

Whitecap Resources Inc. Announces Acquisition of World Class Enhanced Oil Recovery Project

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\$425 Million Financing, Dividend Increase of 5% and Significantly Enhanced Free Funds Flow

CALGARY, Nov. 13, 2017 - [Whitecap Resources Inc.](#) ("Whitecap" or the "Company") (TSX:WCP) is pleased to announce that it has entered into an agreement to purchase high quality light oil assets in southeast Saskatchewan for cash consideration of \$940 million before closing adjustments (the "Acquisition"). The Acquisition includes a 62.1% operated working interest in the Weyburn Unit (14,600 boe/d) and 200 boe/d of production from minor assets in southeast Saskatchewan (the "Assets"). The Weyburn Unit (the "Unit") is a world class carbon dioxide ("CO₂") enhanced oil recovery ("EOR") development with a low base decline rate of less than 5%, high operating netback of \$31.86/boe, and significant short and long term development and expansion opportunities. The Assets also include extensive infrastructure in place to facilitate future development plans.

The Acquisition will be funded with a \$92.5 million non-brokered private placement (the "Private Placement") and a concurrent \$332.5 million bought deal equity financing (the "Prospectus Offering" and collectively, with the Private Placement, the "Financings") and by the Company's credit facilities. Whitecap's credit facilities are anticipated to increase to \$1.7 billion upon closing of the Acquisition.

STRATEGIC RATIONALE

The Acquisition is a continuation of Whitecap's strategy to enhance our existing portfolio with assets that exhibit lower production declines, high operating netbacks and significant growth opportunities with strong capital efficiencies to further enhance our future free funds flow. The Unit is a self-sustaining operation that generates strong free funds flow even in a low commodity price environment and requires minimal capital investment to maintain production volumes and associated funds flow. In 2018, our base case assumptions are to invest 35% of the net operating income from these Assets to maintain production at 14,800 boe/d which we anticipate will result in significant additional free funds flow of approximately \$112 million. We estimate that over the next five years, the base Assets have the potential to grow to approximately 17,700 boe/d and generate cumulative free funds flow of \$459 million using a flat operating netback of \$31.86/boe. Refer to the Increased 2018 Guidance section of this press release for the commodity price assumptions. The significant free funds flow from the Assets in combination with those generated by our other core asset areas allows Whitecap to also announce an additional increase to our monthly dividend of 5% to \$0.0257 per share (\$0.3084 per share annualized) from \$0.0245 per share (\$0.2940 per share annualized) effective for the January 2018 dividend. This represents a cumulative 10% dividend increase including the previously announced increase on November 1, 2017.

In 2018, pro forma the Acquisition, Whitecap is set to deliver 14 - 16% production per share growth and 25% funds flow per share growth along with an increased annual dividend of \$0.3084 per share and a total payout ratio of 81%. Whitecap's balance sheet remains strong with net debt to funds flow ratio of approximately 1.7 times.

The Unit is one of the largest carbon capture, utilization and storage projects in the world. It is recognized globally as one of the most successful developments of its kind from a technical, economic and environmental perspective. Over 100 technical papers have been written on its development and progress. The vendor has been the operator of the Unit since its inception in 1963 and has conducted over 250 site tours to interested parties from around the world.

There has been minimal development of this asset over the last few years with only 12 infill wells drilled in 2015 and one CO₂ expansion phase added in 2014. Due to low commodity prices, capital spending has been limited to production maintenance over the last few years. Whitecap anticipates spending

approximately \$60 million in 2018 on the Unit, which represents 35% of anticipated net operating income from the Assets, to maintain a flat and stable production profile.

The Unit is anticipated to be a multi-decade source of self-funding growth and annual free funds flow with meaningful near and long term growth opportunities. There are significant optimization and expansion opportunities within the Unit including:

- 34 waterflood and EOR area infill drills;
- Reservoir optimization of the mature EOR patterns to minimize decline and improve CO₂ utilization;
- 8 identified and planned CO₂ expansion phases which include the drilling of 93 (57.8 net) production and 62 (38.5 net) injection wells; and
- Recovery of hydrocarbons liquids from recycled CO₂ stream prior to reservoir reinjection.

