

LENTILS MARKET

Cooperation urged to raise prices

By SYLVIA MacBEAN for the Leader-Post

A farm organization is hoping the formation of a lentils marketing group might help combat low prices.

Jim Mann with Farmers of North America said the group looking at organizing a "single-desk" seller for lentils, a popular Saskatchewan crop.

"We are just in the process of making a business plan," said Mann. "We have talked to a number of our members who are keen on making this happen."

Mann said the price Prairie farmers are receiving for green lentils is far below the cost of production.

"As a business group we have a responsibility to find a way to fix this problem in the marketplace," he said.

Mann said the group will be launching a membership drive in early January.

"We would be pooling together green lentils. In Canada we have the largest percentage of world exports of green lentils. This would allow us to extract more out of the marketplace if we hold a larger part of the world volume. And of course it depends on the number of producers (that) participate," he said.

Murad Al-Katib with SaskCan Pulse Trading Inc. said there are 20 companies in the province that export green lentils. The supply of the commodity is currently greater than world demand, he said.

Eighty per cent of lentil consumption is red lentils and 20 per cent is green, and in Canada 70 per cent of the production is green lentils, said Al-Katib.

"We have just dramatically overproduced the green lentil varieties. So, our supply is

out pacing any demand in the world." India, Pakistan, North Africa and the Middle Eastern markets purchase red lentils.

Latin America and Algeria are the markets for green lentils.

"Canada is the dominant player of green lentils in the world. But this year we had two million acres of lentils. With such a large number of green lentils acres and good yields, we just have more than what the world is able to buy in one crop year," Al-Katib explained.

"There is the perception out there that the processors are dropping the price to the farmers, but the realistic explanation is that there is so much supply that the buyers in the world realize they don't have to pay a large price to get lentils."

Donald Baxter, who grows green lentils on his farm near Beechy, said the prices have been discouraging.

"The price this fall is about 50 per cent of normal. Normal is around 20 cents a pound and right now it's 10 cents per pound."

Baxter said that over the last 20 years many farmers have become dependent on pulse crops to pay the bills on the family farm.

"This is the last straw. Wheat hasn't paid the bills for a number of years. We are still working with 1950-60s prices. Then they put the fuel prices up. We'll consume \$2,000 worth of fuel a day in the fall."

"We have done everything we can do as far as increasing production and keeping the costs as low as we can. We just have to get something at the farm gate," he said.

Mann of Farmers of North America would like producers of green lentils to get in touch with him or Ash Skinner at FNA, at 306-665-2294 or 1-877-FNA-FARM.

Reports of new oil discovery

HALIFAX (CP) — ExxonMobil Corp. is soft-peddaling the latest media reports that Canada's largest single oilfield — the offshore Newfoundland Hibernia project — could contain a larger reservoir of crude oil than originally thought.

ExxonMobil, the lead company on the project, cautioned Wednesday that the reports are speculative, and industry veterans noted that estimates of the oil potential have fluctuated widely in the past.

An independent newspaper in St. John's, NL, quoted Newfoundland Premier Danny Williams several weeks ago saying he'd heard there was a new pool south of the Hibernia project that contains between 200 million and 300 million barrels of oil.

And the National Post quoted unnamed sources Wednesday as saying they have heard that more than 300 million barrels may be in a new reservoir called South Hibernia. The pool is close to Hibernia's massive concrete platform and was reached using slant drilling techniques over the past year.

Some industry veterans in St. John's, who spoke on the condition of anonymity, also said there have been signals that ExxonMobil has found more oil.

"Back in September, Hibernia came up with a whole raft of expressions of interest for a whole whack of sub-sea modifications," said the industry insider, who has spent 25 years providing service to multinationals.

"It appeared to us in the industry they were planning some major modifications to the platform and planning a sub-sea component for the south Hibernia."

But ExxonMobil says the figures are skewed at this point. "There have been positive drilling results in the southern areas of the existing reservoir," Margo Bruce-O'Connell, spokeswoman for ExxonMobil Corp. (NYSE:XOM), said in an interview Wednesday.

"We're currently drilling in the area to better understand what's out there. ... We've been saying since

June that it's too early to speculate."

Jim Wright, a geophysicist at Memorial University who watches the industry, said it's logical that ExxonMobil would say so little.

"Their biggest fear is that the stock market will punish them if they come up with optimistic numbers and then fall short," he said.

Still, the Hibernia project has a long history of fluctuating predictions and official projections of the amount of oil it contains.

Ian Doig, an industry analyst in Calgary who has followed Hibernia for two decades, urged caution.

"In the early days of the 1980s, it was recoverable oil of 1.8 billion barrels, and then after more drilling it was down to 1.2 billion."

"Subsequent drilling, it was down to 800 million barrels, and then it fell again to 525 million barrels."

If the reports are correct, it would push the overall recoverable reserve tally past one billion barrels, well above a recent Canada-Newfoundland Offshore Petroleum Board figure of 865 million.

Improvements to technology have allowed the project to recover more oil from its known reserves in recent years, to the point where the project now pumps about 200,000 barrels a day.

Doig said more oil could provoke debate between the company and the province over whether existing agreements on royalties need to be renegotiated.

"I don't know if the agreement will allow for this new pool to be brought in, or whether it's a whole new ball game," he remarked.

"I imagine the operating companies say it's included in the agreement it has with the governments, and conversely I imagine the governments are saying 'No, it's a whole new ball game.'"

Ed Byrne, the province's minister of natural resources, said in an interview that he's requested a meeting with ExxonMobil to discuss what the company has found.

"I'm encouraged. That would be best description."

TORONTO STOCK EXCHANGE

Table with columns: Stock, %Chg, High, Low, Close, %Chg. Lists various stocks like CCL&FI, CCL&FI, CCL&FI, etc.

MUTUAL FUNDS

Table with columns: Funds, Price, Chg, %R, Bal, Dist, %T. Lists various mutual funds like CIBC Canadian, CIBC Canadian, etc.

TITAN

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TRADED IN US FUNDS

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