



October 10, 2012

E&P Industry Comment

Highlights

- GeoSCOUT updated its Well Results for Alberta for the Month of August.
- We rank the top performing wells in terms of IP rates, cumulative monthly production and cumulative yearly production.
- The top oil IP rate is Capio's (Private) Montney well at La Glace (1,348 boe/d (101 hours; 14% gas) with Baytex (Seal) having its Bluesky oil well at Peace River the largest cumulative production for August at 19.6 mboe.
- For gas, Tourmalines's Wilrich well at Kakwa takes the top spot for IP rates and cumulative volume in August at 20.7 mmcf/d and 166 mmcf, respectively.

Companies Mentioned in This Report:

Trilogy (TET-T), Outperform

TriOil (TOL-V, Outperform)

Surge (SGY-T, Outperform)

Baytex (BTE-T, Not Covered)

Encana (ECA-T, Not Covered)

Tourmaline (TOU-T, Not Covered)

Capio (Private)

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Top Alberta Well Results for August

GeoSCOUT Updated its Well Results for Alberta for the Month of August. Why is this important? Not all companies 'press release' positive well results, with fewer companies announcing poor results.

Ranking Criteria: We highlight our 3 criteria in ranking the top performing wells

- **Daily Average IP Rates:** Calculated taking monthly total production divided by total hours from which the well was producing in the month (Producing-Day). We'll strongly emphasize that investors should take caution with wells producing less than 7 days (168 hours) given the flush production nature of wells and look more to Cumulative Monthly Production for a more accurate indication of success;
- **Cumulative Monthly Production:** With many new wells confidential (in terms of monthly hours), data is only available in terms of total monthly production volumes. These wells with large cumulative volumes potentially have large IP rates. In addition, cumulative volumes can be important for wells that show high IP rates but have little production hours behind it (i.e., < 7 days);
- **Cumulative Yearly Production:** Cumulative yearly volumes are the most accurate determination on how soundly a well has performed. In addition, cumulative yearly production also captures data from wells that can sometimes take 2-3 months to achieve peak production rates. Data from confidential wells are also available at this time. As a 'very general rule of thumb', a well will typically produce 15% of expected volumes within 6 months and 25% of expected ultimate volumes after 12 months.

Some Plays and Names to Watch: We break out the top 10 wells in each category above for both oil and gas. Overall, a few interesting stand-outs:

- Capio's Montney well at La Glace that has shown an IP rate of 1,348 boe/d (101 hours; 14% gas). We'll note that Canadian Natural Resources and Encana have large Montney land positions in the area.
- Trilogy took 5 of the 10 spots in terms of cumulative oil production from its Montney wells at Kaybob. Over a year's time frame, these wells have now accumulated volumes averaging 155 mboe. At costs of \$4.2 million, this play ranks among the best in Canada. See our most recent research available here: http://research.altacorpcapital.com/TET_23_Aug_2012.pdf
- Tourmaline's Wilrich well at Kakwa took the top spot for IP rate and cumulative monthly volume in August. The well had an IP rate of 20.7 mmcf/d and produced a total volume of 166 mmcf. We'll note that Encana is also drilling Wilrich wells at Kakwa, with 6 wells currently confidential.
- TriOil's Cardium well at Lochend (2-31-26-3W5; 50% interest) had an impressive IP rate of 739 boe/d. The well was drilled in the same section as another high rate Cardium well, which tested >600 boe/d and recorded an IP30 rate of 370 boe/d. See Don's most recent research at: http://research.altacorpcapital.com/TOL_9_Oct_2012.pdf



OIL Wells – Best Performers in AB for August: We highlight the top performing wells in Alberta for the month of August (see disclosures below). Capiro's Montney well at La Glace that has shown an IP rate of 1,348 boe/d (101 hours; 14% gas). For wells on production longer than 7 days however, another Capiro well at La Glace (855 boe/d; 9 days; 14% gas) remains very impressive. In terms cumulative monthly volumes, Baytex's Bluesky (Seal) in Peace River has already produced 19.6 mboe. Surge's Doig well at Valhalla has the best yearly cumulative volume now having produced 200 mboe. Trilogy also takes 5 out of the 10 spots for its Montney wells at Kaybob.

