

GROPETRO RESOURCES COMPANY (GPR: AMEX)



Source: BigCharts.com

Price (December 6)	US\$3.60
Initiating Report Price:	US\$3.65 (February 28, 2007)
Initiating Report Target Price:	US\$4.90 (Now “Under Review”)
High-Low since Initiating:	US\$6.05 - \$3.45

The Company

GeoPetro Resources Company (“GeoPetro” or the “Company”) is an established natural gas producer with long-lived reserves, and significant conventional and non-conventional international and domestic oil and gas exploration prospects.

The Company currently has a 100% interest in four natural gas wells in Madisonville, Texas, production from which is set to increase dramatically in response to significant new gas processing capacity that has recently come on-line. (See the eResearch Analyst Commentary of November 12th).

Although the Company’s shares are listed on the TSX, symbol GEPS, most of the trading in the shares takes place on the AMEX, symbol GPR.

Drilling Activity at Swan Hills-Whitecourt

Geopetro has announced its intention to commence drilling soon on a high-impact target on its Goodwin prospect in the Swan Hills-Whitecourt area. The Company will be drilling to 2,100 meters on this 50% farm-in play.

Land Acquisition at Swan Hills-Whitecourt

The Company recently acquired a 4,480-acre (1,493 net) undeveloped prospect in South Whitecourt in the Swan Hills-Whitecourt area. A 2,800 meter target has been identified and drilling is planned to commence in Q1/08.

Q3 Financial Results

Lower gas production arising from treatment plant capacity constraints caused GeoPetro's revenues for 3Q/07 to decline 28% compared to the same period in 2006. However, following the recent expansion to the Madisonville Gas Plant, GeoPetro can now anticipate increased output from existing wells to coincide with commencing production from its Mitchell and Wilson wells. If successful in this Texas expansion, GeoPetro should be able to report higher production and revenues in ensuing quarters.

COMMENT: *These new Alberta targets restore some near-term exploration potential to GeoPetro's outlook. The planned production increases are also encouraging.*

Rating History

<u>Date</u>	<u>Type</u>	<u>Recommendation</u>	<u>Stock Price</u>	<u>Target Price</u>
February 28, 2007	Initiating	Speculative Buy	US\$3.65	\$4.90
November 12, 2007	Commentary	Under Review	US\$3.95	Under Review

Recommendation

In our November 12 Analyst Commentary, we changed our Recommendation to "Hold" and put our 12-month Target Price "Under Review" pending the release of our forth-coming detailed Update Report.

Bob Weir, B.SC., B.Comm., CFA
 Director of Research
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