



ilfield NEWS



Sign Up with the Oilfield News Online

www.oilfieldnews.ca

Published By: NEWS COMMUNICATIONS since 1977

Wednesday February 11th, 2015

OIL-BY-RAIL ECONOMICS SUFFERS AMID NARROWING SPREADS

Rail was seen as a lifeline for Canadian oil producers in the absence of new pipelines, but narrowing spreads between Canadian oil and global benchmarks in recent months is turning the business model uneconomic in an already depressed price environment.

"Right now, there are very few movements of crude by rail coming from Western Canada into the Gulf Coast, because it just does not make sense economically," said Bridget Hunsucker, analyst at Genscape, which tracks weekly oil carloads across North America.

Before oil prices sank, Canadian producers shipped oil on rail to fetch much higher West Texas Intermediate oil prices on the U.S. Gulf Coast than they could at the Hardisty terminal in Alberta. The business made sense even after taking into account transportation costs as high as \$21 per barrel of oil on rail, compared to \$7 via pipeline.

In addition, transporting much-needed diluents back from Houston to Alberta

Have It All in Beautiful Peachland!

4658 Princeton Avenue, Peachland - \$555,000

The Ultimate "His & Her's" home. Beautiful and practical! This lavish custom-built home feels like Tuscany. The thoughtful extras and fine decor are simply sumptuous. Outside you will find lots of room for your boat and RV. Want to go camping for the summer, or leave for the winter? Rent out the spacious and professionally finished suite and know that your home and your bills are taken care of while you are away. A must see home!

Call Steven at 250-575-1432 or visit Bergghomes.com today!!

The Bergg Homes Team

Steven Bergg Allen Epp Annette Jensen-Bergg

Visit our website for a detailed market report:
bergghomes.com

- FULL STATISTICS AND COMMUNITY INFO
Get the latest trends for sold homes, properties for sale, inventory counts, and more.
- GET DETAILED INFO ABOUT EVERY PROPERTY
View all the detailed information with the listing view or the map view.

All listings MLS® unless otherwise indicated

Based on MLS® Active Listings Taken & Sold Units as Reported by CMREB in 2012 for Central Okanagan.

transformed the oil-by-rail business into a roaring growth segment for midstream and rail companies.

But that business model is eroding. While crude prices fell 48% last year, that's not precisely what triggered the collapse — it's the narrowing of Western Canada Select's discount to under \$13 compared to WTI and Mexican

Maya that's derailing the business. Pipeline utilization in the Bakken shot up to 80% by the end of December, compared to 50% at the start of 2014, as producers jumped from rail to pipeline to preserve margins. "That would be similar for WCS, and as that narrows, people gravitate to pipe if they can," says Jenna Delaney, an analyst with Bentek

Energy, a forecasting unit of Platts. "Of course those barrels — if they need to move — are still going to jump on rail. It just won't be an economic move," Ms. Delaney said. Oil-by-rail picked up steam in recent years, as flagship pipelines such as Keystone XL and Northern Gateway became mired in controversy. But after growing ten-fold between the

YAWN.

Micah FIELD TECHNICIAN AND OFFICIAL SUPPLIER OF "WHATEVER-IT-TAKES"

Just another day keeping the oil and gas industry in Western Canada seamlessly connected with a complete line of dependable, voice and data communications products and solutions – all backed by an equally dull, 100% service and equipment guarantee.

Get Western Canada's most trusted provider of oil and gas communications working for you.

SERVICING ALBERTA, BRITISH COLUMBIA & SASKATCHEWAN

For more information, visit our website:
togsystems.ca

Or contact us directly:
PHONE 780 356 3965
EMAIL info@togsystems.ca



years of 2012 to 2013, volumes seemed to plateau last year.

Canadian crude oil exports by rail — not counting domestic hauls to refineries — grew to just over 182,000 barrels per day by the third quarter, compared to around 165,000-bpd at the start of 2014, the latest available figures from the National Energy Board show.

Rail cars carrying crude fell to 13,773 units last November, compared to 15,672 during the same month in 2013, according to Statistics Canada.