The 8 EOR expansion phases are conservatively booked to an ultimate recovery factor of 31% compared to an average ultimate recovery factor of 54% booked on the existing 13 phases. To date, the 13 existing phases have recovered on average 42% of the original oil in place ("OOIP") with some of the more mature phases recovering over 60%. The 8 expansion phases will develop a significant portion of the remaining 44% of the Unit area that has yet to benefit from the CO₂ injection. The hydrocarbon liquid recovery from the CO₂ stream, prior to re-injection, is also expected to provide an extremely stable and significant source of free funds flow.

There are also material expansion opportunities identified immediately offsetting the existing CO₂ scheme which are in the preliminary planning stage. These include vertical and lateral expansion of the existing CO₂ EOR scheme of which the combined opportunity set is unbooked and could represent incremental gross reserves of 109 MMbbls and a peak incremental gross production increase of over 13,000 bopd.

The Unit is world class from an operational, safety and environmental perspective. The vendor has operated the Unit since its inception in 1963 and its strong technical and field teams have years of experience operating it or similar fields. Whitecap also has extensive technical and operational experience operating a number of EOR schemes including miscible and alkaline-surfactant-polymer floods. The operation and optimization of this CO₂ scheme will utilize many of the fundamentals, processes and technical aptitude that Whitecap already has in place which will be augmented by specific CO₂ experience, as a significant complement of the vendor's technical and field staff will be joining the Whitecap team to ensure that the transition, long-term vision and excellence of the project is maintained and enhanced.

The Assets include an estimated asset retirement obligation of \$41.7 million discounted at 10 percent and an excellent Licensee Management Rating of 7.78.

In summary, the key benefits to Whitecap shareholders pro forma the Acquisition and the Financing are as follows:

- 2018 accretion expected per fully diluted share of 12% on funds flow, 11% on production, 30% on proved developed producing reserves, 19% on total proved plus probable reserves, and 7% on net asset value;
- Decreases our current corporate base production decline to 19% from 23%;
- Our oil and NGLs weighting increases from 83% to 86% in 2018;
- Decreases our 2018 total payout ratio (after capital spending and dividend payments) to 81% from 88% even after including the 5% increase to the annual dividend (10% cumulative increase including the previously announced increase on November 1, 2017);
- Significant increase to our free funds flow in 2018 to \$134 million (after dividend increase) from \$65.7 million;
- Increases our reserve life index by 7% to 17.9 years from 16.7 years; and
- Improves our funds flow netback by 1% to \$25.96/boe.

SUMMARY OF THE TRANSACTION

The Acquisition has the following key characteristics:

Purchase price	\$940 million
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Current production	14,800 boe/d (100% liquids)
Base production decline	<5%
Proved reserves ⁽¹⁾	92,324 Mboe (100% liquids)
Proved NPV10 ^{(1) (2)}	\$841 million
Proved plus probable reserves ⁽¹⁾	121,409 Mboe (100% liquids)
Proved plus probable NPV10 ^{(1) (2)}	\$1,219 million
Proved plus probable reserve life index ⁽³⁾	22.5 years
2018 operating netback ⁽⁴⁾	\$31.86/boe

Notes:

Gross reserves are the total working interest reserves associated with the Assets before the deduction of any royalties and including any royalty interests receivable on the Assets. Gross reserve estimates are based on GLJ Petroleum Consultants' ("GLJ") evaluation in accordance with National Instrument 51-101, effective June 30, 2017.

Before tax net present value based on a 10 percent discount rate and McDaniel & Associates Consultants Ltd.'s October 1, 2017 forecast prices. Estimated values of future net revenues do not represent the fair market value of the reserves.

⁽³⁾ Based on current production of 14,800 boe/d.

⁽⁴⁾ Operating netback is a non-GAAP measure. Refer to the non-GAAP measures section of this press release.

Acquisition metrics are as follows:

Production	\$63,500/boe/d
2018 funds flow multiple ⁽¹⁾	5.5x
Proved reserves ⁽²⁾	\$10.18/boe
Proved plus probable reserves ⁽²⁾	\$7.74/boe
Recycle ratio ⁽³⁾	4.1x

Notes:

⁽¹⁾ Calculated as \$940 million / (current production of 14,800 boe/d x \$31.86/boe x 365 days)

Gross reserves are the total working interest reserves associated with the Assets before the deduction of any royalties and including any royalty interests receivable on the Assets. Gross reserve estimates are based on GLJ's evaluation in accordance with National Instrument 51-101, effective June 30, 2017.

