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NATURAL GAS		\$4.02	-0.134
TRILOGY ENERGY TRUST	(T-TET)	\$8.50	+0.25
SOURCE EXPLORATION	(V-SOP)	\$0.20	+0.005

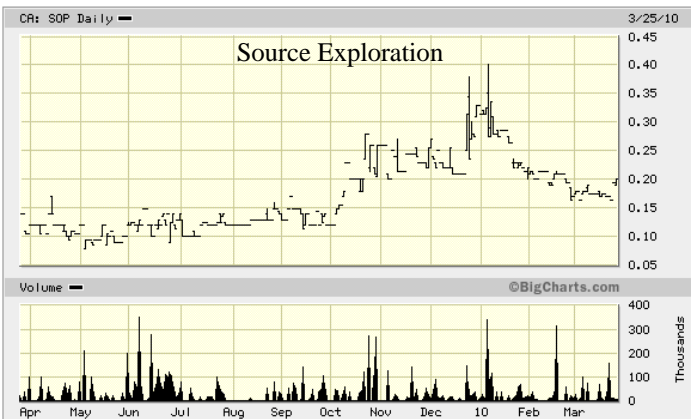
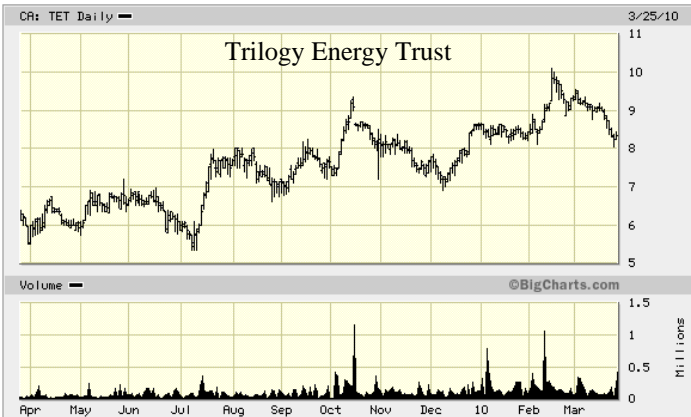
To say that natural gas is in the tank is an understatement...it's ugly and the scary part is that at this time of the year, there is probably room for it to get even worse. Last we saw on the New York Futures Exchange, natural gas was yours for a paltry \$3.97 and in Calgary, we are seeing trades being done at \$3.60 an mcf. By the time you take out tolls for transporting natural gas, plus all the other costs associated with it, most producers right now are losing a whole bunch of money. And it's affecting the whole patch. There will be some companies in trouble.

There's been all sorts of excitement about the Cardium and Bakken players over the last couple of months, but most of the same players that are doing well in those sectors, are companies that still might have 40%, 50% or 60% of their assets tied up in natural gas production. This is certainly going to put a top on just how far most of the oil and gas companies can go for a while, until we see just when and if natural gas can ever recover.

The scary part of course is in the United States where so much gas has been discovered over the last while, one just shakes one's head and wonder when will the Yanks ever realize that if they started using natural gas in cars, trucks, busses and you-name-it, that would create hundreds of thousands of jobs in the United States, building the infrastructure and the new technologies and leaving them so less dependent on foreign sources.

Which gets us to *Darryl Cardey*. One of the Howe Street financiers and guy behind the scenes on several mining companies, he is one of the people that was behind the success of *Underworld Resources (UW)* which was the Yukon gold play recently taken out for a nice profit. Ironically, Cardey tells us, that at the time the negotiations started, as a director of the company, he was involved at the same time his family was down at Disneyland. There's nothing like trying to herd a young tribe through Splash Mountain at the same time you are taking cell calls on the future of Underworld. It would all be a little confusing.

But when we ask him for a few ideas on the market, he comes up with two very interesting thoughts.



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First of all, he is going to take a contrarian position on natural gas which as we noted, has been so beaten up and he is betting on Trilogy Energy, a gassy company run by the former and very successful Duvernay people...definitely a contrarian view...

And another one, an interesting one—a cheapie with a chance. He goes with Source Exploration, a stock with very little shares outstanding, he suggests and with mining guy Ewan Downie behind it.



TRANSGLOBE ENERGY (T-TGL) \$5.58 +0.56

Ross Clarkson of TransGlobe Energy and “PR Guy to the Stars” Scott Koyich recently hosted an analyst trip to Egypt to see some of TransGlobe’s operations...and today they come up with an update on latest developments in Egypt and so far it looks pretty exciting.

They tell us today that, “Three wells were frac’d in the Arta field, following on the successful frac of Arta #9 in early February. All three have seen ten-fold production increases similar to the Arta #9 well.” This is a field that they admit they had not paid a lot of attention to, but now they have higher expectations.

Meanwhile, their Hoshia #8 well which discovered the Nukhul reservoir has only been perforated and is producing 80 barrels a day. They are hoping that fracking could move that number to 300 to 400 barrels a day.

The Hana #21 well has extended the Hana field in a northern direction which hit an up-dip structural location. They expect production at the end of next week at 300 to 500 barrels a day and Koyich points out that the Hana field, “just keeps bigger and the water-flood of the field has already contributed seven million barrels in reserve adds in 2009.”

Meanwhile, Safwa #1, TransGlobe’s first western Desert oil discovery tested 300 barrels per day.

So all the numbers are great and suddenly Canaccord’s Fred Kozak who has been following the story for a while with an aggressive \$7.00 target, suddenly doesn’t look all that outrageous with that target price.

Kozak writes today, “With the company’s active Egyptian-drilling program, TransGlobe’s production guidance of 10,000-10,500 bbl/d may be conservative...”

For a copy of his report, e-mail Debbie at debbie.lewis@canaccord.com.



Disclosure: Underworld Resources: Canaccord Capital covers this stock and has a Speculative Buy rating on it. (Speculative buy: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.)

TransGlobe Energy: Canaccord Capital covers this stock and has a Buy rating on it. (Buy: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.)

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Cinderella is living proof
that shoes CAN change your life.

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