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SATURDAY, JANUARY 26, 2008

MARGIN CALLS

Ex-CEO won't testify over blast

COURTS • Ex-BP PLC chief executive John Browne won't have to testify in lawsuits filed over a 2005 refinery explosion in Texas that killed 15 people, the state's highest court ruled.

The Texas Supreme Court on Friday granted BP's request to block a deposition from Browne. A trial judge in Galveston, Texas, in 2006 ordered Browne, BP's CEO at the time, to give sworn statements about the impact budget cuts had on safety at the company's Texas City refinery.

The plaintiffs were "disappointed, but certainly not surprised" by the decision to reverse the trial judge's order, attorney Brent Coon said. "This again reminds us that in Texas, the rich and powerful are often still above the law."

Victims' lawyers claim Browne, who stepped down from London-based BP in May, ordered cost cuts that led to the blast. The 2005 explosion injured hundreds and sparked more than 4,000 injury and property damage claims.

Exxon, Shell set to break records

PROFITS • ExxonMobil Corp. and Royal Dutch Shell PLC are forecast to yet again break corporate earnings records next week when they report their full-year results, as high oil prices continue to outweigh rising costs and taxes.

Houston-based Exxon, the world's largest non-government-controlled oil company in the world by market value, is expected to report a four per cent rise in fourth-quarter profits to \$10.65 billion US, according to Reuters calculations.

This would push 2007 earnings to \$39.6 billion, just ahead of the \$39.5 billion Exxon posted in 2006, which set a U.S. earnings record.

A Reuters poll of nine analysts forecast Hague-based Shell, the second-largest private oil company, will report a 10 per cent rise in fourth-quarter current cost of supply net profits, excluding one-off items, to \$6.1 billion.

This would result in 2007 earnings of just under \$27 billion and smash the European earnings record set by the oil major last year.

HOME SALES READY TO BLOOM



Trent Gyug is confident his Royal Oak Estates home, for sale since June, will sell as buying picks up in the spring.

Ted Rhodes, Calgary Herald

Housing market set to catch spring fever

Activity traditionally heats up with the weather

MARIO TONEGUZZI
 CALGARY HERALD

Trent Gyug's home in the northwest neighbourhood of Royal Oak Estates has been for sale since June.

Buoyed by the prospects of a new year and real estate data showing activity in the market heats up by the spring, Gyug is confident his 2,660-square-foot, two-storey estate home will sell in the near future. It's listed for \$679,900.

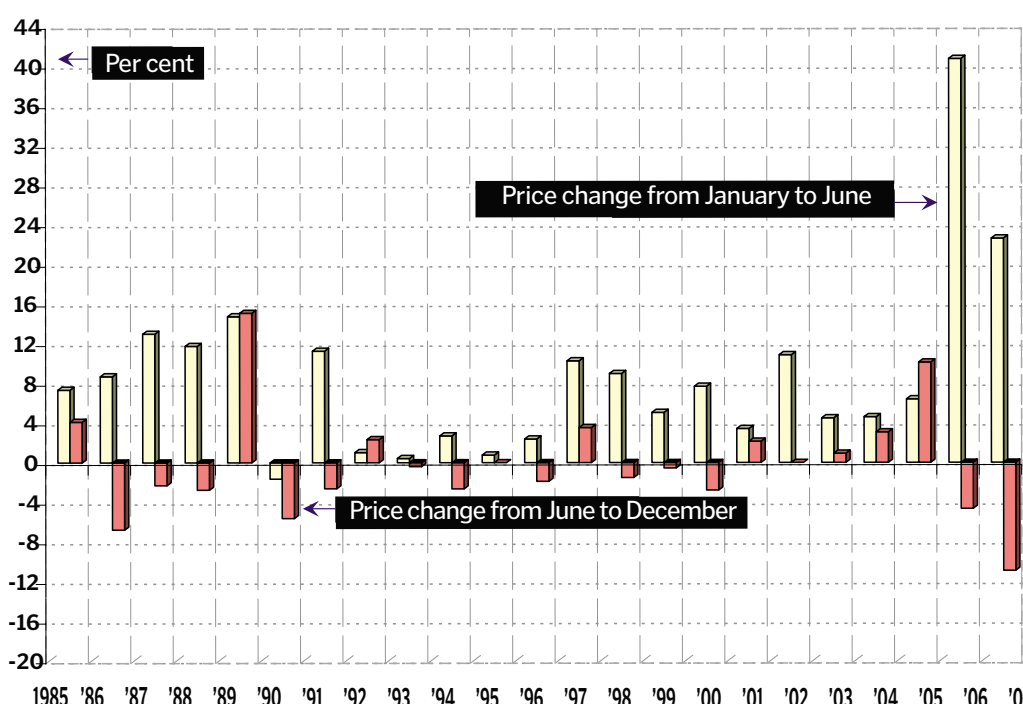
"We listed it at the end of the boom (in 2007)," said Gyug with a chuckle.

"Things definitely will heat up now. I'm very optimistic about that by just following Calgary's trend market. The trend of Calgary has always been the first six months are definitely the hottest months of the year. We typically have a decline in the last six months. That's why I am optimistic."

