



05 November 2009

## Daily Oil & Gas Filter

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- CAZA OIL & GAS
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- AMERISUR

### MACRO NEWS

Oil prices received some support yesterday from US Department of Energy inventory figures which showed crude stocks falling by 4.0 million barrels. Gasoline and distillate fuel stocks also declined by 0.3 and 0.4 million barrels respectively.

**Comment:** These figures were somewhat more bullish than the API data from Tuesday night, however, the draw in crude can largely be explained by a decline in imports. Refinery utilisation was only 80.6% compared to 85.3% last year and this would have helped hold down product stocks. Hurricanes in the Gulf of Mexico have not been a factor in 2009, however Tropical Storm Ida is shaping up to potentially change this next week.

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

WTI*	\$80.40	+\$0.80
Brent*	\$78.89	+\$0.78
Henry Hub Gas	\$4.49	+\$0.17

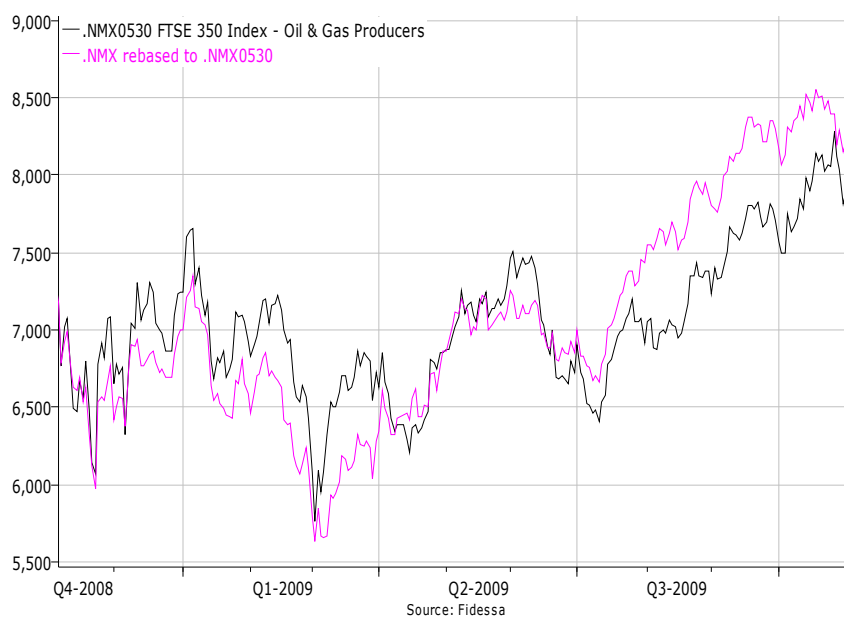
\* December contract

This morning, WTI and Brent are trading lower at \$79.83 and \$78.22, respectively.

WTI (DEC09) CRUDE 3-MONTH PERFORMANCE



## OIL INDICES PERFORMANCE



## **DAILY SECTOR PERFORMANCE**

### **Yesterday's % Change**

FTSE 350 - Oil & Gas	0.50%
FTSE 350 Index	1.56%
FTSE AIM Oil & Gas	1.94%
FTSE AIM All-Share Index	0.98%

## COMPANY NEWS

**SOCO INTERNATIONAL** released an interim management statement (IMS) this morning highlighting the group's current drilling programme in Central Africa and Southeast Asia. In Africa, the Viodo 4 appraisal well offshore the Republic of Congo (Brazzaville), is undergoing a second drill stem test, the details of which, along with the first, should become known in the next week to ten days. Another well is planned in the Marine XIV block next year. While in the Democratic Republic of Congo (Kinshasa), the group plans at least two wells in the Nganzi block in the H2 of 2010.

In Vietnam, 3D seismic reprocessing has been completed since the half year which will help improve development drilling locations in the TGT field. An appraisal well is also planned for the TGD field in H1 of 2010. Elsewhere in the CNV field, a water injection well is planned in the western part of the field and a current producing well will be sidetracked with a view to increase production.

**HARDY OIL & GAS** also released an IMS this morning for the period from 1 July. As if we needed reminded, the KGD9-A1 exploration well in the D9 block was plugged and abandoned last month. Three further exploration wells on the block are planned for 2010. Drilling on block D3 commenced earlier this week with the KGV-D3-R1 well which is targeting prospective resources of 1 TCF of gas. Block D3 will also be the focus of three additional exploration wells next year.

Current production is down substantially on last year, however, output should receive a boost at the end of the year when the PY-3 field resumes production having been shut-in since 5 July.

**Comment:** Hardy is embarking on an exciting, if risky, phase of activity over the course of 2009 and 2010 as the recent KGD9-A1 well demonstrated. Clearly the resumption of production at PY-3 will be welcome, however, the driver at Hardy will be the exploration drilling programme referenced above where there remains ample opportunity for substantial upside.

**CAZA OIL & GAS** announced third quarter results. Main features include;

- Loss of \$553,423 compared to loss of \$2,164,475 in the comparable period mainly due to lower overhead costs as a result of lower G&A expenses and reimbursement from joint venture partners.
- Caza's gas production for the period was 27% up on the comparable period at 91,463 Mcfe.
- Cash balance of \$11.1 million relatively unchanged from previous quarter (\$11.2 million).
- Lucky Penny 10 State #1 well and Moore Bailout 11 State #1 well placed on production in New Mexico. The company states that details of the flow rate on both wells will be provided once the fracture fluid has been recovered and oil production has been stabilised.
- Drilling operations in New Mexico continue at the Bada Bing 23 State #1 scheduled to be followed by the drilling of the Moore Cowbell 27 State #1.
- Caza continues to increase its acreage position in the Abo Wolfcamp play in New Mexico.

**Comment:** This set of results shows the positive effects of the joint venture agreement with Endeavour through higher drilling and leasing activity, and reimbursement of costs. We retain our **BUY** recommendation on the company.

*Note: HansonWesthouse is Nomad and Broker to Caza Oil & Gas and is paid fees for these services.*

**MAPLE ENERGY** has entered into a \$30 million standby equity distribution agreement with Yorkville Advisors. The use of any funds drawn down will be used to increase working capital, including for the Ethanol project in Peru and also general purposes.

**AMERISUR** announced a drilling update on the Iguasa-1 well in the 100% owned Fenix block in Columbia. The well's target depth is 6,500 feet and drilling has passed 5,300 feet. Although the well's primary target is deeper, the well has already encountered hydrocarbons at shallower levels which may merit testing in their own right.

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

Description	Mid	Chg	%chg
BALTIC OIL ORD 1P	13.25	2.25	20.45
GOLD OIL ORD 0.025P	4.60	0.67	17.05
CAZA OIL & GAS COM NPV (CDI)	11.50	1.25	12.20

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

STERLING ENERGY ORD 1P	4.40	-0.17	-3.72
RESACA (REG S) COM SHS	50.00	-2.00	-3.85
MERIDIAN PET. ORD 30P	62.50	-2.50	-3.85
LEED PET. ORD 5P	9.63	-0.62	-6.05
PETREL RES ORD EURO.0125	28.00	-3.00	-9.68

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