

October 29, 2015

## **Canbriam Energy Commissions Phase 2 of its Altares Processing Facility and Provides Operational Update**

CALGARY, AB, October 29, 2015 (CNW)- Canbriam Energy Inc. (“Canbriam” or the “Company”) provides an operational update on the commercial development of its over pressured, liquids-rich Altares Montney asset, located west of Fort St. John, BC, highlighted by:

- Commissioning of Phase 2 of the Altares Processing Facility, bringing Canbriam’s total processing capacity to 210 million cubic feet per day, or approximately 40,000 barrels of oil equivalent per day including natural gas liquids
- Production exceeding 25,000 barrels of oil equivalent per day
- Implementation of the recently commissioned water handling and recycling hub
- Sanctioning of long lead items related to Phase 3 of the Altares Processing Facility
- Mitigating Station 2 price volatility by adding differential hedges to existing AECO hedges
- Increasing its borrowing base to \$250 million for its undrawn, syndicated credit facility

Canbriam also provides an update to the ongoing strong well performance from its Altares Montney asset and provides additional information related to its capital spending plans for the remainder of 2015.

“Completion of Phase 2 of our Altares Processing Facility along with the recent commissioning of our water handling and recycling hub are two major milestones for our Company,” said Paul Myers, President & Chief Executive Officer. “Our 100 percent owned and operated Altares facility is scalable to 400 million cubic feet per day and provides the capacity for long term growth from our Montney asset.”

### **Infrastructure investment supports large scale development**

Canbriam is executing on its multi-year strategy to build out its processing infrastructure to support low-cost, scalable development from its multi-zone Montney asset. On September 30, 2015 Canbriam commissioned Phase 2 of its Altares Processing Facility, adding an incremental 80 million cubic feet per day of natural gas processing, bringing total capacity to approximately 40,000 boe/d including natural gas liquids. This project was completed one month ahead of schedule and on budget.

Canbriam also fully implemented the use of its new water handling and recycling hub, commissioned in June 2015, which has effectively eliminated the need to truck any water and has supported over 99 percent recycling efficiency. The water hub is a fully contained system that allows for continuous processing and recycling of water used in completion programs. Once new wells are completed and tied in to production, natural gas, associated liquids and produced water are flowed back to the Altares Processing Facility where each component is

separated. Processed water from the gas stream is transferred to the water hub for treatment, where it is blended with fresh water and reused in subsequent completion programs.

Canbriam is four years into a 20 year permit to source fresh water from Williston Lake, BC, securing source water to support long term development plans. By eliminating the need to truck water, Canbriam estimates that water handling costs will be reduced by approximately \$0.8 million per well. Reduced truck traffic also enhances the overall safety of Canbriam's operations.

"Completing these infrastructure projects reflects the effort, focus and capability of our team" stated Gary Gardiner, Chief Operating Officer. "We believe our natural gas processing infrastructure and water hub will continue to support profitable production growth."

Canbriam's Board of Directors recently sanctioned the purchase of long lead items related to Phase 3 of the Altares Processing Facility. This expenditure adds approximately \$20 million to the 2015 capital budget, which is now expected to range between \$360 million and \$380 million. Phase 3 is expected to add approximately 120 million cubic feet per day of natural gas processing capacity by year end 2017, taking total capacity to approximately 60,000 boe/d including natural gas liquids. 100 percent ownership of processing infrastructure gives Canbriam the operational flexibility to control its pace of development if market conditions change.

### **Production and well results reflect sustainability of business model**

Q3 2015 production averaged 17,026 boe/d, which is approximately 4 percent lower than Q2 2015 production levels as it reflects the impact of well shut-ins related to completions of new wells and a 10 day turnaround in September that was required to commission the Phase 2 expansion.

Following the turnaround, production levels ramped up to over 25,000 boe/d which represents full capacity for Phase 1. This production milestone was achieved ahead of Canbriam's anticipated timing of late Q4 2015 and reflects ongoing strong well performance and low overall declines. Downhole chokes are utilized in all wells to maintain bottom-hole pressure which Canbriam believes enhances the ultimate recovery of the wells and supports the overall sustainability of the business. Canbriam's current average annual corporate decline rate is approximately 24 percent, which allows the company to grow production with a relatively low rig count.

