



18 November 2009

## Daily Oil & Gas Filter

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- **BG GROUP**
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### MACRO NEWS

Oil prices were up slightly yesterday as the market prepared for this week's inventory data in America which is expected to show some impact from Hurricane Ida. Last night's API data seemed to confirm this view as crude stocks showed a 4.4 million barrel draw. Further confirmation from the EIA later today should offer additional support as prices once again push back towards \$80.

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

WTI*	\$79.14	+\$0.24
Brent**	\$78.97	+\$0.21
Henry Hub Gas	\$3.48	+\$0.80

\* December contract

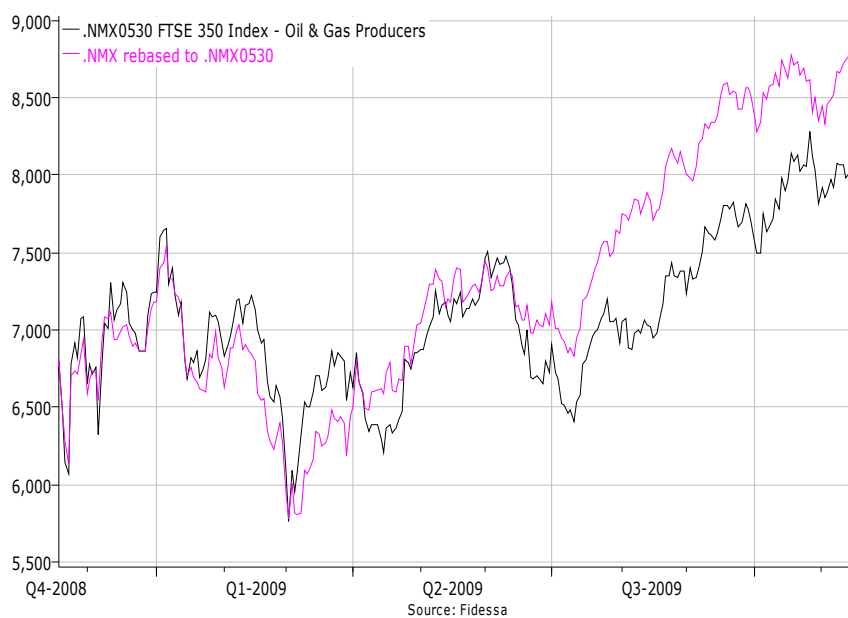
\*\* January contract

This morning, WTI and Brent are trading higher at \$79.93 and \$79.87, respectively.

WTI (DEC09) CRUDE 3-MONTH PERFORMANCE



## OIL INDICES PERFORMANCE



<b>DAILY SECTOR PERFORMANCE</b>	<b>Yesterday's % Change</b>
FTSE 350 - Oil & Gas	-0.28%
FTSE 350 Index	-0.76%
FTSE AIM Oil & Gas	+0.06%
FTSE AIM All-Share Index	-0.41%

## COMPANY NEWS

**BG GROUP** announced the signing of a joint venture agreement with Petrobras which will focus on the development of a floating liquefied natural gas (FLNG) vessel as an alternative to the development of associated natural gas reserves in the Santos Basin offshore Brazil. The FLNG processing capacity is expected to be up to 14 million cubic metres per day. FEED contracts are expected to be awarded to three bidders in December for preparation throughout 2010. A final investment decision would then be anticipated in 2011.

**Comment:** This is an innovative solution to the question of how to commercialise associated natural gas in the pre-salt Santos Basin. The amounts are not insignificant either. At potentially 3.0 mtpa LNG, the capacity of this potential FLNG is a fifth of the size of the massive Gorgon project offshore Western Australia. Although this is a long term project, it demonstrates more of the potential upside for BG in Brazil. We maintain our **BUY** recommendation on the shares

**MELROSE RESOURCES** released an interim management statement for the period up to 30 September. In it, Melrose has highlighted recent success in bringing on stream new fields (the Damas field and South Khilala), development progress in Bulgaria (Kaliakra and Kavarna) and the upcoming exploration drilling programme in Egypt that is targeting unrisked reserves of 282 BCF. Operationally, the group also raised production guidance 1,000 boepd to 38,500 boepd (working interest basis) due to additional gas from West Dikiris.

**AMINEX** issued an interim management statement. Short term interest will be focused on the Likonde-1 well in Tanzania (Aminex interest 37.5% if third party farm in option is exercised) which is likely to be spudded in early January 2010. The testing of the West Esh El Mellah Block-2 (Aminex 10% beneficial interest) onshore Gulf of Suez continues and development operations continue on the company's US properties.

**GLOBAL PETROLEUM** announced the fifth Leighton production well, Tyler Ranch #4, has flowed at 480 boepd from the Olmos reservoir. Global has a 15% working interest and an 11.25% net revenue interest in the project.

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

Description	Mid	Chg	%chg
BORDERS & STH. ORD 1P	48.00	3.75	8.47
MATRA ORD 0.1P	3.55	0.23	6.77
PETREL RES ORD EURO.0125	30.75	1.50	5.13

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

SAN LEON ORD EURO.05	21.00	-0.75	-3.45
HARDY OIL ORD USD0.01	253.75	-9.25	-3.52
XTRACT ORD 0.1P	3.05	-0.13	-3.94
EUROPA OIL&GAS ORD 1P	16.50	-0.75	-4.35
AURELIAN ORD 5P	17.75	-1.25	-6.58

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