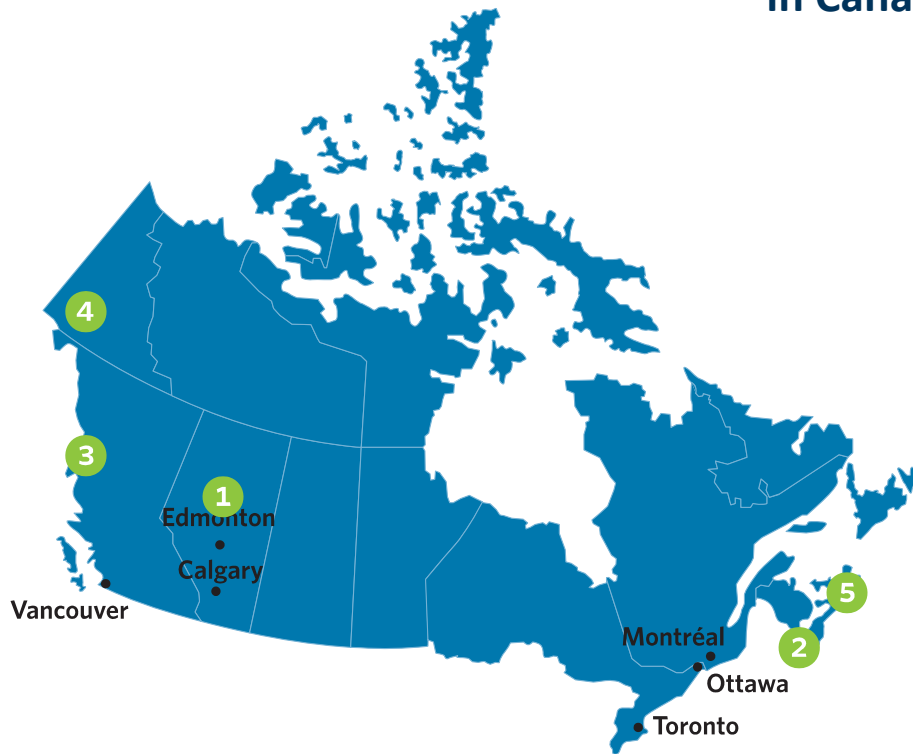


Oh Canada!

Significant Developments in Canadian Energy



SEPTEMBER 2011

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Oil Sands News

- 1 Sunridge Energy has entered into a binding letter agreement with Current Environmental Solutions LLC (“CES”) for a five year exclusive license of proprietary CES technology. The technology, called six-phase oil heating, was initially developed by CES for remedial hydrocarbon cleanup, and was commercialized in 1997. The process involves heating electrodes underground, generating steam by adding current to the electrodes and bringing hydrocarbons up through collection wells. The technology is reported to have achieved recovery rates exceeding 70 percent at more than 50 different locations worldwide. Sunridge plans to commence two pilot projects this fall, noting that the licensed technology is ideal for plays that are too deep for surface mining and too shallow for steam-assisted gravity drainage (“SAGD”).
- 1 Connacher Oil and Gas reported daily bitumen production for July and August at its Great Divide

play in the range of 13,000 bpd to 14,000 bpd. The company also reported success on two of its pilot project wells at Algar, which are employing SAGD+ (steam and solvent injection). Following those successes, Connacher is conducting a more detailed technical assessment in consideration of adding two additional wells to the pilot project. The company anticipates both completing the technical assessment and receiving regulatory approval for its Environmental Impact Assessment and expansion application to expand the capacity at Algar to 24,000 bpd by the end of 2011.

East Coast News

2 Contact Exploration's investment in the Stoney Creek field is seeing positive returns with aggregate production from two horizontal wells continuing above 100 bpd, with realized netbacks of an estimated \$70 per bbl. In late 2010, Contact confirmed strong oil production rates and netback on the Stoney Creek wells and ongoing production optimizing activities have proven effective.

West Coast News

3 Following two years of appraisal drilling, Penn West plans to transition to horizontal multi-stage frac development drilling and expects to drill as many as 500 wells in 2012 in its four tight oil plays (Cardium, Viking, Spearfish and the carbonates). Looking to next year, Penn West projects that 85 percent of its capital budget will be dedicated to tight oil development drilling. By the end of 2011, the company anticipates that 66 percent of its total production will be from liquids (51 percent light oil). In the carbonates alone, the company is experiencing tight oil production from 200 bpd to more than 500 bpd. In the company's Spearfish play, production is currently 5,000 boepd and is expected to increase to more than 13,000 boepd by 2013.

