area, while a consortium led by Korea National Oil Corporation (KNOC) finalised a deal in March to take a 40 percent stake in two onshore and one offshore oil drilling areas. Also earlier this year, ADNOC and China National Petroleum Corporation (CNPC) signed an agreement to cooperate in upstream projects, through which the Chinese company has been studying some exploration opportunities in some onshore and offshore blocks. A final agreement for production is yet to be signed. But officials say Western international oil companies (IOCs) will remain major players in the UAE oil and gas industry. "The most probable scenario is continuation of IOCs' partnership with ADNOC, with a minimum 60 percent ADNOC holding and either one or more partner being from the West," Mohammed Sahoo Al Suwaidi, chief executive of Abu Dhabi Gas Industries Ltd. (GASCO) said, adding that Korean and Chinese companies may get stakes. Some big oil companies, particularly ExxonMobil, have expressed their discomfort about the concession structure. They are concerned about operating side by side with rivals in

an ADNOC-controlled concession, with all partners expected to share their own technology. But both Suwaidi and Jarwan said the existing structure was likely to be kept, even though there was no final decision yet. "We enjoy the partnership," Jarwan said. "It's been working very well." The ADMA-OPCO concession, which has a capacity of around 550,000 bpd, expires in 2018. The next concession renewal is due in 2014 and it belongs to Abu Dhabi Company for Onshore Operations (ADCO). In January, ADNOC's Directly General said ADCO concessions were going to be put to bidding this year and companies would be screened. He did not say when the process would be finalised. "The decision makers will look at it case by case. There's no one solution for each joint venture," Suwaidi said.

EXXON CONSIDERS EXPLORATION IN AFGHANISTAN

Exxon Mobil Corp is contemplating participation in an oil and gas tender of six blocks in northern Afghanistan, a company spokesman said on Monday. Access to the world's oil reserves for companies like Exxon has gotten tougher in recent years as governments assert tighter control of

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their resources. Opportunity exists, however, in countries like Afghanistan or Iraq where foreign oil companies' budgets and expertise are needed. "Esso Exploration International Ltd's expression of interest in the Afghan-Tajik Basin tender is part of our ongoing evaluation of oil and gas resources around the world," Alan Jeffers, a spokesman for Exxon, said. Afghanistan is seeking bidders for the exploration, development and production of oil and gas in six blocks in the western portion of the Afghan-Tajik Basin of northern Afghanistan, according to its Web site. Bids are due in late October and winning bidders will be announced in late 2012, the government said. Afghanistan signed a deal late last year with China National Petroleum Corp (CNPC) for the development of oil blocks in the Amu Darya basin in the north, a project expected to earn billions of dollars over two decades for the wartorn state. That agreement was the first international oil production agreement reached by the Afghan government for several decades.