REVIEW
VALUE RANGE
GBp 9.7 - 9.9

Chart: BPC.LN vs.*AIM (darker line)*

Monday 23rd November 2009

Close Price	3.8p
Valuation Range per share	9.7 - 9.9p
Bloomberg	BPC.LN
Financial YE	31 DEC
Close price at date of note	

Business Activity

BPC is a London AIM listed oil and gas explorer with assets in the Bahamas. The company is run by an experienced oil and gas exploration management team that has a record of delivering value to shareholders.

Key Metrics

MCAP GBP(m)	30.0
Net Debt (Cash) GBP (m)	0.87
EV GBP (m)	30.87
52 Wk Hi/Lo (p)	5.5/1.0
ADV (m shares)	9.10
Free Float (%)	63.6

Key Ratios

ROCE %	N/A
Net Debt (Cash) / Equity %	2.84
FX Rate GBP/USD	1.6653

Oil & Gas Sector Research

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BPC Limited (BPC.LN)
Bahamian Potential

BPC's potential moves closer to realisation as more players begin looking at the stable Bahamian environment with its high return tax regime. We see conservative upside of greater than 120% based upon an average oil price of US$ 55 bbl on a single field, using a rational speculation model. Led by proven value creator Alan Burns and leading carbonate geologist Paul Crevello, BPC has a unique geological library of The Bahamas and using modern technology it has revealed an exceptional oil opportunity along an actively producing trend. Oil producers looking to exploit the region are likely to need access to this data. From this we infer that BPC has the possibility of becoming the exploration partner of choice for farm-in joint ventures. BPC was listed on the AIM market, 2nd September 2008.

- Strong, highly experienced management team, with a proven track record for exploration and investor wealth creation
- Attractive economic conditions for Oil and Gas exploration and developments
- Promising oil finds in similar geologies close to the Bahamian JV partnership with Statoil – the leading Norwegian oil-major
- Moderate to Shallow water and close proximity to market landing - low cost
- Currency parity with the US dollar

Summary

BPC plans to deliver super-normal returns by exploring under a tax efficient regime in shallow to moderate water depths. BPC can deliver low extraction and exploration costs and much of these costs will be shared with oil majors through BPC's JV programme. BPC claims it has assembled a unique competitive advantage by assembling the only comprehensive geological data set of the Bahamian region.

BPC has a strong and experienced management team. The company's CEO, Alan Burns, is the former founder and Chairman of Hardman Resources Ltd and the COO, Paul Crevello, is a world renowned expert in carbonate reservoirs such as those expected to be found in The Bahamas.

The wider region demonstrates a working petroleum system in both Cuban and Mexican fields in the Southern Gulf of Mexico.

A recent Competent Persons Report (CPR) identified 22 potential leads some of which, if confirmed, suggest traps capable of holding 500 million barrels oil could be present.

BPC has secured five Offshore Exploration Licences Awarded 26 April 2007 (5-yr initial term). A further three Offshore Exploration applications have been submitted for additional Licences (expected to be award in late 2009)

BPC has a JV agreement with Norway's oil major Statoil, with the expectation of securing additional farm-in partners.

The Commonwealth of The Bahamas' has a favourable fiscal and political structure, it has proximity to US markets, a low competitive environment, and a high barrier to initial entry (Geological library controlled by BPC) in conjunction with rising commodity prices, makes it the ideal time to invest in the Bahamas via BPC.

Key Valuation Data

Exhibit 1: Key valuation & forecast data for a single 150 mmstb field

Implied Field Valuation	Spot	52 week High	52 week low
WTI USD US $	78.9	81.4	32.4
Extraction Cost BOE	5.0	5.0	5.0
Transporation Cost BOE	1.0	1.0	1.0
Asset Size (mmstb) Est.	150	150	150
Implied Gross Revenue US$ m	11,835	12,206	4,853
Implied Gross Profit US$m	10,935	11,306	3,953
Implied Gross Profit (%)	92.4%	92.6%	81.5%

Source: Company reports/ ACF Equity Research

Main Focus

Based on the BPC's own interpretation of the pre-existing seismic data, and an extensive US$2.9m research and analysis campaign to catalogue The Bahamas' geological data, 22 leads (structures that may contain hydrocarbons) have been identified as potentially capable of trapping hydrocarbons. BPC believes these 22 leads, based on volume, could all be commercially exploitable.