Top IP Rates - (For AB Wells Brought On-Stream throughout August 2012)

| Company | Well Name | Targeted Formation | Field | Cum Oil bbls | Daily Avg bbls/d | Monthly Hours | % Gas | Well ID |
|---------|-------------------------|-------------------------------------|-----------------------------|--------------|------------------|---------------|-------|------------------|
| 1 | Capiro Expl Ltd | CAPIO EXP HZ LA GLACE 1-27-74-8 | TRmontney LA GLACE | 5,672 | 1,348 | 101 | 14% | 100012707408W600 |
| 2 | Imperial Oil Rsrcs Lmtd | IMP HZ PEMBINA 1-9-50-11 | Kcardium PEMBINA | 509 | 1,110 | 11 | 5% | 100010905011W500 |
| 3 | Petrobakken Enrg Ltd | PBN ET AL HZ LOCHEND 1-8-26-2 | Kcard_ss LOCHEND | 1,357 | 987 | 33 | 8% | 100010802602W500 |
| 4 | Capiro Expl Ltd | CAPIO EXP HZ 02 LA GLACE 16-28-74-8 | TRmontney LA GLACE | 7,623 | 855 | 214 | 14% | 102162807408W600 |
| 5 | RMP Enrg Inc | RMP HZ WAHIGAN 5-3-64-23 | TRmontney WASKAHIGAN | 7,391 | 792 | 224 | 24% | 100050306423W500 |
| 6 | EnCana Corp | ECA HZ PCOUPES 3-32-78-11 | TRmontney POUCE COUPE SOUTH | 3,918 | 771 | 122 | 45% | 100033207811W600 |
| 7 | Trioil Rsrcs Ltd | TRIOIL HZ COCHRANE 2-31-26-3 | Kcardium LOCHEND | 2,741 | 739 | 89 | 11% | 100023102603W500 |
| 8 | Tournament Expl Ltd | TOURNEX HZ WILLGR 3-25-42-9 | Kcardium WILLES DEN GREEN | 12,554 | 677 | 445 | 18% | 100032504209W500 |
| 9 | Genovus FCCL Ltd | CVE FCCL B05P04 LEISMER 11-11-76-6 | Kmcmurray ATHABASCA | 16,950 | 652 | 624 | 1% | 10311107606W400 |
| 10 | Baytex Enrg Ltd | BAYTEX N620 HZ SEAL 5-6-84-18 | Kbluesky PEACE RIVER AREA 2 | 19,595 | 632 | 744 | 0% | 100040608418W500 |

Top Cumulative Monthly Volumes - (For AB Wells Brought On-Stream throughout August 2012)

| Company | Well Name | Targeted Formation | Field | Cum Oil bbls | Daily Avg bbls/d | Monthly Hours | % Gas | Well ID |
|---------|-------------------------|-------------------------------------|-----------------------------|--------------|------------------|---------------|-------|------------------|
| 1 | Baytex Enrg Ltd | BAYTEX N620 HZ SEAL 5-6-84-18 | Kbluesky PEACE RIVER AREA 2 | 19,595 | 632 | 744 | 0% | 100040608418W500 |
| 2 | Tournament Expl Ltd | TOURNEX HZ WILLGR 3-25-42-9 | Kcardium WILLES DEN GREEN | 12,554 | 677 | 445 | 18% | 100032504209W500 |
| 3 | Celtic Expl Ltd | CELTIC HZ KAKWA 3-28-64-4 | PRbellroy KAKWA | 7,717 | Confidential | | 26% | 100032806404W602 |
| 4 | Corinthian Expl Corp | CORINTHIAN EX HZ ELM 2-26-68-7 | Kdunvegan ELMWORTH | 7,706 | Confidential | | 35% | 100022606807W600 |
| 5 | Spur Rsrcs Ltd | SPUR TOL 13-34 HZ FIR 16-34-59-22 | Kdunvegan FIR | 7,637 | 340 | 539 | 45% | 100163405922W500 |
| 6 | Capiro Expl Ltd | CAPIO EXP HZ 02 LA GLACE 16-28-74-8 | TRmontney LA GLACE | 7,623 | 855 | 214 | 14% | 102162807408W600 |
| 7 | Crescent Point Enrg Cor | CPEC JUDYCK 5-4-63-9 | Dwatt_mtn JUDY CREEK | 7,435 | 394 | 453 | 15% | 100050506309W502 |
| 8 | RMP Enrg Inc | RMP HZ WAHIGAN 5-3-64-23 | TRmontney WASKAHIGAN | 7,391 | 792 | 224 | 24% | 100050306423W500 |
| 9 | Black Shire Enrg Inc | BLACK SHIRE HZ 105 PROVOST 6-9-40-3 | Kdina PROVOST | 6,596 | 227 | 698 | 3% | 105060904003W400 |
| 10 | ARC Rsrcs Ltd | ARC HZ 102 PEMBINA 4-7-48-8 | Kcard_ss PEMBINA | 6,572 | 411 | 384 | 1% | 102040704808W502 |

