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DON'T ASK FOR KEYSTONE XL TIMELINE, WHITE HOUSE TELLS CANADA

The Canadian government is asking Barack Obama not to "rag the puck" on a Keystone XL decision. But to hear the U.S. administration tell it, the president doesn't have the puck on his stick, isn't anywhere near it, and won't commit to touching it soon.

The U.S. is resisting pressure on multiple fronts to offer a date for a final decision on the pipeline – pressure that has grown with the regulatory process now entering a new phase.

It is facing demands from its Canadian counterparts, questions from U.S. media and attacks from political opponents.

None of which appears to have changed the basic answer: that when it comes to a timeline, there is no answer. The State Department is legally in charge of the file for at least another 90 days, and there's no indication of when it might hand things over to the president.

Obama spokesman Jay Carney faced a dozen questions on the pipeline at the daily White House briefing Monday, with one query referring to the Canadian government starting to express its frustration.

The presidential spokesman, however, refused to be pegged down on a process he said isn't even controlled by the White House. He even warned against political interference – a 2012 attempt by Republicans to force a decision within 60 days actually backfired, forcing a new regulatory process and additional delay, Carney noted.

"This is a process that's run out of the State Department because it's a pipeline that crosses an international boundary," he said.

"The president's view is we don't interfere with that process. We let it play itself out."

The White House response comes as the Canadian government seeks quick action following a report last week by the State Department that concludes that, under foreseeable market conditions, a new pipeline won't single-handedly expand the Alberta oilsands.

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There will now be a 90-day national-interest determination study, during which various U.S. federal departments can raise objections. Then, based on what Secretary of State John Kerry decides, a final call might have to be made by the president. But there's no indication of when Kerry might make his decision.

In fact, a spokesman for Kerry offered only the tiniest hint when asked whether the department might actually make a recommendation to Obama while he's still president.

Asked whether the decision would occur before 2017, Kerry spokeswoman Jennifer Psaki replied: "Yes."

When one reporter suggested during Monday's State Department briefing that the Keystone debate had taken longer than the Second World War, Psaki offered a cutting reply.

"I'm not sure there was a public comment option available during World War II, but that has been a factor for us," she said. "As you know, there were more than 1.5 million comments that we've taken into account."

Late Monday, the Washington Post reported that Republican lawmakers are considering using Keystone approval as a bargaining chip in exchange for their votes to increase the U.S. debt ceiling.

If so, that would mean the pipeline could be raised as a condition for keeping the U.S. from defaulting on its debt. The paper said the party would meet Tuesday to discuss whether Keystone, or Obamacare, might become its chosen issue.

It's unclear, however, whether the party leadership has the stomach for a debt-ceiling standoff after a similar one last fall resulted in a government shutdown – which, from an economic standpoint, paled in comparison to the global market chaos that could result from a U.S. debt default.

Earlier Monday, one high-profile Republican did indeed describe Keystone as a fertile area for interparty co-operation.

The top Republican in the Senate, Mitch McConnell, demanded approval soon and suggested the parties could work on that together.

"President Obama promised America a 'year of action,'" McConnell said on the chamber floor.

"He says he wants to use his 'pen and his phone' to make it happen. Well, here's what I say: use that pen and that phone of yours today for Keystone XL pipeline jobs. Here's something both can parties agree on. Here's your chance to work with Republicans on a bipartisan plan to create thousands of private-sector jobs today. Here's your chance to show you're not captive to the ideological extremists on the left."

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Obama certainly has been squeezed, on the one hand, by his own party's base.

Project opponents promise to keep fighting in court, and in the political arena too. According to a Jan. 31 year-end filing with the Federal Election Commission, the NextGen Climate Action Super PAC, run by anti-Keystone billionaire Tom Steyer, spent $8.25 million last year on political causes.

SMALL CAP SASKATCHEWAN AND ALBERTA OIL AND GAS STOCKS PUMPING NEWS (ALX, RPL, CNTO & SU)

A quick wrap up of some key news from the Saskatchewan and Alberta oil and gas industry along with small cap players like Small cap Alexander Energy Ltd (CVE: ALX), Renegade Petroleum Ltd (CVE: RPL) and Centor Energy Inc (OTCBB: CNTO) as well as large cap Suncor Energy Inc (NYSE: SU).

