



Qwest Investment Management

Henry Hub Spot NG: US\$4.01/mmBtu AECO Gas: C\$3.74/mcf Western Canada Select: C\$75.00/bbl WTI Cushing Spot Crude: US\$88.91/bbl

Sources: www.firstenergy.com (as at close September 14, 2011)

Key Oil & Natural Gas Headlines at a Glance September 15, 2011

U.S. NATURAL GAS (for the week ending Friday, September 9, as reported by the U.S. Energy Information Administration September 15, 2011)

Net Injection/Withdrawal: The implied net injection from working gas was 87 Bcf as of Friday, September 9th.

Storage: Working natural gas in storage rose to 3,112 Bcf as of Friday, September 9. Following a net injection of 87 Bcf from the previous week, stocks are now 140 Bcf below last year and 52 Bcf less than the 5-year average. The injection was less than last year's build of 96 Bcf but larger than the 5-year average injection of 79 Bcf. The East Region registered its fifth consecutive week of above average builds. The region's deficit to the 5-year average continues to shrink after a build that was 7 Bcf above average. The East Region remains a significant 89 Bcf below the 5-year average. The Producing Region is now 37 Bcf above the 5-year average while the West Region is equal to the 5-year average after a slightly smaller than normal build.

Temperatures: Temperatures during the week ending Thursday, September 8, cooled off considerably, averaging 71.1 degrees, 3.7 degrees cooler than last week. Temperatures were typical of this time of year, averaging 0.9 degrees warmer than normal and 0.1 degrees warmer than last year. Regionally, temperatures were higher than normal in the West and Northeast, offset by some cooler than normal regions in the South and Midwest. Cooling degree-days were about 17 percent above average for the country as a whole.

U.S. CRUDE OIL (for the week ending Friday, September, as reported by the U.S. Energy Information Administration September 7, 2011)

Crude Oil Inventories: Inventories decreased by 6.7 million from the previous week. At 346.4 million barrels, U.S. crude oil inventories are above the upper limit of the average range for this time of year.

Crude Oil Imports: Averaged 8.5 million bbls per day last week, down by 23 thousand bbls per day from the previous week. Over the last 4 weeks crude oil imports have averaged close to 8.9 million bbls per day, 494 thousand bbls per day below the same four-week period last year.

Motor Gasoline Inventories: Inventories increased by 1.9 million from last week and are above the upper limit of the average range.

Motor Gasoline Product Supplied: Over the last 4 weeks, motor gasoline product supplied has averaged 9.0 million bbls per day, down by 2.7% from the same period last year.

Distillate Fuel Inventories: Inventories increased by 1.7 million barrels last week and are in the upper limit of the average range for this time of year.

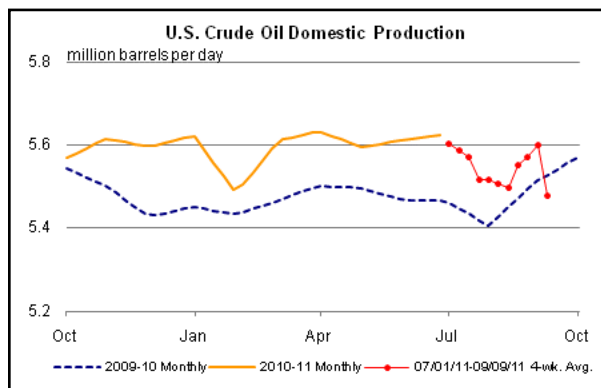
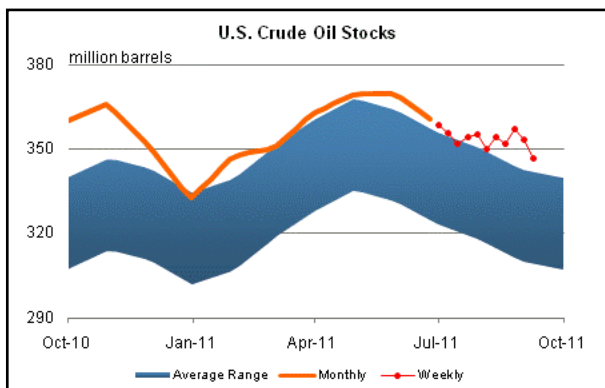
Distillate Fuel Product Supplied: Product supplied has averaged 3.9 million bbls per day over the last four weeks, up by 0.8% from the same period last year.

Total Products Supplied: Over the last four weeks has averaged 19.2 million bbls per day, down by 0.9% compared to a similar period last year.

Refineries: Operated at 87% of their operable capacity last week.

World Crude Oil Price: The average world crude oil price on Friday, September 9th was not available.

WTI Crude Oil Price: WTI was \$89.05 per barrel on Friday, September 9th, \$0.12 more than last week's price and \$12.65 above a year ago.



Oil & Natural Gas Headlines (September 9 - September 15)

 ♦ **Goldman Sachs Tips Oil to Hit \$130 in 12 months** - *AFP (September 14)* - Oil prices will likely rise to about \$130 a barrel in the next 12 months as demand in emerging markets such as China and India make up for weak developed world growth, **Goldman Sachs** said Thursday. Despite concerns about the US economy and eurozone sovereign debt, which have hit crude prices due to an expected fall in demand, the **Wall Street** giant forecast commodity prices to remain buoyant. The large emerging economies of the **BRICS** — Brazil, Russia, India, China and South Africa — are forecast to grow 7.7 percent this year and 7.9 percent in 2012.

