

Pennant Energy Boasts Proven Leadership, Strong Fundamentals

By Katherine Young

With oil prices reaching heights like they did last week, hitting the 0/barrel mark for the first time in history, exploration juniors operating in Alberta like Pennant Energy (TSX.V: PEN) stand to capitalize from being in the right place at the right time. Accounting for the oil price, the Associated Press named "an unshakeable view that global demand for oil and petroleum products will outstrip supplies," and pointed, once again, to the energy demands of burgeoning economies in China and India.

Even as the oil price has corrected over the last few days, predictions of increased energy demand over the next several years continue. On Monday, Grant Smith reported for Bloomberg, "the fastest-growing bet in the oil market these days is that the price of crude will double to 0 a barrel by the end of the year." Yet, even in this encouraging oil market climate, Pennant shares this week are only textarea.255, representing considerable upside potential for investors.

Pennant's Kaybob and Bronson properties, totalling 1,600 acres, are located in the famed and prolific Kaybob oil field in west Alberta. The Kaybob field is considered one of the most prolific in North America.

In September of 2007, Pennant expanded its holdings in the area by successfully bidding for the 640 acre Bronson East property located to the northeast of the Bronson West property.

Adding to its mix for success, Pennant Energy's senior geologist, James Britton, boasts an 86% success rate for drilling commercially successful oil wells. He has commercialized over 430 oil and gas wells in total. With Pennant Energy, Britton will attempt to locate commercial quantities of oil on Pennant's Bronson project this winter.

With experts on the team, Pennant employs several sound strategies for both offsetting risk and maximizing the potential for discovering commercial amounts of oil. Pennant's strategy of partnering with other companies to reduce exploration risk has allowed it to maintain an undiluted share structure with only 16,524,809 shares outstanding. Adding to Pennant's secure financial position, the company has no debt and a bank balance of approximately textarea.5 million, owing to a second strategy of creating cash flow for exploration from eight producing oil wells in the Daly Field in Manitoba.

In order to secure cash flow, in 2004 Pennant earned the right to participate in a low-risk development drilling project with operator Rideau Petroleum on the Daly Field in Manitoba. Agreeing to pay 25% of drilling and completion costs on an initial four wells, Pennant earned 22.5% working interest before payout.

Beginning with the first four wells, the joint venture partnership met with success and they went on to drill an additional four wells, which were also successful. Today, medium grade crude production, from eight wells on the Daly Field, supplies cash flow enabling Pennant to stably venture into higher risk projects that promise higher reward.

Pennant's recent exploration efforts, focused on the Bronson property, have included several surveys to pinpoint the location of the next drill. In the winter of 2007, Pennant completed a 3-D seismic survey and geochem surveys were done in 2006, and again in the summer of 2007. The Bronson project is a 50/50 joint venture with Austin Developments Corp. (TSX.V: AUL) Austin Developments will complete its earn in by paying all the costs for the drilling of the first well, the Kaybob S#1 which was completed in August of 2007.

3-D seismic surveys, or "seismics" as they are commonly called, use sound waves to locate rock formations in the earth that are associated with oil and gas. Acoustic vibrations are created either by a controlled explosion, or more often, by use of a vibration truck which thumps the ground creating waves that radiate into the earth. The sound waves are reflected off subterranean rock layers. The length of time required for the waves to travel through rock layers of varying densities is used to create a profile of the structure.

With the use of computers, 3-D seismics have become incredibly detailed and complex. Billions of data points are compiled to create a three dimensional image of the underground structures thus dramatically reducing the element of chance in drilling wells.

Pennant Energy offers investors the best of both worlds: Positive geophysics and a solid approach to finances. By increasing the odds of success on the exploration side with a proven track record and by reducing risk on the financial side through joint ventures, cash flow opportunities, maintaining a tightly-held share structure and healthy bank balance, Pennant is making the best possible moves in a game where they seem determined to leave as

little as possible to chance.

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