A Competent Person Report (CPR) found source rocks with similar characteristics to adjacent productive areas in the southern Gulf of Mexico and Cuba leading to the suggestion that traps capable of holding multiple giant accumulations greater than 500 million stock tank barrels (MMSTB) could be present, subject to there being adequate charge available - the likelihood that petroleum can form, migrate and accumulate in a body of sedimentary rocks. The report concluded a total of 22 possible leads. Investors should note that the CPR determined that a site visit was not required.

BPC intends to investigate, delineate and rank its leads and seek industry partner funding for all or part of its exploration and evaluation work. Funds will be used to develop exploration evaluation studies, seismic and pre-drill surveys. Drilling will commence subject to appropriate financing and/or JV agreements, satisfactory exploration and evaluation results and rig availability.

The Commonwealth of The Bahamas

The Geography and demographics

The Bahamas comprises an archipelago of close to 700 islands - 30 of which are inhabited by a population of c.306,000 (2000 census). The archipelago consists of numerous extensive shallow water banks and shallow seaways (5 -535m), allowing for modest exploration and development costs. The seaways between these banks rarely reach depths in excess of 1,000m. BPC's acreage lies in less than 535m water depths.

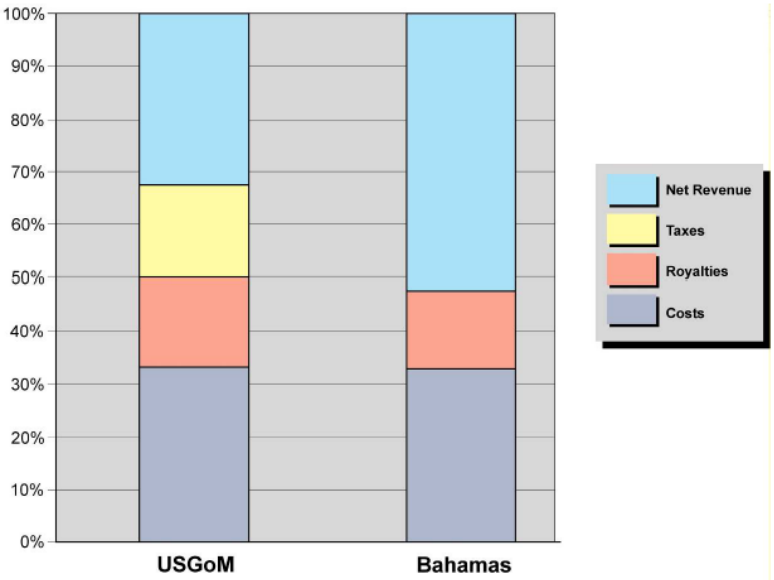
Previous Exploration in The Bahamas

Over sixty years of sporadic exploration has been conducted in The Bahamas, however there has been relatively little exploratory and drilling activity within the last two decades. The last well was completed in 1986, and the results of this and previous wells confirm the presence of active petroleum systems, based on the presence, especially in the pre-mid Cretaceous Unconformity sections, of oil shows of varying quality, abundant reservoirs and seals, indications of source rocks, and hydrocarbon saturations from log interpretation.

Legislation

The Bahamas represents an area with low political risk and has had an uninterrupted democracy for 275 years. The country gained independence from the United Kingdom in 1973, but still retains an English Common Law (ECL) legal system

Exhibit 2: Comparison of Licence Revenues – GoM vs. Bahamas (Source: BPC)



Comparsion of licence revenues (as a proportion of gross sales revenue) between US federal deep water Gulf of Mexico and The Bahamas, assuming $90 oil price and $30/STB total costs (Moyes analysis)

The Bahamian dollar is tied to the US dollar at parity. For oil and gas exploration it possesses a favourable fiscal structure based on a sliding royalty scale (12.5%-25%), and a government that welcomes foreign investment. The deductible rentals-charged at $0.92 per acre p.a. for the area of the lease, accompanied by a zero CTR, lowers project IRR hurdle rates, thereby increasing the number of viable projects relative to regions such as the Gulf of Mexico (GoM). In the Bahamas we estimate more than 50% of license revenue translates to net revenue, compared to our estimated 30% in the GoM.

