



October 10, 2012

## E&P Industry Comment

### Highlights

- GeoSCOUT updated its Well Results for Saskatchewan 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 Zargon's Elswick Mississippian Midale well (IP 1,395 bbls/d) with Husky's Heavy Oil Well (Bolney T5) showing the highest cumulative production over the last 12-months (337 mboe already).
- Excluding heavy oil wells, Cenovus' Mississippian Midale well has shown the highest cumulative production over the last 12-months of data (117 mboe).

### Companies Mentioned in This Report:

Zargon (ZAR-T), Not Rated

Renegade (RPL-V), Outperform

Petrobakken (PBN-T), Outperform

Crescent Point (CPG-T), Sector Perform

Husky (HSE-T), Not Rated

Southern Exploration (Private)

Home Quarter (Private)

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### Top Saskatchewan Well Results for August

**GeoSCOUT updated its Well Results for Saskatchewan 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 note a degree of caution with wells producing less than 7 days (168 hours);
- **Cumulative Monthly Production:** With many exploratory wells confidential for 12 months (in terms of monthly hours), data is only available in terms of total monthly production volumes. Wells with large cumulative volumes potentially have large IP rates. In addition, cumulative volumes can adjust for wells that show high IP rates but little production hours (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 however given the high volume productivity of many of the heavy oil wells, we additionally highlight the top 10 light/medium oil wells. Overall, a few interesting stand-outs:

- Zargon's Elswick dual lateral well - In terms of IP, the company had the best performing well at 1,395 bbls/d (over a 6 hour period however).
- For wells over a 14 day period, Southern Exploration Inc's (Private) dual leg Frobisher well at Wordsworth sustained a 263 bbls/d rate over 23 days. This is a very positive read-through for Renegade's Wordsworth wells that they are drilling in the area. Recall, we are assuming IP rates at only 100 boe/d with drilling/completion costs also at \$1.25 mm for its dual leg wells. The much higher rates seen from Southern Exploration could bump these assumptions higher, increasing the already attractive economics above \$2.3 NPV/well, 74% IRR and 1.8x P/I.
- Another positive read-through for Renegade is Home Quarter's (Private) Viking wells at Whiteside. Two Home Quarter wells are showing IP rates of 125 and 157 boe/d (vs our assumptions at 50 boe/d). Overall, the successful rates seen with both Home Quarter and Southern Exploration should give investors confidence in Renegade's portfolio of assets and comfort in the company meeting its exit guidance at 5,200-5,400 boe/d.



**All Saskatchewan Wells:** We highlight the top performing wells in Saskatchewan for the month of August. Zargon's Elwick dual lateral well had the highest IP rate at 1,395 bbls/d, however this was over just a 6 hour period. Husky's Lashburn heavy oil Waseca well came on at 412 bbls/d over a longer duration (14 days). Crescent Point's Viewfield Bakken well was the largest producer in August, with a total produced volume of 6.9 mboe (91% oil). In terms of cumulative yearly volumes, Husky's heavy oil production at Lloydminster continues to rank among the highest.

#### Top IP Rates - (For SK Wells Brought On-Stream in August 2012)

Company	Well Name	Targeted Formation	Field	Cum Oil bbls	Daily Avg bbls/d	Monthly Hours	% Gas	Well ID
1 Zargon O&G Ltd	ZARGON ELSWICK EAST 2HZ 3A9-12-4A3-12-5-12	Mmidl_bds	WEYBURN/ESTEVAN MEDIUM	349	1,395	6	0%	19103120052W2004330
2 Husky Oil Optrns Ltd	HUSKY LASHBURN E HZ 13A9-12-20D1-13-49-24	Kwaseca	LLOYDMINSTER HEAVY	5,716	412	333	0%	19C011304924W3002313
3 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 3D9-22-2B7-26-6-6	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	2,602	372	168	11%	191072600606W2004351
4 Husky Oil Optrns Ltd	HUSKY BOLNEY S5 HZ 10C9-6-12B3-7-53-23	Kcolony	LLOYDMINSTER HEAVY	300	342	21	3%	195030705323W3002311
5 Husky Oil Optrns Ltd	HUSKY BOLNEY S3 HZ 6C9-6-4B3-7-53-23	Kcolony	LLOYDMINSTER HEAVY	208	332	15	3%	193030705323W3002311
6 Petrobakken Enrg Ltd	PBEN CLARILAW WEST 2HZ 1C13-29-2C16-30-7-5	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	2,833	288	236	0%	191163000705W2004414
7 Southern Expl Inc	SOUTHERN WORDSWORTH 2HZ 4B14-22-2D10-22-6-5	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	2,406	267	216	8%	191102200605W2004350
8 Southern Expl Inc	SOUTHERN WORDSWORTH 2HZ 1A14-22-4B13-22-6-5	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	6,052	263	552	9%	192132200605W2004350
9 Husky Oil Optrns Ltd	HUSKY LASHBURN E M3 HZ 12B4-7-3C12-7-49-23	Kwaseca	LLOYDMINSTER HEAVY	4,390	261	403	0%	194120704923W3002313
10 Petrobakken Enrg Ltd	PBEN KISBEY 2HZ 1C4-15-4B4-10-8-5	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	5,283	261	486	0%	191041000805W2004414

