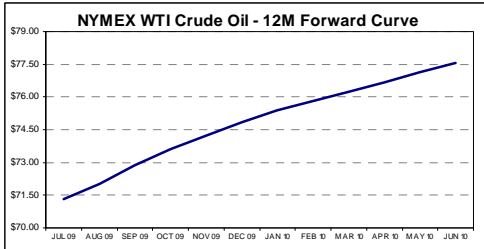


ENERGY LEVELS

MORNING NOTE
JUNE 11, 2009

Salman
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COMMODITY PRICING

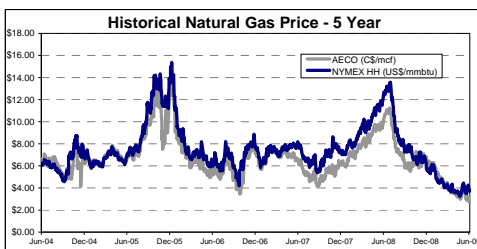
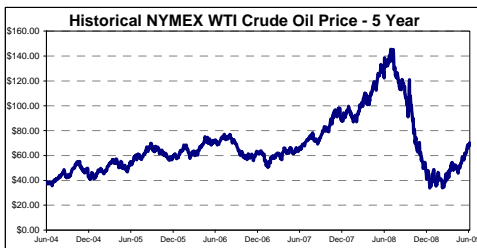
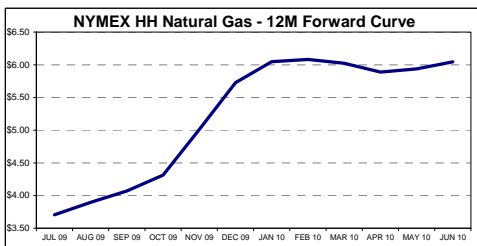


OIL (US\$/BBL)	CLOSE	CHANGE	GAS (US\$/MMBTU)	CLOSE	CHANGE
NYMEX WTI (Jul09)	\$71.33	\$1.32	NYMEX HH (Jul09)	\$3.71	(\$0.02)
Intraday/Overnight	\$72.06	\$0.73	Intraday/Overnight	\$3.72	\$0.02
Dated Brent (Jul09)	\$70.80	\$1.18	NYMEX 12-Month Forward Strip	\$5.23	(\$0.06)
Intraday/Overnight	\$71.25	\$0.45	AECO Spot (Cdn\$/mcf)	\$2.83	\$0.04
NYMEX 12-Month Forward Strip	\$74.81	\$0.90	NYMEX HH Open Interest	119,100	
NYMEX 321 Crack Spread	\$10.76	\$0.39	(Near Month contracts)		
Differential WTI to LLB Blend	\$10.75	\$0.00			

COMMODITY NEWS

Crude oil prices trended slightly higher in overnight trading, as the Paris-based International Energy Agency (IEA) raised its 2009 global crude oil demand forecast by 120 mmbbls/d, to 83.3 mmbbls/d. However, this still represents a year-over-year worldwide consumption decline of 2.9%, the largest drop since 1981. On the supply side, IEA increased its expectation for non-OPEC crude oil production by 170 mmbbls/d. According to a Bloomberg article, the agency also stated that in May, OPEC nations produced 110 mmbbls/d more than the previous month. This estimate is lower than Bloomberg's estimate of 340 mmbbls/d, which was released earlier this month.

The U.S. Energy Information Administration is expected to report this morning that U.S. natural gas inventories increased by 110 Bcf last week. This is ahead of the period's five year average build of 91 Bcf.



AT A GLANCE

- **Oil Inventory Report** – EIA reports unexpected drawdown in crude oil inventories on improving demand.
- **Canadian Spirit Resources Inc. (SPI – TSX.V Cdn\$0.97; Not Rated)** – JV Gething Pilot Project with Shell continues to progress: First sale of gas announced.