"The volumes have been fairly flat. I think the forecast was for fairly dramatic growth, but there has been a cutback on growth projections," according to John Zahary, CEO of midstream company Altex Energy Ltd.

The meagre growth in rail volumes comes at a time that new facilities are opening up. USD Group LLC opened a terminal in Haridsty last June with capacity for two 120-railcar unit trains, equivalent to 172,639 barrels per day.

"Even though there was new capacity, industry volumes did not rise, which means other terminals saw less volume... You see contraction of margin in absolute dollars," Mr. Zahary said, noting that his company has seen fairly flat volumes and is protected by take-or-pay arrangements.

Altex's seven terminals in Western Canada have a combined capacity of 75,000 bpd, but volumes stand at around 35,000 bpd.

"We are not at full capacity, some of which are market reasons. Some customers have committed

the space but are not moving [volume]," said Mr. Zahary, who previously ran Harvest Operations Corp. and Sunshine Oil Sands Ltd.

Canadian Pacific Railway Ltd. has reduced its forecast for crude oil shipments this year, although it still expects the segment to grow around 25-30%.

Canadian National Railway Co., which expects its oil business to grow 35%, says there is little clarity around the oil market at the moment.

"This is why we have reduced our expectation in terms of this market, but the investments are being put in place, and the markets will need those services and we think they will need them, not only in 2015, but also for the long term," CN chief executive officer Claude Mongeau told analysts during a conference call in late January.

The start of Enbridge Inc's Illinois-to-Oklahoma Flanagan South and Enterprise Products Partners' Oklahoma-to-Texas Seaway, which opened up another 1 million-bpd of pipeline capacity, has also cooled producers' interest in oil-by-rail.

Still, the capacity keeps coming. Altex is building a unit train terminal in Lashburn, Sask. that would take the company's capacity to 110,000-bpd.

Plains Midstream Canada expects its unit-train terminal in Kerobert, Sask. to commence operations in mid-2015, while CP also expects Imperial Oil Ltd. and Kinder Morgan Inc's 210,000-bpd terminal to come on stream by the first half of the year.

TransCanada Corp. CEO Russ Girling forecasts oil terminal loading

capacity in Western Canada to reach 2 million bpd from its current level of 1.2 million bpd, and plans to build loading terminals around the company's storage facilities.

But rail costs are rising for producers. MEG Energy Corp. blamed rail as the primary reason for transportation costs rising \$1.82 per barrel in the fourth quarter, compared to \$0.51 per barrel during the same period in 2013.

Rail companies are also looking to raise rates for crude transportation. In addition, new safety rules in light of Lac Megantic tragedy could also cost the wider economy \$60 billion, according to the Railway Supply Institute Committee on Tank Cars.

Despite the challenging economics, producers continue to invest in new rail capacity as an insurance policy.

"We are not expecting to see rail entirely disappear over the next couple of years due to the pipeline constraints — and because of arbitrage economics that would pop up in different markets," Ms. Delaney says.

IEA CUTS CANADIAN OIL GROWTH FORECAST, AS 'BUSINESS-AS-USUAL' GRIPS MARKETS

A major international energy group is forecasting the bottom of the oil rout, but warns that Canada will feel the pinch.

Oil output in Canada will continue to increase, the International Energy Agency said today, and money already earmarked for near-term projects will still be spent.

But new projects probably won't get the go-ahead or will likely be stalled, the Paris-based advisory group said in its lengthy Medium-Term Market Report, which forecasts development out to 2020.

This will, of course, hit the province of Alberta, home to Canada's oil industry, which is already forecast to suffer slower economic growth, and possibly a recession, and sharply higher unemployment.

There's mildly better news for producers in today's report, and good news for consumers who paid dearly until the collapse in crude prices.

"The result is that, barring any unexpected supply disruption or major, energy-related change in policy, the market rebalancing will likely occur relatively swiftly but will be comparatively limited in scope, with prices stabilizing at levels higher than recent lows but substantially below the highs of the last three years," the IEA said.

"On current projections, the dramatic inventory builds of the last few months' grinds to a halt as early as mid-2015, and the market starts tightening appreciably."