Many American oil and gas investors are probably familiar with the major large and small cap players in the Bakken formation in North Dakota and Montana, but few American investors are probably familiar with the active players further to the north in the oil and gas rich Canadian provinces of Saskatchewan and Alberta with small cap stocks like Alexander Energy Ltd (CVE: ALX), Renegade Petroleum Ltd (CVE: RPL) and Centor Energy Inc (OTCBB: CNTO) along with large cap Suncor Energy Inc (NYSE: SU) being among those pumping out their share of noteworthy news lately. I should point out that Canada's oil reserves are ranked #3 after to Venezuela and Saudi Arabia with over 95% of these reserves being the controversial oil sands of Alberta while the neighboring province of Saskatchewan (which the Bakken formation actually stretches into) along with offshore areas of Newfoundland also containing substantial production and reserves. Moreover and excluding the oil sands, Alberta would have 39% of Canada's remaining conventional oil reserves, followed by offshore Newfoundland with 28% and Saskatchewan with 27%.

Keeping all that in mind, here is a look at some news being pumped out by some small cap Saskatchewan or Alberta oil and gas stocks along with some important industry news:

- Record Year in the Saskatchewan Oil Patches. The Saskatchewan government said that last year was a record-setting year for the province's oil patch as oil production hit a new record of 177.9 million barrels or 487,400 barrels per day last year - up from a previous record of 172.9 million barrels or 472,500 barrels per day set in 2012. In addition, Saskatchewan set a new record for drilling activity, with 2,433 horizontal oil wells drilled last year which surpassed the previous record of 2,036 horizontal oil wells drilled in 2012 with the Lloydminster and Kindersley-Kerrobert areas accounting for almost two-thirds of all 2013 drilling.

- Are the Environmental Health Risks of Oil Sands Underestimated? A new study by the University of Toronto's environmental chemistry research group has supposedly found that the environmental health risks of oil sands has been underestimated. The group used computer models to study emissions estimates from environmental reports to predict chemical concentrations from direct oil sands industrial activity (e.g. mining, processing and vehicle traffic) and found the levels were lower than actually measured levels of chemicals in the air recorded in other scientific studies. The researchers then modified the computer model to factor in estimates of evaporation from oil sands tailing ponds with the results suggesting emissions may be two to three times higher than the estimates recorded in project environmental reviews – giving more fuel to oil sand critics.

- Suncor Energy Swings Into Profit Thanks to Oil Sands Projects in Northern Alberta. At the beginning of the week, large cap Suncor Energy (which is also Canada's largest integrated oil company) said fourth quarter net income came in at C$443 million verses a net loss of C$574 million. However and despite record oil sands production, results missed expectations (largely due to a third-party natural gas pipeline outage at its oil sands operations in northern Alberta that cut production 15,000 barrels a day) and the company cut its outlook for production this year due to lower projected output overseas. Suncor Energy is down around 8.3% over the past year and up 51.5% over the past five years.

Alexander Energy Completes an Asset Acquisition. Calgary based and

TSX Venture Exchange listed small cap Alexander Energy has completed the acquisition of certain assets located in southeast Saskatchewan that was already announced on December 18, 2013. The assets were acquired for $32.5 million with an effective date of December 1, 2013 while Alexander Energy itself now has positive working capital of approximately $61 million and a predominately light oil production base of approximately 950 boe/d. More importantly, Alexander Energy has numerous growth opportunities across central Alberta and southeast Saskatchewan. For investors though, Alexander Energy is up some 233% over the past year and up 250% over the past five years.

Renegade Petroleum Settles a Messy Proxy Fight and Could Be For Sale. At the beginning of last week, small cap Renegade Petroleum announced a decisive victory over hedge fund FrontFour Capital Group LLC who withdrew their requisition for a special meeting of shareholders that had been scheduled for January 28, 2014 to meet their demands. According to the Calgary Herald, the hedge fund is based in Connecticut but managed by Zachary George, the son of former Suncor Energy Inc. CEO Rick George, whose Novo Investment Group supported the dissident proxy battle. Renegade Petroleum has since set a 2014 budget that analysts say is conservative and could be setting the company up for a possible corporate sale. Renegade Petroleum is down 62.4% over the past year and down 11% over the past five years.