Top Cumulative Yearly Volumes - (For AB Wells Brought On-Stream Since August 2011)

| Company | Well Name | Targeted Formation | Field | Cum Oil bbls | Last Month bbls/d | # of Mths Producing | % Gas | Well ID |
|---------|-------------------------|------------------------------------|----------------------|--------------|-------------------|---------------------|-------|------------------|
| 1 | Surge Enrg Inc | SURGE ENERGY HZ VALHALLA 10-7-74-8 | TRdoig VALHALLA | 199,711 | 785 | 6 | 49% | 102100707408W600 |
| 2 | Trilogy Rsrc Ltd | TRILOGY HZ KAYBOB 2-21-64-18 | TRmontney KAYBOB | 196,773 | 990 | 4 | 20% | 100022106418W500 |
| 3 | Trilogy Rsrc Ltd | TRILOGY HZ KAYBOB 4-8-64-18 | TRmontney KAYBOB | 167,009 | 624 | 5 | 21% | 100040806418W500 |
| 4 | Trilogy Rsrc Ltd | TRILOGY HZ KAYBOB 3-8-64-18 | TRmontney KAYBOB | 165,661 | 545 | 5 | 23% | 100030806418W500 |
| 5 | Trilogy Rsrc Ltd | TRILOGY HZ KAYBOB 13-15-64-18 | TRmontney KAYBOB | 138,429 | 532 | 3 | 20% | 100131506418W500 |
| 6 | Trilogy Rsrc Ltd | TRILOGY HZ KAYBOB 1-8-64-18 | TRmontney KAYBOB | 108,062 | 323 | 5 | 24% | 100010806418W500 |
| 7 | Surge Enrg Inc | SURGE ENERGY HZ VALHALLA 5-31-74-8 | TRdoig VALHALLA | 95,115 | 913 | 3 | 35% | 100053107408W600 |
| 8 | Surge Enrg Inc | SURGE ENERGY HZ VALHALLA 5-18-74-8 | TRdoig VALHALLA | 94,436 | 301 | 8 | 46% | 100051807408W600 |
| 9 | Bernum Petr Ltd | BERNUM ET AL ROXANA 14-19-78-20 | preCamb ROXANA | 85,832 | Confidential | | 3% | 100141907820W500 |
| 10 | Crescent Point Enrg Cor | CPEC HZ JUDYCK 6-13-63-10 | Dslave_pt JUDY CREEK | 81,222 | 292 | 3 | 24% | 102061306310W500 |

Figure 1. Top AB Oil Well Results for the Month of August

- 1) Oil wells defined as % oil > 40%
 - 2) Excludes heavy oil wells targeting McMurray (Athabasca) and Clearwater (Cold Lake). These wells by CVE-T and SU-T (mostly) dominate the top 10 charts.
- Source: GeoSCOUT, AltaCorp Capital



GAS Wells – Best Performers in AB for August: We also highlight the top gas wells brought on during August. Although there are fewer gas wells being drilled today (compared to last year), there still remains some impressive wells. Tourmaline's Wilrich well at Kakwa took the top spot for IP rate and cumulative monthly volume in August. The well had an IP rate of 20.7 mmcf/d and produced a total volume of 166 mmcf. In terms of cumulative yearly total, Encana's Cadomin Kakwa well has accumulated 2.33 bcf.