#### Top Cumulative Monthly Volumes - (For SK Wells Brought On-Stream in August 2012)

Company	Well Name	Targeted Formation	Field	Cum Oil bbls	Daily Avg bbls/d	Monthly Hours	% Gas	Well ID
1 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 3B4-20-3A1-20-10-9	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	6,900	223	744	7%	191012001009W2004414
2 Southern Expl Inc	SOUTHERN WORDSWORTH 2HZ 1A14-22-4B13-22-6-5	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	6,052	263	552	9%	192132200605W2004350
3 Husky Oil Optrns Ltd	HUSKY LASHBURN E HZ 13A9-12-20D1-13-49-24	Kwaseca	LLOYDMINSTER HEAVY	5,716	412	333	0%	19C011304924W3002313
4 Petrobakken Enrg Ltd	PBEN KISBEY 2HZ 1C4-15-4B4-10-8-5	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	5,283	261	486	0%	191041000805W2004414
5 Williston Hunter Cda In	WILLISTON HUNTER TABLELAND HZ 3B4-16-3A1-16-1-10	Dtorquay	WEYBURN/ESTEVAN LIGHT	5,217	168	744	0%	191011600110W2005115
6 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 2C4-28-4B4-29-10-10	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	4,947	165	720	4%	191042901010W2004414
7 Husky Oil Optrns Ltd	HUSKY LASHBURN E M3 HZ 12B4-7-3C12-7-49-23	Kwaseca	LLOYDMINSTER HEAVY	4,390	261	403	0%	194120704923W3002313
8 Baytex Enrg Ltd	BAYTEX HOOSIER NORTH 2HZ 4C13-21-1B4-29-32-28	Dbirdbear	KINDERSLEY/KERROBERT HEAVY	4,298	145	710	4%	192042903228W3005210
9 Petrobakken Enrg Ltd	PBEN VIEWFIELD 2HZ 1C13-10-1C13-9-7-7	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	3,973	192	496	12%	191130900707W2004414
10 Cdn Nat Rsrscs Lmtd	CNRL STEELMAN HZ 2C13-18-1C15-18-4-5	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	3,943	158	598	0%	191151800405W2004351