Centor Energy Inc. Focused on world class oil shale resources in Pasquia Hills, Saskatchewan, small cap Centor Energy has just announced that has executed a $1.25 million loan agreement with a private lender Fortuitus Investments, Inc that will be used to complete the pending acquisition of the 55% working interest in the Pasquia Hills Oil Shale Project scheduled for February 16, 2014 as well as to complete a feasibility study to determine economic criteria for commerciality and refine an operational plan to extract the oil shale resource. As noted in a recent shareholder update, Centor Energy is close to closing a deal on a 55% interest in two leases (SHA0011 and SHA0013) comprising of 21,658 acres and potentially over 1.1 billion barrels of recoverable oil while Hatch Ltd., a leading global engineering consulting firm, has commenced an independent feasibility study to determine the economic criteria for commerciality. Centor Energy is up 120% over the past year.

ALBERTA FRACKING LICENCES UP, PROMPTING NDP WATER CONCERNS

Alberta statistics show a 647 per cent increase in hydraulic fracking licences

Alberta's NDP leader says fracking has increased dramatically in the province and he wants more information about the impact on drinking water.

Alberta government statistics show there has been a 647 per cent increase in hydraulic fracking licences, from 203 in 2012 to 1,516 last year.

Hydraulic fracturing involves injecting liquids into the ground under high pressure to release natural gas from shale rock formations.

Brian Mason, leader of the provincial NDP, is calling for a review of fracking because the growth means the industry is using a lot more water.

"We don't know the environmental impact and we also don't know the potential impact of this process on drinking water," he said.

"We need to … have an independent groundwater monitoring and we need a scientific assessment of river inflow needs before these allocation decisions are made. We just don't know the impact that this is having either on the environment in the surface – or beneath the ground – and the impact that it may have on drinking water."

Alberta's environment and sustainable resource development department oversees water license applications. Spokeswoman Nikki Booth says government rules on fracking ensure Albertans' water is safe.

"Their regulations prohibit the use of fracture fluids that may be harmful to groundwater quality when fracking near any protected groundwater zone, and they also restrict fracturing within a 200-metre lateral distance of a water well."

Booth says the entire oil and gas sector uses about 10 per cent of Alberta's water in a year, while fracking uses only a portion of that number.

OIL AND GAS: APACHE INVESTIGATING JANUARY PIPELINE RELEASE INCIDENT

Apache Canada announced on Jan. 27, 2014, that it has transitioned into a recovery and remediation phase in relation to the produced water release from a water injection pipeline in its Belloy Field operating area in north-central Alberta.

Apache immediately shut in and isolated the water injection pipeline upon discovery of the release on Jan. 21, 2014. Apache then notified the Alberta Energy Regulator (AER), Alberta Environment and initiated its emergency response plan. The containment of the spill site has been maintained and Apache continues to make progress with recovery and remediation efforts.

A team of environmental specialists and a fleet of specialized equipment remain on site and will continue water sampling and recovery and remediation efforts.

Ongoing air-monitoring has detected no levels of hydrogen sulphide at the spill site, or near cleanup operations. A trace amount of hydrocarbons was present in the produced water. Extensive water and soil sampling is ongoing and collected samples are being analyzed at this time. The release involved produced water that had already been treated to remove hydrocarbons. Produced water comes from formation fluids which are extracted during oil and gas operations that contain naturally occurring oil, gas, nonpotable water, salt and other minerals. As a part of the production process, formation fluids are brought to the surface and treated to remove recoverable oil and gas.

The remaining produced water will be re-injected back into the producing formation to maximize the reservoir recovery and conservation of resources. There is no danger to the public and no known impacts to wildlife or to fish-bearing waterways. Wildlife deterrents have been deployed.

The cause of the release is under investigation.

CANADIAN NATURAL RESOURCES (CNQ) KEEPS GROWING AS OIL FALTERS

Energy sector performance has been up and down over the last year, but one company that's seen its stock price perform consistently well is Calgary's Canadian Natural Resources (TSX: CNQ).

Over the last 12 months, shares of this oil and gas producer have climbed by 22% – the S&P/TSX Capped Energy Index, meanwhile, is up just 4.5% over the same time period.

