



20 November 2009

## Daily Oil & Gas Filter

### IN TODAY'S ISSUE

- BP
- FAROE PETROLEUM
- FORTUNE OIL
- ENEGI OIL

### MACRO NEWS

The OECD more doubled its growth forecast for member countries in 2010 from 0.7% back in June to 1.9% yesterday. With that, equity markets declined and oil prices fell nearly \$2. Not exactly the reaction you would assume given an improvement in the global economic outlook. However, it does demonstrate the influence that the USD has on oil and the market's wariness of a discontinuation of government/central bank supported growth.

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

WTI*	\$78.05	-\$2.05
Brent*	\$77.64	-\$1.83
Henry Hub Gas	\$3.55	-\$0.22

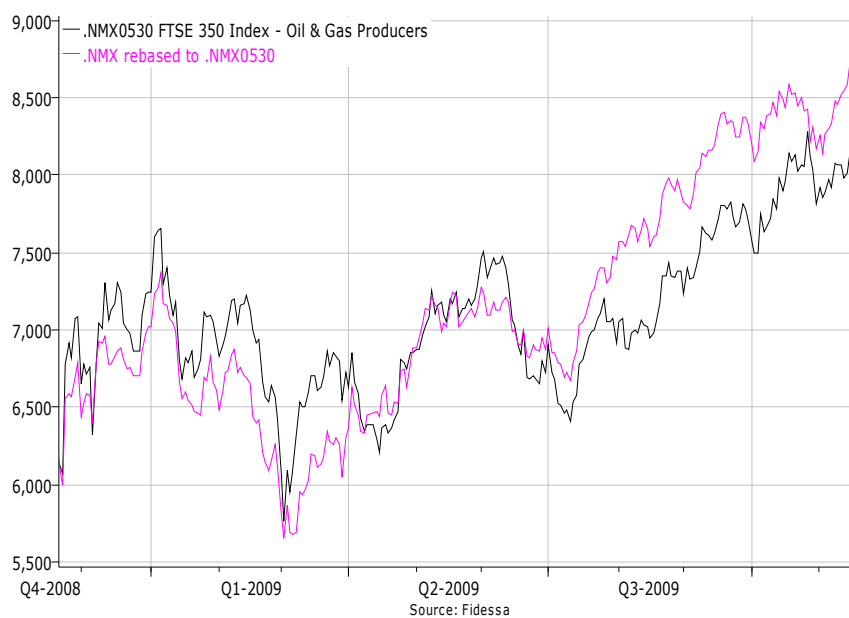
\* January contract

This morning, WTI and Brent are trading lower at \$77.71 and \$77.35, respectively.

WTI (JAN10) CRUDE 3-MONTH PERFORMANCE



## OIL INDICES PERFORMANCE



### DAILY SECTOR PERFORMANCE

Yesterday's %  
Change

FTSE 350 - Oil & Gas	-1.37%
FTSE 350 Index	-1.47%
FTSE AIM Oil & Gas	-0.79%
FTSE AIM All-Share Index	-0.79%

### COMPANY NEWS

**BP** announced yesterday that the board of directors at TNK-BP have agreed to appoint Maxim Barsky as the new CEO of the group effective 1 January 2011. The decision was reached with the full support of TNK-BP's shareholders which consists of BP and AlfaAccess-Renova, a consortium of four Russian businessmen. Between now and 2011, Mr Barsky, 35, will be placed on effectively an executive training scheme to further his preparation for his role as CEO.

**Comment:** We are disappointed by this announcement and take exception to the notion that the decision was based on a "rigorous selection process" as Gerhard Schroeder is quoted as saying. Frankly, all the announcement is missing is Sir Alan Sugar saying, "You're HIRED". There would appear to be a certain amount of disdain for the independent thinking investment public regarding this new hire. Are we being asked to believe that there aren't dozens of candidates within BP alone with more senior level management and oil & gas experience than Mr Barsky whose experience to date can at best only be surmised? Recognising there are additional mitigating factors in

this decision will not restore the knock Tony Hayward's reputation as a strong leader has taken as a result. Disappointing indeed.

**FAROE PETROLEUM** announced that production has started at the Topaz gas field, located in the UK Southern gas basin. Initial production is 30 MCF per day (or 5,000 boepd), which given Faroe's 7.5% interest equates to 375 boepd net to Faroe. The group also completed an asset swap with DONG E&P Norge AS. Faroe has agreed to exchange its 10% interest in the Trym development for a 9.3% interest in the Glitne oil field, a 1.86% interest in the Enoch field and cash of £8.3m with up to £2m more conditional on production levels from Trym. The swap will add around 700 boepd net to Faroe's current production which in total is now over 2,000 boepd.

**FORTUNE OIL** announced the completion of the acquisition of a 26.1% interest in the Liulin Coal Bed Methane block originally announced on 16 November. The minority interest will be held in Fortune Liulin Gas Company Ltd.

**ENEGI OIL** announces an interest swap in exploration licence 1070 located in Port au Port Bay in the Gulf of St Lawrence. Partners in the licence did not agree on a common course of action to pursue the conventional and unconventional resource plays in the licence. As a result, Enegi now has a 100% interest in the unconventional shale play while former partners Shoal Point Energy and Canadian Imperial Venture Corp will share in the conventional structural play on a 68.5 % and 31.5% basis respectively.

