

## The Peak Oil Myth

**Editor's Note:** I have some exciting news to share with you today that is designed to bring more value to your membership, starting right away.

My staff and I recently joined forces with fellow investment-research group *Uncommon Wisdom Daily*. Together we've effectively doubled our resources and exponentially increased our research and publishing capabilities.

This new, powerhouse team offers a wide array of unique trading systems, rock-solid data analysis and a wealth of investing experience and expertise you won't find anywhere else.

This gives me the opportunity to focus even more closely on finding and delivering top-notch profit opportunities. I look forward to finding even more ways to leverage these additional resources to benefit you directly in the weeks and months to come.

The first change you'll notice right away is that your service has a new name: *Gold and Energy Investor*. This helps our team start to more clearly differentiate our investing newsletters from our more-active trading services.

Here's what won't change: You'll continue to receive a monthly issue with my market outlook for gold, silver, oil, gas and other natural resources. Plus you'll continue receiving timely e-mail alerts to seize profit opportunities as they develop.

In this month's issue, I'd like to do something a little different that I think you'll enjoy. I've asked my longtime trading partner Geoff Garbacz to take the reins and share with you his unique take on the resource markets. You'll be able to see exactly why I consider Geoff to be such a powerful asset in our partnership.

Thank you for being a loyal subscriber, and I believe you'll agree that Geoff's insight and trading acumen will be a powerful addition to your service. — *James DiGeorgia*



*James DiGeorgia, Editor*

It is rare that I run across a book that has such a big influence on me that I tell everyone to stop and read it. Right now I am raving to everyone who will listen about "Comeback" by Charles R. Morris.

"Comeback" looks at the U.S. energy market and its impact on the economy of the United States and the world. What is so fascinating is the way in which the book throws conventional thinking out the door.

In particular, it shows us that the theory of "peak oil" — i.e., the time when oil production supposedly maxes out — is no longer a consideration.

Now there's been no shortage of commentary both for and against peak oil over the years, but there's plenty of support for "Comeback" from a source I respect, Daniel Yergin. He's one of the leading experts and scholars on energy in the world (if not *the* foremost researcher on the subject).

In a Wall Street Journal book review, Yergin said Morris believes, "[T]he United States is on the threshold of a long-term economic boom, one that could rival the 1950s-'60s era of industrial dominance."

That powerful idea blew my mind, and I wanted to share this with you imme-

diately because it means we have some work to do together!

In the movie *Jerry Maguire*, there is a scene where Jerry walks into a room where his wife is with about 10 other women. He gives a dramatic speech, draws his wife in and then she tells him to shut up because “You had me at hello.”

Like the speech, this review had me at hello. I had to read the book. You can pick it up if you wish, but I have several take-aways and trading ideas that you can start benefiting from right away, starting with ...

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## The New U.S. Energy Nexus

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“Comeback” focuses on what Morris calls the “Energy Nexus” and how it will affect the economy. The book is a story of hope and a bright future for America.

James and I have always believed in America, even when the world looked like it was ending in 2008-'09 and even now with another debt crisis looming in early 2014. With many Americans again losing hope in our country, this book came along just at the right time.

We have not lost faith in “the city on a hill,” and neither should you. Instead, we will use the themes Morris describes to explain why you should keep a decent percentage (15% to 25%) of your assets in energy-related securities.

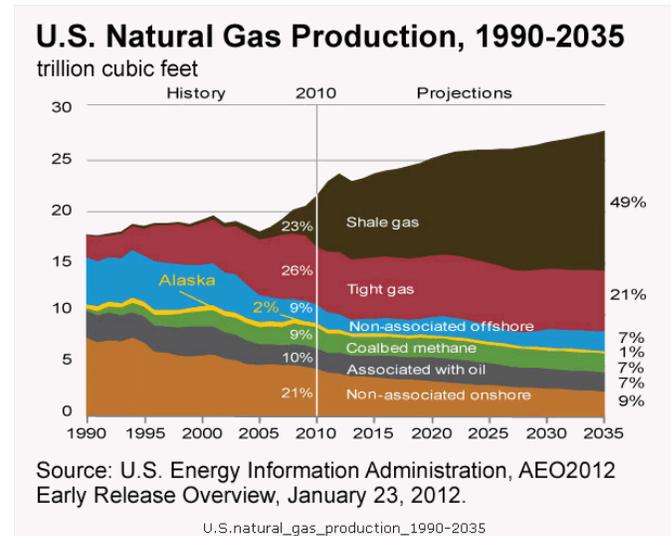
In our next three issues, we will help you believe in the future instead of dreading it.

