

24 November 2009

Daily Oil & Gas Filter

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MACRO NEWS

Oil prices were little changed yesterday despite a relatively strong performance from US equity markets which have been more supportive of higher oil prices recently. As the chart below indicates, oil appears to be trading in a narrow range over the past month. Fundamentally the risk is still to the downside as markets remain well supplied and demand lacklustre, however, further significant weakness in the USD could provide the boost the market needs to move to the topside.

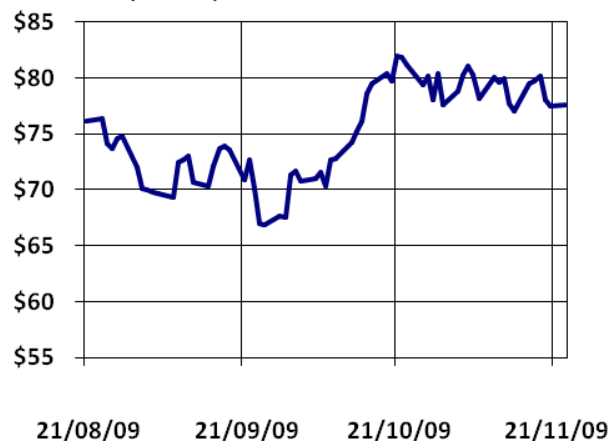
OIL & GAS PRICES (Yesterday's Close)

WTI*	\$77.56	+\$0.09
Brent*	\$77.46	+\$0.26
Henry Hub Gas	\$3.79	+\$0.68

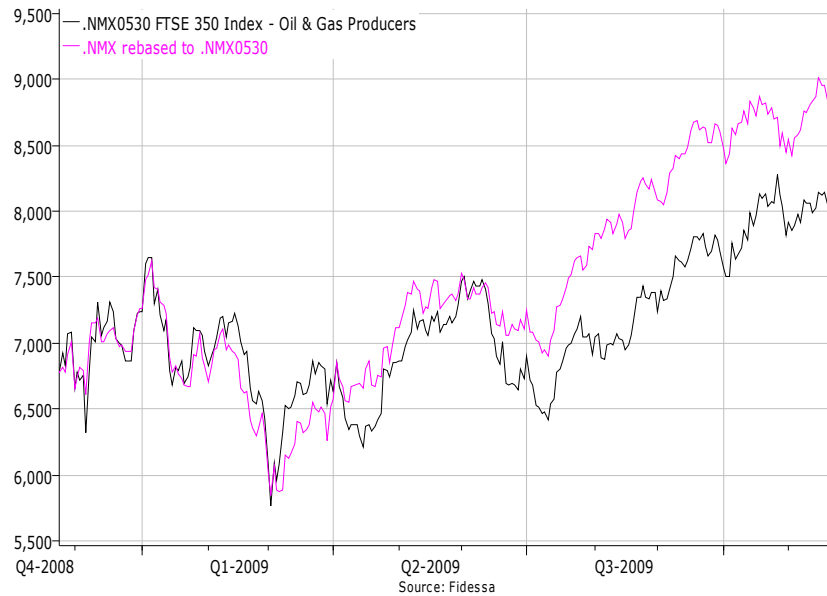
* January contract

This morning, WTI and Brent are trading lower at \$77.20 and \$77.22, respectively.

WTI (JAN10) CRUDE 3-MONTH PERFORMANCE



OIL INDICES PERFORMANCE



DAILY SECTOR PERFORMANCE

Yesterday's % Change

FTSE 350 - Oil & Gas	1.69%
FTSE 350 Index	1.88%
FTSE AIM Oil & Gas	0.24%
FTSE AIM All-Share Index	0.97%

COMPANY NEWS

PETROFAC announced the establishment of a Joint Venture with the Zamil Group to create and operate a new service centre facility in Saudi Arabia. The service centre will provide a range of capabilities covering oilfield and process plant equipment. The company is expected to begin trading in early 2010.

Comment: The positive newsflow continues on Petrofac and we continue to recommend a **BUY** on the shares.

ROCKHOPPER has announced half year results to 30 September 2009. The company confirmed:

- GBP 50 million placing completed.
- A rig has been signed for the North Falkland Basin campaign.
- The company is fully funded to drill two wells at 100% interest and participate in three further wells.
- Drilling campaign due to begin in February 2010.

- Negotiations with a number of farminees continues.

Comment: We continue to rate the shares a **BUY** prior to the attractive drilling campaign. which starts early in 2010.

ITHACA ENERGY announced third quarter results with the loss down to \$1.1 million compared to \$5.0 million in the comparable quarter and a much strengthened balance sheet as a result of the Dyas transaction.

Comment: Although the shares have recovered somewhat over the last year we believe they have further to go and we continue to rate them a **BUY**.

FAROE PETROLEUM has pre qualified as an operator for the Greenland 2010 Baffin Bay Licensing Round. The company comments that the licences are being granted on similar terms to the North Sea and that the fiscal terms are similar to the UK and the Faroe Islands.

Comment: We continue to rate the shares a **BUY** on the basis of their increasing production and attractive exploration programme.

AURELIAN OIL & GAS has signed a commitment letter, through its 90% Polish owned subsidiary Energia Zacód, with Polish drilling company Nafta Pila to drill two appraisal wells on is Siekierki tight gas project in Poland. Drilling operations are expected to start in may 2010.

FRONTERA RESOURCES announced an update of drilling operations in the Mirzaani Field. The Mirzaani #1 well has encountered hydrocarbon shows whilst drilling and production testing is expected in early December.

THIS MORNING'S BULLS

Description	Mid	Chg	%chg
FRONTERA RES CMN SHS	11.50	0.75	6.98
MAX PETROL ORD 0.01P	15.50	0.75	5.08
FORTUNE OIL ORD 1P	8.25	0.24	3.00

THIS MORNING'S BEARS

LEED PET. ORD 5P	6.70	-0.20	-2.90
VOLGA GAS ORD 1P	242.00	-8.00	-3.20
OILEX ORD NPV	17.50	-0.75	-4.11
MATRA ORD 0.1P	3.28	-0.18	-5.07
ITHACA ENERGY COM SHS	53.50	-3.00	-5.31

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