



01 December 2009

Daily Oil & Gas Filter

IN TODAY'S ISSUE

- COASTAL ENERGY
- XTRACT

MACRO NEWS

Oil prices reacted positively yesterday to Institute for Supply Management data which showed a significantly stronger reading in November than expected. Iran also contributed by detaining British sailors as well as announcing its intention to expand its nuclear power programme in the face of international opposition. Not to be outdone, Somali pirates were also active on the high seas, this time hijacking a super tanker bound for the US.

Comment: There was plenty to support oil yesterday, however, we would note that a weaker US dollar has been a significant factor supporting higher oil prices. Should recent events such as those in Dubai and Iran raise the level of risk aversion in the market, a dollar rally could ensue, which would in turn weigh on prices.

OIL & GAS PRICES (Yesterday's Close)

WTI*	\$77.28	+\$1.23
Brent*	\$78.47	+\$1.29
Henry Hub Gas	\$4.42	+\$1.07

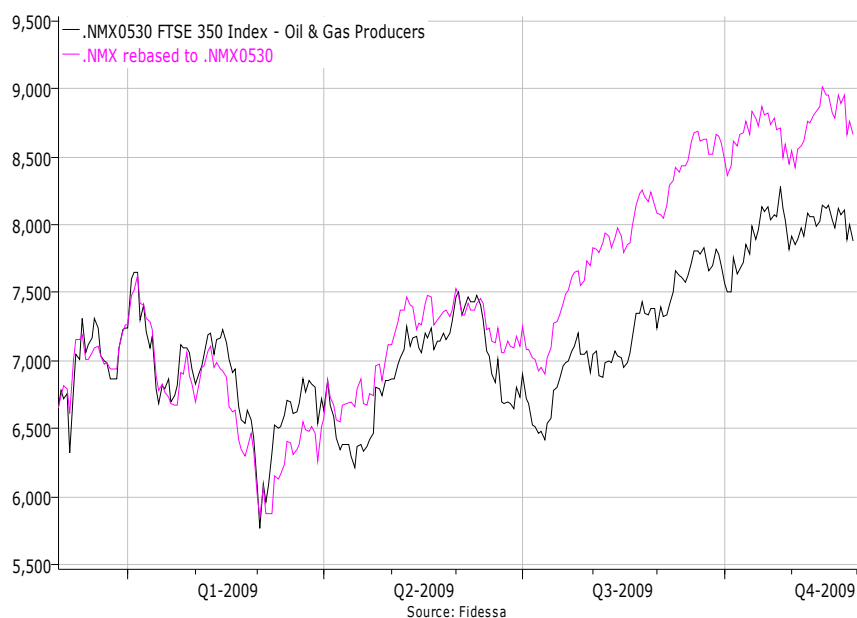
* January contract

This morning, WTI and Brent are trading higher at \$77.65 and \$78.83, respectively.

WTI (JAN10) CRUDE 3-MONTH PERFORMANCE



OIL INDICES PERFORMANCE



DAILY SECTOR PERFORMANCE

Yesterday's % Change

FTSE 350 - Oil & Gas	-1.57%
FTSE 350 Index	-1.07%
FTSE AIM Oil & Gas	1.43%
FTSE AIM All-Share Index	0.70%

COMPANY NEWS

COASTAL ENERGY, the exploration and production company focused on Thailand, announced third quarter results this morning. Highlights included:

- Resumption of development activity at the Songkhla field in the Gulf of Thailand
- Current production exceeding 12,000 bopd from Songkhla and Sinphuhorm
- Commencement of 2D seismic programme in Blocks G5/43 and G5/50
- Exploration at Songkhla B and development of the Benjarong and Bua Ban fields to begin upon completion of Songkhla Main development activity
- Net loss of \$0.1 million and \$2.1 million for the three and nine month periods ended 30 September 2009
- Cash of \$20.2 million at period end

XTRACT announced an update on operations in the Alasehir licence area in Turkey. Xtract has a 27% interest through a 34% holding in Extrem Energy As which in turn holds an 80% interest in the license area. Sarikiz-2 will begin full production at the end of Q1 2010 when refinery infrastructure upgrades are complete. Until then, natural flow rates from Sarikiz-2 will continue. In the meantime, preparations for the \$3.5 million Sarikiz-3 well are ongoing. The well is expected to reach a total depth of 1,950m, take 45 days to drill and will target 5.75m bbls of P50 recoverable oil in place. In order to gain a better understanding of the licence area, Extrem is also evaluating a project to undertake 3D seismic.

THIS MORNING'S BULLS

Description	Mid	Chg	%chg
SERICA ORD USD0.10	50.00	3.00	6.38
ROXI PETROLEUM ORD 1P	9.00	0.50	5.88
ITHACA ENERGY COM SHS NPV (DI)	53.00	2.75	5.47
FORTUNE OIL ORD 1P	7.75	0.40	5.44

THIS MORNING'S BEARS

VOLGA GAS ORD 1P	216.00	-9.00	-4.00
GULF KEYSTONE COM SHS	108.00	-5.00	-4.42
XTRACT ORD 0.1P	2.40	-0.13	-4.95
LANSDOWNE OIL ORD 5P	5.75	-0.88	-13.21

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