



# Qwest Investment Management

Henry Hub Spot NG: US\$3.95/mmBtu AECO Gas: C\$3.63/mcf Western Canada Select: C\$79.40/bbl WTI Cushing Spot Crude: US\$89.34/bbl

Sources: www.firstenergy.com (as at close September 7, 2011)

## Key Oil & Natural Gas Headlines at a Glance September 8, 2011

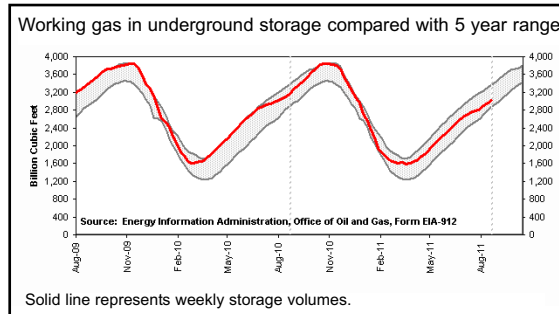
### U.S. NATURAL GAS (for the week ending Friday, September 2, as reported by the U.S. Energy Information Administration September 8, 2011)

**Net Injection/Withdrawal:** The implied net injection from working gas was 64 Bcf as of Friday, September 2nd.

**Storage:** Working natural gas in storage rose to 3,025 Bcf as of Friday, September 2nd. Following a net injection of 64 Bcf from the previous week, stocks are now 131 Bcf below last year and 60 Bcf less than the 5-year average. The injection was above last year's build of 58 Bcf and equal to the 5-year average injection of 64 Bcf.

The East Region registered its fourth consecutive week of above average builds. The region's deficit to the 5-year average is now in double digits after a build that was 11 Bcf above average. While the East Region remains a significant 96 Bcf below the 5-year average, this gap could close quickly in the shoulder months when heating and cooling demands are low.

**Temperatures:** Temperatures during the week ending Thursday, September 1, averaged 74.9 degrees, 3.1 degrees warmer than normal, and 0.9 degrees above last year. Temperatures were above normal in every region of the country. The West South Central Region was warmest at 87.3 degrees while New England was coolest at 68.3 degrees. Cooling degree-days were about 33 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 4.0 million from the previous week. At 353.1 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 nearly 8.6 million bbls per day last week, down by about 1.0 million bbls per day from the previous week. Over the last 4 weeks crude oil imports have averaged close to 9.1 million bbls per day, 443 thousand bbls per day below the same four-week period last year.

**Motor Gasoline Inventories:** Inventories increased by 0.2 million from last week and are in the upper limit of the average range.

**Motor Gasoline Product Supplied:** Over the last 4 weeks, motor gasoline product supplied has averaged nearly 9.1 million bbls per day, down by 2.9% from the same period last year.

**Distillate Fuel Inventories:** Inventories increased by 0.7 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 3.8 million bbls per day over the last four weeks, up by 1.2% from the same period last year.

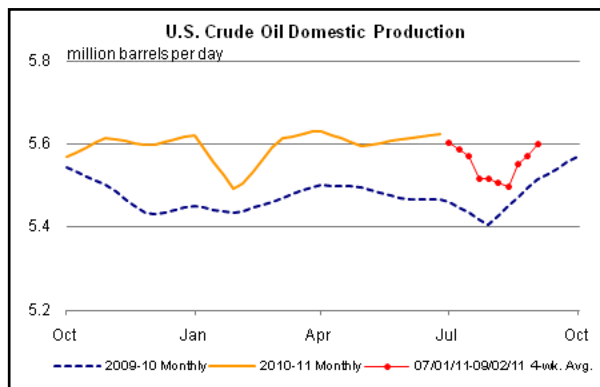
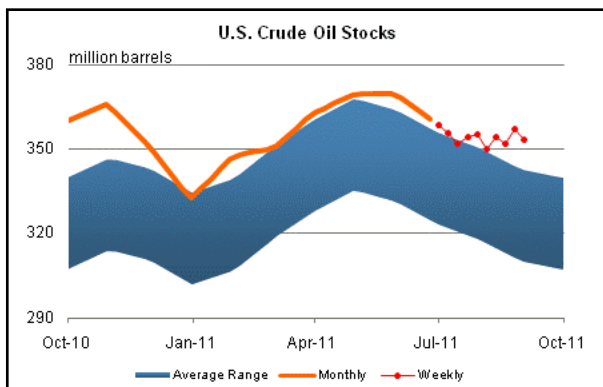
**Total Products Supplied:** Over the last four weeks has averaged 19.4 million bbls per day, down by 0.2% compared to a similar period last year.

**Refineries:** Operated at 89% of their operable capacity last week.


**World Crude Oil Price:** The average world crude oil price on Friday, September 2nd was not available.

### WTI Crude Oil Price:

WTI was \$88.93 per barrel on Friday, Sept. 2nd, \$3.56 more than last week's price and \$14.41 above a year ago.