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

Description	Mid	Chg	%chg
ITHACA ENERGY COM SHS NPV (DI)	54.50	3.50	6.86
ASCENT RES. ORD 0.1P	8.38	0.38	4.69
HERITAGE OIL ORD NPV	503.50	20.50	4.24

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

CADOGAN ORD 3P	18.00	-0.50	-2.70
CAZA OIL & GAS COM NPV (CDI)	10.75	-0.50	-4.44
ISLAND OIL&GAS ORD EURO.01	7.13	-0.38	-5.00
HAIKE CHEMICAL ORD USD0.002 (DI)	27.50	-2.00	-6.78
FRONTERA RES CMN SHS USD0.00004	10.75	-1.00	-8.51

#### **CONTACTS**

##### **Research:**

Peter Bassett	+44 (0) 20 7601 6125	<a href="#">Email</a>
David Hart	+44 (0) 20 7601 6124	<a href="#">Email</a>

**Specialist Sales:**

Malcolm Graham-Wood +44 (0) 20 7601 6138 [Email](#)

**Sales:**

Sanjiv Pandya +44 (0) 20 7601 6130 [Email](#)

Simon Hodges +44 (0) 20 7601 6136 [Email](#)

Deborah Kimbell +44 (0) 20 7601 6127 [Email](#)

**IMPORTANT DISCLOSURES**

Hanson Westhouse Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority. Registered in England and Wales No. 05861129. Registered Office 12th Floor, One Angel Court, London EC2R 7HJ.

**Analyst Certification**

We, the above named analysts, in our role as Research Analysts for Hanson Westhouse Limited, hereby certify that the views about the companies and their securities discussed in this report are accurately expressed and that we have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

**Analyst Stock Ratings**

Hanson Westhouse Limited uses BUY, HOLD and SELL as its stock rating system to describe its recommendations. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the research report contains more complete information concerning the analyst's views, investors should carefully read the entire research report and not infer its contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

**Ratings are explained as follows:**

**BUY** We expect that over the next twelve months the share price will outperform the market by more than 15%. The market is defined as the FTSE All Share Index

**HOLD** We expect that over the next twelve months, the share price will perform between +15% and -15% of the market defined as the FTSE All Share Index.

**SELL** We expect that over the next twelve months the share price will under-perform the market by more than 15%. The market is defined as the FTSE All Share Index

Below is the distribution of HansonWesthouse research recommendations:

BUY: 70%, SELL: 7%, HOLD:23%

HansonWesthouse publishes the following on a quarterly basis:

The proportion of all recommendations published BUY, SELL or HOLD

The proportion of relevant investments in each categories issued by the issuers to which the firm supplied investment banking services during the previous 12 months.

**Disclosure of ownership or Investment Banking**

Hanson Westhouse Limited, its affiliates and research analysts involved in the preparation of this report have:

Managed or co-managed a public offering of securities of the subject companies mentioned in this report.	No
Received compensation for investment banking services from the subject companies mentioned in this report.	No
Received compensation for products and services other than investment banking services from the subject companies mentioned in this report.	No
Provided or plans to provide investment banking services to, or has an investment banking client relationship with any of the subject companies covered in this report.	No
Provided or plans to provide non-investment banking, securities-related services to any of the subject companies mentioned in this report, or in the past has entered into an agreement to provide services, or has a client relationship with any of the companies covered in this report.	No
Hanson Westhouse Limited and its affiliates were acting as a market maker in the subject companies' securities at the time this research report was published.	No
Hanson Westhouse Limited and its affiliates beneficially own 5% or more of any class of common equity securities of the subject company.	No
The research analyst(s) involved in the preparation of this report and any members of their household have a financial interest in the securities of the subject company or have received any compensation from investment banking services revenues or from the subject companies in the past 12 months.	Yes
The research analyst(s) involved in the preparation of this report or any members of their household serve as an officer, director, or advisory board member of the subject companies mentioned in this report.	No
Any legal or natural person working for HansonWesthouse is involved in the preparation of research recommendation, receives or purchases shares of the relevant issuer prior to a public offering of those shares.	No

**Other disclosures**

This research report has been published in accordance with our Research Policy which is available on written request from Hanson Westhouse Limited.

This report does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities discussed in this report may not be suitable for all investors. Hanson Westhouse Limited recommends that investors independently evaluate particular investments and strategies, as the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

This report is not an offer to buy or sell any security or to participate in any trading strategy, Hanson Westhouse Limited employees and its affiliates not involved in the preparation of this report may have investments in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report.

Hanson Westhouse Limited makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in this report change apart from when we intend to discontinue research coverage of a subject company.

With the exception of information regarding Hanson Westhouse Limited, reports prepared by Hanson Westhouse Limited research personnel are based on public information. Facts and views presented in this report have not been reviewed by, and may not reflect information known to, professionals in other Hanson Westhouse Limited business areas or

its affiliates.

Hanson Westhouse Limited research personnel conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits.

The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realised.