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NYMEX: N Gas: US\$2.50

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June delivery



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NORTH AMERICAN RIG COUNTS

The U.S. rotary rig count was up 9 at 1,974 for the week of May 11, 2012. It is 144 rigs (7.9%) higher than last year. The number of rotary rigs drilling for oil was up 17 at 1,372. There are 425 more rigs targeting oil than last year. Rigs drilling for oil represent 69.5 percent of all drilling activity reaching an all time high for the weekly data. Rigs directed toward natural gas were down 8 at 598. The number of rigs currently drilling for gas is 276 lower than last year's level of 874. Year-over-year oil exploration in the U.S. is up 44.9 percent. Gas exploration is down 31.6 percent. The weekly average of crude oil spot prices is 3.4 percent lower than last year and natural gas spot prices are 44.3 percent lower. Canadian rig activity is down 11 at 120 for the week of May 11, 2012 and is 7 (5.5%) lower than last year's rig count. The number of rigs drilling for oil was down 7 to 70 and is 2 (2.9%) higher than last year. Gas directed rig count was down 4 at 50 and is 9 (15.3%) lower than a year ago.

STATOIL SECURES RIG FOR DRILLING OFF NEWFOUNDLAND

Statoil has reached an agreement to use Seadrill's West Aquarius deepwater drilling rig for Statoil's 2012-2013 exploration activities offshore Newfoundland, Canada. "We have ambitious exploration targets offshore Newfoundland, and securing rig capacity is essential for reaching those targets," says Geir Richardsen, head of Exploration for Statoil in Canada. "We look forward to putting this rig's capabilities into action." Starting late 2012, Statoil will begin a three-well drilling program, offshore Newfoundland, including two exploration wells in the Flemish Pass Basin as well as an exploration well in the Jeanne d'Arc Basin. "I am pleased that the company has acquired future rig capacity as exploration activity is a key component of Statoil's ambitions to become a producing operator offshore Newfoundland," says Kjell Magnus Myge, head of Procurement for Statoil in Canada. The West Aquarius drilling rig is a sixth generation semi-submersible DP3 vessel built in South Korea in 2009. The vessel can operate in harsh environments up to 3,000 m water depth. The rig has been taken on as an assignment from ExxonMobil Deepwater Rig Limited.

TWO NORTH AMERICAN LNG EXPORT PROJECTS UNVEILED

Two North American liquefied natural gas export plants were announced on Tuesday, joining a lengthening list of projects aimed at shipping surplus gas

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overseas. Excelerate Energy, the U.S. liquefied natural gas company founded by Oklahoma billionaire George Kaiser, plans to develop the country's first floating LNG export plant off the Gulf Coast, while energy major Royal Dutch Shell has partnered with Asian buyers to build a plant in western Canada. The two projects add to 10 others announced in North America over the last few years as a huge supply surge from shale deposits floods the market and pushes prices far below levels in Europe and Asia. The export of LNG, which is natural gas cooled to a liquid for shipping, marks a stark turnaround for North American energy companies, which 10 years ago were scrambling to build import terminals

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while shale gas production unlocked potentially decades of supplies. It has sparked a political debate in the United States about exporting cheap resources that could be used domestically. The Obama administration said on Monday that it does not oppose U.S. LNG exports, though it will depend on an official analysis to guide its decision on whether to allow more gas projects to proceed. But Canada, whose vast gas reserves are stranded without demand from the amply-supplied United States, is racing to find needy buyers in Asia willing to pay dearly for the fuel. LNG prices in Asia are at four-year highs of about \$18 per million British thermal units (mmBtu), while U.S. benchmark prices languish around \$2.50

mmBtu, weighed down by oversupply. Already in Canada the Kitimat LNG project and the BC LNG Co-op have export licenses in place. In the United States, only Cheniere Energy's Sabine Pass project has full export approval. Excelerate's Lavaca Bay LNG project off Texas, expected to start exporting by 2017, would initially have the capacity to ship 3 million to 4 million tonnes per year (mtpa) of LNG, or 0.4-0.5 billion cubic feet per day of gas, Excelerate said in a statement. It could be expanded to 8 mtpa, or about 1 percent of daily U.S. supply. The relatively small size of the floating liquefaction project, compared to an onshore site, could speed up construction, which is expected to take just 44 months, according to Excelerate.

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LNG, owned by the Haisla First Nation and Houston-based LNG Partners, expects its first shipment in 2014. And Talisman Energy Inc., Nexen Inc. and Imperial Oil Ltd. have been weighing potential projects of their own. And Kitimat is also proposed as the western end of Enbridge's planned \$5.5-billion dollar Northern Gateway Pipeline to carry oilsands crude from Edmonton, something that has been opposed by environmentalists and First Nations groups at ongoing public hearings.