Canadian production will increase to just below 5 million barrels a day in its forecast period, or a rise of more than 800,000 barrels, but low prices "are hitting its main sources for growth — oil sands projects," the IEA said.

"In Canada, where much of the [capital spending] for projects due to come online by mid-2016 has already been committed, a reduction in spending will affect projects that are planned to start up beyond that time frame," the report warned.

SCS SAFETY COORDINATION SERVICES

Safety Compliance Health Environmental Learning Leaders

Working safely may get old, but so do those who practice it. Because life and limb are on the line, we have assembled one of the best safety training libraries anywhere.

www.safetycoordination.com

On-site & On-location Training
7 Days A Week

780.485.3585

7633 50 St, 2nd Flr.
Edmonton AB
T6B 2W9

Keeping You Safe

www.leducsafty.com 1903 - 4th Street, Nisku AB

P: 780.955.3300 * F: 780.955.7651 * T: 1.800.668.4299

- * First Aid
- * TDG
- * H2S Alive
- * Ground Disturbance
- * Confined Space Entry/Rescue



"In contrast to U.S. (light tight oil), Canada's growth is driven by projects with long payback periods and companies will be much more restrained in committing cash to fund expensive projects in the current price environment."

Canada's "price sensitivity" is far different from that of its neighbour to the south, and the oil sands have "comparatively high" upfront costs, with those long payback time-frames.

Which means the oil slump won't halt projects already under way.

"Producers will instead be incentivized to maximize output in a bid to recoup investment costs," the IEA said.

"New projects, on the other hand, are unlikely to be sanctioned and will likely be delayed."

The group also weighed in on the controversy surrounding new pipelines, and what that all means to future expansion, noting, among other things, TransCanada Corp.'s long-stalled Keystone XL.

"While oil prices play a major role in Canada's production outlook, a lack of export infrastructure may also pose constraints to growth," the IEA said.

"Particularly in the case of light synthetic oil, producers will need to secure new market outlets and alternatives to shipping light crude south to the United States," it added.

"These alternative options include additional capacity to ship crude to Canadian refineries on the Atlantic coast, moving it to British Columbia and possibly exporting it to Asia."

Russia, by the way, whose currency

has plunged along with oil prices and which appears headed for a deep recession, is "the biggest casualty" of the crude market rout, the IEA said.

The IEA also cut its outlook for an increase in global demand, to growth of about 1.2 per cent a year, or just over 99 million barrels a day, by 2020, saying that "indeed, the recent price decline is expected to have only a marginal impact on global demand growth for the remainder of the decade."

Underscoring all of this is a grim report today from Canada's Talisman Energy Inc., which is being taken over by Spain's Repsol SA.

Talisman posted a wider loss of \$1.6-billion (U.S.), or \$1.54 a share, compared to the loss of \$1-billion or 98 cents a year earlier, taking a hefty hit from the oil slump.

"Our 2014 results reflect the significant progress we made throughout the year to improve the reliability and predictability of our company," said chief executive officer Hal Kvisle.

Pity the poor American officials at the G20 gathering in Istanbul today.

According to reports from the summit, Treasury Secretary Jack Lew is urging his counterparts against deliberately driving down the values of their currencies.

"Secretary Lew strongly emphasized ... that we are highly focused on ensuring that U.S. workers and firms play on a level playing field and no country should use their exchange rate to increase exports," said a U.S. official quoted by Reuters today.

The U.S. dollar has been rallying, of course, while other currencies tumble and monetary policy shifts around the world.

For his part, Bank of Canada Governor Stephen Poloz said today that the plunge in his currency is the result of the country's economic fortunes, and not because of anything he deliberately said or did.

Like when he surprised the markets with a cut of one-quarter of a percentage point to his benchmark rate, sending the Canadian dollar down sharply.

"I honestly reject the notion that I'm talking down the dollar," he told reporters at the Istanbul summit, according to Bloomberg.

"It's not about what we did. It's about how the economy has behaved."

The Canadian currency has tracked oil prices lower, dipping too on the shift by Poloz and the speculation over whether a second cut is in the cards.

And, of course, the fact that the Federal Reserve is heading toward a rate hike, possibly by mid-year.