- This month’s issue discusses the move to shale oil and gas.
- Your November issue focuses on the winning companies that will emerge as shale oil and gas production reaches critical mass.

- Your December issue will explore how the dramatic growth in shale oil and gas will affect the U.S. and worldwide economy.

**The big idea we will talk about in this issue is that the U.S. will be energy-independent from the Middle East by 2020, and maybe as soon as 2016.**

The chart below shows where natural gas production will be by 2035.



The U.S. will be able to produce natural gas and energy very inexpensively, which will have huge ramifications for our economy.

The producers of natural gas are OK with this. They know that as supply rises, demand will rise as well. (We will review the reasons for this next month.) This is the source of the book title “Comeback.”

Why should we believe the ideas in “Comeback” will come to fruition in the next 5-10 years and make us lots of money?

First, we give credibility to the author. Charles R. Morris is a well-published lawyer, former banker and Council on Foreign Relations member. His last book was “The Trillion-Dollar Meltdown.” Prior to that, in 1990 he wrote “The Coming Global Boom.”

Morris has been on both the bull and bear side of financial markets. We respect someone who is a right- and left-brain thinker.

In our last issue, we promised to discuss how a market sell-off could be a great buying opportunity for the stocks in our *Gold & Energy Investor* universe. First, ***let's start with Morris' description of America's greatest asset, natural resources.***

The Middle East may have its oil. South Africa may have gold. Russia may have its mineral deposits. Meanwhile, America has a variety of natural resources that led to multiple booms in the last 200 years.

- Steel-making flourished in America thanks to the iron ore deposits around Lake Superior.
- Then John D. Rockefeller found oil deposit after oil deposit and drilled for it. As a result, Rockefeller's Standard Oil single-handedly created the oil market.
- Next, Midwestern farmland let America feed the world.
- Now we have another boom in our shale gas and oil deposits.

So, what created the shale-based gas and oil boom?

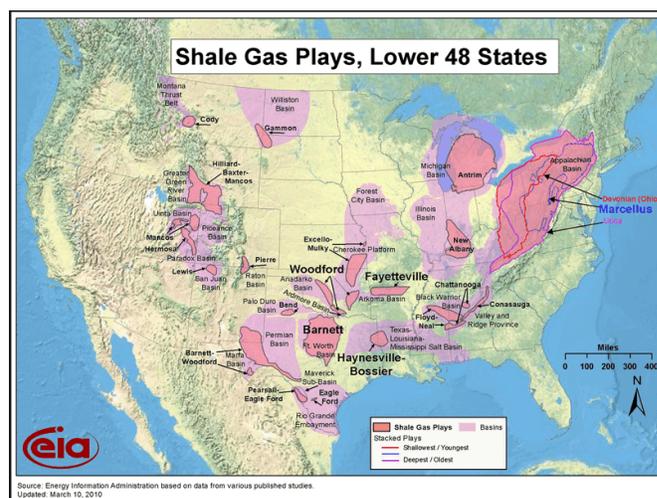
To begin with, we need to examine how this abundance of shale-based gas and oil came to be. It began 400 million years ago when a sea existed between the Appalachian and Rocky Mountain ranges.

Morris notes that as the sea receded, "sedimentary mud was compressed into thin layers of relatively impermeable shale rock, trapping decaying organic matter, which was gradually transformed into the multiple hydrocarbon compounds that humans burn for artificial light and heat."