It is called the spring market phenomenon — and last year's residential real estate market

The Spring Market Phenomenon

The yellow bars show the price gains or declines in the first six months of each year. The red bars show the same thing for the second six months of those years.



Source: Bryan and Wendy Morrow

in Calgary was certainly proof of that.

Intuitively, people know that the real estate market heats up in the spring. Last year's statistics confirm that — March recorded the greatest number of monthly sales for the year at 4,077, with an average of 136 sales per day.

Calgary realtors Bryan and

Wendy Morrow have discovered some other interesting data over the years in this spring phenomenon.

The first half of the year is usually when the best price appreciation in Calgary homes takes place.

"If you can sell usually at the end of spring, May-ish, you'll get the best price going for the

year. I was actually quite surprised the number of years that prices actually declined a little bit in the second half. Last year, it was about 10 per cent or so. On a \$400,000 house, that's a good chunk of money," said Bryan Morrow of Re/Max First.

SEE SPRING, PAGE C8

CHARLES FRANK
 BUSINESS EDITOR

Stelmach unable to grasp oilpatch

It's funny how things go. Earlier this week, Brad Wall, Saskatchewan's shiny new premier, was in town to speak with and meet members of the energy industry. His mission? Sell them on the idea of doing business in his industry-friendly province.

The reviews — from those on hand for Wall's timely pitch at the Petroleum Club — were almost uniformly positive, if not gushing.

Or, as one industry executive quipped: "If only he were running in the next Alberta election."

If only, indeed.

Ironically, while Wall was wowing the oilpatch with his presentations, our own premier, Ed Stelmach, derided by many in the oilpatch, was trying to work his own brand of magic with industry representatives in a series of closed-door meetings.

Those talks were part of the so-called "ongoing consultations" the premier has been having with industry representatives since he announced the province would be moving to change Alberta's energy royalties structure to reflect some of the recommendations offered by a controversial blue-ribbon panel chaired by forestry industry executive Bill Hunter.

As just about everyone — including Saskatchewan's Wall — is aware, the political maelstrom preceding the panel's suggestions, and the subsequent funk that has engulfed significant portions of the industry since the government's move to embrace a number of the proposals, has done little to ingratiate Stelmach, or Energy Minister Mel Knight, to the oilpatch.

What it has done, however, is cause explorers to shelve billions of dollars of drilling plans across the province, in a number of cases causing companies to shift their exploration efforts into neighbouring Saskatchewan — where, of course, they are being welcomed with open arms and lower royalties.

The projected 31 per cent decline in drilling activity in Alberta in 2008 forecast by the Petroleum Services Association of Canada this week tells you all you need to know about how things are unfolding in our province — even though the industry pull-back is still being couched in terms of low natural gas prices and soaring drilling costs.

Beneath the polite talk from individual corporate leaders and industry representatives over operating conditions in Alberta and the Tories' promise to address the industry's royalty-related concerns, there lurks a visceral dislike of both the premier and the energy minister.

SEE FRANK, PAGE C9

HERALD ENERGY



Why the U.S. is getting cold feet in its rush to tap coal reserves for electricity

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FROM CI SPRING: 'The buying pressure comes on in March'

The Morrrows' data of residential properties, not including condominiums, going back to 1985 show that only three times in those years have price gains in the second half of a year outpaced those from the first half — in 1989, 1992 and 2005.

Also, there has been only one price decline in the first six months of a year (1990) while the second half of the year has experienced 12 price declines.

The data charted the price gains or declines in each of those six-month periods.

Living in Canada, given its cold winter, could be one of the reasons for the spring spike, said Morrow.

"I can't give you a hard and fast reason. It used to be we used to get a lot of transfers in the first six months of the year. People would come out in February. They'd look around. They'd come out in March or whatever and make a buy for June possession.

"We did a lot of that business. But that has almost dried up because corporations aren't transferring employees like they used

to," Morrow said.

The local real estate market in the past two years has experienced a huge spring market jump.



"We used to get a lot of transfers in the first six months of the year. People would come out in February"

BRYAN MORROW, RE/MAX FIRST

"Absolutely silly" is the way Morrow described the spring of 2006 and 2007.

When you look at a five- or 10-year average — even excluding the last two years, when there were really big price movements — prices tend to firm up by March, said Lai Sing Louie, senior market analyst in Calgary for Canada Mortgage and Housing Corp.

"That's primarily because of the demand factors. That spring period is when the sales-to-active-listings ratio is the highest. It tends to be higher in March than most months. Really, the buying pressure comes on in March," said Louie.

December and January tend to be the slow months in the yearly residential real estate cycle.

"The springtime is really when a lot of the buying comes in," Louie said.

"If you're a realtor, you really

don't want to be taking a vacation in March."

Weather is likely a factor in the phenomenon, said Richard Corriveau, regional economist with Canada Mortgage and Housing Corp. in Calgary.

"Of course, people aren't as interested trudging around from listing to listing, viewing homes in the middle of winter, so naturally there's a spring rush or spring fever, just like there is for a variety of other products," said Corriveau.

Another factor could be that

people get over the end of the year and have received their bonuses. This may be giving them some incentive to upgrade homes.

"The dominant factor is seasonality. People are getting out of hibernation mode and they want to get out and enjoy the spring weather and view show homes," he said.

Those homes also show better because the landscaping is not covered with snow.

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