Garey Aitken, a portfolio manager with Franklin Bissett Investment Management, thinks that the company will continue to do well in the year ahead. It's a "very influential" name with a "best in class" management team, he says.

While other companies have fallen on tough times, CNQ has continued growing its free cash flow and its production, in part, through acquisitions. In June 2013 it purchased Barrick Energy Inc., which boosted the company's light oil reserves.

He points to the company's history of dividend growth as another reason to buy. It's upped its payout for 13 consecutive years and while the current 2.2% yield may not be as high as some other companies, it's certainly moving in the right direction.

"I fully expect investors to benefit from that initial yield, growth in the dividend and capital appreciation as well," he says.

Expect some volatility ahead—there are always good and bad times with commodity companies—but it has been able to grow earnings despite a sluggish sector. In Q3 2013, its earnings rose by about 224% over the same quarter the year before.

This company is for the long-term investor, says Aitken, but, if the analysts are right, then you should make a pretty penny on this stock this year. It's currently trading at $37, but the average 12-month price target is $41, according to S&P Capital IQ.

"Whether commodity prices are going up or down, this is still a secular growth business that will drive strong total returns for the patient shareholder," says Aitken.

CANADIAN REGULATOR ASKS FOR FRACKING FLUID INFO

The National Energy Board in Canada is asking energy companies to submit information about hydraulic fracturing fluid 30 days after work is completed.

The NEB, an independent regulator with headquarters in Alberta, said it was asking oil and gas companies operating under pertinent legislation to offer up what's in their hydraulic fracturing fluids within 30 days of completing an operation.

Hydraulic fracturing, known also as fracking, uses trace amounts of chemicals mixed with water and abrasives, often sand, to open small fissures in shale formations to release oil and natural gas. Critics of the practice say some of those chemicals pose a threat to the environment.

NEB said Tuesday energy companies are asked to submit information ranging from trade names, purpose and ingredients to the FracFocus.ca website.

NEB announced plans for the request in November. Some companies have expressed reservations about the disclosure, saying the makeup of their fracking fluids is a trade secret.

Fracking is credited in part with the major increase in North American oil and natural gas production.

JAMAICAN BOBSLEDDERS GET FINANCIAL PUSH FROM OILSANDS FIRM

'Cool Running' movie leads to long-term deal with Alberta company

The owner of a northern Alberta oilsands company is getting in the Olympic spirit by sponsoring the Jamaican bobsleigh team.

"When I first saw the (1993) movie Cool Runnings, ... I said you know these guys are really working hard and if I ever had an opportunity to buy them a sled I would," said Vern Janvier, owner of CP Services and chief of the Chipewyan Prairie Dene First Nation south of Fort McMurray.

That opportunity came about two weeks ago, he said.

"The day Jamaica qualified for the Olympics, they put an ad out in the media that they were broke and looking for sponsors," he said.

Janvier and a friend found the team's contact information on the internet and sent an email.

In the meantime electronics-giant Samsung; dogecoin, a virtual currency community; and social media fundraising website Crowdtilt also got in touch, raising enough money for the team to go to the Sochi Olympics.

When Janvier heard back from the team, he was told the team is financially set for now, but could use a long-term sponsor.

He jumped at the chance.

"It's not every day you get to be involved with an Olympic team and be able to sponsor them and promote them and also promote myself in the matter at the same time."

CP Services has signed a four-year deal with the team worth around $35,000 per year. Janvier is also looking at providing a new sled, which could run a cool $100,000.

A few days ago Janvier flew down to Wyoming to meet the team.

He spent two days with them.

"They're very strong athletic-wise and team oriented ... happy go lucky," he said. "It was an honour to be with them."

Sponsoring sports is not new to him, Janvier said.

"We sponsor a lot of things. I really don't hang on to my money as I should. I sponsor a lot of hockey ... a lot of sled racing, mud racing. I try to get young people to do something else with their lives rather than hanging around and playing ... PlayStation."

Janvier's company logo is now on the team's tracksuits although athletes are only allowed to wear those around the village, due to Olympic sponsorship rights.

While Janvier is not heading to Sochi to watch the team, he'll be looking out for them on CBC TV.