This is a rather complicated statement, so let's break it down.

## A Unique Opportunity

***To understand how big of an opportunity exists here***, look at this map produced by the Energy Information Administration (EIA). The map highlights the various shale plays in the basin between the Appalachians and Rockies.



In the late 1800s, the first energy players did not focus on the former seabed between the Appalachians and the Rockies. In fact, they never even knew it existed. Humans first exploited oil that came to the surface in puddles. This is how John D. Rockefeller created Standard Oil.

Early oil companies tapped into pools of oil and gas beneath the puddles, beneath the shale formations. They did this using vertical drilling. Today's energy companies know how to take oil and gas directly from the shale formations themselves that their predecessors believed had no value.

The analogy I like to make here is that the oil industry is creating lemonade from used lemons.

***Let's review how nature creates oil and natural gas in order to understand the concept of shale rock.***

As mud and organic matter mixed in swamps, lakes and oceans sank into sedimentary shale rock, creating hydrocarbons. A natural seal formed over the shale rock, trapping those hydrocarbons.

The simplest hydrocarbon is methane, which is one part (atom) carbon to four parts (atoms) hydrogen. Gasoline comes from the more-complex hydrocarbons found in oil and gas.

**Shale rock holds both gas and oil**, so it is a combination of both simple and complex hydrocarbons.

Shale is a "source rock." The hydrocarbons trapped within the rock were sealed ages ago. As time passed, osmosis began to release some of the gas or oil into sand formations or reservoirs beneath the shale.

Oil and gas exploration companies originally tapped these reservoirs by drilling through the shale rock to capture what was underneath. This was called vertical drilling.

New techniques like directional drilling, which allows for horizontal drilling, and well stimulation by hydraulic fracturing, also known as fracking, release gas and oil from the shale so drillers can capture it.

To be clear, hydraulic fracturing isn't new. Floyd Farris invented the technique in 1947 and commercial use began in 1949.

The godfather of hydraulic fracturing in shale rocks was George Mitchell of the privately held company Mitchell Energy. He created the first horizontal well in 1991 in the Barnett Shale in the Dallas Fort Worth area.

In 1998, Mitchell achieved mass hydraulic fracturing by reducing friction in the well pipe with slippery polymers. Be-

fore mass hydraulic fracturing, oil and gas exploration companies had no incentive to produce oil and gas from the shale rock. The economies of scale did not exist.

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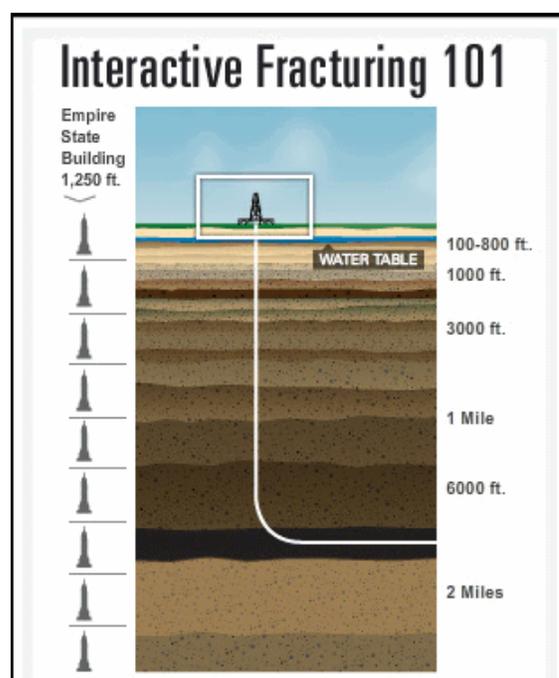
## Unlikely Fracking Advocates

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Though you may not like to credit the government, these advances go back to the Ford administration's 1970s Eastern Gas Project. Other agencies like the Gas Research Institute and Morgantown Energy Research Center also deserve some credit. Sandia National Laboratories made a major contribution by developing 3-D seismic imaging.