Production will be curtailed through Q4 2015 to accommodate well shut-ins required for ongoing completion programs. Canbriam routinely shuts-in producing wells to safely complete new wells within neighboring pad locations. The Company expects to complete an additional 8 wells (100% working interest) in Q4 2015 based on its current program and as these wells are tied in through late 2015 and early 2016, production rates are expected to exceed 30,000 boe/d.

Canbriam's 10 new wells (100 percent working interest) added in June and July 2015 have all met or exceeded the Company's raw gas type curves for both Upper Montney wells and Lower Montney wells. These new wells (8 Upper Montney and 2 Lower Montney wells) are currently producing at restricted rates with the use of downhole chokes, averaging approximately 5 million cubic feet per day.

Drilling and completion costs for the 10 new wells were approximately 25 percent lower than 2013 and 2014 levels, in spite of sand concentration levels doubling since 2013. Cost improvement is attributable to both drilling and completion cost efficiencies and overall service cost reductions.

Sand intensity has increased consistently over the past few years, supporting better fracturing of the reservoir and anticipated well performance improvement. In its 2015 completion program, Canbriam is placing approximately 1.8 tonnes of sand per meter, which is over 50 percent higher than 2014 and approximately double the sand placed in 2013 wells.

### Capital budget and risk management update

Canbriam's 2016 capital program will be funded through cash on hand, an undrawn credit facility and cash flow which is supported by the Company's commodity hedging program. Effective October 30, 2015 Canbriam's syndicated credit facility is increasing to \$250 million from \$200 million as a result of producing well additions supporting the higher borrowing base.

To support its capital program and to mitigate ongoing regional price volatility, Canbriam has added hedges that lock in a fixed differential between AECO and Station 2. Canbriam sells its natural gas production at Station 2, which has experienced recent price volatility due to maintenance downtime on both the Alberta and BC transmission systems. Canbriam anticipates that there could be maintenance interruptions in the spring and summer of 2016. As of October 27, 2015 Canbriam's natural gas hedge positions are outlined as follows:

| Natural gas hedges | AECO (GJ/d) | C\$/GJ | Station 2 (GJ/d) | Fixed differential (C\$/GJ) |
|--------------------|-------------|--------|------------------|-----------------------------|
| Q4 2015            | 50,000      | \$3.11 | 46,700           | \$0.59                      |
| 2016               | 80,000      | \$3.02 | 70,000           | \$0.57                      |
| 2017               | 80,000      | \$3.26 | 80,000           | \$0.44                      |

For the remainder of 2015, Canbriam also has liquids hedges in place for 2,400 barrels per day at C\$96.28. For 2016 and 2017, Canbriam has 2,500 barrels per day hedged at C\$97.35 and 500 barrels per day hedged at C\$79.40, respectively. Canbriam expects to selectively increase hedge positions through 2015 and 2016, dependent on commodity pricing.

## **About Canbriam**

Canbriam Energy Inc. is a private intermediate exploration and production Company with a focus on over-pressured, liquids rich natural gas. Its principal producing properties and acreage positions are in the multi-zone Altares Montney of Northeast British Columbia, which has been substantially de-risked to support its development plans. The Company was founded in 2007 and is headquartered in Calgary, Alberta with an office in Fort St. John, British Columbia.

## **Forward-Looking Statements, Advisories and Definitions**

This news release contains forward-looking statements within the meaning of securities legislation. All statements, other than historical facts, that address activities that Canbriam intends, assumes, plans, expects, believes or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. Forward-looking statements herein relate to business strategy and objectives; development and exploration plans, including the anticipated benefits resulting therefrom and the timing thereof; reserve quantities and the discounted present value of future net cash flows from such reserves; future production levels; facility construction, including the estimated commissioning of Phase 3 of the Altares Processing Facility; drillings plans; corporate decline rates; and the timing of well completions. The forward-looking statements are based on management's current beliefs, based on currently available information, as to the outcome and timing of future events. These forward-looking statements involve certain risks and uncertainties that could cause the results to differ materially from those expected by the management of Canbriam. Canbriam undertakes no obligation to update or revise any forward-looking statements. Any forward-looking statements in this release are expressly qualified by this cautionary statement.

### **Barrel of Oil Equivalent**

Barrel of oil equivalent (boe) are presented on the basis of one boe for six Mcf of natural gas. Disclosure provided herein in respect of boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.



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