OIL TANKER OFF COURSE WHEN IT RAN AGROUND IN NUNAVUT

Ship changed course to pass other tanker but then never corrected its path

An oil tanker that ran aground in Nunavut waters in 2012 did so because it didn't follow its charted course, says the Transportation Safety Board

The TSB released its report Tuesday on the Oct. 25, 2012 incident involving the MV Nanny.

The MV Nanny was leaving Baker Lake and carrying oil products when it spent two days grounded in Chesterfield Narrows. The area is marked by unlit beacons and allows for little margin of error.

The TSB found that the ship ran aground because it had deviated from its charted route.

The MV Nanny, seen here, ran aground near Baker Lake in 2012. ((Canadian Coast Guard))

The ship had to steer off-course to pass another tanker, but then was never returned to its proper path. It instead proceeded on a parallel route, about a nautical mile off-course.

"The vessel was steered a bit too much to the east and to the north and eventually it was grounded," said Pierre Murray with the TSB's Atlantic bureau.

The TSB says a lack of communication between the bridge officers was a factor in the grounding.

No injuries or pollution were reported. The double-hulled ship was badly damaged on its hull and rudder but not the tanks.

It was the second time the Nanny had run aground in Nunavut waters. In September 2010 the Nanny was lodged in Simpson Strait near Gjoa Haven while carrying more than 9 million litres of diesel.

The TSB says Coastal Shipping Limited, the MV Nanny's owner, has since created a "confined waters policy," a checklist of procedures to follow when entering narrow waterways. The board also says lighted beacons in Chesterfield Narrows would help ships travel safely through at night.

THE MORAL OF THE NATURAL GAS/WINTER WEATHER STORY

If the ancient Greek storyteller Aesop were alive today, he might have written a fable about North American energy markets. Aesop's sheet of papyrus may have ended with the moral: "If you wait long enough, gas prices will go up."

Last week, the ticker showed the highest continental natural gas prices in four years, momentarily bobbing above $5.50 (U.S.) per 1,000 cubic feet (Mcf) in the United States and $5 (Canadian) in Canada. We know Aesop could have easily penned another truism, "Cold weather drives higher prices," but would he have offered the more complex wisdom: "Prices under $3.50 are not sustainable?"

Are we to believe that the days of two or three dollars for a 1,000 cubic feet of the coveted heating fuel are gone?

Since December, the shivering populace on the eastern side of the continental divide have dialled up their thermostats and brought vigour back to winter natural gas consumption. Scenes of snowy roads and frosty mustaches made it look like conditions were exceptionally frigid in the U.S. and Canada. They were (and still are). But averaged over the span of the continent, the numbers tell a different story; the spreadsheets show that what we have been experiencing is nothing more than a good old-fashioned winter. While thermometers have been showing cold in the east, readouts in western states like California have been indicating warm temperatures.

Of all the natural gas burned in North America in one year, between 30 and 35 per cent is seasonally related to warming up our bodies in the winter months. Heating Degree Days (HDDs) are a measure of cold weather intensity that correlate directly to natural gas consumption. Figure 1 shows weekly U.S. HDDs from 2000 to present. The seasonality of heating is obvious: Furnaces are turned off in mid-summer and blowing hard in the third week of January.

What's notable about our HDD chart this week is that there is nothing notable about this winter of 2013-14. Total HDDs have been close to the long-term average, back to 2000. In fact, this winter's performance is unremarkably reminiscent of the winter of 2009-10.

It was the winter of 2011-12 that was weird – one of the warmest on record. And last winter, that of 2012-13, was also anomalously short on heating, and therefore gas demand. Back to back, these abnormally weak winters were juxtaposed against excessive gas output from shale drilling. On top of that, large quantities of associated gas – natural gas liberated as a byproduct from oil drilling – also pressurized the pipeline gauges to "full." Storage levels ballooned out as a consequence. Not enough consumption and too much production combined in a "perfect storm" that pummelled gas for two years hence.

Today, North American natural gas production is still rising, but nowhere near the growth rate experienced between 2007 and 2012. During that boom era, productive capacity in the U.S. expanded by 20 per cent (10 billion cubic feet a day). Today, output growth is running at a reasonable 2 per cent to meet incremental demands, which means that the demand-pull of a normal winter isn't masked by a surplus of production.

