



14 December 2009

## Daily Oil & Gas Filter

### IN TODAY'S ISSUE

- BP
- DRAGON OIL
- HALLIN MARINE
- RANGE RESOURCES
- ASCENT RESOURCES

### MACRO NEWS

Oil prices in New York finished a difficult week lower on Friday as a recovering US dollar continued to have a negative influence on prices. Without the support of a weakening dollar, focus has shifted to fundamentals which are still quite weak.

**Comment:** WTI oil prices have been particularly hard hit as of late due to strong inventory builds in Cushing, Oklahoma. This is best demonstrated by Brent's continued growth in premium over the New York contract.

### OIL & GAS PRICES (Yesterday's Close)

WTI*	\$69.87	-\$0.67
Brent*	\$71.88	+\$0.02
Henry Hub Gas	\$5.20	+\$0.18

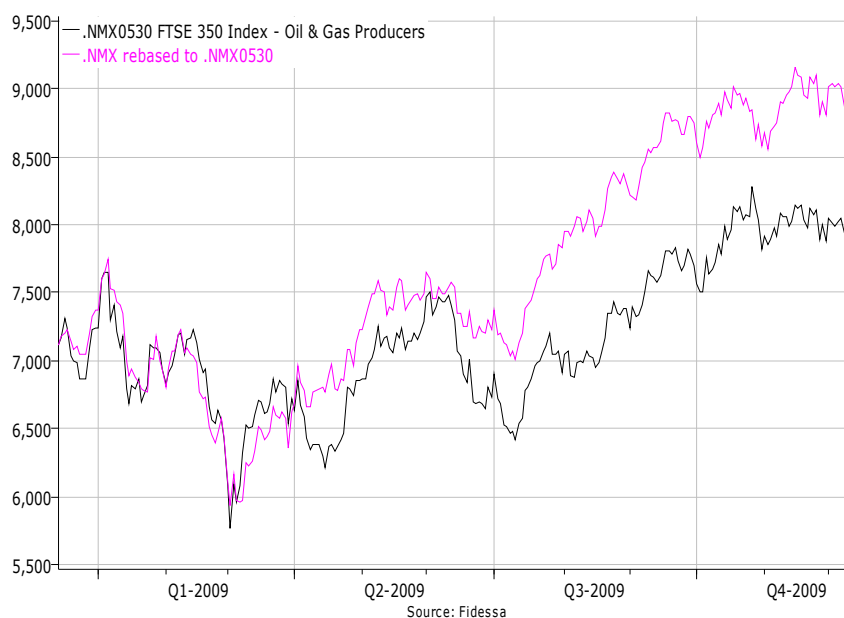
\* January contract

This morning, WTI is trading lower at \$69.51 while Brent is higher at \$72.10.

WTI (JAN10) CRUDE 3-MONTH PERFORMANCE



## OIL INDICES PERFORMANCE



### DAILY SECTOR PERFORMANCE

Yesterday's %  
Change

FTSE 350 - Oil & Gas	-0.03%
FTSE 350 Index	0.34%
FTSE AIM Oil & Gas	0.70%
FTSE AIM All-Share Index	0.21%

### COMPANY NEWS

**BP** announced on Friday the sale of its interest in Kazakhstan's Tengiz oil field and the Caspian Pipeline Consortium (CPC). BP will sell its 46% stake in LUKARCO, which has a 5% stake in Tengiz and a 12.5% interest in the CPC, for \$1.6 billion in cash to KUKOIL of Russia. Following the sale, BP has no remaining interest in Tengiz or CPC.

**DRAGON OIL**, also on Friday, announced that shareholders rejected the 455p cash offer from majority shareholder Emirates National Oil Company (ENOC) to buy the remaining 48.5% of the company it does not already own.

**Comment:** Dragon shareholders were faced with a difficult choice, accept an offer that did not fully value the potential offered by Dragon or reject the offer and wait for the value to accrue organically. Having rejected the offer, the pressure on management to utilise the group's significant cash pile to advance said growth will now increase.

**HALLIN MARINE** announced that it had agreed an offer from Superior Energy Services (UK), part of the Superior Energy Group for 233 pence per Hallin share in cash. The price is an 87.1% premium to the closing price on 10 December. Superior Energy is a leading global provider of production and drilling related specialised production and drilling specialised services and is listed on the NYSE.

**Comment:** This takeover vindicates our **BUY** recommendation on the stock and also highlights the attractiveness of quality niche oil field service companies.

**RANGE RESOURCES** announced that it had agreed revised Production Sharing Agreements with the Puntland State of Somalia, in respect of the Dharoor and Nugaal Valley Exploration Areas.

**ASCENT RESOURCES** announced an operations update ahead of this afternoon's EGM to approve the proposed placing of £6 million.

#### **THIS MORNING'S BULLS**

Description	Mid	Chg	%chg
XTRACT ORD 0.1P	2.53	0.30	13.48
FRONTERA RES CMN SHS USD0.00004	9.25	0.88	10.45
MAX PETROL ORD 0.01P	11.75	0.75	6.82
HAIKE CHEMICAL ORD USD0.002 (DI)	24.00	1.25	5.49

#### **THIS MORNING'S BEARS**

ROXI PETROLEUM ORD 1P	8.88	-0.63	-6.58
QUADRISE ORD 1P	3.25	-0.25	-7.14
CDS OIL & GAS ORD 10P	3.00	-0.50	-14.29
RANGE RES. ORD NPV (DI)	4.00	-1.88	-31.91

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