Top Cumulative Gas Wells - (AB Wells Brought On-Stream for August 2012)

| Company | Well Name | Targeted Formation | Field | Cum Vol mmcf | Daily Avg mmcf/d | Monthly Hours | % Gas | Well ID |
|---------|----------------------|-------------------------------------|--------------------------|--------------|------------------|---------------|-------|------------------|
| 1 | Tourmaline Oil Corp | TOURMALINE ET AL HZ KAKWA 8-30-62-5 | Kwilrich KAKWA | 165,966 | 20,746 | 192 | 97% | 10083006205W600 |
| 2 | EnCana Corp | ECA 102 HZ RESTHA 13-4-60-2 | Kfalher RESTHAVEN | 57,906 | 6,375 | 218 | 96% | 102130406002W600 |
| 3 | Apache Cda Ltd | ACL HZ FIR 9-23-58-21 | TRmontney FIR | 54,210 | 6,166 | 211 | 100% | 10092305821W500 |
| 4 | Trilogy Rsrc Ltd | TRILOGY 102 HZ KAYBOBS 3-6-60-19 | TRmontney KAYBOB SOUTH | 74,494 | 4,139 | 432 | 100% | 102030606019W500 |
| 5 | Bellatrix Expl Ltd | BELLATRIX HZ FERRIER 3-31-44-10 | Kcard_ss FERRIER | 79,127 | 4,015 | 473 | 76% | 100033104410W500 |
| 6 | Peyto Expl&Dvlp Corp | PEYTO SUNDANCE 13-27-55-21 | Kcardium SUNDANCE | 51,336 | 3,422 | 360 | 99% | 102132705521W500 |
| 7 | Angle Enrg Inc | ANGLE HZ GARR 13-22-31-2 | Kmannvl_L GARRINGTON | 28,966 | 3,132 | 222 | 100% | 100132203102W500 |
| 8 | Bellatrix Expl Ltd | BELLATRIX HZ FERRIER 4-1-44-10 | Kcard_ss FERRIER | 68,625 | 2,941 | 560 | 98% | 100040104410W500 |
| 9 | Bonavista Enrg Corp | BEC HZ WILLGR 3-6-41-5 | Kglauc_ss WILLEDEN GREEN | 43,795 | 2,887 | 364 | 98% | 100030604105W500 |
| 10 | Taq North Ltd | TQN ET AL HZ PCOUPES 16-20-77-10 | TRdoig POUCE COUPE SOUTH | 70,078 | 2,599 | 647 | 100% | 100162007710W600 |

Top Producing-Day Gas Wells - (AB Wells Brought On-Stream for August 2012)

