

e-mail: [debbie.lewis@canaccord.com](mailto:debbie.lewis@canaccord.com)

e-mail: [david.pescod@canaccord.com](mailto:david.pescod@canaccord.com)

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CRUDE OIL		\$80.16 -1.32
DOW JONES IND. AVERAGE		10644.41 -54.34
S&P/TSX COMPOSITE		11838.56 -25.00
ARCAN RESOURCES	(V-ARN)	\$5.26 -0.14
SECOND WAVE PETE.	(V-SCS)	\$3.00 -0.03

It's summer time—most people are still sitting on cash, worried about the markets as economic growth expectations are rolled back in the United States and some areas of Europe, but keep on booming just about everywhere else in the world. Places like Singapore, Indonesia, India and you-name-it, seem to be positively booming. We just hope that the regular, seasonal bullish move for the resource sector in the fall, winter and spring, resumes...and then we will remember to "Sell in May."

On an ugly day like this, it's still good to go out and look for stories and one story that comes to mind is *Second Wave Petroleum*. That's a story that was featured here with *Keith Schaefer*, editor of *Oil and Gas Investments* last week.

We went looking for information on the company and found some interesting tidbits. Remember that Schaefer has huge expectations for this story in the coming months. Which ironically, gets us to *Arcan Resources* and another big debate that you've heard before.

Arcan is not followed by many analysts and hardly gets any attention in the press, but look at it and it's one of the very few Canadian-based oil and gas stocks that could have changed your lifestyle. It's a five-bagger or better from where it was just 18 months ago and there's not many others that have done that.

The Arcan story is still written up by a handful of analysts, one of which is *Geoff Ready* of *Haywood Securities*. He currently gives the stock a target of \$9.25 and that's because of their Beaverhill Lake wells. Ready recently reported on their fifth and sixth horizontal wells in it's Swan Hills reef development plan and those wells went to a depth of about 2400 metres, then had a 1000-metre long horizontal leg and then had ten acid fracture stimulations.

Of the fifth and sixth wells, one came in at 500 barrels a day and another came in at 600 barrels a day. Hey folks, in Alberta, where an average well could be as little as 50 barrels a day, these are considered gang-busters!

David Pescod T: 780.408.1750

Debbie Lewis T: 780.408.1748

Fax: 780.408.1501

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Meanwhile, it looks like some of the first wells they've worked on in the Beaverhill Lake are still coming in at over 300 barrels a day. Some of these wells pay out in one year or possibly even a little bit less.

So that's why Arcan Resources is seeing huge increases in production and the stock has done so well.

But then we will get over to *Kim Page* who is the analyst with *Wellington West* who follows *Second Wave Petroleum*. He is not looking for something that could change your lifestyle, at least if you looked at his posted expectations for the stock price on *Second Wave*, currently trading at close to \$3.00—he gives a mere target of \$4.00. But that's a \$4.00 target...but...

*Second Wave* has been working mainly on their *Pekisko* wells and a recent \$25 million financing means that they hope to do another 28 *Pekisko* wells by break-up and these wells tend to come in at 150 barrels a day. Which again, doesn't sound like a life-changer, but it's certainly better than the Alberta average.

The company has about 90,000 net acres of *Pekisko* rights, but what gets interesting is they also have an additional 60,000 acres at *Beaverhill Lake*, *Exshaw* and *Duvernay shale* rights. Well, what's so exciting about that? Well, you just heard it. They also own some land at *Beaverhill Lake* and if they have some of the same success in that area that *Arcan* has been having, then we suspect you are going to see some significant potential changes for the company. That first well will be drilling this month, so results should be some time this month.

Meanwhile, back to the basics for *SCS* though—on their 28 multi-frac *Pekisko* horizontal wells, they expect to see that increase the production for the company from 800 barrels a day in that area to 2500 barrels a day by year-end. It's suggested in the report by *Kim Page* of *Wellington West* that they now might have as much as a billion boe's in the land currently held by *Second Wave* as far as an estimated in place resource potential.

Those are numbers that are pretty big. Now the big excitement is going to be in the next four to six weeks. If they have some of the same success in *Beaverhill Lake* that *Arcan* has, with the kind of acreage they have, that \$4.00 window of *Page*—he might gladly throw out the window and come up with something much tastier.

Stay tuned!



## DEB'S DITTY:

Scientists have finally discovered what is wrong with the male brain:  
On the left side, there is nothing right  
and on the right side, there is nothing left.

To receive the *Late Edition* and be on our daily circulation simply e-mail Debbie at [Debbie\\_lewis@canaccord.com](mailto:Debbie_lewis@canaccord.com) and give your address, phone number and e-mail and we'll have you on the list tonight.