



Forecast Prices	2011e	2012e
WTI US\$/bbl	95.00	90.00
Edm Par C\$/bbl	91.75	86.00
NYMEX US\$/mcf	4.25	4.75
AECO C\$/mcf	3.75	4.20
\$US/\$Cdn	1.02	1.01

September 26, 2011

Commodity Price Stress Tests

Testing Equities with \$70 and \$80 WTI

More Volatility: With the recent angst about the potential for a double dip recession, and disappointment with the Fed's response through "Operation Twist", the equity and commodity markets have renewed their pessimism with heavy selling pressure. In our sector, concerns over the state of the economy have undermined oil prices in particular, with near-month WTI trading again below US\$80/bbl. The equities have followed suit. Given this backdrop, we provide some sensitivities so investors can evaluate the downside, in the event that these lower prices are sustained or even get worse.

Equity Correction: Since their peak on March 4th, the S&P Capped Energy Index is down 35%, and down 26% since the recent peak on July 22nd. Measuring the boarder market, the S&P TSX Composite is down 20% from its peak on April 5th, and down 15% from the July peak.

Our 2012 Price Forecasts: Our 2012 estimates are based on WTI oil prices of US\$90/bbl, Henry Hub natural gas prices US\$4.75/mcf, and an exchange rate of US\$/C\$1.01.

Scenarios: We ran two scenarios. In the first case, we assumed US\$80/bbl for WTI from Q4/11 through 2012, and US\$4.20/mcf for NYMEX gas. In the second case, we assumed US\$70/bbl for WTI from Q4/11 through 2012, and US\$4.20/mcf for gas. Reflecting recent weakness in the Canadian dollar, in both cases we assume an exchange rate of US\$/C\$0.97, a mitigating factor for Canadian producers. We did not adjust capital spending or operating cost assumptions to reflect lower commodity prices.

Summary Impacts: In the \$80/bbl WTI scenario, the average impact is an 11% decrease in CFPS, a 10% increase in bank line utilization, and a 0.7x increase in the implicit EV/DACF multiple for 2012. In the \$70 WTI scenario, the average impact is an 22% decrease in CFPS, a 20% increase in bank line utilization and a 1.6x increase in the implicit EV/DACF multiple for 2012.

Recommendations in the Downside Scenario: Among the Small- and Mid-Cap names, we see balance sheet strength and relative safety in the following: Open Range (ONR-T, also benefits from pending yield support); Surge (SGY-V), as well as Bellatrix (BXE-T) and Pace (PCE-T) for compelling valuations; and Crescent Point (CPG-T), which is also supported by its hedging position and underlying yield. Among the Senior and Oil Sands names, we see relative safety in Cenovus (CVE-T).

Don Rawson – Managing Director
403.539.8621
drawson@altacorpcapital.com

John Mawdsley, P. Geol.
Managing Director
403.539.8606
jmawdsley@altacorpcapital.com