Markets are now pricing in a

BIGBORE

DIRECTIONAL DRILLING

**trenchless installation of pipeline
waterlines, fibre optic lines, boring**

Office 780-875-8845

Fax 780-875-6474

Ops Manager 780-214-7711

www.bigbore.ca



Servicing Western Canada

20/20 NDT Technology Inc.

INDUSTRIAL RADIOGRAPHY

**Providing all methods of NDE
to Western Canada**



www.2020ndt.com

1-866-930-6220



**PROVIDING WINCH TRUCK SERVICES
FOR SASKATCHEWAN OILFIELDS**



Phone: 306-634-9761

Fax: 306-634-5281

Email: stageoil2@sasktel.net

Box 1103
Estevan, SK
S4A 2H7

40-per-cent chance of another cut when the central bank meets again next month, and a 60-per-cent chance of that happening in April.

"These expectations are sensitive to oil prices, with a failure to shift towards the BoC \$60 oil forecast likely to shift the balance towards further rate cuts and drive a weaker CAD," said chief currency strategist Camilla Sutton of Bank of Nova Scotia, referring to the Canadian dollar by its symbol.

This is sort of the point Mr. Poloz tried to drive home.

"Markets presumably look at the oil-price shock itself and would ask themselves how the economy is performing?" he said.

"If they figure that out, then they would know what we might have to do."

RBC predicts oil price rebound will help province avoid recession in 2015

AN RBC ECONOMICS REPORT SUGGESTS A REBOUND IN OIL PRICES, STARTING BY THE MIDDLE OF THIS YEAR, WILL HELP ALBERTA AVOID A RECESSION.

The report, by senior economist Robert Hogue, said an uptick in prices will "help rebuild confidence in the province and prevent activity from entering a full-blown contractionary spiral."

While Hogue's analysis says the province won't see a recession, it suggests a dramatic slowdown in economic growth — it forecasts

real GDP growth of 0.6 in 2015, down from 2.7 predicted in the bank's December outlook. GDP growth was 4.1 per cent in 2014.

Hogue said the most immediate effect of the slide in oil prices in Alberta is a significant drop in capital spending plans by oil companies. The Canadian Association of Petroleum Producers has forecast that member companies would cut investments by 33 per cent in Western Canada in 2015, including a 24 per cent reduction in the oil sands.

"We estimate that the direct impact of lower capital spending in the energy sector will reduce Alberta's real GDP growth rate by more than 1.5 percentage points in 2015," he said. "Indirectly, the effect will spread to employment, net migration, the housing sector, consumer spending and, possibly, public sector spending."

Hogue said the updated forecast also assumes substantial job losses in Alberta for the first half of the year — with employment falling by as much as half the jobs created in 2014.

"Our forecasts also assume some partial reversal during the second half of this year amid rising oil prices and rebuilding confidence," said Hogue. "Deteriorating job prospects in the near term likely will moderate net in-migration into the province, which has been very strong in recent years."

The report said softening demographic fundamentals likely will weigh on Alberta's housing sector.

"Already there are signs of impending housing market downturns in

Calgary and Edmonton, although these so far primarily reflect a loss of confidence caused by the sharp drop in oil prices rather than weaker population growth," said Hogue.

The report projects home re-sales will decline by nearly 16 per cent in 2015 in Alberta and housing starts will moderate from 40,600 units last year to 27,500 units this year. But it also expects home prices to stay relatively flat, down just 0.5 per cent overall in the province, "reflecting the fact that the market was initially in a position of strength

to withstand much of the hit." RBC's report assumes an average price of \$53 US a barrel for WTI oil in 2015 — its December forecast was \$70 per barrel. It also calls for a lower Canadian dollar, with the loonie forecast to end the year at 75 US cents, down from an 85-cent prediction in December.

The Canadian economy is expected to grow by 2.4 per cent this year and 2.3 per cent next year. Growth in 2014 was 2.4 per cent.

Hogue said not all is bleak in Alberta.

CLW Holdings Inc.

We Deliver Potable Water

Supplying and delivering potable water in the Kerrobert, Kindersley area.

- * Replenishing eye wash stations
- * Rigs Operations
- * and more!

Just a phone call away!