INSIGNIA Q1 RESULTS

Insignia Energy Ltd. has announced its financial and operating results for the first quarter ended March 31, 2012. First quarter production averaged 3,316 boe/d; consisting of 14,685 mcf/d of natural gas and 868 bbls/d of crude oil and NGL's. On a boe basis, this is down seven per cent from the same quarter in 2011 and six per cent from the previous quarter; In two



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separate transactions, the Company successfully closed and sold four (3.9 net) sections of undeveloped land for gross proceeds of \$5.6 million. The Company had no production or reserves assigned to these lands; Funds from operations for the first quarter were \$4.4 million, down 15% from the same quarter a year ago. The decrease in funds from operations is largely due to a 39% drop in realized natural gas prices in the first quarter of 2012 compared to the first quarter of 2011; During the quarter, the Company's focus was on the drilling of two (2.0 net) Cardium horizontal wells on its Pembina property, the drilling of one (0.5 net) and completion of two (1.0 net) Lower Doig horizontal wells on its Pouce Coupe property, and the completion of one (0.5 net) Montney horizontal well also on its Pouce Coupe property, all with 100% success. All of these wells are expected to be on production prior to the end of the second quarter or early in the third quarter. Insignia exited the quarter

with net debt of \$10.2 million on its current credit facility with a borrowing base of \$45 million. The facility was renewed subsequent to the quarter with our next review expected in October 2012. Capital expenditures for the quarter were \$10.4 million. The majority of this capital, \$9.0 million, was related to drilling and completion expenditures. The Board of Directors of Insignia had previously approved a first half 2012 capital budget of \$16.5 million and, based on expenditures to date in 2012, Insignia expects its capital expenditures to be within budget.

COMPTON Q1 RESULTS

Compton Petroleum Corporation has reported its financial and operating results for the first quarter ended March 31, 2012. Revenue decreased during the first quarter of 2012 compared to 2011 as a result of lower production volumes and lower realized natural gas prices. Cash flow for 2012 decreased 51% for the same

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reasons but was also partially offset by the decline in interest and finance, administration and operating costs. Compton reported a net loss for the first quarter of 2012 of \$44.3 million versus earnings of \$3.5 million in 2011 largely due to an impairment expense in 2012 of \$33.2 million related to the value of development and production assets, which were impacted by low natural gas prices. Operating loss was \$18.7 million in 2012 as compared to operating earnings of \$6.5 million in 2011 primarily due to the impact of lower natural gas prices and production. Production for the first quarter of 2012 decreased 13% from 2011 largely due to limited new production additions since the first quarter of 2011 and natural declines. These reduced production volumes combined with the significant decrease in natural gas prices limited internally generated cash flow. Despite this, capital investment, before acquisitions, divestments and corporate expenses increased by 7% in the first quarter of 2012 compared to 2011 as the Corporation completed drilling activities initiated in late 2011. Compton will manage its capital expenditure program within current cash flow in accordance with Management's prudent financial approach. The program

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WESTERN ENERGY Q1 RESULTS

Western Energy Services Corp. has released its first quarter 2012 financial and operating results. During the quarter Western reported record revenue in the first quarter of 2012 totalled \$110.9 million, a \$60.8 million increase (or 121%) over the prior year due to an increased drilling rig fleet and improved day rates; Record EBITDA in the first quarter of 2012 totalled \$44.2 million (40% of revenue), a \$25.3 million increase (or 134%) over the prior year. The increase reflects improved day rates and the scale achieved through the growth in the contract drilling segment which had an average rig count of 44 rigs in the first quarter of 2012 as compared to 23 rigs in the same period of the prior year;

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Net income totalled \$23.0 million (\$0.39 per share) in the first quarter of 2012, an increase of 103% as compared to net income of \$11.3 million (\$0.30 per share) in the same period of the prior year; In Canada, utilization in the contract drilling segment averaged 81% in the first quarter as compared to the CAODC industry average of 65%; In the United States, utilization in the contract drilling segment averaged 78% in the first quarter. Taking mobilization days into consideration, the Company's rigs operating in the United States worked 98% of the available days in the quarter; On January 30, 2012 Western completed a private offering of \$175.0 million aggregate principal amount of 7% senior unsecured notes due January 30, 2019. Western currently has a drilling rig fleet of 45 rigs, with an additional 5 telescopic ELR double drilling rigs under construction. Western is the sixth largest