Analogues

The CPR observes that organic-rich carbonates have been identified in the Upper Jurassic-Lower Cretaceous post-rift sequence in three wells in the BPC licence and applied areas. Carbonate source rocks from within the same or equivalent sequences have been identified and correlated with oils in producing provinces in onshore Florida, offshore northern Cuba and in the southern GoM offshore Mexican fields.

Cuba claims that it has untapped reserves of more than 20bn barrels of offshore oil in the GoM, which if extractable, would place it among the top 20 oil producing nations. Cubapetroleo - the state owned oil company - has based its estimates on comparisons with known oil reserves found within similar geological structures off the coasts of the US and Mexico. The USGS (United States Geological Survey) quotes in excess of 4bn barrels of potential recoverable oil in Cuba.

Competitive Advantage

Market position

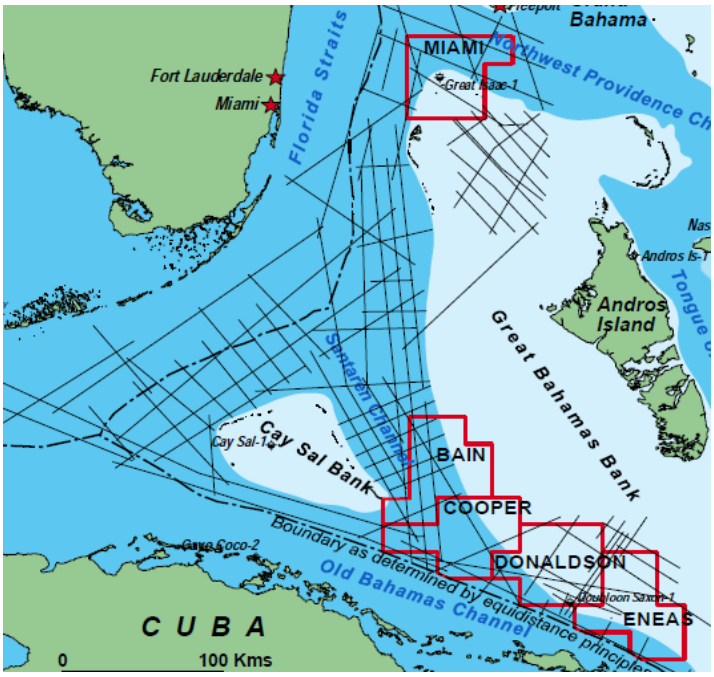
BPC is in the unique position of having collated and bought all of the seismic data pertaining to Bahamian geology. It is the first E&P company, in recent years to undertake exploratory activity on the islands, having been awarded 5 licences

Geology Library Competitive Advantage

The historic 2D seismic geologic and satellite data has indicated the presence of several large structures in the area but further seismic work will be required in order to high grade drillable prospects (CPR). BPC's geological library, which includes original reports, logs, seismic and core data, all updated and reinterpreted using modern computer applications and scientific concepts, was a clear attraction for Statoil and is likely to be considered attractive by other future farm-in partners.

Licences and Assets

Exhibit 3: 2 Map of Licences (Seismic Data Base)



Source: BPC

BPC has secured five petroleum exploration licences covering approximately 15,676 km^2. Four adjacent acreages (Bain, 3138 km^2; Cooper, 3148 km^2; Donaldson, 3152 km^2; Eneas, 3158 km^2) are located in the southwest region, the fifth, Miami 3080 km^2, is positioned in the north. The licences hold an exploration status and an expiration date 2012.