♦ **Ecopetrol Exports More Oil to Asia, Sees Strong Potential For Gas** - *Oil Daily (September 14)* - Colombia's state-controlled **Ecopetrol**, which has seen its crude output surge over the past several years, is diversifying its export markets in order to take advantage of rising oil demand in China and India.

♦ **Technip Buys Global Industries in \$937 Million Underwater-Energy Expansion** - *Bloomberg (September 12)* - **Technip SA**, Europe's second-biggest oil services company, agreed to buy **Global Industries Ltd.** of the U.S. for \$937 million in cash to expand in the market for underwater energy projects. The global market for subsea oil and gas infrastructure is about \$30 billion and the deal will expand the portion Technip can supply from about one-third currently, Chief Executive Officer **Thierry Pilenko** said. "It's a game changer for Technip in subsea and will broaden their client scope," said **Bastien Dublanc**, a analyst at **RBC Europe Ltd.** The high valuation "is a strong reminder of the underlying long-term drivers of the industry," he added.



♦ **Conoco CEO Says Gas Drilling Is U.S. Job Creator** - *Reuters (September 15)* - Expanded drilling for natural gas in massive shale formations across the United States is one way to create sorely needed jobs in this country, the chief executive of **ConocoPhillips** said on Wednesday. "We have a powerful job creation machine available, if we put it to work," Conoco CEO **Jim Mulva** said in remarks to the **Detroit Economic** club. For example, exploration and production in formations like the Barnett shale in North Texas and the Marcellus shale in the northeastern U.S. have created more than 200,000 jobs, the executive said.

♦ **North Dakota Oil Production Hit Record High In July** - *Reuters (September 12)* - Oil production in the North Dakota plains rose to a record high of just under 423,600 bbls per day in July, as output grew from prolific Bakken shale oil wells, the state regulator said on Monday. Output rose 31.7 per cent from year-ago levels, according to data from the **North Dakota Industrial Commission**.



♦ **Liquids Plays Driving Western Canada's Gas Producers** - *Nickle's Daily Oil Bulletin (September 14)* - For Canada's gas producers, the value that natural gas liquids (NGLs) are adding to revenue has never gotten the attention it's getting today, the head of an Alberta midstream company told analysts and investors in Calgary yesterday. "NGLs add value and allow producers to develop plays that are otherwise uneconomic or marginally economic at today's gas prices," said **Jim Bertram**, chief executive officer of **Keyera Corp.** The company operates several plants that extract NGLs from natural gas for Western Canadian gas producers. "Between the liquids plays and the dry gas plays, there's no comparison. In many cases, liquids make up over half of the producer's netback. This uplift is what's driving gas development in Western Canada, and activity behind many of Keyera's gas plants," he said.

♦ **Record 891 Horizontal Wells Licensed In August** - *Nickle's Daily Oil Bulletin (September 13)* - Operators licensed 1,680 permits in August, up 26 per cent from 1,337 wells licensed a year earlier, and 1,341 wells in July. For the first eight months of 2011, the well permit count stands at 12,068 -- 21 per cent more than the 9,986 wells licensed over the January to August period last year. The total included 891 horizontal well authorizations issued for August, the highest monthly tally on record. Over the January to August period, 6,095 permits have been issued by governments across Canada for horizontal holes, or 51 per cent of the total. This year's permit count also includes 1,107 oilsands evaluation licences, up from 787 permits issued to the end of August last year.

♦ **Asian Oil Markets Beckon if U.S. Kills Keystone: Ottawa** - *Globe and Mail (September 9)* - Amid an increasingly high-profile U.S. campaign against the proposed **Keystone XL** oil pipeline, Canada's Minister of Foreign Affairs says American politicians have a choice: Take Canada's oil, or watch it go elsewhere. "If the Americans choose to decline the promise that Keystone XL represents, there are many other countries and many other markets for our oil," **John Baird** told a **Chamber of Commerce** crowd made up largely of oil and gas executives in Calgary on Friday. "New emerging economic forces in the Asia-Pacific region offer tremendous opportunities ... for all kinds of Canadian companies." "This project is incredibly important to Canada, it's incredibly important to Canadians and it's incredibly important to the government of Canada," Mr. Baird said.

♦ **China's Sinochem Looking For Canadian Joint Ventures** - *Nickle's Daily Oil Bulletin (September 9)* - Another large Asian company is looking for Canadian oil and natural gas joint venture partners -- but isn't targeting the oilsands. **Sinochem Petroleum Exploration & Production Co., Ltd.** wants to partner with Canadian upstream companies to tap Canada's hydrocarbon resources, says its president and chairman, **Li Pilong**. Li made the comment in Calgary on Thursday during a speech to the **Canada-Asia Energy Co-operation Conference** organized by the **Canada West Foundation and the Asia Pacific Foundation**. But unlike many Asian companies, Sinochem isn't making a beeline to Alberta's oilsands. "We are more focused on conventional oil and gas," Li told reporters.

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