drilling contractor in Canada with a fleet of 40 rigs. Currently, Western has five drilling rigs deployed in the United States. As of the second quarter of 2012, Western has commenced operations of its first five well servicing rigs in the Lloydminster, Alberta area and has announced the construction of an additional five well servicing rigs. Western's 2012 capital spending is expected to total approximately \$125 million, which includes approximately \$75 million in expansion capital and \$50 million in maintenance capital. Expansion capital in the contract drilling segment aggregates to approximately \$65 million and mainly relates to Western's drilling rig build program which includes the completion of seven telescopic ELR double drilling rigs in 2012, two of which have already been commissioned. Of the remaining five drilling rigs currently under construction, one is expected to be completed in each of

the second and third quarters of 2012. Two are anticipated to be commissioned in the fourth quarter of 2012, and the final drilling rig under construction is expected to be commissioned in the first quarter of 2013.

EQUAL Q1 RESULTS

Equal Energy Ltd. has announced its financial and operating results for the first quarter ended March 31, 2012. Equal generated \$1.8 million in net income in Q1 whilst facing the headwinds of the lowest natural gas prices seen in ten years. Production was up 20% year on year and averaged over 10,000 boe per day. Funds from operations were up 12% year on year. Operating expenses, G&A and interest expenses were all lower on a unit basis as a result of a continued focus on our cost structure. Capital spending was less than cash flow for the quarter. During the quarter the Company successfully closed on \$9.7 million in non-core property dispositions undertaken to reduce overall debt. This has been part of an ongoing balance sheet re-structuring and a strategy of improving of our financial flexibility that have been key goals since early 2011. I am pleased to also announce that subsequent to the end of Q1, our banking syndicate has confirmed the continuation of our \$200 million credit facility. At this time our draw on this facility is only US\$103 million which includes proceeds from the Mississippian oil venture and allows us significant latitude. In Q1 Equal drilled six successful wells. Four wells were put down in our northern Oklahoma Hunton play. Two of these were on production at quarter end, and the other two will be on in Q2. All four wells also preserved substantial additional Mississippian acreage. Two wells were drilled in our core Twin Cities Central Dolomite (TCCD) play also in Oklahoma. One was on production by the end of Q1 and the second was substantially drilled and is awaiting tie-in. Subsequent to the quarter end Equal was drilling its third TCCD well and had just finished drilling its first Cardium oil well in Canada. On May 3rd, Equal's board of directors announced the initiation of a strategic review process to be managed by a special committee of independent board members with the assistance of Scotiabank as strategic advisors. The board and management are responding to a perceived significant gap between the value of the Company's underlying assets, and the value being recognized in the Company's stock price. The objective of the strategic review is to explore ways to potentially close this gap and improve the valuation of the Company.

ADVANTAGE Q1 RESULTS

Advantage Oil & Gas Ltd. has announced their financial and operating results for the three months ended March 31, 2012. Production in Q1 2012 averaged 23,121 boe/d (94% natural gas) compared to 22,589 boe/d in Q4 2011. Glacier production averaged 95 mmcf/d to 100 mmcf/d. Operating costs for the current

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quarter were \$5.74/boe comparable to Q4 2011 of \$5.72/boe after excluding a one-time \$1.7 million equalization credit received last quarter. Glacier operating costs are \$1.80/boe and comprise approximately 70% of our current corporate production. Advantage's royalty rate during the Q1 of 2012 was 7.9% as compared to 9.3% in the prior quarter. The royalty rate has continued to decrease due to a higher percentage of production from Glacier and lower natural gas pricing. Funds from operations excluding tax-free dividend income from Longview Oil Corp

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("Longview") for the Q1 of 2012 were \$12.4 million or \$0.07 per share which reflects a significant reduction from the Q4 of 2011 due to a 32% decrease in the average AECO Canadian natural gas prices to \$2.17/mcf during the quarter. The dividend income received from Longview amounted to \$4.4 million (\$0.03 per share) during the Q1 as a result of Advantage's 63% ownership in the shares of Longview. Capital expenditures for the three months ended March 31, 2012 were \$63.3 million, primarily related to drilling and completion expenditures resulting from our Glacier

Phase IV program which was substantially completed by the end of the Q1. Bank indebtedness at March 31, 2012 was \$189.5 million, an increase of \$46.9 million since December 31, 2011 primarily due to expenditures at Glacier and reduced funds from operations. Advantage has one series of convertible debentures outstanding for \$86.2 million that will mature in January 2015. As at March 31, 2012 Advantage has an undrawn credit facility of \$85.5 million and a 63% ownership in the shares of Longview which had an asset value of \$289 million.