Licence Conditions and Further Geological testing

Rollover of the five year exploration licence is conditional, upon BPC (and partners) adherence to mandatory work obligations and delineation of drillable prospects. Under the renewal program, BPC must commit to drill one 18,000ft well in the first year of the renewal period (year six) and one well every two years thereafter. BPC applied for three additional offshore Bahamas exploration licences.

Farm –in Agreements

BPC signed an exploration deal with Norwegian major Statoil, in May 2009. Under the agreement we estimate that BPC and Statoil might typically run a 25:75 to 40:60 JV split in Statoil's favour in which Statoil will operate three offshore exploration licences in the Cay Sal region in the southwest of The Bahamas, close to Cuban production. These licences are still under application pending Government approval, which BPC hopes will be forthcoming before calendar YE09E.

The BPC agreement gives the Norwegian major, the opportunity to extend its reach into the northern Caribbean and allows BPC the chance to strengthen the company's capital position. Overall the agreement acts to endorse BPC's exploration evaluation of the potential of The Bahamas. Statoil announced 8th July 2009 a US$ 260m investment in a storage unit on the Grand Bahamas, thereby reinforcing its commitment to the area.

Competition and Substitutes

With the growing interest in E&P activity in the southern GoM and neighbouring waters, BPC is confident of success in respect of its future attempts to find farm-in partners for additional JV partnerships. At the same time BPC, is currently, in combination with its JV partner Statoil, the only significant explorer in the Bahamas.

Substitutes for classical mineral oil such as oil shale deposits in the Western United States, biofuels and other "CleanTech" sources do not yet compare favourably with mineral oil extraction costs and are currently reliant upon government subsidy for commercial viability. Various oil operators are considering oil extraction from tar and coal, however these are very carbon intensive and will deepen the climate problem, according to Dr Leggett – a former oil–industry consultant. We believe that such technologies and sources will generally remain uncompetitive until mineral oil trades at US$150-200 per boe or until the next CleanTech innovation cycle. Therefore, production levels of substitutes are not yet competitively significant.

Exhibit 4: 2 Proven oil reserves and annual oil consumption / supply

Thousand bbl	2007	2008	2009 YTD
Daily Oil Consumption	85,931	85,534	
Annual Oil Consumption [1]	31,300,302	31,155,776	
Daily Total Oil Supply	84,428	85,472	
Annual Total Oil Supply	30,753,028	31,133,090	
Proven Oil reserves *(thousand million)*	1,317	1,332	1,342
Oil Horizon *(years)*	42.07	42.75	1.64%

[1] 2008 Forecast

Source IEA / ACF Equity Research

Management Team

Alan Burns, Chairman / CEO

Alan Burns has a record of making positive returns for investors. He has 35 years experience as a senior manager in the extractives sectors. Alan has been Chairman of Carnegie Corporation Ltd since 28 April 1993 and was the founder of Hardman Resources Ltd of Australia, retiring as Chairman in 2006.

Hardman Resources Ltd was acquired by Tullow Oil Plc, an international oil company, for approximately £650m. Hardman was responsible for the first commercial oil discoveries in Mauritania and Uganda.

Dr Paul Crevello, COO

Dr Crevello was founder of Petrex Asia, and developed it into Asia's leading geological exploration consulting firm. Paul has over thirty years experience in US domestic and international exploration in over 40 countries having spent 17 years in research at Marathon Oil Company. Paul has been responsible for significant discoveries and opening new fields that have netted several billion barrels of oil and hydrocarbon (HC) equivalents.

Michael Proffitt, Non-executive Finance Director

Michael Proffitt is a Fellow Chartered Accountant of England and Wales and the former Chairman of Barclays Private Clients International. Michael has substantial energy related experience and has spent a considerable time residing in the Bahamas. Michael is currently CEO & founder of Renewable Energy Holding PLC (REH.LN, Aim listed)[1].