By the numbers, this coming year is like déjà vu 2010, which was arguably a pretty "normal" year. Volumes of natural gas in storage today – where supply meets demand – are on a restrained 2010 trajectory. By association, price indications for 2014 also seem to be tracking 2010. Back then Henry Hub averaged $4.40 (U.S.) Mcf while AECO logged the year at $4.00 (Canadian) Mcf. Those numbers are reasonable expectations for 2014.

Yet neither producer nor consumer should believe that $4.00 (U.S.) Mcf ($3.50 U.S. Mcf AECO) is a stable price, although the bias is for a firmer floor. Volatile weather will always conspire to rattle the markets up and down. Fundamentals are running hot and cold too. New drilling and completion techniques continue to improve productivity, yet the marginal cost of bringing dry gas to market is still obscured by waste gas coming from oil drilling. Production growth is becoming increasingly dependent on "sweet" areas like the Marcellus (concentration of assets is usually accompanied by greater volatility). And the price impact of potential liquefied natural gas exports may excite markets in a couple of years.

More than anything, the past couple of months remind us that natural gas is a commodity that can't sit still. Prices are, and will continue, to be volatile. So it's prudent for both producers and consumers to heed Aesop's advice in his classic winter fable, The Grasshopper and the Ant: "It is wise to plan for tomorrow today."

OIL STATES TO CONSTRUCT NEW OIL SANDS LODGE

Oil States International, Inc. announced Monday that the Company's Canadian subsidiary, PTI Group Inc. (PTI), has begun construction of a new Canadian Lodge, McClelland Lake Lodge, located North of Fort McMurray in the Athabasca oil sands region of Alberta, Canada. PTI will provide its integrated workforce accommodations solution at the lodge where it will engineer, design, build, own and manage the lodge facility, which will have an initial capacity of 1,561 rooms and potential to reach 1,997 rooms in the future. PTI plans to open the lodge in the summer of 2014 and reach full initial capacity in the fourth quarter of 2014.

McClelland Lake Lodge will initially support a new oil sands mining project in the region under a three-year contract for the majority of the rentable rooms. The lodge will provide PTI's full suite of first-class accommodations and services including catering, ancillary and convenience services, internet service, conference rooms and leisure facilities for fitness, entertainment and relaxation.

"McClelland Lake Lodge is our eighth major lodge in the oil sands region and will provide us with a broader exposure to mining developments in an area of increasing customer activity," Cindy B. Taylor, Oil States' president and chief executive officer stated. "We are eager to commit additional growth capital in the Canadian oil sands, further expanding our accommodations presence in the region while partnering with our customers under term contracts."

SASKATCHEWAN PREMIER BRAD WALL SAYS KEYSTONE REPORT CAUSE FOR OPTIMISM

Saskatchewan Premier Brad Wall says a long-awaited report by the U.S. State Department on the Keystone XL pipeline is cause for some optimism.

However, Wall also cautions that at the end of the day, the final decision on the project rests with U.S. President Barack Obama.

The premier has said the Keystone XL pipeline, which would carry oilsands bitumen to Gulf Coast refineries, is an important project for Canada.

The pipeline would cross into Montana from Saskatchewan.

Wall says the report helps because it addresses environmental concerns, specifically saying the pipeline would not expand the oilsands, so there wouldn't be more greenhouse gas emissions.

He's also pleased that the report goes further to talk about economic benefits and the comparative safety of pipelines to rail when it comes to moving oil.

SUNCOR OILSANDS PRODUCTION GROWTH TO CONTINUE, CEO SAYS

Calgary energy giant saw its oilsands operations grow by 13 per cent last year

Canada's largest energy company expects continued growth in its oilsands production.

Suncor said Tuesday its oilsands operations grew by 11 per cent in 2013.

And CEO Steve Williams said he expects an even larger jump this year.

"Our 2014 guidance calls for a year-over-year increase of oilsands production of about 15 per cent, continuing the trend of profitable growth. And I believe we are well positioned to meet that target," he said.

Meanwhile, Suncor says it's no longer producing oil in Libya because of the continuing political unrest.