The reason I reviewed this history of drilling technology was to illustrate that it took 40 years to reach where we are now. Many companies went bankrupt along the way. Thanks to them, today's U.S. investors and citizens can reap the benefits of shale oil and gas.

We will not go in depth either on the current process of capturing gas or oil



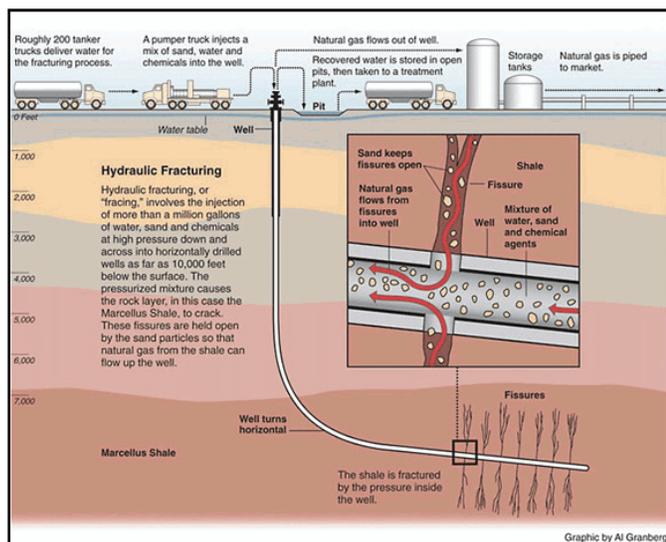
from shale rock, but we will provide a layman's explanation. Directional drilling can go as deep as two miles, with drillers using the Sandia 3-D seismic technology to track their progress.

At a certain point, the drilling turns from vertical to horizontal to reach the oil and gas (hydrocarbons) in the shale rock. Horizontal drilling can go as far as two miles. A perforated pipe captures the hydrocarbons released by hydraulic fracturing. The picture above does a nice job of showing this process.

Hydraulic fracturing means drillers release a burst of water, air or gas into the shale, effectively fracturing the rock. They do this either with a water/sand mixture or, more recently, with acid injected into the wellbore.

The fractures can be as small as one millimeter.

After the hydraulic pressure is sucked back out of the well, the fractures are held open by either sand or aluminum oxide.



Hydraulic fracturing is not new; over 60% of all oil and gas wells were hydraulically fractured. What is new is the use of hydraulic fracturing in shale rock.

**So why is there such a big controversy over hydraulic fracturing?**

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It is because now the drilling has gone from obscure places like the Rocky Mountains or the Gulf of Mexico to your backyard — especially if you live in or around the Barnett Shale, which runs through downtown Fort Worth and throughout the Dallas-Fort Worth metroplex.

One big misperception is that hydraulic fracturing of shale rock destroys the water supply. There is only one documented case of surface-water contamination. It was in the central Wyoming Wind River Basin and involved vertical drilling, not horizontal drilling.

The Environmental Protection Agency (EPA) study of this incident has many critics, but we will give the EPA the benefit of the doubt. (Shale rock was not involved.)

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## ‘Fugitive Emissions’

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Another issue is the release of methane into the atmosphere. Natural gas produced from shale rock and all natural gas has much-lower carbon dioxide emissions than other fuels.

Hydraulic fracturing does release methane. Morris correctly labels it as “fugitive emissions.”

Methane is a fugitive because it has 25 times the warming effect of carbon dioxide, which makes it a “greenhouse gas.” Shale gas could potentially be worse than coal for global warming because of the fugitive methane emissions.

A recent University of Texas study examined this issue. The study was a joint effort by the Environmental Defense Fund along with nine major gas companies like **ExxonMobil (XOM)**, **Chevron (CVX)**, **Shell (RDS-A)**, **Encana (ECA)** and **Southwestern Energy (SWN)**.

Additional studies will follow, but initial results found drillers should do more to capture methane emissions. You can read the study at this link: <http://www.edf.org/climate/methane-studies/faq>

## Tipping the Scales in Shale’s Favor

While there are issues, Morris thinks that *the benefits of using shale far outweigh the negatives of not using shale*.

