

# Seismic reflections

## Seismic Elections

The value of an oil field is not only subject to field specific risks (such as geological, technical and commercial uncertainties) but also affected by global events that influence macroeconomic trends. It is the depth and breadth of all of these elements that make oil investing both so complex and interesting. Elections in particular can be a source of uncertainty that can influence investor sentiment. In this report we highlight some forthcoming political events that investors should keep abreast in coming months.

### Iranian elections

Of the elections due in H113, the Iranian presidential vote in June is the most likely to have global ramifications should political posturing and rhetoric be ramped up before the poll. Recent changes to election law have been interpreted as an attempt to avoid undue government influence - reformist and opposition brought fraud charges against Ahmadinejad after the 2009 vote. Current term limits dictate he cannot run again.

### African elections

Kenyan elections (4 March) will be watched carefully. The last elections in 2007 were followed by widespread violence resulting in the deaths of over 1,000 people. Two presidential candidates are currently being investigated by the International Criminal Court for crimes against humanity. President Obama has called for a "free and fair vote". In Tunisia, the assassination of the opposition leader (Chokri Belaid) on 6 February, has led to rising tension and a general strike has been called in protest to the killing. The cabinet has been dissolved in preference for technocratic government until the planned elections in June. Madagascar has elections planned for July, though these may be delayed again.

### Rest of the world

Italy will hold elections on 24 February, and a new government may help to reduce bureaucracy in getting new offshore permits approved and exploration restarted. Trinidad and Tobago (15 February), Ecuador (17 February), Barbados (21 February) and Paraguay (21 April) are also holding polls in the next few months. Nigeria is still reviewing its PIB.

### Companies affected

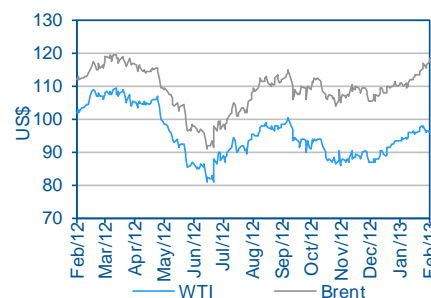
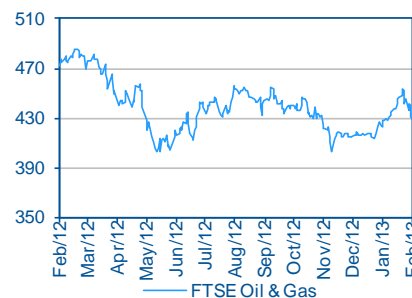
We do not expect elections to be the catalyst for significant unrest; however, we highlight the following companies could be affected should this happen. Iranian elections may have global consequences, but are unlikely to affect individual company operations. In Kenya, the operations of onshore players (AFR, AOI, BLVN, SMB, TPN, TLW and VEL) are generally far from population centres. Tunisian unrest could affect a number of companies (ADX, GPX, NZOG, CKE and Voyageur-private) while Malagasy elections could help reduce uncertainty over company operations (MOIL). MOG, PCI, NOP, PVE and SOU all have significant Italian exposure while RDSA, TOT, XOM, ENI, SAC, AFR, HOIL and ELA have Nigerian operations. The Bahamas is planning a referendum on oil exploration in 2013 that will likely have a major effect on BPC.



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**Exhibit 1: Best and worst performers**

1 week					
No.	Best performers	% change	No.	Worst performers	% change
1	TETHY'S PETROLEUM LTD	28.9%	1	VICTORIA OIL & GAS PLC	-21.5%
2	ENEGI OIL PLC	15.1%	2	PETRONEFT RESOURCES PLC	-17.0%
3	URALS ENERGY PUBLIC CO LTD	12.8%	3	KEA PETROLEUM PLC	-10.2%
4	CADOGAN PETROLEUM PLC	9.5%	4	LOCHARD ENERGY GROUP PLC	-8.8%
5	SALAMANDER ENERGY PLC	8.8%	5	ENDEAVOUR INTERNATIONAL CORP	-8.8%

1 month					
No.	Best performers	% change	No.	Worst performers	% change
1	TETHY'S PETROLEUM LTD	49.6%	1	LOCHARD ENERGY GROUP PLC	-35.4%
2	BORDERS & SOUTHERN PETROLEUM	26.4%	2	VICTORIA OIL & GAS PLC	-25.6%
3	BAHAMAS PETROLEUM CO PLC	22.1%	3	JKX OIL & GAS PLC	-24.0%
4	ASCENT RESOURCES PLC	21.2%	4	FORUM ENERGY PLC	-23.6%
5	URALS ENERGY PUBLIC CO LTD	17.8%	5	PETRO MATAD LTD	-19.2%