306-463-8759

Drinking Spring Water available upon request.

www.clwholdingsinc.com



S. Wilson Construction Ltd.

Rocanville SK

306.645.2084 toll free: 1-844-SWILSON
(1-844-794-5766)

email: wilsonconst@sasktel.net



- * Road & Lease Construction
- * Oil Field Construction
- * Site Excavation & Preparation
-And Much More!

FULL MOTION EXPEDITING LTD.

Your connection to Highway 881 and Area

COURIER SERVICE

Conklin - Lac La Biche & Return Conklin - Ft McMurray & Return
Ft McMurray, Conklin, Lac La Biche
And surrounding areas including Edmonton & Calgary

Expediting * Deliveries * Hot Shots * Core Samples
Aboriginal Owned & Operated

PO Box 6077 Stn Main
Fort McMurray, AB T9H 4W1

Conklin 780-559-2600 Cell 24/7 780-713-5585
Fax 780-559-2655
Toll Free 1-866-559-2566

He said the province's forecast growth rate of 1.5 per cent "would still be stronger than the Canadian average."

"After a likely flurry of layoffs in the first half of the year, we would expect that businesses will start hiring again later this year," Hogue said. "Such factors would support further growth in consumer spending in the province, albeit at a much more subdued pace than seen in the past few years."

"Assuming that governments refrain from slashing expenditures, we believe that there will be sufficient offsets to the negative developments to keep Alberta's economy afloat this year and next. Downside risks will remain significant, however, at a time when any substantial loss of confidence could trigger a more damaging set of dynamics."

Meanwhile, a report released Monday by the Conference Board of Canada estimated the Canadian economy would grow by just 1.9 per cent in 2015, due to the collapse in oil prices and its effects on investment and corporate profits. In November 2014, the board predicted growth of 2.4 per cent.

It said business investment will be the weakest part of the Canadian economy in 2015. Real business investment on energy structures and exploration is forecast to drop by 23 per cent in 2015.

"Even before the drop in oil prices, we were projecting a small dip in overall business investment due to soft growth in domestic consumer demand. Now, the sharp decline in energy-related profits will force oil companies to

pull back their capital budgets," said Matthew Stewart, associate director of the National Forecast.

The board said oil prices appear to be bottoming out around \$50 US per barrel. It predicts prices will recover to above \$60 per barrel by the end of the year.

GAS AND DIESEL PRICE SETTING EXPLAINED BY UTILITY AND REVIEW BOARD

Formula for calculating prices each week

There was no change in the gas price overnight, but diesel prices jumped by nearly seven cents a litre in Nova Scotia. It's now selling for 112.2 cents a litre in the Halifax area.

Earlier this week, the Utility and Review Board invoked the interrupter clause and the price of gas was pushed up.

We asked Paul Allen, the executive director of the Nova Scotia Utility and Review Board, to explain how gasoline and diesel prices are set each week to dispel the confusion about how it's done:

First, there is a formula for calculating the price each week. The formula components are set out in the Petroleum Product Pricing Regulations and were the subject of a public hearing in 2006.

Briefly, the formula to arrive at the pump price is:

- The five-day average cost of a litre of gas/diesel oil from the NYMEX (New York

Merchantile Exchange) converted from U.S. to Canadian dollars. This is the benchmark price.

- Plus or minus any corrections for differences that occur between the benchmark price and the actual NYMEX prices. This is the forward averaging correction.

- Plus an allowance for moving the product to the retailers in each zone. This is the transportation allowance.

- Plus an allowance for wholesalers' expenses

and a reasonable profit. This is the wholesale margin.

- Plus Federal Excise Tax, which is currently 10 cents per litre.

- Plus the Provincial Motive Fuel Tax, which is currently 15.5 cents per litre.

- Plus an allowance for the retailers' costs and a reasonable profit. This is the retail margin and there is a maximum and a minimum markup set.

- Plus HST on the above at 15 per cent.



western sales
www.westernsales.ca



Western Sales ~ a growing John Deere dealership with locations in Biggar, Central Butte, Davidson, Elrose, Outlook and Rosetown

Is Hiring Permanent Full Time Agricultural Service Technicians

for our Rosetown location situated at 405 Highway 7 West Rosetown, Saskatchewan, S0L 2V0.