He urges the energy industry to approach each incident as the airline industry looks at plane crashes: Make an inquiry, learn what went wrong and use the knowledge to improve procedures.

As you can see from this brief review, hydraulic fracturing has issues. We need to understand them and let the experts keep working to improve the processes.

Bottom line: *The benefits of recovering untapped shale supplies far outweigh the case for leaving these deposits untouched.*

The U.S. energy industry is moving toward self-sufficiency thanks to rising shale production. Now that we understand this, we can look at investment opportunities.

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## The Biggest Sources of U.S. Underground Wealth

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In terms of land mass, the largest shale resource is the Marcellus Shale. It runs from New York south to Virginia and then west to Ohio, encompassing more than 100,000 square miles. Another formation called the Utica Shale lies underneath the Marcellus Shale.

The centrally placed Fayetteville (Arkansas) and Woodford (Oklahoma) shales together comprise about 13,000 square miles. To the south are the Gulf Coast formations: the Haynesville and Eagle Ford

shales in East Texas and the Floyd Neal in Alabama and Mississippi.

The southwest region includes the Barnett shale, previously discussed, and the Permian Basin of West Texas.

The Rocky Mountain region is home to the Green River and Piceance Basins of Wyoming and Colorado. Last, but not least is the Bakken Shale. The Bakken lies in North Dakota and Montana and extends into Canada.

The tables below summarize these shales. They are broken into categories of Shale Gas: Unproved, Discovered and Technically Recoverable.

Table i U.S. Shale Gas Unproved Discovered Technically Recoverable Resources Summary

Play	Technically Recoverable Resource		Area (sq. miles)		Average EUR	
	Gas (Tcf)	Oil (BBO)	Leased	Unleased	Gas (Bcf/well)	Oil (MBO/well)
Marcellus	410.34	...	10,622	84,271	1.18	...
Big Sandy	7.40	...	8,675	1,994	0.33	...
Low Thermal Maturity	13.53	...	45,844		0.30	...
Greater Siltstone	8.46	...	22,914		0.19	...
New Albany	10.95	...	1,600	41,900	1.10	...
Antrim	19.93	...	12,000		0.28	...
Cincinnati Arch*	1.44	...	NA		0.12	...
<b>Total Northeast</b>	<b>472.05</b>	<b>...</b>	<b>101,655</b>	<b>128,272</b>	<b>0.74</b>	<b>...</b>
Haynesville	74.71	...	3,574	5,426	3.57	...
Eagle Ford	20.81	...	1,090		5.00	...
Floyd-Neal & Conasauga	4.37	...	2,429		0.90	...
<b>Total Gulf Coast</b>	<b>99.99</b>	<b>...</b>	<b>7,093</b>	<b>5,426</b>	<b>2.99</b>	<b>...</b>
Fayetteville	31.96	...	9,000		2.07	...
Woodford	22.21	...	4,700		2.98	...
Cana Woodford	5.72	...	688		5.20	...
<b>Total Mid-Continent</b>	<b>59.88</b>	<b>...</b>	<b>14,388</b>		<b>2.45</b>	<b>...</b>
Barnett	43.38	...	4,075	2,383	1.42	...
Barnett Woodford	32.15	...	2,691		3.07	...
<b>Total Southwest</b>	<b>75.52</b>	<b>...</b>	<b>6,766</b>	<b>2,383</b>	<b>1.85</b>	<b>...</b>
Hilliard-Baxter-Mancos	3.77	...	16,416		0.18	...
Lewis	11.63	...	7,506		1.30	...
Williston-Shallow Niobraran*	6.61	...	NA		0.45	...
Mancos	21.02	...	6,589		1.00	...
<b>Total Rocky Mountain</b>	<b>43.03</b>	<b>...</b>	<b>30,511</b>		<b>0.69</b>	<b>...</b>
<b>Total Lower 48 U.S.</b>	<b>750.38</b>	<b>...</b>	<b>160,413</b>	<b>136,081</b>	<b>1.02</b>	<b>...</b>

\*Cincinnati Arch and Williston-Shallow Niobraran were not assessed in this report.