#### Top Cumulative Yearly Volumes - (For SK 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 Husky Oil Optrns Ltd	HUSKY BOLNEY T5 HZ 10C5-5-3A15-6-53-23	Kcolony	LLOYDMINSTER HEAVY	337,586	469	12	2%	195150605323W3002311
2 Husky Oil Optrns Ltd	HUSKY BOLNEY T3 HZ 6C5-5-5D15-6-53-23	Kcolony	LLOYDMINSTER HEAVY	335,044	778	12	2%	194150605323W3002311
3 Baytex Enrg Ltd	BAYTEX KERROBERT HZ 2B2-1-2A10-36-32-24	Kmannvl	KINDERSLEY/KERROBERT HEAVY	314,075	448	12	2%	193103603224W3002300
4 Husky Oil Optrns Ltd	HUSKY BOLNEY T1 HZ 2C5-5-1D15-6-53-23	Kcolony	LLOYDMINSTER HEAVY	304,496	832	12	2%	192150605323W3002311
5 Husky Oil Optrns Ltd	HUSKY RUSH LAKE A1 HZ 1A12-3-2D1-4-48-21	Ksparky	LLOYDMINSTER HEAVY	208,239	635	10	0%	192010404821W3002321
6 Sthrn Pacific Rsrcs Prtns	SOUTHERN PACIFIC SENLAC HZ 1A14-12-6C10-11-40-26	Kcummings	LLOYDMINSTER HEAVY	194,981	711	8	5%	19501104026W3002359
7 Husky Oil Optrns Ltd	HUSKY CELTIC P5 HZ 10D4-17-1C2-18-52-23	Kgen_petr	LLOYDMINSTER HEAVY	143,809	485	9	2%	195021805223W3002325
8 Baytex Enrg Ltd	BAYTEX KERROBERT HZ 10B2-1-1B10-36-32-24	Kmannvl	KINDERSLEY/KERROBERT HEAVY	120,297	225	11	1%	195103603224W3002300
9 Cenovus Enrg Inc	CVE ET AL WEYBURN UNIT HZ 5D13-1-1D7-12-6-14	Mmidl_bds	WEYBURN/ESTEVAN MEDIUM	116,733	361	8	51%	193071200614W2004330
10 Husky Oil Optrns Ltd	HUSKY CELTIC J5 HZ 2A3-17-1A1-17-52-23	Kgen_petr	LLOYDMINSTER HEAVY	96,518	323	9	2%	197011705223W3002325

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

Source: GeoSCOUT, AltaCorp Capital



**Saskatchewan Wells Excluding Heavy Production Wells:** Excluding heavy oil production, we highlight the top light/medium performing wells in Saskatchewan for the month of August. PetroBakken's and Crescent Point's Bakken wells still rate quite favourably however we'll note Frobisher wells by Crescent Point and Southern Exploration had IP rates in excess of 260 bbls/d. Cenovus' Mississippian Midale well continues to be the best performer over the last 12 months, producing 117 mboe (51% gas).

#### Top IP Rates - (For SK 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 Zargon O&G Ltd	ZARGON ELSWICK EAST 2HZ 3A9-12-4A3-12-5-12	Mmidl_bds	WEYBURN/ESTEVAN MEDIUM	349	1,395	6	0%	191031200512W2004330
2 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 3D9-22-2B7-26-6-6	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	2,602	372	168	11%	191072600606W2004351
3 Petrobakken Enrg Ltd	PBEN CLARILAW WEST 2HZ 1C13-29-2C16-30-7-5	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	2,833	288	236	0%	191163000705W200444
4 Southern Expl Inc	SOUTHERN WORDSWORTH 2HZ 4B14-22-2D10-22-6-5	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	2,406	267	216	8%	191102200605W2004350
5 Southern Expl Inc	SOUTHERN WORDSWORTH 2HZ 1A14-22-4B13-22-6-5	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	6,052	263	552	9%	192132200605W2004350
6 Petrobakken Enrg Ltd	PBEN KISBEY 2HZ 1C4-15-4B4-10-8-5	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	5,283	261	486	0%	191041000805W200444
7 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 1D1-35-4B4-35-8-9	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	2,761	257	258	7%	191043500809W200444
8 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 4C16-10-2D16-15-9-9	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	3,462	247	336	7%	191161500909W200444
9 Petrobakken Enrg Ltd	PBEN KISBEY 2HZ 1C12-22-4C12-21-8-5	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	3,564	238	360	0%	191122100805W200444
10 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 3B4-20-3A1-20-10-9	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	6,900	223	744	7%	191012001009W200444

