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CNOOC-NEXEN DEAL COULD SPUR FUTURE CHINA ENERGY M&A ELSEWHERE

Chinese energy companies may find it tougher to invest in Canada after CNOOC Ltd.'s \$15.1 billion takeover of Nexen Inc. compelled Canadian Prime Minister Stephen Harper to say future deals would only be approved under "exceptional" circumstances.

The massive buyout, approved Friday, may encourage companies such as China Petrochemical Corp., or Sinopec Group., and China National Petroleum Corp. to go for ambitious deals elsewhere, something they may well not be too unhappy with having already built up a considerable asset base in the country and its energy companies.

The Nexen deal, China's largest overseas acquisition to date, comes seven years after CNOOC's 2005 failure to acquire Unocal Corp. for \$18.5 billion. The bid made Chinese energy companies more cautious about overseas investments in North America, with groups like Sinopec and CNOOC usually taking minority stakes in U.S. energy assets rather than seeking outright acquisitions.

Earlier this year, Sinopec agreed to pay roughly \$2.5 billion to Devon Energy Corp. (DVN) of Oklahoma for stakes in drilling properties in Ohio and elsewhere. CNOOC bought stakes in Chesapeake Energy Corp.'s (CHK) rich shale fields in south Texas, as well as fields in Colorado and Wyoming in 2010 and 2011. CNOOC also took minority stakes in some of Statoil ASA's leases in the Gulf of Mexico in 2009.

But in Canada, it has been a different story. Sinopec paid 2.2 billion Canadian dollars (US \$2.2 billion) last year for Daylight Energy Ltd., a Canadian conventional oil and natural gas company. In 2010, it paid \$4.65 billion for a stake in the huge Syncrude oil-sands project in Alberta. Also last year, CNOOC bought oil-sands producer OPTI Canada Inc. Although Chinese energy firms

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initially directed much of their attention toward buying into highly prospective upstream assets in countries such as Brazil, Venezuela and the U.S., the Nexen deal may suggest an acceleration of a shift toward assets that already are producing. Nexen's North Sea assets produced around 85,000 barrels a day of crude last year, and 26,000 barrels a day more are expected to come on line in 2014.

"Given China's dependence on imported crude, the Chinese want production, and there's a raft of companies they could buy," said Simon Powell, head of Asian oil-and-gas research at broker CLSA, ahead of Friday's announcement by the Canadian government.

China's dependence on foreign crude is expected to reach 60% next year, according to China's top economic planning body, the National Development and Reform Commission. The country's dependence on natural gas imports could reach 35% by 2015, according to China's 12th five-year plan for natural gas.

Mr. Powell said potential targets by the Chinese could include BG Group PLC, which recently had a change in management and might

be preparing to sell assets, and U.K.-based Tullow Oil PLC, which already is partnered with CNOOC to develop oil and gas projects in Uganda.

Last month, in an interview with The Wall Street Journal, Sinopec Chairman Fu Chengyu said his company preferred to go into partnerships with foreign companies, rather than take them over and hinted of possible deeper relations with Canada's Talisman Energy Inc., Sinopec acquired a 49% stake in Talisman's U.K. North Sea oil and gas assets in July for \$1.5 billion. Those assets produced 63,000 barrels a day of oil and gas in the first quarter of 2012.

Although China's imports of Canadian oil are tiny due to unfavorable prices and high shipping costs, a few Canadian projects are being developed with an eye toward exporting to Asian markets: Royal Dutch Shell PLC's planned liquefied natural gas terminal in Kitimat, British Columbia, in which a CNPC unit has a stake, and Enbridge Inc.'s proposed Northern Gateway oil pipeline, which would take crude from Alberta to the Pacific coast.

However, much of CNOOC's future production in Canada is

still expected to be shipped to the U.S., some analysts say. Although the International Energy Agency claims in its World Energy Outlook that the U.S. can become more energy independent by the end of this decade, it can only do so with the help of Canada, Mr. Powell said

CANADIAN RIG WORKER SHORTAGE PREVAILS, DESPITE INNOVATIVE TRAINING

The jobs are plentiful. They pay very well, \$29 per hour entry-level and up. No college degree is required, not even always a high school diploma. Training is provided, beyond prerequisite basic drilling and first aid classes.

Yet Canada expects limited growth in drilling next year, due to a severe shortage of rig workers.

"The greatest limiting factor when examining overall utilization rates will be the shortage of skilled rig workers," said the Canadian Association of Oilwell Drilling Contractors (CAODC) in a November statement. "Industry suffered a great loss of skills and knowledge during the downturn of 2009 and it has struggled to attract these experienced workers back,"

CAODC continued. "While the numbers of new workers joining industry is encouraging, it will take time to develop their skills. In addition to outside labor competition, the drilling rigs lose many skilled people to positions within industry – particularly specialized positions like directional drilling."