Table ii U.S. Technically Recoverable Shale Oil Resources Summary

Play	Technically Recoverable Resource		Area (sq. miles)		Average EUR	
	Gas (Tcf)	Oil (BBO)	Leased	Unleased	Gas (Bcf/well)	Oil (MBO/well)
Eagle Ford	...	3.35	3,323		...	300
<b>Total Gulf Coast</b>	<b>...</b>	<b>3.35</b>	<b>3,323</b>		<b>...</b>	<b>300</b>
Avalon & Bone Springs	...	1.58	1,313		...	300
<b>Total Southwest</b>	<b>...</b>	<b>1.58</b>	<b>1,313</b>		<b>...</b>	<b>300</b>
Bakken	...	3.59	6,522		...	550
<b>Total Rocky Mountain</b>	<b>...</b>	<b>3.59</b>	<b>6,522</b>		<b>...</b>	<b>550</b>
Monterey/Santos	...	15.42	1,752		...	550
<b>Total West Coast</b>	<b>...</b>	<b>15.42</b>	<b>1,752</b>		<b>...</b>	<b>550</b>
<b>Total Lower 48 U.S.</b>	<b>...</b>	<b>23.94</b>	<b>12,910</b>		<b>...</b>	<b>460</b>

*These tables are from the EIA July 2011 Review of Emerging Resources: U.S. Shale Gas & Shale Oil Plays.*

Note that these tables are from two years ago and don't mention Green River Basin. This is important because Morris and others believe **this basin has more natural gas than the entire Marcellus Shale.**

In fact, the same region may hold 60% of the world's total shale oil.

## How to Tap into Shale-Rich Resource Companies

By now, you should understand why we are so excited about these discoveries, both for the United States and for you as an investor. Very few individual investors really understand what this will mean in the next five, 10 and 20 years.

In a coming issue, we will begin to explore which companies in these regions will be players in the years ahead. Understand this, however ...

### Opportunity No. 1

There will be a great deal of consolidation in this space as larger rivals swallow the smaller producers and exploration companies.

Major energy players like **BP (BP)** and Shell have *not* yet made big bets in this region. In fact, recently rumors surfaced that **Chesapeake Energy (CHK)** could be a takeover target in the near future, possibly by a company like BP.

### Opportunity No. 2

In a later issue, we will examine how new supplies will bring affordable energy for years to come, and in turn spark a long-lasting U.S. manufacturing boom. This will create many more jobs than the current economy — just when we need it.

After you read these three issues, you will know why this boom developed, which

players will reap the strongest profits and how it will change the economy for the better. With a labor participation rate of 63.2%, the worst since 1978, this boom will be just what the country needs.

But first, we will review the current state of the technicals in the broader markets, as they relate to your current open positions.

## Technical Review

Last month we said we would discuss how a market sell-off could be a great buying opportunity for the stocks we recommend in *Gold & Energy Investor*. Sure enough, the idiots in Washington got the market to sell off as they were figuring out how to torpedo our economy. That is the bad news. The good news is that the markets were able to find a bottom and recover to new highs.

The one exception has been the Dow Jones Industrial Average. It has yet to recover to its September high.

Remember, the Dow Jones includes only 30 stocks and is price-weighted. That means the higher-priced stocks have greater influence on the index. Last week IBM, which is one of the highest-priced stocks in the Dow, missed earnings and dropped by over \$10 to trade at about \$178 per share.

We only see two Dow stocks that are attractive technically: **Boeing (BA)** and recent addition **Nike (NKE)**. Unless the Dow is the canary in the coalmine, it needs to catch up to other indexes like the S&P 500, S&P 400 and Russell 2000. Time will tell.

