



10 November 2009

Daily Oil & Gas Filter

IN TODAY'S ISSUE

- AFREN
- EMPYREAN ENERGY

MACRO NEWS

Oil prices received a boost from several factors yesterday, not least of which was a weaker US dollar and the decision by G20 to maintain stimulus measures aimed at bolstering global economic growth. In addition, tropical storm Ida added some temporary support as it was due to make landfall near the state of Alabama in the next few hours.

OIL & GAS PRICES (Yesterday's Close)

WTI*	\$79.43	+\$2.00
Brent*	\$77.77	+\$1.90
Henry Hub Gas	\$3.76	-\$0.15

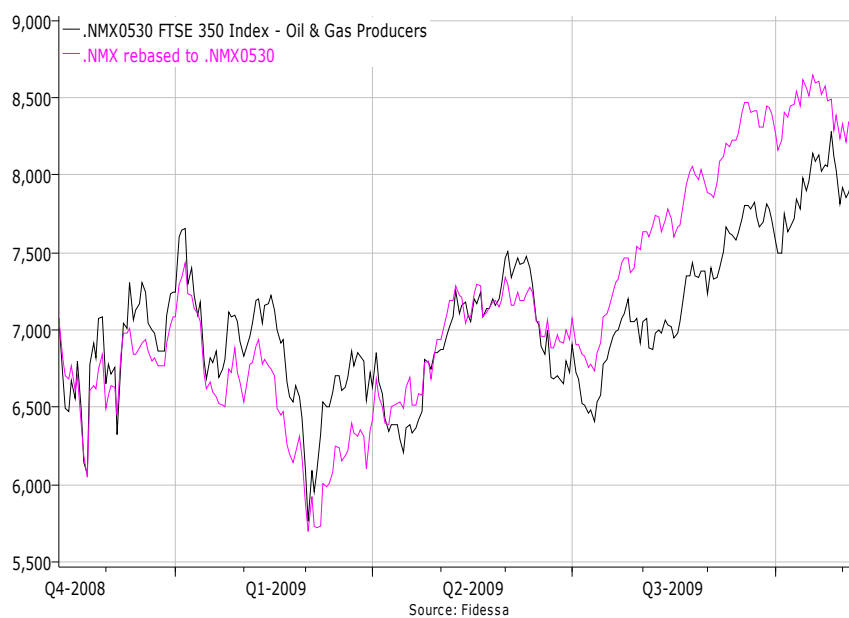
* December contract

This morning, WTI and Brent are trading lower at \$79.16 and \$77.54, respectively.

WTI (DEC09) CRUDE 3-MONTH PERFORMANCE



OIL INDICES PERFORMANCE



DAILY SECTOR PERFORMANCE

	Yesterday's % Change
FTSE 350 - Oil & Gas	2.08%
FTSE 350 Index	1.74%
FTSE AIM Oil & Gas	1.08%
FTSE AIM All-Share Index	1.00%

COMPANY NEWS

AFREN announced plans to raise around \$200 million through a placing to both new and existing institutional shareholders. At the close of an accelerated book building process, Afren and the joint bookrunners (Merrill Lynch and Morgan Stanley) will agree the number and price of the placing shares. Trading in the new shares is expected to start on or around 3 December, when the company's admission to AIM is cancelled. In addition, 40,000,000 million warrants are to be exercised raising another \$25 million. The funds will be used to accelerate the appraisal and development of the Ebok-Okwok complex in Nigeria as well as drilling at the Okoro project also in Nigeria, Block CI-11 in Cote d'Ivoire and potential future acquisitions.

Comment: Afren are opportunistically raising funds at a time when equity markets and oil prices are strong. With a well defined drilling programme and outstanding upside resource potential to target, we do not believe the company will struggle to raise the proposed funds.

EMPYREAN ENERGY announced a drilling update on its Riverbend project in Texas. The Quinn 3H well has been drilled to a vertical depth of 15,054 feet and, including horizontal drilling, a measured depth of 16,383 feet. Multiple fractures have been encountered that have resulted in gas flares and influx of gas into the drilling mud. Given the results to date, the company believes it is unlikely the horizontal leg will be drilled the full 5,000 feet originally planned.

Comment: Empyrean note that conclusions regarding the well should wait until operations are finished and the well has been production tested, however, early trading this morning indicates the market is not waiting for such formalities.

THIS MORNING'S BULLS

Description	Mid	Chg	%chg
EMPYREAN ORD 0.2P	17.75	2.75	18.33
CADOGAN ORD 3P	21.00	1.00	5.00
FORTUNE OIL ORD 1P	8.48	0.36	4.43

THIS MORNING'S BEARS

NIGHTHAWK ORD 0.25P	40.00	-1.50	-3.61
ROCKHOPPER ORD 1P	56.50	-3.00	-5.04
MATRA ORD 0.1P	3.43	-0.23	-6.16
STRATIC ENG COM STK NPV (DI)	13.50	-1.00	-6.90
AFREN ORD 1P	83.50	-6.25	-6.96

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