Dursley Stott O.B.E: Non Executive Director

Dursley Stott is recognised as an important contributor to the Isle of Man's financial growth during the last 50 years. He has been Chairman of numerous companies, including R. L Stott & Co, Stockbrokers and the local board of Sun Alliance Insurance Company Limited, a number of which were AIM and fully listed. Dursley is currently an Investment Consultant with local firm Ramsey Crookall & Co, Limited, Members of the London Stock Exchange.

High Impact News

The southern Gulf of Mexico (GoM) shares similar geological oil bearing characteristics and systems to those in BPC's Bahamian licence regions. We believe this enhances BPC valuation drivers; firstly it improves the probability that BPC will find oil. Secondly, it improves the probability that BPC will be able to pick from a range of potential farm-in partners in order monetize an identified resource.

PetroVietnam the state-owned Vietnamese National Oil and Gas Group, and Zarubezhneft, a Russian oil and gas company have signed a memorandum of understanding (MoU) in respect of Cuban offshore oil and gas exploration. The official announcements were made 31st August and 2nd November 2009. The two companies are said to have agreed to "prepare works for oil and gas exploration and production both onshore and offshore Cuba," according to what we suspect is an unnamed Cuban official.

Russian state oil company Zarubezhneft signed four 25 year contracts for four blocks, two onshore and two offshore in Cuban GoM with Cuba's state oil company Cubapetroleo. The US Geological Survey has estimated that Cuba has circa five billion barrels of oil and 10 tcf of natural gas offshore. The blocks granted to Zarubezhneft are more or less contiguous on and offshore and are east of Cuba's producing Varadero field on the northern coast.

The offshore blocks lie in water up to 1000 metres deep and Zarubezhneft is hoping to find oil and natural gas in the blocks. It is also considering signing up three more offshore blocks, two near Havana one out in deeper water.
Repsol (Spain), Norsk Hydro or Norway (now Statoil), Oil and Natural Gas Corporation (India), Petronas (Malaysia) PDVSA (Venezuela) PetroVietnam (Vietnam) and Petrobras (Brazil) have also all signed deals with Cuba.

Projects initiated by foreign oil producers such as Spain's Repsol and BPC partner Norway's Statoil in the Cuban-controlled portions of the Gulf of Mexico, could see future drilling activity in waters that US extractives companies are forbidden from entering due to the raft of US trading restrictions with respect to Cuban waters. We interpret the investment from such international non-American oil majors as an indication of their confidence of finding extractable boe reserves.

There is growing pressure on the US state legislature to reverse its prohibition on US oil companies drilling off the Floridean coast. Whilst the prohibition is in place non-US oil companies are drilling off the Cuban coast. US oil companies are also being squeezed out of this opportunity because of the US's Cuban trade embargo.

Repsol drilled a test well about 20 miles off Cuba's north coast during 2004. Reuters reported that the company claimed it had found traces of high-quality oil, but the crude was not commercially ready yet. A second well was scheduled to be drilled summer 2009, but has been postponed for undisclosed reasons.

Technology

Most mineral oil finds contain a significant proportion of associated hydrocarbon gas.

Upon discovery of a commercially extractable field – anticipated 2012-(first drilling), BPC intends to fast track production with jack-up Shallow-Water Platform Production Storage and Offloading Facilities (SPPS0) similar to those used in Lake Maracaibo, Venezuela. Using this technology BPC claims it could begin production upon completion of delineation of a field, immediately upon discovery. BPC's Paul Crevello has experience of similar fast track production onshore in Tunisia where oil was moved immediately upon discovery. The oil itself will be extracted under water drive and or gas depletion.

BPC will capture gas and sell it to the Bahamas and South Florida market. The transport tariff for compressed natural gas is c.US$1.49/MMBtu to the ports of Miami, Fort Lauderdale, Key Largo, Palm Beach and Freeport. BPC will also construct an uploading pressurized system costing c. US$10m, as the gas off-loads under pressure there are no costs at the off-load site. BPC believes this is both the safest and best technology for short distance (up to 500 miles) gas transportation to market.

Modern interpretation technologies and approaches will also allow BPC to enhance its pre 1987 Bahamian and other recovered geological data thereby further reducing the risk profile of the investment.