The association's recent forecast projects only a 1 percent increase in drilling in 2012, due in large part to the worker shortage.

However, rig training is in anything but short supply in Canada.

The country's industry-sponsored Enform provides dozens of safety courses for rig workers, along with the required basic drilling course for newcomers.

"They have a fully functioning drilling rig here in Alberta and pretty much everyone that comes out is guaranteed a job," said rig worker Alan McDonald. "The industry really promoted the school or they would be in a worse shortage without it."

In addition, CAODC sponsors RigTech, a website full of training and background information for current and hopeful rig workers, and ServiceRigDrive, a site bringing attention to the need for service rig workers as a distinct career path.

Canada is the first country in the world to introduce formalized apprenticeship training for more experienced oil and gas drilling rig crews.

The CAODC-sponsored Rig Technician trade program is a combination of documented on-the-job training and classroom technical training. The three-

year program covers the three senior positions on the rig crew – motorhand, derrickhand and driller – and is available in Canada's Alberta, BC, Saskatchewan and the Northwest Territories.

For each level of training, the apprentice logs 1,500 hours of on-the-job training and completes a four week technical training course.

"Recognizing the rig hand as a tradesperson identifies what every rig hand knows: operating a drilling rig is a highly skilled job," said CAODC President Don Herring. "With trade designation, they will receive standardized, high quality training and the recognition they deserve."

Workers Stranded on North Sea Rig Safely Returned

IVANHOE ENERGY CLOSES SALE OF PAN-CHINA RESOURCES LTD.

Ivanhoe Energy Inc. (TSX: IE; NASDAQ: IVAN) announced today that it has closed the previously announced Share Purchase and Sale Agreement with MIE Holdings Corporation (MIE) for all of the outstanding shares of its indirect, wholly owned subsidiary, Pan-China Resources Ltd.

In exchange for its indirect wholly-owned subsidiary, Ivanhoe Energy will receive the \$45 million purchase price, less adjustments. Per the terms of the Agreement, initial proceeds of approximately \$35.6 million were delivered on closing and the Company will receive the remainder within six months.

Ivanhoe Energy expects to complete

the transaction to divest the Zitong asset by the end of 2012. In 2013 the Company plans to take significant steps to further develop the Tamarack project in Canada and Block 20 in Ecuador, and commercialize the HTL technology.

Ivanhoe Energy is an independent international heavy oil exploration and development company focused on pursuing long-term growth in its reserves and production using advanced technologies, including its proprietary heavy oil upgrading process (HTLTM). Core operations are in Canada, United States, Ecuador, China and Mongolia, with business development opportunities worldwide. Ivanhoe Energy trades on the Toronto Stock Exchange with the ticker symbol IE and on the NASDAQ Capital Market with the ticker symbol IVAN.

TEINE ENERGY COMPLETES SIGNIFICANT PROPERTY ACQUISITION

Teine Energy Ltd. ("Teine" or the "Company") is pleased to announce that on December 14, 2012 it closed a transaction whereby it acquired Viking light oil assets (the "Property Acquisition") in the Dodsland and Plato areas of southwest Saskatchewan from Long Run Exploration Ltd. (the "Vendor"). The Property Acquisition will add production, significant reserves, and undeveloped land to the Company's core position in the Greater Dodsland Viking play.

Teine is acquiring 1,900 barrels per day of oil equivalent production

(1,800 barrels per day of high netback Viking oil and 600 thousand cubic feet per day of natural gas), additional behind pipe production and 88,000 net acres of undeveloped land. Teine estimates reserves acquired to be approximately 18 million boe of light sweet crude and associated gas. The Company will utilize funds raised through an equity financing with the Canada Pension Plan Investment Board (CPPIB) and existing credit facilities to fund the Property Acquisition. CPPIB has been an investor in Teine since June 2010.

Teine is a private company with significant land holdings in Saskatchewan and is focused primarily on the Dodsland Viking light oil play. Teine has drilled over 120 horizontal oil wells in the past 12 months, is the largest single land holder in the play, and has established itself as an industry leader in the development of this large light oil resource.

Teine's 2013 growth plans anticipate drilling 170 horizontal oil wells and building additional infrastructure. Upon close of the transaction, Teine's horizontal drilling inventory will exceed 1,800 locations.

Peters & Co. Limited acted as financial advisor to Teine on the transaction.

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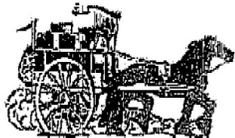
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