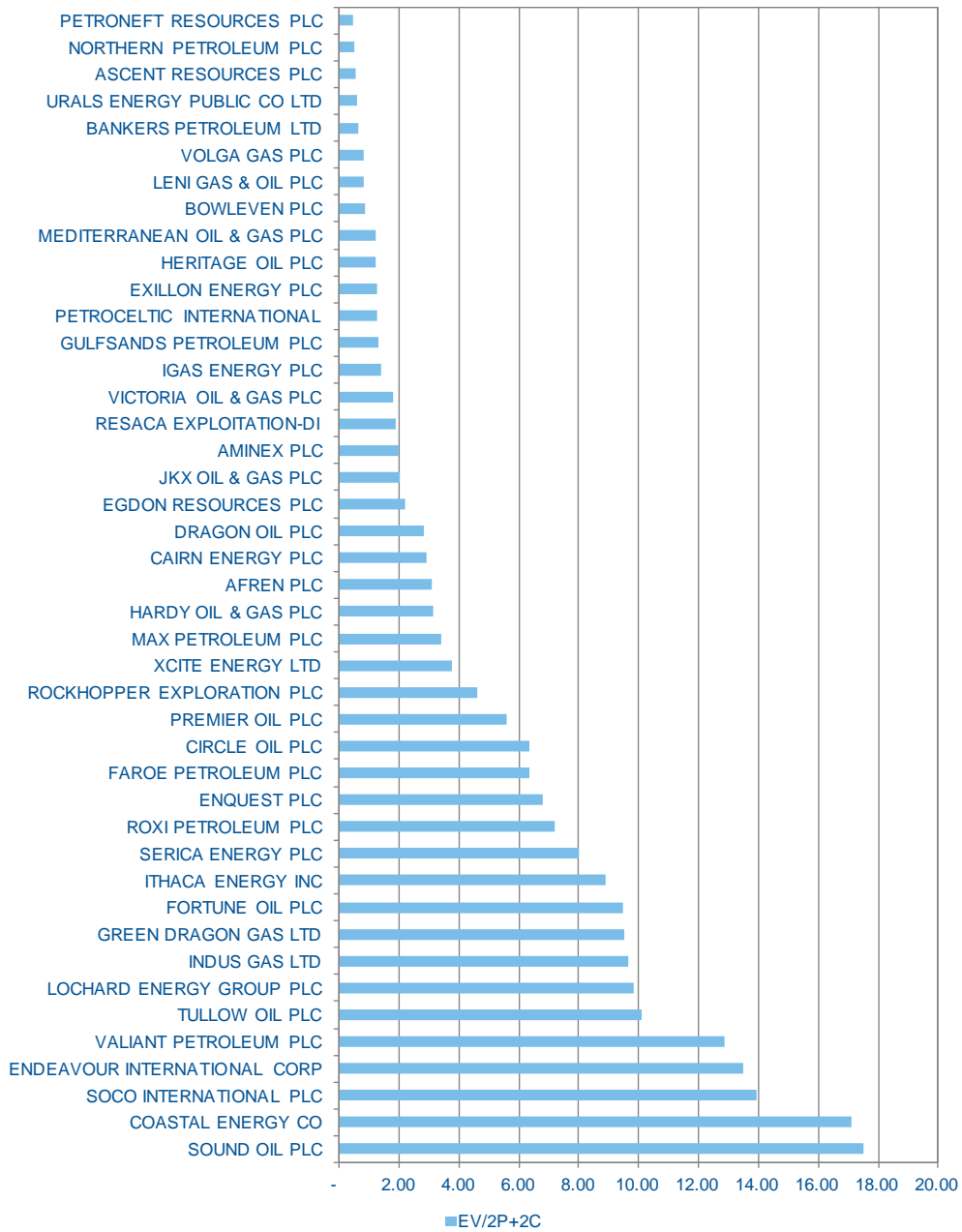
3 months					
No.	Best performers	% change	No.	Worst performers	% change
1	PETREL RESOURCES PLC	229.2%	1	FALKLAND OIL & GAS LTD	-49.0%
2	TETHY'S PETROLEUM LTD	53.0%	2	LOCHARD ENERGY GROUP PLC	-44.6%
3	EGDON RESOURCES PLC	41.1%	3	ASCENT RESOURCES PLC	-44.4%
4	ROXI PETROLEUM PLC	40.0%	4	RESACA EXPLOITATION-DI	-37.0%
5	IGAS ENERGY PLC	35.6%	5	PETRO MATAD LTD	-36.4%

6 months					
No.	Best performers	% change	No.	Worst performers	% change
1	PETREL RESOURCES PLC	295.0%	1	RESACA EXPLOITATION-DI	-77.9%
2	SOUND OIL PLC	74.0%	2	CHARIOT OIL & GAS LTD	-75.9%
3	EUROPA OIL & GAS HOLDINGS	68.1%	3	FALKLAND OIL & GAS LTD	-64.8%
4	BORDERS & SOUTHERN PETROLEUM	59.4%	4	LOCHARD ENERGY GROUP PLC	-48.3%
5	LENI GAS & OIL PLC	52.4%	5	ASCENT RESOURCES PLC	-45.2%

1 year					
No.	Best performers	% change	No.	Worst performers	% change
1	PETREL RESOURCES PLC	129.0%	1	INDEPENDENT RESOURCES PLC	-85.2%
2	AMERISUR RESOURCES PLC	128.0%	2	RESACA EXPLOITATION-DI	-82.4%
3	IGAS ENERGY PLC	124.7%	3	PETRO MATAD LTD	-81.6%
4	MEDITERRANEAN OIL & GAS PLC	110.5%	4	CHARIOT OIL & GAS LTD	-76.5%
5	NIGHTHAWK ENERGY PLC	45.5%	5	RANGE RESOURCES LTD	-71.6%

Source: Bloomberg

Exhibit 2: EV/2P + 2C rankings



Source: Bloomberg, company releases, Edison Investment Research

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