Jeremy McCrea, CFA – Analyst
403-539-8617
jmccrea@altacorpcapital.com

Ben Barlow – Associate
403.539.8591
bbarlow@altacorpcapital.com

Tanya Finney – Associate
403.539.8607
tfinney@altacorpcapital.com

Bradley MacDonald – Associate
403.539.8592
bmacdonald@altacorpcapital.com

Thomas Matthews – Associate
403.539.8587
tmatthews@altacorpcapital.com



2012 WTI US\$80/bbl; NYMEX US\$4.20/mcf

Company Name	Ticker	Recent Price	2012 \$mm Capex	2012 D/CF			2012 Utilization			2012 CFPS			2012 EV/DACF		
				New	Old	Change	New	Old	Change	New	Old	Change	New	Old	Change
Small Cap															
Open Range Energy Corp.	ONR	\$8.64	\$60	0.6x	0.5x	0.1x	71%	62%	8%	\$0.56	\$0.64	-12%	nmf	nmf	nmf
Renegade Petroleum Ltd.	RPL	\$2.54	\$80	1.0x	0.8x	0.2x	75%	63%	12%	\$0.64	\$0.72	-12%	4.6x	4.0x	0.6x
RMP Energy Inc.	RMP	\$1.85	R	R	R	R	R	R	R	R	R	R	R	R	R
Rock Energy Inc.	RE	\$2.35	\$20	2.9x	2.4x	0.5x	60%	57%	3%	\$0.32	\$0.37	-14%	9.4x	8.1x	1.3x
Spartan Oil Corp.	STO	\$2.42	\$40	0.6x	0.5x	0.1x	125%	108%	17%	\$0.45	\$0.50	-10%	5.8x	5.2x	0.6x
Surge Energy Inc.	SGY	\$7.93	\$150	0.8x	0.7x	0.1x	65%	57%	8%	\$1.56	\$1.73	-10%	5.7x	5.2x	0.6x
Tamarack Valley Energy Ltd.	TVE	\$0.32	\$30	1.0x	0.8x	0.2x	210%	184%	27%	\$0.07	\$0.08	-13%	5.3x	4.5x	0.8x
Waldron Energy Corp.	WDN	\$1.83	\$30	2.2x	1.7x	0.5x	81%	71%	10%	\$0.46	\$0.55	-15%	5.8x	4.8x	1.0x
Yangarra Resources Ltd.	YGR	\$0.56	\$60	1.0x	0.9x	0.1x	204%	191%	12%	\$0.25	\$0.27	-7%	3.3x	2.9x	0.4x
Average				1.3x	1.0x	0.2x	111%	99%	12%			-12%	5.7x	5.0x	0.8x
Median				1.0x	0.8x	0.2x	78%	67%	11%			-12%	5.7x	4.8x	0.6x
Mid Cap															
Angle Energy Inc.	NGL	\$6.66	\$170	2.6x	2.2x	0.4x	102%	95%	7%	\$1.35	\$1.54	-12%	6.7x	5.9x	0.8x
Bellatrix Exploration Ltd.	BXE	\$3.65	\$180	0.9x	0.8x	0.1x	71%	61%	9%	\$1.23	\$1.34	-9%	3.7x	3.2x	0.5x
Bonavista Energy Corp.	BNP	\$22.66	\$450	1.9x	1.6x	0.3x	65%	58%	7%	\$3.44	\$3.85	-11%	7.7x	6.9x	0.8x
Bonterra Energy Corp.	BNE	\$45.35	\$60	1.4x	1.2x	0.2x	109%	99%	10%	\$5.12	\$5.64	-9%	9.5x	8.6x	0.9x
Crescent Point Energy Corp.	CPG	\$38.12	\$1,100	1.0x	0.8x	0.1x	79%	72%	7%	\$4.19	\$4.55	-8%	9.6x	8.8x	0.8x
Daylight Energy Ltd.	DAY	\$5.76	\$300	2.8x	2.5x	0.4x	97%	91%	6%	\$1.53	\$1.72	-11%	5.8x	5.2x	0.6x
Fairborne Energy Ltd.	FEL	\$3.16	\$160	2.2x	1.8x	0.4x	86%	80%	6%	\$1.06	\$1.23	-14%	4.5x	3.8x	0.6x
Pace Oil & Gas Ltd.	PCE	\$4.50	\$140	1.5x	1.3x	0.2x	68%	63%	5%	\$2.22	\$2.48	-11%	3.2x	2.7x	0.5x
PetroBakken Energy Ltd.	PBN	\$9.57	\$650	4.1x	3.5x	0.6x	114%	108%	6%	\$2.60	\$2.94	-12%	6.3x	5.6x	0.7x
Average				2.0x	1.7x	0.3x	88%	81%	7%			-11%	6.3x	5.6x	0.7x
Median				1.9x	1.6x	0.3x	86%	80%	7%			-11%	6.3x	5.6x	0.7x

Company Name	Ticker	Price	2012 \$mm Capex	2012 D/CF			2012 CFPS			2012 EV/DACF		
				New	Old	Change	New	Old	Change	New	Old	Change
Senior												
Encana Corporation*	ECA	\$20.10	\$3,400	2.4x	2.0x	0.5x	\$4.58	\$5.38	-15%	5.9x	5.1x	0.9x

Company Name	Ticker	Price	2012 \$mm Capex	2012 D/CF			2012 CFPS			2012 EV/DACF		
				New	Old	Change	New	Old	Change	New	Old	Change
Oil Sands												
Cenovus Energy Inc.	CVE	\$31.24	\$3,200	1.4x	1.1x	0.2x	\$3.72	\$4.17	-11%	8.9x	7.9x	0.9x
Connacher Oil & Gas Ltd.	CLL	\$0.49	\$200	37.6x	12.8x	24.8x	\$0.06	\$0.17	-65%	9.3x	6.6x	2.8x