We require individuals to repair, troubleshoot, adjust, overhaul and maintain heavy duty Agricultural equipment including combines, tractors, seeders and sprayers.

Must be thoroughly familiar with tractors and farm equipment and have the knowledge and skill to make repairs properly.

Full job description is available upon request.

Must be able to work extended hours during Spring and Fall.
Compensation - \$30.00 ~ \$35.00 - rate is based on level of experience.
Required work experience - 3 to 5 years
Apprenticeship is preferred.

We offer a full benefit package which includes:
Medical, Dental, Disability, Life Insurance and Matched Pension
Contact:

Email resumes to Attn: Rome Molsberry careers@westernsales.ca or by fax 1-306-882-3389

For more information please contact Rome Molsberry at 1-306-882-4291
Only qualified applicants will be contacted.

CALL BEFORE YOU PIG!

Make sure your pigging is done right.
Call on the specialists at **pipe•tech**.



There's no simple answer to solving internal corrosion. But the specialists at Pipe•tech will help you find the best pigging solution. Our specialists know pigging and pipelines.

pipe•tech
Innovation . Integrity . Optimization

1.877.287.3558
www.pipetechcorp.com

BIG J CRANE SERVICES



Providing crane services for Kindersley and surrounding area

306-460-6744

The benchmark price is likely the least understood part of pricing.

To explain that further: the actual average price for gasoline and diesel oil is obtained from the NYMEX daily, and converted into Canadian dollars using the Bank of Canada noon rate.

The NYMEX is a commodity exchange and is considered the most relevant and independent source for pricing of gasoline and diesel.

Each day's information is then averaged for the week. The pricing cycle for Nova Scotia runs

from Thursday to Wednesday. Said another way, the board sets the benchmark price on Thursday using all of the information from the previous five business days.

Of course, when you use last week's NYMEX information to set the price for the coming week, you can unfairly penalize either the consumer or the industry.

To fix that, there is a correction or "trueing up" called the forward averaging correction.

The difference between the

benchmark used to set the price for the current week and the actual NYMEX prices (in Canadian dollars) for the same week is calculated and applied to future price setting.

That way, in a time when NYMEX prices are falling, the consumer will get the benefit of the correction. If NYMEX prices are rising, the retailer will get the benefit.

Both sides are treated fairly using the same calculation.

The board may choose to spread out the correction over more

than one week but the whole difference will be applied over time.

It is reasonable for both the wholesaler and the retailer to recover their costs of operation and to make a reasonable profit.

The margin for wholesalers was set based on historical information presented during a public hearing in 2012 and was set as 6.65 cents per litre.

Similarly, the retailer's margin was set at a public hearing in 2011 and is currently 4.8 cents to 6.6 cents per litre.

GIBSON ENERGY www.gibsons.com/ofn



GIBSONS

Gibson Energy is a growth-oriented, solutions-based, North American midstream energy service company with an integrated portfolio of businesses.

Field Machine Tools

Designed and built in North America, E.H. Wachs® manufactures the world's finest line of field portable weld prep machine tools. They're the first choice of pipe machining and welding professionals around the world.



Trav-L-Cutter
Milling Cutter & Beveler

DynaPrep Split Frame
Pipe Cutter & Beveler

EICC External Internal
Casing Cutter

WACHS **WACHS CANADA LTD**

Superior Equipment. Complete Support.™

SALES & RENTALS

5411 82 Ave NW, Edmonton, AB T6B2J6 | T: 1-800-661-4235
sales@ehwachs.com | ehwachs.com

OILFIELD EQUIPMENT APPRAISALS



**PROVIDING VALUATION KNOWLEDGE
COAST TO COAST SINCE 1976**

FOR BANKS & OIL INDUSTRY COMPANIES

*Financing * Asset Disposition/Acquisition * Audit
& Review * Merger and Acquisition etc.*