Use of Funds to Date (Costs)

A comprehensive breakdown of the company's funding requirement during the last 12 months is presented below. BPC had previously only incurred minimum capital expenditure relating to Geological and Geophysical (G&G) studies and seismic prior to the successful farm-in agreement.

Exhibit 5: BPC Capital Utilization

Capital Utilization	USD(m)
Permits, Licence cost, annual rentals etc G&G analysis	1.3
P&L	0.2
Corporate finance/ongoing advisory fees	0.4
Admin overheads	1.9
Working capital/ future commitments	1.6
TOTAL	5.4

Source: Company Data

We expect the close proximity of The Bahamas to keep oil transportation costs to the US market low at less than US$1 per barrel.

Main Risk factors and Mitigation

Commercial

Many of the previously considered risks i.e. exploration costs and possession of technological expertise have now been mitigated due to the JV partnership between BPC and Statoil, European major, which possesses deep water exploration experience. BPC is actively pursuing additional potential farm-in partners, but in the light of recent developments this should be facilitated with the Statoil JV in place.

If BPC fails to meet capital expenditure obligations this could result in the company forfeiting 50% of its capital expenditure (CAPEX) cash budget, effectively a cash penalty paid to the Bahamian Government in accordance with the Petroleum Act. However, BPC states that it has already met its capital budget requirements to The Bahamian government under the Petroleum Act.

Geological

According to the CPR, the principle geological risks are whether:

A significant structural, stratigraphic or combination trap is present
An economically viable reservoir –seal couplet is present
There are source rocks of adequate thickness and maturity present in the fetch area

Valuation

Peer Group Comparative Valuation

Our peer group is constructed by comparing similar offshore exploration companies which we believe share similar exploration environments with BPC such as, but not exclusively, shallow water drilling, our peer group is exploring in offshore regions such as West Africa, The Falklands, and the Middle East, which are commonly observed to carry far greater country risk than The Bahamas..

Rational Speculation Valuation

We have assessed BPC as being at the grass roots stage or P3/M0 for our risk adjusted valuation approach. At this very early stage of the exploration process, P3/M0, or "grass roots" our model assumes that the average probability of success is between 0.5% and 1% to get to oil production. We have selected 1% to reflect adjacent proven oil baring geologies in the southern Gulf of Mexico with similar geological characteristics to those of BPC's Bahamian licences.

Our valuation is based upon average extraction of the field over 5 years- averaging Free Cash Flow and costs-so that the valuation is sensitive explicitly to the oil price, commercial field size, JV share, discount factor, TV multiples and the risk adjusted valuations derived from our rational speculation model for oil extraction.

Given our valuation parameters we have generated the following valuations under varying scenarios.

Our valuation of BPC is based upon one field with 150m boe extractable and 10 wells coming on line at the rate of one well per year. Oil and gas production is decayed at approximately 20% per annum beyond peak oil and gas production for the field in 2016. We have modelled success in a single field but BPC has five licences, all with similar economic, resource and geological characteristics in The Bahamian region.

Exhibit 6: Valuation range based upon a single field

Oil Price ($/bbl)	Gas Price $	10 Yr DCF GBp Share Price (p)	5 Yr DCF GBp Share Price (p)
100	8	34.28	28.96
80	6.4	23.45	19.82
55	4.4	9.91	8.40
50	4	7.20	6.12

Source: ACF Estimates

Using a 12.5x correlation between gas to oil prices, assuming a 32.5% midpoint for the rational JV partnership range 25:75 - 40:60 and long run oil prices of USD 55 bbl, we have generated a target price of 9.91 pence on a 10 year DCF and 8.40 pence on a 5 year DCF. Our oil price assumptions are conservative compared to those in the market and the WTI spot price trading between USD 78-80 bbl. Investors should also note that our 10 year DCF runs beyond peak production of the single field

model we have valued, generating a conservative TV. BPC has five licences in the Bahamian region suggesting a potential of five fields, all with similar financial characteristics.