⁽³⁾ Calculated as operating netback of \$31.86 divided by the cost of proved plus probable reserves of \$7.74/boe.

INCREASED DIVIDEND

Whitecap is focused on total shareholder returns and the dividend is an important component of this return profile. Our pre-acquisition budget included a 5% increase to the monthly dividend to \$0.0245 per share from \$0.0233 per share effective with the December 2017 dividend. With this Acquisition, we continue to improve our decline profile payout ratio, per share funds flow growth, financial strength and significantly increase our free funds flow. As a result, our Board of Directors has approved an additional 5% increase to the monthly dividend to \$0.0257 per share (\$0.3084 per share annualized) effective for the January 2018 dividend. Whitecap remains committed to returning cash to shareholders in a prudent and sustainable manner to enhance total shareholder returns.

INCREASED 2018 GUIDANCE

The following is the Company's increased guidance for 2018, after giving effect to the Acquisition and the Financings:

	2018 Pre-Acquisition ⁽¹⁾	2018 Post-Acquisition ⁽²⁾	% Change	
Average production (boe/d)	58,800 - 60,000	73,600 - 74,800	25	%
Per million shares (fully diluted)	158	175	11	%
% oil and NGLs	83	% 86	% 3	%
Funds flow netbacks (\$/boe) ⁽³⁾	\$25.59	\$25.96	1	%

Funds flow (\$MM) ⁽³⁾	\$555	\$703	27	%
Per share (fully diluted) ⁽³⁾	\$1.48	\$1.66	12	%
Development capital (\$MM) ⁽³⁾	\$370 - \$390	\$430 - \$450	16	%
Total dividends	\$109	\$129	18	%
Per share ⁽³⁾	\$0.2940	\$0.3084	5	%
Free funds flow (\$MM) ⁽³⁾	\$66	\$134	103	%
Total payout ratio ⁽³⁾	88	% 81	% (7	%)

WTI (US\$/bbl)	54.00	54.00	-
Edmonton Par Differential (US\$/bbl) (3.50) (3.50) -	
CAD/USD exchange rate	0.78	0.78	-
Natural gas (AECO C\$/GJ)	2.25	2.25	-

⁽¹⁾ 2018 Pre-Acquisition calculations based on mid case production of 59,400 and development capital of \$380 million.

⁽²⁾ 2018 Post-Acquisition calculations based on mid case production of 74,200 and development capital of \$440 million.

⁽³⁾ Refer to the non-GAAP measures section of this press release for additional disclosures and assumptions.

FINANCINGS

Private Placement

Whitecap has also entered into agreements with certain institutional investors who have committed to subscribe for, on a non-brokered private placement basis, 10,512,000 Subscription Receipts at a price of \$8.80 per Subscription Receipt for aggregate gross proceeds of \$92,505,600. The completion of the Private Placement is subject to customary closing conditions, including the receipt of all necessary regulatory approvals, including the approval of the Toronto Stock Exchange ("TSX"). Similar to the Prospectus Offering, the gross proceeds from the Private Placement will be held in escrow pending completion of the Acquisition. The net proceeds from the Prospectus Offering and the Private Placement will be used to partially fund the purchase price for the Acquisition.

Prospectus Offering

In connection with the Acquisition, Whitecap has entered into an agreement with a syndicate of underwriters co-led by National Bank Financial Inc. and TD Securities Inc. (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought-deal basis, 37,785,000 subscription receipts ("Subscription Receipts") of Whitecap at a price of \$8.80 per Subscription Receipt for aggregate gross proceeds of approximately \$332,508,000. Members of Whitecap's Board of Directors, management and employees intend on participating in the Prospectus Offering. The gross proceeds from the sale of Subscription Receipts pursuant to the Prospectus Offering will be held in escrow pending the completion of the Acquisition. If all outstanding conditions to the completion of the Acquisition (other than funding) are met and all necessary approvals for the Prospectus Offering and the Acquisition have been obtained on or before February 28, 2018, the net proceeds from the sale of the Subscription Receipts will be released from escrow to Whitecap and each Subscription Receipt will be exchanged for one common share of Whitecap for no additional consideration and without any action on the part of the holder. If the Acquisition is not completed at or before 5:00 p.m. (Calgary time) on February 28, 2018, then the purchase price for the Subscription Receipts will be returned pro rata to subscribers, together with a pro rata portion of interest earned on the escrowed funds.