#### Top Cumulative Monthly Volumes - (For SK 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 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 3B4-20-3A1-20-10-9	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	6,900	223	744	7%	191012001009W200444
2 Southern Expl Inc	SOUTHERN WORDSWORTH 2HZ 1A14-22-4B13-22-6-5	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	6,052	263	552	9%	192132200605W2004350
3 Petrobakken Enrg Ltd	PBEN KISBEY 2HZ 1C4-15-4B4-10-8-5	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	5,283	261	486	0%	191041000805W200444
4 Williston Hunt Cda In	WILLISTON HUNTER TABLELAND HZ 3B4-16-3A1-16-1-10	Dtorquay	WEYBURN/ESTEVAN LIGHT	5,217	168	744	0%	191011600110W200515
5 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 2C4-28-4B4-29-10-10	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	4,947	165	720	4%	191042901010W200444
6 Petrobakken Enrg Ltd	PBEN VIEWFIELD 2HZ 1C13-10-1C13-9-7-7	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	3,973	192	496	12%	1911030900707W200444
7 Cdn Nat RsrCs LmtD	CNRL STEELMAN HZ 2C13-18-1C15-18-4-5	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	3,943	158	598	0%	191151800405W2004351
8 Apache Cda Ltd	APACHE MIDALE UNIT 2HZ 4D4-24-3A16-23-6-11	Mmidl_bds	WEYBURN/ESTEVAN MEDIUM	3,915	181	519	0%	193162300611W2004330
9 Home Quarter RsrCs Ltd	HOME QUARTER WHITESIDE HZ 4D1-5-1D3-4-30-25	Kvik_ss	KINDERSLEY/KERROBERT LIG	3,864	125	744	25%	191030403025W3002273
10 Home Quarter RsrCs Ltd	HOME QUARTER WHITESIDE HZ 2A3-5-3A1-5-30-25	Kvik_ss	KINDERSLEY/KERROBERT LIG	3,756	157	576	13%	191010503025W3002273

#### Top Cumulative Yearly Volumes - (For SK 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 Cenovus Enrg Inc	CVE ET AL WEYBURN UNIT HZ 5D13-1-1D7-12-6-14	Mmidl_bds	WEYBURN/ESTEVAN MEDIUM	116,733	361	8	51%	193071200614W2004330
2 Legacy O&G Inc	LEGACY ET AL ROCHE PERCEE HZ 1B16-27-2D16-34-1-7	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	88,825	158	10	16%	191163400107W200444
3 Petrobakken Enrg Ltd	PBEN VIEWFIELD HZ 3D14-28-7A1-33-8-10	Mfrob_bds	WEYBURN/ESTEVAN LIGHT	87,776	223	9	0%	192013300810W2004351
4 Husky Oil OprtNs Ltd	HUSKY OUNGRE HZ 3C15-25-1A2-25-1-13	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	86,974	261	8	21%	191022500113W200444
5 Elkhorn RsrCs Inc	ELKHORN NORTHGATE HZ 2A2-29-3B3-20-1-2	Mmidl_bds	WEYBURN/ESTEVAN LIGHT	80,235	271	7	9%	191032000102W2004330
6 Crescent Point Enrg Corꝑ	CPEC VIEWFIELD HZ 1A1-26-3A1-25-8-10	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	74,525	119	12	9%	191012500810W200444
7 Crescent Point Enrg Corꝑ	CPEC MIDALE HZ 3B5-18-4B5-13-7-11	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	72,300	207	11	10%	191051300711W200444
8 Husky Oil OprtNs Ltd	HUSKY OUNGRE HZ 1B3-26-4B2-23-1-13	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	71,914	315	7	13%	191022300113W200444
9 Husky Oil OprtNs Ltd	HUSKY OUNGRE HZ 2A2-26-4B1-23-1-13	MbkknM_ss	WEYBURN/ESTEVAN LIGHT	66,474	221	10	7%	191012300113W200444
10 Cenovus Enrg Inc	CVE ET AL WEYBURN UNIT 2HZ 2C4-23-2A11-23-6-14	Mmidl_bds	WEYBURN/ESTEVAN MEDIUM	66,172	139	12	10%	191112300614W2004330

Figure 2. Top Oil Wells (Excluding Heavy Oil Production from Lloydminster and Kindersley) for the Month of August  
Source: GeoSCOUT, AltaCorp Capital



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## Institutional Trading

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<b>Toronto</b>		
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Brent Norrey	647 776 8231	bnorrey
Cheryl Polan	647 776 8244	cpolan

## Investment Banking

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<b>Oilfield Services</b>		
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Matt Colucci	403 539 8597	mcolucci
<b>Agri-Industry</b>		
Bill Murray, CFA	647 776 8240	bmurray
<b>Diversified Industries</b>		
Alf Sailer	403 539 8615	asailer
<b>All Sectors</b>		
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Yi Huang	403 539 8614	yhuang
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Jim Lee, P.Geol.	403 539 8626	jlee
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