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PACIFIC ENERGY RES. (T-PFE) \$2.98 -0.02

It was just over a month ago that we joined a group touring *Pacific Energy's* facilities offshore California and it was a bit of an eye-opener. Some of America's big oil and gas companies were selling these slightly heavier oil plays and one could easily suspect part of the reason were concerns about owning offshore platforms offshore California, the home of the "Greens".

To see on these rigs, the number of seals (at any given time there were somewhere between 20 and 50 seals on any given platform and how these platforms were absolutely covered with mussels, clams and the like) no wonder old rigs these days are being sunk as they provide such a unique habitat to encourage fish and animal life.

After a long time of negotiation, Pacific Energy has taken over some of these facilities and we met on the tour, *Octagon* analyst *Warren Verbonac* who as of yesterday, initiated coverage of Pacific Energy with a recommendation of a buy with a target price of \$5.50, but the details are interesting.

He writes, "Pacific Energy has acquired significant oil reserves in California at minimal costs; there are several low-risk development opportunities underway that could add substantial production as exploitation begins. The acquisition has a 3P reserve life index of 90 years."

He also points out the big interest in "The primary investment appeal of the stock lies in a high-impact Wyoming gas play; initial drilling results are promising and a success could have a multiple effect on the share price."

As far as details, he writes, "Pacific Energy has acquired a mature, under-exploited offshore oil property that offers significant immediate value, with long-term growth potential. Total production is currently 3,000 bd. However, producing assets have the ability to double (and perhaps triple) production as exploitative efforts commence later this year."

He also points out that as they ramp up production, it could "cut operating costs in half from the current US\$30/b to approximately US\$15/b."

As far as reserves, he suggests their "onshore California net proved and probable were 19 million barrels" but additionally, their offshore California assets, the Beta Unit, "contains 32 million barrels equivalent of proved and probable reserves, plus 32.9 million barrels equivalent of possible reserves."



Photo courtesy of Scott McGregor of Acumen Capital

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But then it gets interesting. He writes, "A high-impact gas play in Wyoming is in the early drilling stage, and if successful, could meaningfully impact the value of the Company. Using the bottom end of the resource estimate, a 26.8% interest in 3 tcf could be worth almost \$11.00 per share to Pacific Energy."

It's a very interesting report and finally someone has given a good background to Pacific Energy, which I'm sure when we get to mid-July and they start testing the play in Wyoming, is going to be watched by an awful lot more eyes than are currently covering this story.

For a copy of this report, simply e-mail Debbie at Debbie_lewis@canaccord.com.

If you would like to see a short video of our trip to California, also, e-mail Debbie.

Photo courtesy of Scott McGregor of Acumen Capital

TYLER RESOURCES (V-TYS) \$0.85 +0.35

Tyler Resources was halted for a while yesterday and then announced a huge increase in their metal inventory. Now they suggest they have 4.5 billion pounds of copper, 96 million pounds of molybdenum, 67 million ounces of silver, 1/2 million ounces of gold and 6.3 million pounds of zinc and at these metal prices, that folks, amounts to a huge chunk of wealth. Which is the good news...

In the fine print later on, you get to the grades that much of these minerals were running at in the mining to date and these grades folks, are skimpy...very skimpy.

The question is, could you make money mining all of this even at these lofty levels particularly with no sweet spot yet discovered that would make getting cap ex back quickly and help the economics of a project.

Some of the folks we talked to took one look at the grades and took a pass. The one fan of the project pointed out that they still have lots of money in the bank and an aggressive drilling program ahead of them.

Tyler currently has about 135 million shares outstanding fully-diluted which these days doesn't look all that bad...at least comparatively speaking.



Disclosure: Canaccord has recently participated in a financing for Pacific Energy Resources.

DEB'S DITTY:

A tactical wife is one who makes sure she spends so much on herself,
that her husband can't afford another woman.

If you would like to receive the Late Edition, email Debbie at debbie_lewis@canaccord.com