

INTERIM BULLETIN #112 - NOVEMBER 22, 2011

PORTFOLIO SALES: OPEN RANGE, EAGLE ENERGY & PETROFRONTIER PORTFOLIO PURCHASE: POSEIDON UPDATES: COASTAL ENERGY & SAN FRANCISCO HARD ASSETS SHOW

There is actually a lot to write about but this update is just to outline a couple trades that I have made recently. Almost all of them I warned you earlier that I would be doing:

- Sold the rest of my **Open Range (ONR-TSX)** at \$1.85 and \$1.77. The physical gas market has just been killed since the split of Poseidon. The matador of supply is killing the last bulls in the gas market right now.
- Sold 3000 shares of **Eagle Energy (EGL.UN-TSX)** at \$8.36 this morning and rolled that into (i.e. I BOUGHT) 2800 shares of **Poseidon (PSN-TSX)** at \$10.54 this morning. (I think this is a GREAT buy as the market is nervous over potential competition right now. I'm not.) The Eagle Energy report is posted in the Members Centre. The big concern is that the last round of wells at Eagle have not had the same IP rates as they were expecting, putting 2012 cash flow...not in doubt just yet, but uncertainty has been created.
- Sold my 3000 shares of **PetroFrontier (PFC-TSX)** at \$1.41 as they are leaving the field until next spring as the rains have started. They did see some signs of both oil and gas in the vertical well at McIntyre prospect (the second well), but didn't drill the horizontal leg.

With neither well a qualified success, I don't see what news would keep this stock up over the winter, unless they joint venture the asset. Pretty much everything that could have gone wrong with this drill program did—they were supposed to spud in February. Much of the issues were weather related, but not all of it, and despite the great geological/investment opportunity here I will be reviewing this company carefully before buying

the stock again.

However, it is trading much better today than I expected. I thought it would open at \$1. Whenever that happens, I never think the market is wrong. I'm wrong.

There is much to talk about Golar (looks like a contract is coming), TAG Oil and others, but that will have to wait for the weekend wrap. I will add quickly here that **Coastal Energy (CEN-TSX)** has successfully drilled their very first horizontal well in the Gulf of Thailand, though rates have not been released yet. Assuming everything flows according to Hoyle ;-), this could be a very positive change for the company. Most wells going forward will be horizontal if this works the way management expects. Horizontal wells often bring in 4-7x the amount of oil as a vertical well and some of these verticals have 3000 bopd IP rates. I am excited!

Lastly, I will be speaking at the San Francisco Hard Assets Conference this weekend. Please join me for a Subscriber Only Session on **Sunday, Nov. 27th from 6:30pm-7pm in C3 Meeting Room – Golden Gate B2 Level at the Marriott Marquis**. This session will be fairly informal, so please bring with you any questions you may have for me. Further conference details: <http://www.hardassetssf.com/>. Please [click here](#) for your admittance ticket. You will need to print it and bring with you to the session. Hope to see you there!