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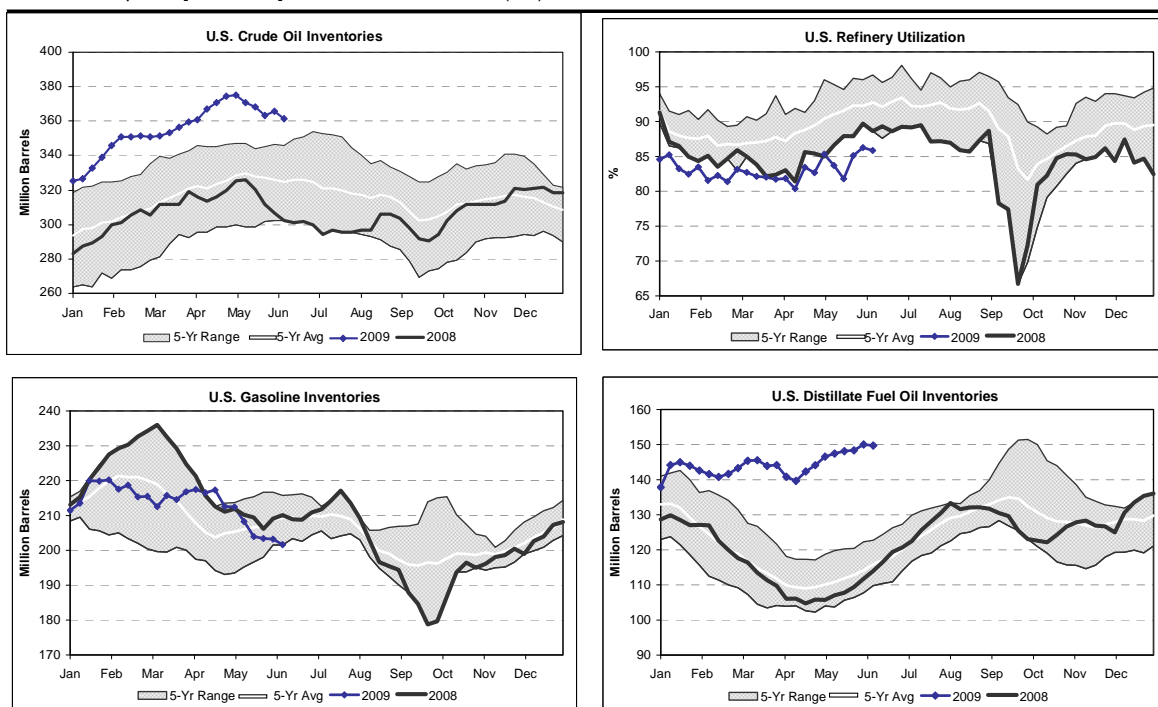
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COMPANY NEWS

Oil Inventory Report

EIA reports unexpected drawdown in crude oil inventories on improving demand

	Inventories		w/w		y/y		vs. -5yr Avg.	
	mmbbls	mmbbls	%	mmbbls	%	mmbbls	%	
Crude Oil	361.6	(4.4)	-1.2%	59.9	19.9%	37.0	11.4%	
Gasoline	201.6	(1.6)	-0.8%	(6.1)	-2.9%	(7.9)	-3.8%	
Distillate	149.7	(0.3)	-0.2%	35.8	31.4%	34.6	30.1%	
Gasoline Demand [mmbbls/d]	9.1	0.1	1.3%	(0.3)	-2.9%			
Crude Oil Imports [mmbbls/d]	9.0	(0.7)	-7.0%					



Source: Salman Partners Inc. and U.S. Department of Energy

Crude oil prices continued to push higher in yesterday's trading session after the U.S. Energy Information Administration (EIA) reported that crude oil inventories declined by 4.4 million barrels (1.2%) last week. While this significantly exceeded Bloomberg consensus estimate, which signaled a 0.1 million barrel build, the market's reaction was relatively muted as the EIA data simply corroborated the 6.0 million barrel drawdown that was reported by the American Petroleum Institute the previous day. While U.S. storage levels remain well above normal levels for this time of year, a series of weekly withdrawals have eroded material volumes of excess inventory.

A closer look at the data shows that the drawdown in crude oil was not the result of an anomalous weekly decline in imported volumes or a material increase in refinery runs. Rather, the reported drawdown was supported by an improvement in demand for both crude oil and refined products. Implied U.S. demand for crude oil last week increased by 0.4 million barrels per day (2.5%) last week. Meanwhile, gasoline consumption increased by 0.1 million barrels per day (1.3%) last week. Implied crude oil demand and gasoline consumption currently trail last year's levels by 3.2% and 2.9%, respectively.

Analyst Coverage: Tim Murray and Dragan Trajkov

COMPANY NEWS

Canadian Spirit Resources Inc. (SPI – TSX.V Cdn\$0.97; Not Rated) – 48.7 MM S/O***JV Gething Pilot Project with Shell continues to progress: First sale of gas announced***

Canadian Sprit Resources (CSRI) announced its first sale of natural gas from its Gething Pilot Project at Farrell Creek, B.C. Up to seven wells are planned to be tied in over the coming months. The pilot is operated by **Shell Canada Energy**, a subsidiary of **Royal Dutch Shell** (RDSA – NYSE US\$55.05; Not Rated), who has entered a joint venture agreement with Canadian Spirit to optimize completion and production techniques that could be used for a future, larger-scale, Gething natural gas project.

Canadian Spirit holds ~55 contiguous sections of Gething rights, which is surrounded by ~95 sections of land held by Shell. Following the evaluation of the pilot project, Shell will determine whether it will proceed to the development stage. If Shell does opt to continue, the two companies land positions will be pooled, with Shell holding a 75% working interest in ~150 sections and CSRI holding the remaining interest.