The Subscription Receipts issued pursuant to the Prospectus Offering will be distributed by way of a short form prospectus in all provinces of Canada and in the United States, the United Kingdom and certain other jurisdictions as the Company and the Underwriters may agree on a private placement basis. Completion of the Acquisition and the Prospectus Offering is subject to customary closing conditions, including the receipt of all necessary regulatory approvals, including the approval of the TSX. Closing of the Prospectus Offering is expected to occur on December 4, 2017 and the acquisition is expected to close on or about December 14, 2017.

This press release is not an offer of the securities for sale in the United States. The securities may not be

offered or sold in the United States absent registration or an available exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and applicable U.S. state securities laws. Whitecap will not make any public offering of the securities in the United States. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ADVISOR

National Bank Financial Inc. acted as exclusive financial advisor to Whitecap with respect to the Acquisition and Financing.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of our anticipated future operations, objectives, strategies, financial, operating and production results and business opportunities. Forward-looking information typically uses words such as "anticipate", "believe", "continue", "maintain", "sustain", "project", "expect", "forecast", "budget", "goal", "guidance", "plan", "target", "intend", "pro forma", "potential" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future, including expected 2018 pro forma the Acquisition and the Financings, production, production per share, product mix, funds flow, funds flow netbacks, operating netbacks, free funds flow, net debt to funds flow, development capital, dividends, total payout ratio, drilling and development plans and the timing thereof, capital efficiencies, and sources of funding.

In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding the Acquisition, the Financings and the benefits to be acquired therefrom including anticipated production, product mix, drilling and reserves potential, recovery factors, CO₂ EOR potential, decline rates, future development plans, drilling inventory, optimization and expansion opportunities for the Unit, CO₂ EOR expansion phases and plans, recovery factors, recycle ratios, reserve life index, incremental reserves, estimated asset retirement obligation, technical and field staff additions, anticipated rates of return, operating costs, operating netbacks, funds flow, funds flow multiples, free funds flow, funds flow netbacks, development capital, and other economics, expectations relating to the current Unit infrastructure on future development plans, expectation that the Unit requires minimal capital investment to maintain production volumes and associated funds flow, and the impact of the Acquisition on Whitecap and its financial and operating results and development plans, including, on its production, production per share, net asset value per share, funds flow, net asset value, drilling inventory, production weighting, operating and funds flow netbacks, decline rates, recovery factors, reserves, reserves life index, development capital spending, transportation and processing opportunities, net debt, dividend sustainability and policy, including the anticipated dividend increase and the amount and timing of such increase, total payout ratio, debt levels, net debt to funds flow ratio, free funds flow and free funds flow per share. This press release also contains forward-looking information relating to the estimated purchase price of the Acquisition, the anticipated increase in Whitecap's credit facilities in connection with the Acquisition, the anticipated closing date for the Acquisition and the Financings, the anticipated participation of our directors, management and employees in the Prospectus Offering. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

The forward-looking information is based on certain key expectations and assumptions made by our management, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; the ability to efficiently integrate assets and employees acquired through acquisitions, including the Acquisition, the ability to market oil and natural gas successfully Whitecap's ability to access capital, and obtaining the necessary regulatory approvals, including the approval of the TSX and satisfaction of the other conditions to closing the Acquisition, the Financings and the other transactions referred to in this press release and on the timeframes contemplated.

Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Whitecap can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on our future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Whitecap's prospective results of operations, funds flow netbacks, funds flow, free funds flow, total payout ratio, net debt to funds flow, and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document was made as of the date of this document and was provided for the purpose of providing further information about Whitecap's future business operations. Whitecap disclaims any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.

NON-GAAP MEASURES

This press release includes non-GAAP measures as further described herein. These non-GAAP measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies.