CONTACT AN EXPERT: 780-945-0256

Entire companies or Individual units

Joiner
SALES CORP

www.joinersales.com 1.604.852.8711

Abbotsford, BC - Edmonton, AB

AUCTIONEERS - EQUIPMENT APPRAISERS

CLIENT DRIVEN SOLUTIONS

BRITANNIA INDUSTRIES

WWW.BRITANNIAINDUSTRIES.COM

**CASING GAS/SOLUTION GAS
COMPRESSOR PACKAGES
VAPOUR RECOVERY UNITS
NATURAL GAS BOOSTERS**

AIR & GAS DRYING:

- Distributors for Van Air/Gas Systems
- ▶ Absorbent Desiccants
- ▶ Heatless Regenerative Natural Gas Dryers
- ▶ Pipeline Dryers
- ▶ Gas Filtration

Parts available for all makes and models

"BIG IN SMALL COMPRESSION"

24 Hour Parts & Service
1-866-955-7524

Leduc Office:
6227-41 St Leduc, AB T9E 0V7
Ph: (780) 986-5955 Fx: (780) 986-7113

Branch Office:
34 Boundary Rd SE
Redcliff, AB T0J 2P0
(403) 548-7886

PARTS AVAILABLE FOR:

- Corken
- Ford
- Lerol
- Tamrotor
- Kubota
- Hy-Bon
- Knox Western
- Continental

Quincy Blackmer

ARROW

www.britanniaindustries.com

Note that for retailers, there is both a minimum and a maximum margin.

Imposing a minimum margin allows independent and smaller retailers in rural areas or small communities enough revenue to stay in business, thus helping to ensure reasonable access to a supply of gasoline and diesel oil throughout the province.

Having a range also allows for some pricing competition where there are multiple stations.

There is a cost to moving gasoline and fuel oil from distribution centres, such as refineries or tank farms.

The greater the distance, the greater the cost.

The province is currently split into six zones, roughly based on distance from the distribution centre and a transportation allowance set for each zone.

Transportation allowances were last set at a public hearing in 2011.

Occasionally the NYMEX prices for gasoline, or the value of the Canadian dollar — or both — will change sharply during the week. That affects the benchmark price as noted above.

If the change reverses itself,

then it is not a concern. Including the most recent interruption, the Utility and Review Board has applied the interrupter a total of six times since 2009. The price was decreased four times and increased twice. The chart shows the actual dates, whether it was for gasoline or diesel, and the amount. (UARB)

However, if the change is sustained for more than a day and is greater than six to eight cents per litre, the board will consider changing the price early by "interrupting" the pricing cycle.

If the benchmark price is falling,

then any interruption will benefit the consumer. If it is increasing, then it would benefit the industry.

Including the most recent interruption, the Utility and Review Board has applied the interrupter a total of six times since 2009. The price was decreased four times and increased twice.

If the change is not sustained, or occurs the day before a regular price setting, then any differences will be included in the regular weekly pricing.

Pricing is based on the NYMEX price for gasoline and diesel oil, not crude oil.



HOPF Mechanical and Hydraulics

Superior Service

Where you need it - When you need it



24/7 on Call 403-501-0190

Commercial Vehicle Repairs
Commercial Vehicle Inspections

PO Box 1658, Brooks, AB T1R 1C5

INDUSTRIAL LIFE SUPPORT

ONSITE HEALTH & SAFETY SERVICES

OUR SERVICES :

Providing on site health services to the industrial sector

- * Drill Sites
- * Well Servicing
- * Construction

Nisku, AB

1.888.849.6787

Proudly Serving Alberta, BC and Saskatchewan

www.industriallifesupport.com

Top Line

**Sales & Rentals
Heavy Equipment Rentals**

www.toplinesales.ca

Excavators	Motor Graders
Rock Trucks	Mini Excavators
Wheel Loaders	Skid Steers
Backhoes	Compactors
Dozers	Telehandlers

Daily - Weekly - Monthly Rates

Tel: 403-331-5618

Located 15 Broxburn Way, Lethbridge AB



CC BLOCKING SYSTEMS INC.