Moving on to the major gold and energy ETFs, the **SPDR Gold Shares ETF (GLD)** is trying to show a positive

slope on its 50-day moving average. Many traders focus on whether a stock is above or below its moving average. We have found that the slope of the 50-day moving average is more important. An upward slope is bullish.



The **iShares Silver Trust (SLV)** has had a positive 50-day moving average slope since mid-August and could soon outperform gold.



We track energy stocks using the **Energy Select SPDR ETF (XLE)**. It remains in great shape with a positive 50-day moving average slope since May. This ETF includes **Exxon (XOM)**, **Chevron (CVX)**, **Schlumberger (SLB)** and **Anadarko Petroleum (APA)**, to name a few.



We track oilfield equipment and drilling stocks with another ETF, the **Oil & Gas Equipment & Services SPDR (XES)**, which is trading in the \$40 range. We find XES to be a better tracking mechanism than the more-familiar **Market Vectors Oil Services ETF (OIH)**.

Holdings in XES include **Schlumberger (SLB)**, **Halliburton (HAL)**, **Baker Hughes (BHI)** and **Diamond Offshore (DO)**. XES has had a positive 50-day moving average slope since May.



Clearly, the conclusion is that the major ETFs of the gold and energy universe with the exception of the underlying price of oil via the **U.S. Oil Fund (USO)**. The 50-day moving average slope has recently turned negative for USO.



Meanwhile, natural gas via the **U.S. Natural Gas Fund (UNG)** is in good shape. Its 50-day moving average slope is positive, though it will soon hit a rough seasonal patch until early winter.



We will leave you with an interesting idea our friend Phil Erlanger of *Good Morning Wall Street* made last week.

He tracked the S&P 500 retracement from the 2007 high to the 2009 low and came to a very interesting conclusion.

First, the S&P 500 has now cleared its 2007 high. Since that has happened, the natural extension would be a move 61.80% above the 2007 high. This would put the index at 2,138.

If that happens in the next couple of years, your gold, materials and energy stocks should be markedly higher with many a big winner for your portfolio.