To compensate for the distortion in the multiples of our peer group we have used an EV/EBITDA TV of 12x for our 10 year DCF reflecting our longer term view for the recovery of multiples for successful small cap explorers in the sector. We have applied an EV/EBITDA multiple of 7x for our 5 year DCF reflecting current market expectations. To reflect the safe political environment of The Bahamas and the economic and geological conditions of the regions described earlier in this note, combined with Alan Burns's previous successful record, we have chosen a discount factor over 10 years for FCF of 10% as opposed to the usual 15-25% range that might be expected for this type of investment. However we have run the 5 year DCF discount rate at 15% by way of a sanity check.

In respect of the rational speculation model BPC is classed by us as a P3 explorer and we have assigned a 30% probability of success for the risk adjusted 10 year NPV and the risk adjusted 5 year NPV.

We have run our model using a conservative 150m to 200m barrels of extractable boe. It is reasonable to speculate that the fields under licence will contain 300m boe and may contain 500m boe.

An oil price assumption of US$ 55 bbl over the 10 year and 5 year model represents a conservative estimate for a weighted average oil price over the foreseeable future. Our rational for this range is based upon our view of technological innovation in all industry sectors including energy, the cobweb pricing nature of commodities and the historical dynamics of oil reserve horizons and their impact on the future supply and demand schedule. Other market participants believe the long term average price will be nearer USD 70-80 bbl.

Our BPC valuation is highly sensitive to oil price, field size, probability of success and the JV splits with farm-in partners.

Exhibit 7: Operational assumptions for a single field valuation

	10 Year Total	5 Year Total
Field Size (mmstb) est	150	150
Net Production Oil Bbl	98,472,762	59,232,438
Net Production Gas Mcf	49,236,382	29,616,219
Revenue US$	5,632,641,991	3,388,095,454
Operating Expense US$	2,611,555,559	1,570,879,093
Development Costs	1,000,000,000	1,000,000,000
Transportation costs	98,472,762	59,232,438
Cost of Sales - Royalty (12.5%) US$	704,080,249	423,511,932
Total Costs	4,414,108,570	3,053,623,463
EBITDA pro rata JV share	816,751,909	491,285,163
FCF pro rata JV Share	491,751,909	32,466,233
PV of Terminal Value	217,039,797	394,915,285
PV of Terminal Value as a % NPV	78%	106%

Source: ACF Estimates

We have modelled in what would be considered high end exploration and operational costs for the geologies and geography of BPC's licences in exhibit 7 above. We taken this approach in order to reflect our view of the nature of commodity markets whereby both revenues and costs are capable of spiking "unpredictably" over a period of years. We could have achieved a similar degree of conservatism by raising the discount factor and/or reducing the probability of success but we believe our approach balances risk in the most visible way.

Investors should note that the contribution of the TV in the 5 year DCF is greater than 100% because of negative cash flows generated by initial development capital investment of USD 800m expected in 2012. Investors should also note that operational costs and revenues are negligible between 2009 and 2011. Therefore we have calculated our discount factor as if 2012 (Year one of the DCF) was in fact period three and logically extending this so that the discount factor at the end of 2021 (year ten of the DCF) is in fact period 12. This adds further conservative rigour to all scenarios but particularly to our 5 year DCF valuation for BPC of 8.4 pence with greater than 120% upside on the close price.

Exhibit 8: Valuation assumptions summary

	10 Year DCF	5 Year DCF
Oil Price $/bbl (WTI Spot)	55	55
Gas Price	4.4	4.4
Discount Rate	10%	15%
Terminal Value EV/Ebitda x	12	7.0
P3	30%	30%
JV Allocation	32.5%	32.5%

Source: BPC/ACF Equity Research

Financials

Income Statement (US$)	2006A	2007A	2008A
Revenue	0	0	0
Gross profit	0	0	0
Selling, general & administrative	4,875,010	3,545,366	3,532,327
Total operating expenses	4,875,010	3,545,366	3,532,327
Operating profit	(4,875,010)	(3,545,366)	(3,532,327)
Profit before tax	(4,873,576)	(3,459,008)	(3,561,335)
Net profit	(4,873,576)	(3,549,008)	(3,561,335)
EPS, basic (US$)	(0)	(0)	(0)
EPS, diluted (US$)	(0)	(0)	(0)