## Oil & Natural Gas Headlines (September 2 - September 8)

 ♦ **Sinopec Changes Tack for Future Growth** - *Energy Intelligence* (September 7) - With new chairman **Fu Chengyu** at the helm, Chinese state firm **Sinopec** is gearing up for a decade of growth as it expands in the upstream, strengthens its technical capability and focuses more on exploiting unconventional resources.

♦ **China's CNPC Close to Afghan Oil Deal** - *Financial Times* (September 5) - **CNPC**, the Chinese energy company, is poised to win the first oilfield to be tendered in Afghanistan since the U.S. ousted the Taliban in revenge for sheltering **Osama bin Laden** a decade ago. China's push into Afghanistan is part of a broader drive to secure resources to fuel economic growth that has seen its state-owned companies venture into increasingly risky countries.

♦ **China Sees Energy Jackpot in Shale Gas** - *The Globe and Mail* (September 5) - China has a chance of challenging the United States for shale supremacy. So far, only the United States has significantly exploited domestic reserves of shale gas. But China's state oil major **Sinopec** is now taking shale seriously, and lacks many of the roadblocks that have held developers in other countries back. Many nations have energy trapped in their rocks, but shale gas extraction has all but stayed there. France moved to ban hydraulic fracturing, the controversial drilling technique used to extract energy from shale, earlier this year. In Europe, mineral rights often belong to the government, making it harder for landowners to profit from shale development and thus hardening public opposition. Only in Poland is much progress being made. China, however, may be best suited to shale. And there's good reason for China to develop shale, too. Some 71 per cent of China's power comes from coal, creating an acute need for lower-carbon sources of energy.



♦ **API: Policy Shift Could Create 1.4 Million New Jobs** - *Rigzone* (September 7) - U.S. oil and natural gas policy changes could generate more than 1.4 million new jobs, \$800 billion in additional government revenue, and 10 million barrels worth of added daily oil and natural gas production by 2030, according to a study by **Wood Mackenzie** released Wednesday by the **American Petroleum Institute**. New jobs could be added in every state. "Our industry has kept more than 9 million Americans employed through some of the toughest economic times in America's history, and we created thousands of jobs just last month," said **API** President and CEO **Jack Gerard**. "The study shows we could provide another 1.4 million jobs, with as many as one million created in just the next 7 years, and thousands of shovel-ready jobs available next year. "The creation of these jobs is within the president's control," Gerard added. "The policy changes involve actions he can take unilaterally. They do not require a super committee of Congress, and they do not require new legislation."

♦ **Chevron Exec: LNG Will Comprise 40% Of Investment Projects For Next 10 Years** - *The Wall Street Journal* (September 7) - An executive for **Chevron Corp.** said 40% of the company's major new project investments during the next decade will involve liquified natural gas, a bet that the business will grow around the world, if not in the U.S.

♦ **U.S. Gas Rig Count Falls To 895** - *Reuters* (September 6) - The number of rigs drilling for natural gas in the United States fell by three last week to 895, the second straight weekly decline, data from oil services firm **Baker Hughes** showed on Friday. The gas-directed rig count hit a six-month high of 900 two weeks ago. The count is down nearly 10 per cent from its 2010 peak of 992, its highest since February 2009, when 1,018 rigs were drilling for gas. Horizontal rigs -- the type most often used to extract oil or gas from shale -- fell four to 1,136 after hitting a record high 1,140 the previous week. Horizontal drilling rigs comprise part of the overall gas rig count.



♦ **Alberta Land Sale Attracts \$32.91 Million In Bids** - *Nickle's Daily Oil Bulletin* (September 8) - After the frenetic pace of **Alberta Crown** land sale activity over the summer, oil and gas producers took a breather in Wednesday's land sale, bidding just over \$32.91 million for 155,443 hectares of land. The average offer of \$211.70 per hectare was the lowest per hectare price this year. Lease bonuses amounted to \$14.4 million for the 57,112 hectares on offer, while licences attracted \$18.25 million in bonuses for 97,408 hectares. The 924 hectares of Cold Lake oilsands leases contributed an additional \$258,418 at an average of \$ 279.79 per hectare.

♦ **Conoco Remains Top US Canadian Crude Importer in June** - *Energy Intelligence Briefing* (September 2) - Canada remains the lead crude exporter to the US by nearly double the volume of the next-largest exporter, typically Saudi Arabia or Mexico. And with Canada's bitumen production from the burgeoning oil sands projects in Alberta rising, this trend will likely be in place for years, if not decades.

♦ **Canada Reveals It Expects U.S. Will Back Pipeline** - *Reuters* (September 2) - The Canadian federal government on Thursday revealed for the first time that it expects the United States will approve a controversial pipeline that would transport oil from the oilsands to the Gulf of Mexico Coast. Opponents say they fear an environmental calamity if **TransCanada Corporation's** planned \$7 billion **Keystone XL** pipeline were to spring a leak near U.S. water aquifers. They also say the pipeline would cause greenhouse emissions to soar as output in the oilsands is cranked up to meet new demand. The U.S. **State Department**, which concluded last week that the Keystone XL line would do little damage to the environment, will decide by the end of the year whether the pipeline is in the national interest.

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