Hit 'em Straight,  
Geoff Garbacz  
Chief Market Strategist

Company Description	Stock Symbol	Open Price	Alert #	Date	Cost Basis w/ Hedges	Hedge Alert #s	Close Price	Date Closed	ALERT #	USE Total Return	Profit/Loss Dollar Amount (Includes Div, Optns)
<b>2013 S-T CLOSED POSITIONS</b>											
Pengrowth Energy Co	PGH	\$5.11 (Avg 200@ 5.24 100@ 4.85)	SR 113, 1504	3/22/2013, 4/24/13	5.01	1593 SOLD 100 LEAVE 200	\$ 6.24	10/15/13	1582	27.23%	\$ 140.00
BTE Jan \$40 put	BTE140118P40	\$2.45	-1	10/10/13	1580		\$ 1.70	10/15/13	1582	SHORT POSITION USE EQUITY IN ACCT	\$ 75.00
CLR Dec \$90 put	CLR131222P90	\$1.10	-1	10/10/13	1580		\$ 0.70	10/15/13	1582	SHORT POSITION USE EQUITY IN ACCT	\$ 40.00
BP OCT \$41 Put	BP131019P41	\$0.73	-1	7/23/13	1546		\$ 0.16	9/27/13	1575	SHORT POSITION USE EQUITY IN ACCT	\$ 57.00
POT Oct \$28 Put	POT1310P28	\$1.06	-1	8/22/13	SR 124		\$ 0.98	9/20/13	1570	SHORT POSITION USE EQUITY IN ACCT	\$ 98.00
FCX Oct \$27 Put	FCX131019P27	\$0.83	-1	8/1/13	SR #123	123	\$ 0.36	8/13/13	1554	SHORT POSITION USE EQUITY IN ACCT	\$ 47.00
COP August \$60 put	COP130817P60	\$1.60	-1	6/4/13	1525		EXPRE 0	8/16/13	1556	SHORT POSITION USE EQUITY IN ACCT	\$ 160.00
Freeport-McMoRan Copper & Gold Inc.	FCX	\$29.14	100	8/1/13	SR #123	123	\$31.35	8/13/13	1554	7.58%	\$ 221.00
APC July \$82.5 puts	APC130720P82.5	\$1.90	-1	5/23/13	1519		EXPRE 0	7/19/13	1544	SHORT POSITION USE EQUITY IN ACCT	\$ 190.00
DVN July \$52.50 put	DVN130720P52.50	\$0.73	-1	5/24/13	1521		EXPRE 0	7/19/13	1544	SHORT POSITION USE EQUITY IN ACCT	\$ 73.00
WLL June \$44 put	WLL130622P44	\$1.05	-1	5/7/13	1509		\$ 0.63	6/5/13	1526	SHORT POSITION USE EQUITY IN ACCT	\$ 37.00
XOP June 55 put	XOP130622P55	\$0.67	-1	5/9/13	1512		\$ 0.33	6/5/13	1526	SHORT POSITION USE EQUITY IN ACCT	\$ 34.00
OXY May \$72.50 put	OXY130518P72.50	\$0.97	-1	2/26/13	1476		EXPRE 0	5/17/13	1517	SHORT POSITION USE EQUITY IN ACCT	\$ 97.00
COP May \$57.50 put	COP130518P57.50	\$1.05	-1	3/19/13	1486		EXPRE 0	5/17/13	1517	SHORT POSITION USE EQUITY IN ACCT	\$ 105.00
CLR June \$65 puts	CLR130622P65	\$0.95	-1	4/23/13	1502		\$ 0.12	5/8/13	1511	SHORT POSITION USE EQUITY IN ACCT	\$ 83.00
TOT August \$45 put	TOT130817P45	\$1.40	-1	4/9/13	1494		\$ 0.52	5/17/13	1516	SHORT POSITION USE EQUITY IN ACCT	\$ 88.00
BP Apr. \$41 put	BP130420P41	\$1.12	-1	1/7/13	1447		\$ 0.63	4/17/13	1498	SHORT POSITION USE EQUITY IN ACCT	\$ 49.00
DVN Apr. \$52.50 put	DVN130420P52.50	\$1.35	-1	2/22/13	1473		\$ 0.65	4/17/13	1498	SHORT POSITION USE EQUITY IN ACCT	\$ 70.00
APA Apr. \$70 put	APA130420P70	\$1.06	-1	2/21/13	1471		\$ 0.34	4/17/13	1498	SHORT POSITION USE EQUITY IN ACCT	\$ 72.00
BBG Mar \$17.50 put	BBG130316P17.5	\$1.40	-1	12/28/12	1444		EXPRE 0	3/15/13		SHORT POSITION USE EQUITY IN ACCT	\$ 140.00
COP Feb \$55 put	COP130216P55	\$0.42	-1	1/11/13	1452		\$ 0.42			SHORT POSITION USE EQUITY IN ACCT	\$ 42.00
DVN Apr. \$52.50 put	DVN130420P52.50	\$1.96	-1	1/11/13	1453		\$ 0.47	14-Feb	1468	SHORT POSITION USE EQUITY IN ACCT	\$ 149.00
WLL Oct \$47 put RU TO Dec. \$46 RU TO Jan. \$46	WLL130119P46	\$4.30	1385	9/14/12	3.1	1400, 1440	\$ 1.20	1/7/13	1448	SHORT POSITION USE EQUITY IN ACCT	\$ 190.00
<b>2013 CLOSED LONG-TERM</b>											<b>\$ 2,257.00</b>
Stone Energy	SGY	26.4 (Assign \$28 minus optn \$1.60)	100	6/15/2012, 2/22/12	\$19.58	1277, 1344, 1289, 1342, 1344, 1345, 1375, 1409, 1432, 1483, 1485, 1499, 1503, 1510, 1514	\$ 21.69	6/21/13	1535	10.77%	\$ 211.00
<b>2013 TOTAL CLOSED SHORT AND LONG-TERM PROFITS TAKEN</b>											<b>\$ 2,468.00</b>