Source: BPC

Balance sheet (US$)	2006A	2007A	2008A
Net PPE	1,589,330	4,479,669	5,377,480
Total Fixed Assets	1,589,330	4,479,669	5,377,480
Total Current Assets	3,155,344	1,191,493	3,511,844
Total Current Liabilities	411,099	764,982	541,382
Total Assets less current liabilities	4,333,575	4,906,180	8,347,942
Equity	4,333,575	4,906,180	8,347,942
Total liabilities and capital	4,744,674	5,671,162	8,889,324

Source: BPC

Cash flow (US$)	2006A	2007A	2008A
Income	(4,873,576)	(3,459,008)	(3,561,335)
Depreciation	2,093	63,105	84,090
Gross Cash Flow	(4,871,483)	(3,395,903)	(3,477,245)
Operating Cash Flow	(959,353)	(3,067,691)	(2,930,809)
Capital Expenditures	1,091,423	1,849,970	883,329
Free Cash Flow	132,070	(1,217,721)	(2,047,480)
Net (acquisitions)/disposals	2,093	1,252,937	242,734
Net buybacks	4,905,500	3,794,897	6,826,527
Net Cash from financing activities	4,905,500	3,794,897	6,826,527
C&CE at end of the period	2,834,665	675,711	3,004,451

Source: BPC

Glossary

Appraisal Well: Well drilled after the discovery of oil or gas to establish the limits of the reservoir, the productivity of wells in it and the properties of the oil or gas. See also development well

Block: Subdivision of sea area for the purpose of licensing to a company or companies for exploration/production rights. A UK block is 1/30 of a quadrant and is approximately 200-250 sq. km (a quadrant is one degree by one degree.)

Barrel: (bbl: barrel; mmbbls: million barrels) a unit of measure for oil and petroleum products equal to 42 US gallons or 35 imperial gallons

Boe: Barrel of oil equivalent

CPR: Competent Person Report - **generally carried out by and independent firm of qualified geology consultants.**

CTR: Corporate Tax Rate

DCF: Discounted Cash Flow

Development well: A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive

Downstream: Refining of crude oil and the marketing and distribution of oil products that occur after refining, as opposed to upstream

EBITDA: Earnings Before Interest Tax Depreciation and Amortisation

ECL: English Common Law

E&P: Exploration and production. The "upstream" sector of the oil and gas industry

EV: Enterprise Value

Exploratory well: A hole drilled: a) to find oil or gas in an area previously considered unproductive; b) to find a new reservoir in a known field, i.e., one previously producing oil and gas from another reservoir in the same field, or c) to extend the limit of a known oil or gas reservoir

Farm-in: When a company joins a joint venture in return for paying disproportionately initially for the option to be involved in future joint venture operations

FCF: Free Cash Flow

GoM: Gulf of Mexico
Joint venture (JV): Oil companies generally participate in oil and gas projects through their equity share in a joint venture, usually unincorporated. The relationship between the companies is governed by a joint venture agreement

Lease: A legal document conveying the right to drill for oil and gas, or the tract of land on which a lease has been obtained where the producing wells and production equipment may be located.

Licence: An exploration licence permits only geological and geophysical surveying and the drilling of shallow wells; a production licence confers exclusive rights on the licensee to search and bore for and get petroleum

Per Annum (p.a.): Each year

Reservoir: A subsurface, porous, permeable rock formation in which oil and gas are found

Seismic: Data that is acquired by reflecting sound from underground strata and is processed to yield a picture of the sub-surface geology of an area

TV: Terminal Value

Upstream: Upstream covers the exploration, production and transport prior to refining

Wellhead: The equipment at the surface of a well used to control the pressure and flow of fluids; the point at which the hydrocarbons and water exit the ground or sea bed

Source: The Company / ACF Equity Research Research

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