


# C. K. Cooper & Company's Joel Musante Earns WSJ's "Best on the Street"



**OIL & GAS PRODUCERS**



**Joel Musante**  
C.K. Cooper & Co.

NOTABLE PICKS

- BUY Northern Oil & Gas
- BUY Brigham Exploration

In the fall of 2009, **Brigham Exploration** Co. was drilling in an untested area of an oil field in North Dakota. Its stock had rebounded to \$7.50 from just above a dollar earlier in the year, but C.K. Cooper & Co.'s Joel Musante thought it was poised to soar even further.

He was right. That September, he put a buy rating on Brigham shares—and they went on to double during 2010. The Brigham call and other high-return positions put him atop the rankings of analysts covering oil and gas producers in the annual Best on the Street survey.

Mr. Musante, 49 years old, concluded that Brigham's stock didn't reflect the value of its leases in the Bakken Shale, an oil-rich rock formation. He bet that Brigham would find the same oil volumes that larger companies like **EOG Resources** Inc. and **Whiting Petroleum** Corp. had struck farther east in the shale.

"I knew from my geology background that the geology seemed to be pretty consistent over large areas in the Bakken," Mr. Musante says. He first put a buy rating on Brigham in March 2009, when the company's stock dipped to just above \$1.

An investor following Mr. Musante's recommendations on the stock starting with that buy rating would have netted a 3,100% return as of the end of February, he says. The call—the best of his career—was informed by his background: Mr. Musante once worked as a geologist, searching for plumes of Contamination at hazardous-waste sites. He began covering oil and gas as an analyst in 1998 for **W.R. Huff Asset Management** and joined C.K. Cooper four years ago.

Mr. Musante's performance in 2010 was also helped by a rise in oil prices that lifted energy stocks. Investors who heeded his advice would have gotten returns of more than 100% on **Northern Oil & Gas** Inc. and **Abraxas Petroleum** Corp.

Still, not all of Mr. Musante's calls were winners. In February 2010, he switched from a buy to a hold on **GMX Resources** Inc., warning that the company was piling on debt while drilling wells whose projected revenue would barely exceed their costs. While GMX shares continued falling after his downgrade, investors who followed his buy call saw a negative 16% return.

This year, Mr. Musante continues to see growth opportunities in emerging shale formations with high oil content, like the Utica in northeast Ohio and the Niobrara in Colorado and Wyoming. He is also betting that natural-gas prices will rise. The fuel, he points out, is well positioned to capture a greater share of the power-generation market from coal-fired plants, and possibly from nuclear plants, if Japan's nuclear crisis turns public sentiment against building new domestic capacity.

Still, he says that high storage levels of natural gas and uncertain demand make it hard to predict when prices will strengthen. Mr. Musante expects oil-heavy stocks to do well, even if last year's climb leaves less room for upward mobility. A favorite pick this year is **GeoResources** Inc., a small oil-and-gas producer with acreage in the Eagle Ford Shale formation in South Texas, and a position just to the north of Brigham's in the Bakken Shale.

"We can see some movement in that stock," he says. He maintains a buy rating with a price target of \$35.

—Daniel Gilbert