Analyst Coverage: Tim Murray

COMPANY FORECASTS

Oil & Gas Price Assumptions	2006A	2007A	2008A	2009F	2010F	Long -Term
WTI Crude Oil (US\$/bbl)	\$66.24	\$72.36	\$99.94	\$50.00	\$65.00	\$70.00
Henry Hub Natural Gas (US\$/mmbtu)	\$6.98	\$7.12	\$8.92	\$4.75	\$6.75	\$8.00
AECO Natural Gas (Cdn\$/mcf)	\$6.54	\$6.47	\$8.11	\$5.35	\$7.00	\$7.50
Foreign Exchange (US\$/Cdn\$)	\$0.88	\$0.93	\$0.94	\$0.85	\$0.87	\$0.88

Company	Ticker	Last Price	12-mth Target	Rec.	Chg. to Target	Mkt Cap (MM)	CFPS			P/CF			EV/DACF			Production (BOEPD)			EV/BOEPD 2009F	Analyst	
							2008A	2009F	2010F	2008A	2009F	2010F	2008A	2009F	2010F	2008A	2009F	2010F			
Senior E&P																					
EnCana Corp.**	ECA-US	\$55.76	\$50.00	BUY	-7%	\$41,904	\$12.48	\$9.40	\$9.08	4.5x	5.9x	6.1x	5.2x	6.9x	7.3x	773,000	772,000	806,000	\$67,595	DT	
Suncor Energy Inc.	SU	\$39.01	\$33.00	SELL	-15%	\$36,541	\$4.72	\$2.83	\$4.47	8.3x	13.8x	8.7x	9.3x	14.6x	9.7x	265,000	329,000	372,000	\$137,580	DT	
Junior E&P																					
Highpine Oil & Gas Ltd.	HPX	\$4.45	\$6.20	BUY	39%	\$305	\$4.77	\$1.50	\$1.91	0.9x	3.0x	2.3x	1.1x	3.5x	3.0x	19,133	16,660	17,500	\$21,177	TM	
Delphi Energy Corp.	DEE	\$1.10	\$1.30	BUY	18%	\$87	\$0.93	\$0.54	\$0.70	1.2x	2.1x	1.6x	2.7x	4.1x	3.3x	6,345	6,740	7,230	\$28,609	TM	
Anderson Energy Ltd.	AXL	\$0.90	\$0.95	HOLD	6%	\$142	\$0.90	\$0.31	\$0.39	1.0x	2.9x	2.3x	2.5x	5.0x	3.4x	7,788	7,750	7,550	\$26,534	TM	
Storm Exploration Inc.	SEO	\$14.20	\$13.80	BUY	-3%	\$695	\$1.91	\$1.30	\$2.30	7.4x	10.9x	6.2x	8.4x	12.2x	6.9x	6,978	8,450	10,400	\$94,079	TM	
Midnight Exploration Ltd.	MOX	\$1.10	\$1.05	HOLD	-5%	\$63	\$0.53	\$0.26	\$0.46	2.1x	4.3x	2.4x	2.4x	6.1x	3.2x	1,834	2,230	2,700	\$39,744	TM	
Crew Energy Inc.	CR	\$6.30	\$4.85	SELL	-23%	\$492	\$2.06	\$1.09	\$1.62	3.1x	5.8x	3.9x	5.2x	7.7x	5.1x	11,617	14,100	14,530	\$47,784	TM	
Average					1%	\$298				2.6x	4.8x	3.1x	3.7x	6.4x	4.2x	8,949	9,322	9,985	\$42,987		

Notes:

** Estimates and target price in USD\$, production presented on an after-royalty basis, Chg. to target includes dividends

Analysts: (TM) Tim Murray, (DT) Dragan Trajkov

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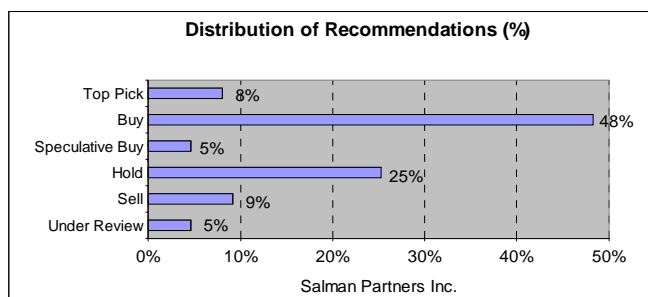
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Buy	A recommendation to purchase the stock at the current price.
Hold	A recommendation to maintain one's current position in the company, given the current share price and the outlook for the company, sector or underlying commodity.
Sell	A recommendation to reduce one's share position, either in part or in whole.
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