3 Lone Pine Resources reported significant Crown land purchases in its Evi light oil play in the Peace River Arch, increasing its land holdings by more than 30 percent to 65,440 acres. The

company has drilled 12 net horizontal wells in the area with a 100 percent success rate. Lone Pine anticipates average sales volumes for the third quarter of between 97 mmcfpd and 100 mmcfpd equivalent (105 mmcfpd to 108 mmcfpd equivalent working interest), which equates to an almost five percent improvement over the previous quarter. For the second half of 2011, the company expects to meet its predicted net sales volumes guidance of 98 mmcfpd to 102 mmcfpd equivalent (108 to 112 mmcfpd equivalent working interest). At Evi, the new wells are producing at an average initial peak rate in excess of 300 bpd.

3 NAL Energy reported average production volume for August of 29,000 boepd, as compared to the average volume of 26,758 boepd in the second quarter. The company expects to drill 30 (18 net) wells in Cardium in 2011, in which area production has increased from 750 boepd at the end of 2008 to what is anticipated to be 3,200 boepd by the end of this year. In the company's Lochend Cardium program, NAL plans to drill six (four net) wells this year, four of which have been drilled and two of which were recently completed and tied-in. Production from those two wells is expected to approximate 200-400 boepd, and all six wells are anticipated to be on-stream by the end of the year.

Canadian Arctic News

4 According to Northern Cross (Yukon) and Yukon Energy, Yukon's power needs will double in the next decade as demand for power and energy is rapidly growing with the increased investment in mining. Located on the 125 km by 1,200 km Titina Gold Belt, which expands from northern British Columbia to southwest Alaska, Yukon is an attractive hub for mining companies. The department of Yukon Energy, Mines and Resources states that the government is looking to attract natural gas producers, and is already involved in feasibility studies.

Alternative Energy

5 The Province of Nova Scotia announced this month that they are developing a strategy on marine renewable energy, with a focus on tidal power and offshore wind. The strategy is based on a report by Dalhousie University oceanographer Bob Fournier, which outlines numerous recommendations and details a comprehensive approach to developing the abundant ocean energy resources off Nova Scotia's coast.

A report from Geological Survey of Canada forecasts that geothermal energy resource is a potential upcoming source of renewable, sustainable energy in Canada. According to the report, the current geothermal energy resources are estimated to exceed one million times Canada's current electrical consumption, although current technology allows only a portion of this energy to be produced.

On the Horizon

Enbridge has announced plans to increase capacity on the Athabasca Pipeline by twinning the southern section between Kirby Lake and the Hardisty crude oil hub. The company intends to add 345 km of 36-inch pipeline alongside the existing 30-inch line, which the company announced last fall would be expanded to its maximum 570,000 bpd capacity. Initially, the twinning project will increase the Pipeline's capacity by about 450,000 bpd, and the new line will have the potential to expand to 800,000 bpd. The company expects that the new line will begin accepting initial volumes early in 2015, and will reach full initial capacity by 2016.

Abbreviations

In this newsletter, all dollar amounts are Canadian dollars unless otherwise stated. We have also used the following abbreviations: bpd - barrels per day; mmcfpd - million cubic feet per day; bcfd - billion cubic feet per day; tcf - trillion cubic feet; bbl - barrel; mbbbl - thousand barrels; mmbbl - million barrels; bbbbl - billion barrels; boe

- barrels of oil equivalent; MW - megawatts; kV - kilovolt; km - kilometer; KW - kilowatts; KWh - kilowatt hours; cm³pd - cubic meters per day; GJ - gigajoule.

KEY CONTACTS

CALGARY

Doug Black Q.C.

doug.black@fmc-law.com

Anne Calverley Q.C.

anne.calverley@fmc-law.com

Douglas Crowther

douglas.crowther@fmc-law.com

Bill Gilliland

bill.gilliland@fmc-law.com

Alex MacWilliam

alex.macwilliam@fmc-law.com

EDMONTON

Rich Miller

rich.miller@fmc-law.com

MONTRÉAL

Claude Morency

claudio.morency@fmc-law.com

OTTAWA

Cyrus Reporter

cyrus.reporter@fmc-law.com

VANCOUVER

Ron Stuber

ron.stuber@fmc-law.com

TORONTO

Helen T. Newland

helen.newland@fmc-law.com