

# Energy

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## International Oil & Gas

### Int'l Oil: Thoughts on Recent Gov't Changes in Colombia and Potential Impact on Oil & Gas Sector

- ◆ Colombia's President Santos named a new environment minister (Frank Pearl) and a new energy & mines minister (Mauricio Cardenas).
- ◆ The environment ministry was also split from the housing ministry.
- ◆ A new defense minister (Juan Carlos Pinzon) was also appointed a few weeks ago (reported in *The Wall Street Journal*).

We believe the oil industry, as well as investors in oil companies active in Colombia, were looking for change following:

- ◆ Reports (from oil company executives presenting at the recent Raymond James Investing in Colombia oil & gas conference) of longer lead times for environmental permit awards (compared to the historical norm).
- ◆ Reports (various press including CNN) of increased FARC activity since mid-2010.
- ◆ Reports of various temporary oil production stoppages (PRE and PMG) over the past month due to third-party protests.

Our view is that these changes should be positive for the overall industry, although we caution that it might require up to several months prior to any concrete impact being witnessed. We plan to run channel checks on the various new ministers to provide further comments from the Colombian oil & gas industry in general.

| Company                            | Ticker Primary | Ticker Secondary | Current Price | Rating           |
|------------------------------------|----------------|------------------|---------------|------------------|
| <b>International Oil &amp; Gas</b> |                |                  |               |                  |
| ArPetrol Ltd.                      | RPT-TSXV       |                  | C\$0.09       | Outperform 2     |
| Bankers Petroleum                  | BNK-TSX        |                  | C\$4.46       | Strong Buy 1     |
| Gran Tierra Energy                 | GTE-TSX        | GTE-AMEX         | US\$5.87      | Strong Buy 1     |
| Greenfields Petroleum Corporation  | GNF.S-TSXV     |                  | C\$7.00       | Outperform 2     |
| Niko Resources Ltd                 | NKO-TSX        |                  | C\$51.35      | Underperform 4   |
| Pacific Rubiales Energy            | PRE-TSX        |                  | C\$25.35      | Strong Buy 1     |
| Pan Orient Energy                  | POE-TSXV       |                  | C\$2.69       | Outperform 2     |
| Parex Resources Inc.               | PXT-TSXV       |                  | C\$7.00       | Outperform 2     |
| PetroAmerica Oil Corp.             | PTA-TSXV       |                  | C\$0.14       | Outperform 2     |
| PetroDorado Energy Ltd.            | PDQ-TSXV       |                  | C\$0.22       | Outperform 2     |
| PetroMagdalena Energy Corp.        | PMD-TSXV       |                  | C\$1.03       | Outperform 2     |
| Petromanas                         | PMI-TSXV       |                  | C\$0.17       | Outperform 2     |
| Petrominerales                     | PMG-TSX        |                  | C\$29.19      | Market Perform 3 |
| Petronova Inc.                     | PNA-TSXV       |                  | C\$1.00       | Outperform 2     |
| Porto Energy Corp.                 | PEC-TSXV       |                  | C\$0.38       | Outperform 2     |
| Shamaran Petroleum Corp.           | SNM-TSXV       |                  | C\$0.52       | Outperform 2     |
| Suroco Energy Inc                  | SRN-TSXV       |                  | C\$0.44       | Outperform 2     |
| Talisman Energy Inc.               | TLM-TSX        | TLM-NYSE         | C\$15.93      | Market Perform 3 |
| WesternZagros Resources            | WZR-TSXV       |                  | C\$0.55       | Underperform 4   |

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|--|---------------------------------------|-----|----------|---------------------------------|-----|----------|
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| <b>Strong Buy and Outperform (Buy)</b> | 78%                                   | 58% | 35%      | 58%                             | 16% | 47%      |
| <b>Market Perform (Hold)</b>           | 21%                                   | 38% | 56%      | 37%                             | 5%  | 0%       |
| <b>Underperform (Sell)</b>             | 1%                                    | 5%  | 9%       | 0%                              | 2%  | 0%       |

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