"Cash dividends declared per share" represents cash dividends declared or paid per share by Whitecap.

"Development capital" represents expenditures on property, plant and equipment excluding corporate and other assets.

"Funds flow" represents cash flow from operating activities adjusted for changes in non-cash working capital.

"Funds flow per share" represents funds flow divided by the basic or diluted weighted average shares outstanding in the period. Management considers funds flow and funds flow per share to be key measures as they demonstrate Whitecap's ability to generate the cash necessary to pay dividends, repay debt, make capital investments and/or to repurchase common shares under the Company's normal course issuer bid. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow provides a useful measure of Whitecap's ability to generate cash that is not subject to short-term movements in non-cash operating working capital.

"Free funds flow" represents funds flow less cash dividends declared and development capital.

"Funds flow netbacks" are determined by deducting cash general and administrative expenses, interest and financing expenses, transaction costs and settlement of decommissioning liabilities from operating netbacks.

The 2018 operating and funds flow netbacks (\$/boe) assumptions used in this press release are as follows:

	2018 Pre-Acquisition	2018 Post-Acquisition
Petroleum and natural gas sales	50.09	52.17
Realized hedging gain (loss)	(1.88) (1.50)
Royalties	(6.43) (8.12)
Operating expenses	(11.00) (11.26)
Transportation expenses	(2.00) (1.88)
Operating netbacks	28.78	29.41
General and administrative expenses	(1.30) (1.30)
Interest and financing expenses	(1.69) (1.95)
Settlement of decommissioning liabilities	(0.20) (0.20)
Funds flow netbacks	25.59	25.96

"Operating netbacks" are determined by deducting realized hedging losses or adding realized hedging gains and deducting royalties, operating expenses and transportation expenses from petroleum and natural gas sales. Operating netbacks are per boe measures used in operational and capital allocation decisions. Operating netbacks on the Assets do not include realized hedging gains or losses.

The operating netback (\$/boe) assumptions used for the Assets in 2018 as follows:

	2018
Petroleum and natural gas sales	60.36
Royalties	(14.79)
Operating expenses	(12.22)
Transportation expenses	(1.49)
Operating netbacks	31.86

"Net debt" is calculated as long-term debt plus working capital surplus or deficit adjusted for risk management contracts. Net debt is used by management to analyze the financial position and leverage of Whitecap.

"Net debt to funds flow" is calculated as net debt divided by funds flow.

"Total payout ratio" is calculated as development capital plus cash dividends declared divided by funds flow.

OIL AND GAS ADVISORIES

Unless otherwise indicated, all reserve references in this press release are "Company share reserves". Company share reserves are the Company's total working interest reserves before the deduction of any royalties and including any royalty interests of the Company.

It should not be assumed that the present worth of estimated future cash flow presented in the tables above represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Whitecap's and the seller's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

All future net revenues are estimated using forecast prices, arising from the anticipated development and production of our reserves, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs and are stated prior to provision for interest and general and administrative expenses. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein do not represent fair market value.

In discussing the EOR expansion phases, certain recovery factors have been referenced. These recovery factors are based on the proved plus probable reserves that have been booked with respect to the EOR expansion phases in an independent reserves evaluation prepared by GLJ effective as of June 30, 2017.

OOIP is equivalent to Total Petroleum Initially-In-Place ("TPIIP"). TPIIP, as defined in the Canadian Oil and Gas Evaluation Handbook, is that quantity of petroleum that is estimated to exist in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. A portion of the TPIIP is considered undiscovered and there is no certainty that any portion of such undiscovered resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of such undiscovered resources. With respect to the portion of the TPIIP that is considered discovered resources, there is no certainty that it will be commercially viable to produce any portion of such discovered resources. A significant portion of the estimated volumes of TPIIP will never be recovered.

This press release contains metrics commonly used in the oil and natural gas industry, such as "recycle ratio", "reserve life index ("RLI")", "operating netback" and "development capital". These terms have been calculated by management and do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Whitecap's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

"Boe" means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

This press release discloses drilling inventory in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from GLJ's reserves evaluation effective June 30, 2017 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the 189 waterflood and EOR area infill drilling locations identified herein, 180 are proved locations, none are probable locations and 9 are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that we will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

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