- Crane Outrigger Pads • Boom Truck Outrigger Pads
- Commercial Trailer & RV Pads • Heavy Duty Blocking
- Standard & Custom Sizes

*"Start Every Job with
Good Support!"*

sales@ccblocking.com

403-358-2195

www.CCBLOCKING.com

#204, 307 Burnt Park Way, Red Deer County, AB Canada T4S 2L4

There is no doubt that crude oil prices affect gasoline and diesel prices and they do, on the long term, move in the same way. However, on a day-to-day basis, they can move quite differently — or even in opposite directions — for a variety of reasons.

Also, crude prices are generally reported in U.S. dollars, which ignore changes in the value of the Canadian dollar.

TOTAL CANADIAN OIL PRODUCTION UP 8 PERCENT

The Oil Production for the final six months of 2014 was slower than 2013.

The full-year 2014 crude oil production average for Canadian basins increased year-on-year, but there may be strains from low oil prices, federal data show.

The National Energy Board released full-year production figures for 2014, showing a cumulative average of 3.8 million barrels per day, an 8 percent increase from full-year 2013. Total crude oil production since June, when oil prices reached their recent

peak, increased by about 1 percent.

In a late January report, NEB noted the decline in global crude oil prices was in part a reflection of the increase in U.S. oil production. That led to strains on Canadian oil output, which is expensive to produce.

While total Canadian crude oil production increased for the year, the heavier grade of crude oil sometimes dubbed tar sands held more or less steady at 1.7 million bpd on average during the last six months of 2014. Production of heavy Canadian crude oil increased 1 percent from June to December. During the same period in 2013, production of heavy Canadian crude oil increased 10 percent.

Canada sends more than 95 percent of its exported crude oil to the U.S. market. Before the shale era began in the last decade, the NEB said in its January report the United States was expected to need more foreign-sourced crude oil.

During the last five years, the NEB said, growth in U.S. oil production is equal to the entire output from Canada.

10-Feb-15				
	Active	Down	Total	% Active
Western Canada				
AB	238	325	563	42%
SK	58	85	143	41%
BC	55	23	78	71%
MB	7	10	17	41%
WC Total	358	443	801	45%
Eastern Canada				
QC	1	-	1	100%
Canada	359	443	802	45%

INTER PIPELINE ANNOUNCES FEBRUARY 2015 CASH DIVIDEND

Inter Pipeline Ltd. ("Inter Pipeline") (TSX:IPL) announced today the declaration of a cash dividend of \$0.1225 per share for February 2015. This dividend will be paid on or about March 16th, 2015 to shareholders of record on February 24th, 2015. This dividend is designated as an "eligible dividend" for Canadian tax purposes.

Since inception, Inter Pipeline has distributed approximately \$2.9 billion in cash payments to investors. Inter Pipeline's objective is to provide investors with sustainable

monthly cash dividends, with dividend growth upside tied to the development of Inter Pipeline's large portfolio of organic growth projects.

Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, natural gas liquids extraction, and bulk liquid storage business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and northern Europe. Additional information about Inter Pipeline can be found at www.interpipeline.com.

Inter Pipeline is a member of the S&P/TSX 60 Index and its common shares trade on the Toronto Stock Exchange under the symbol IPL.



Exclusive Distributor for Gangline System In Canada - Revolutionary Pipe Restraint Technology.

Phone: 780 980-6240
www.subconsult.com



- Lightweight High Performance/Flexible
- Easy/Quick Assembly/Disassembly
- Easy Use in Sub Zero Conditions
- Customizable to Specific Job Requirement
- Clear Access to Connection Points for Leak Repair
- Hydrophobic - does not absorb oil or water, washable

...and so much more!!!



STU MICHAYLUK
306.421.8822
fax 403.328.5595

PO BOX 212 STN MAIN ESTEVAN. SK S4A 2A3

WWW.HUNTHOTSHOT.COM



- > 20,000 sq/ft Pipe Fabrication Facility
- > Project Management Services
- > Pipe fabrication & installation
- > Boiler service and installation
- > Mechanical installation
- > Structural installation
- > Pressure vessel and on site tank fabrication
- > Industrial Maintenance Services
- > Overlay Technology Division



3339 Faithfull Ave, Saskatoon SK, S7K 8H5
Phone: 306 931-9655 Fax 306 931-9654
www.cimsltd.com