| Company | Well Name | Targeted Formation | Field | Cum Vol mmcf | Daily Avg mmcf/d | Monthly Hours | % Gas | Well ID |
|---------|----------------------|-------------------------------------|--------------------------|--------------|------------------|---------------|-------|------------------|
| 1 | Tourmaline Oil Corp | TOURMALINE ET AL HZ KAKWA 8-30-62-5 | Kwilrich KAKWA | 166 | 20,746 | 192 | 97% | 10083006205W600 |
| 2 | Crocotta Enrg Inc | CROCOTTA HZ EDSON 13-36-54-18 | Kcardium EDSON | 131 | Confidential | | 51% | 100133605418W500 |
| 3 | Bellatrix Expl Ltd | BELLATRIX HZ FERRIER 3-31-44-10 | Kcard_ss FERRIER | 79 | 4,015 | 473 | 76% | 100033104410W500 |
| 4 | Celtic Expl Ltd | CELTIC HZ JAYAR 4-22-61-3 | TRmontney JAYAR | 76 | Confidential | | 100% | 100042206103W600 |
| 5 | Trilogy Rsrc Ltd | TRILOGY 102 HZ KAYBOBS 3-6-60-19 | TRmontney KAYBOB SOUTH | 74 | 4,139 | 432 | 100% | 102030606019W500 |
| 6 | Paramount Rsrscs Ltd | PARA HZ VALHALLA 13-25-75-11 | TRdoig VALHALLA | 71 | Confidential | | 98% | 100132507511W600 |
| 7 | Trilogy Rsrc Ltd | TRILOGY HZ VALHALLA 13-36-75-11 | TRdoig VALHALLA | 70 | Confidential | | 100% | 100133607511W600 |
| 8 | Taq North Ltd | TQN ET AL HZ PCOUPES 16-20-77-10 | TRdoig POUCE COUPE SOUTH | 70 | 2,599 | 647 | 100% | 100162007710W600 |
| 9 | Bellatrix Expl Ltd | BELLATRIX HZ FERRIER 4-1-44-10 | Kcard_ss FERRIER | 69 | 2,941 | 560 | 98% | 100040104410W500 |
| 10 | Bonavista Enrg Corp | BEC HZ WILSONCK 15-18-42-4 | Kglauc_ss WILSON CREEK | 67 | 2,339 | 692 | 100% | 102151804204W500 |

Top Cumulative Gas Wells - (AB Wells Brought On-Stream for August 2012)

| Company | Well Name | Targeted Formation | Field | Cum Vol bcf | Last Mth mmcf/d | # of Mths Producing | % Gas | Well ID |
|---------|------------------------|-------------------------------------|------------------------|-------------|-----------------|---------------------|-------|------------------|
| 1 | EnCana Corp | ECA KAKWA 11-8-62-6 | Kcadomin KAKWA | 2.33 | 15,380 | 6 | 100% | 100110806206W602 |
| 2 | Paramount Rsrscs Ltd | PARA ET AL HZ KAKWA 14-8-63-4 | Kfalher KAKWA | 1.67 | 6,269 | 7 | 100% | 100140806304W600 |
| 3 | Tourmaline Oil Corp | TOURMALINE SMOKY 16-18-56-2 | Jnikanssn UNDEFINED | 1.58 | Confidential | | 100% | 100161805602W600 |
| 4 | Trilogy Rsrc Ltd | TRILOGY HZ KAYBOBS 15-25-59-20 | TRmontney KAYBOB SOUTH | 1.56 | 3,971 | 7 | 98% | 100152505920W500 |
| 5 | Tourmaline Oil Corp | TOURMALINE HZ KAKWA 1-2-62-6 | Kfalher KAKWA | 1.54 | 6,792 | 5 | 100% | 100010206206W600 |
| 6 | Bellatrix Expl Ltd | BELLATRIX HZ FERRIER 13-1-45-10 | Kmannvl_U FERRIER | 1.51 | 8,322 | 6 | 100% | 100130104510W500 |
| 7 | Enerplus Corp | ENERPLUS CORP HZ ANSELL 13-29-50-19 | Kwilrich ANSELL | 1.31 | 8,040 | 4 | 100% | 100132905019W500 |
| 8 | Seven Generations Enrg | 7GEN HZ KAKWA 11-13-63-5 | TRmontney KAKWA | 1.28 | Confidential | | 100% | 10211306305W600 |
| 9 | Sequence Enrg Ltd | SEQUENCE HZ WANYAN 9-25-61-27 | TRmontney WANYANDIE | 1.24 | Confidential | | 91% | 100092506127W500 |
| 10 | ConocoPhillips Cda Cor | COPRC 100 HZ FERRIER 8-10-44-10 | Knotikwn FERRIER | 1.24 | 4,427 | 7 | 100% | 100081004410W500 |

Figure 2. Top Gas Wells for the Month of August

Source: GeoSCOUT, AltaCorp Capital

See Our Daily Comps for targets, ratings and disclosures:

http://research.altacorpcapital.com/EP_Comps.pdf



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