Winter's return

DeeThree rebounding in Alberta

For DeeThree Exploration the last three years have been a long, bumpy road to rebuild investor confidence by concentrating on its two large-scale oil plays in the Southern Alberta Bakken and the Belly River formation in the Breaux area of central Alberta. Having opted to sharpen its focus after watching share values crater in 2010, it’s now in record production territory, having trimmed operating costs and increased its weighting of oil and natural gas liquids output.

In its third-quarter report, DeeThree said average production of 12,294 barrels of oil equivalent per day (82 percent oil) has grown 4,721 boe/d from a year earlier and 3,550 boe/d, with oil and gas liquids at 10,061 bpd, up 65 percent from the same quarter in 2013.

The Alberta Bakken play contributed 4,879 boe/d per day, a quarter-over-quarter gain of 19 percent, with all four net wells drilled in the quarter now on stream. DeeThree said that with “significant long-term upside available by increasing ultimate oil recovery” a natural gas royalty and sustaining capital. On Nov. 29, the Alberta Department of Mineral Resources, DMR, Director Lynn Helms said industry leaders were “deeply concerned” about the November tribal election because he said both candidates indicated “that slowing down (production on the reservation) and many other things are in the works.”

Below Bakken breakeven

With OPEC maintaining production, WTI falls below Scotiabank’s profit threshold

In the wake of OPEC’s decision during its Nov. 27 meeting not to cut the cartel’s oil production, not only did Scotiabank revise downward its 2015 price forecasts for West Texas Intermediate, WTI, and Brent North Sea benchmarks, but WTI fell below Scotiabank’s estimated mid-cycle breakeven cost for Bakken crude.

In its Commodity Price Index report for October, released on Nov. 28, Scotiabank Vice President and commodity market specialist Patricia Mohr said OPEC’s decision “spells a period of low oil prices — at least for the coming year and possibly medium-term.” She said in the absence of a slowdown in U.S. shale development, or production cuts in Russia or Mexico, an over-supply of oil will remain in 2015. “The net result, we have revised down the 2015 oil price forecast for WTI to US$70 per barrel and for Brent to US$75.”

Furthermore, after analyzing more than 50 oil plays in the U.S. and Canada, Scotiabank’s estimated mid-cycle breakeven costs for a barrel of North Dakota Bakken crude range from approximately $54 to $79 per barrel for an average of approximately $69, which includes a nine percent return on capital, royalties and sustaining capital. On Nov. 29, the