Figure 1. 2012 WTI US\$80/bbl Scenario

Source: Company Reports, AltaCorp Capital



2012 WTI US\$70/bbl; NYMEX US\$4.20/mcf

Company Name	Ticker	Recent Price	2012 \$mm Capex	2012 D/CF			2012 Utilization			2012 CFPS			2012 EV/DACF		
				New	Old	Change	New	Old	Change	New	Old	Change	New	Old	Change
Small Cap															
Open Range Energy Corp.	ONR	\$8.64	\$60	0.7x	0.5x	0.2x	74%	62%	11%	\$0.54	\$0.64	-16%	nmf	nmf	nmf
Renegade Petroleum Ltd.	RPL	\$2.54	\$80	1.4x	0.8x	0.6x	95%	63%	32%	\$0.51	\$0.72	-29%	5.9x	4.0x	2.0x
RMP Energy Inc.	RMP	\$1.85	R	R	R	R	R	R	R	R	R	R	R	R	R
Rock Energy Inc.	RE	\$2.35	\$20	3.3x	2.4x	0.9x	61%	57%	4%	\$0.28	\$0.37	-24%	10.5x	8.1x	2.4x
Spartan Oil Corp.	STO	\$2.42	\$40	0.9x	0.5x	0.4x	151%	108%	43%	\$0.38	\$0.50	-25%	7.0x	5.2x	1.8x
Surge Energy Inc.	SGY	\$7.93	\$150	1.1x	0.7x	0.4x	75%	57%	19%	\$1.35	\$1.73	-22%	6.7x	5.2x	1.6x
Tamarack Valley Energy Ltd.	TVE	\$0.32	\$30	1.4x	0.8x	0.6x	245%	184%	62%	\$0.06	\$0.08	-29%	6.6x	4.5x	2.1x
Waldron Energy Corp.	WDN	\$1.83	\$30	2.6x	1.7x	0.9x	87%	71%	17%	\$0.41	\$0.55	-25%	6.5x	4.8x	1.7x
Yangarra Resources Ltd.	YGR	\$0.56	\$60	1.1x	0.9x	0.2x	211%	191%	20%	\$0.24	\$0.27	-11%	3.5x	2.9x	0.6x
Average				1.5x	1.0x	0.5x	125%	99%	26%			-23%	6.7x	5.0x	1.7x
Median				1.2x	0.8x	0.5x	91%	67%	19%			-24%	6.6x	4.8x	1.8x
Mid Cap															
Angle Energy Inc.	NGL	\$6.66	\$170	3.1x	2.2x	0.9x	109%	95%	14%	\$1.18	\$1.54	-23%	7.6x	5.9x	1.7x
Bellatrix Exploration Ltd.	BXE	\$3.65	\$180	1.1x	0.8x	0.3x	82%	61%	21%	\$1.09	\$1.34	-19%	4.2x	3.2x	1.0x
Bonavista Energy Corp.	BNP	\$22.66	\$450	2.1x	1.6x	0.5x	71%	58%	13%	\$3.16	\$3.85	-18%	8.5x	6.9x	1.6x
Bonterra Energy Corp.	BNE	\$45.35	\$60	1.7x	1.2x	0.6x	124%	99%	25%	\$4.39	\$5.64	-22%	11.3x	8.6x	2.7x
Crescent Point Energy Corp.	CPG	\$38.12	\$1,100	1.1x	0.8x	0.3x	88%	72%	16%	\$3.79	\$4.55	-17%	10.6x	8.8x	1.8x
Daylight Energy Ltd.	DAY	\$5.76	\$300	3.3x	2.5x	0.9x	104%	91%	13%	\$1.33	\$1.72	-23%	6.6x	5.2x	1.5x
Fairborne Energy Ltd.	FEL	\$3.16	\$160	2.5x	1.8x	0.7x	90%	80%	10%	\$0.95	\$1.23	-22%	5.1x	3.8x	1.2x
Pace Oil & Gas Ltd.	PCE	\$4.50	\$140	1.9x	1.3x	0.6x	75%	63%	12%	\$1.89	\$2.48	-24%	3.8x	2.7x	1.1x
PetroBakken Energy Ltd.	PBN	\$9.57	\$650	5.0x	3.5x	1.6x	121%	108%	14%	\$2.19	\$2.94	-26%	7.5x	5.6x	1.8x
Average				2.5x	1.7x	0.7x	96%	81%	15%			-21%	7.2x	5.6x	1.6x
Median				2.1x	1.6x	0.6x	90%	80%	14%			-22%	7.5x	5.6x	1.6x

Company Name	Ticker	Price	2012 \$mm Capex	2012 D/CF			2012 CFPS			2012 EV/DACF		
				New	Old	Change	New	Old	Change	New	Old	Change
Senior												
Encana Corporation*	ECA	\$20.10	\$3,400	2.5x	2.0x	0.5x	\$4.47	\$5.38	-17%	6.1x	5.1x	1.0x

Company Name	Ticker	Price	2012 \$mm Capex	2012 D/CF			2012 CFPS			2012 EV/DACF		
				New	Old	Change	New	Old	Change	New	Old	Change
Oil Sands												
Cenovus Energy Inc.	CVE	\$31.24	\$3,200	1.7x	1.1x	0.6x	\$3.18	\$4.17	-24%	10.3x	7.9x	2.4x
Connacher Oil & Gas Ltd.	CLL	\$0.49	\$200	nmf	12.8x	nmf	-\$0.11	\$0.17	-164%	23.2x	6.6x	16.6x

Figure 2. 2012 WTI US\$70/bbl Scenario

Source: Company Reports, AltaCorp Capital