

INSIDE ENERPLUS: Horizontal drilling helps Bakken reach its true potential

by SHANNON SUTHERLAND

Enerplus cut its technological teeth in the Bakken, and now this enormous resource is helping to nourish new strategies for growth.

"The Bakken shale in Montana and North Dakota represented our initial foray into the U.S. when we purchased Lyco Energy in 2005," says Enerplus' President of U.S. operations Dana Johnson. "Since then, we have drilled 190 wells and learned a lot along the way. We have drilled wells with 9,000-foot laterals and to depths of 10,000 feet. Bakken is where Enerplus developed and honed its skills in long-reach horizontal drilling and completion technology."

Technologically savvy strategies to exploit the resources in key plays such as Bakken and the Marcellus shale gas play are assisting Enerplus in evolving into a growth- and income-oriented business where early-stage entry is a priority.

HIGHLIGHTS

■ Enerplus has 68,000 net acres of undeveloped prospect land in the Bakken

■ Enerplus expects to spend over \$100 million on properties in Montana, North Dakota, Saskatchewan and Manitoba in 2010

■ Production growth of 40 per cent is expected from Bakken/tight oil portfolio in 2010

The United States Geological Service has estimated there are 3 billion barrels of technically recoverable oil in the Bakken formation, which is in the Williston Basin crossing the borders of North Dakota, Montana and southern parts of Saskatchewan and Manitoba.

Historically, production out of the Bakken was mainly from a few

vertical wells until horizontal technology became available. The true potential of the Bakken became obvious after the application of horizontal drilling with hydraulic fracturing technology unlocked this enormous resource.

Drilling projects, however, required innovative approaches to development and access to technical expertise is paramount to success. This has resulted in the addition of several new technical chiefs to the team at Enerplus including a chief geophysicist, a chief reservoir engineer, chief production and completions engineer and chief geologist.

"These individuals have brought an unprecedented level of technical leadership, mentorship and coaching to Enerplus," says Robert Kehrig, Vice President of Resource Development at Enerplus, "and this bodes well for future plans in the Bakken."

"The Bakken is a very large play spanning two American states and

The oil is light with a very high quality and wells generally have low operating costs due to the high productivity.

two Canadian provinces," says Kehrig. "It's up to us to determine where it will be economically productive to drill, and that's where technical expertise comes in. We have been acquiring land on both sides of the border, and we want to be sure that we're making the most of this quality, long-life property."

Enerplus currently has more than 68,000 net acres of undeveloped Bakken prospect land in both Saskatchewan and North Dakota that it believes will provide them with plenty of growth potential.

Says Kehrig, "The Bakken produces a high-quality, light oil that attracts a good price. In Saskatchewan at least, royalty holidays apply to the wells so this all translates into good netbacks."

This year Enerplus expects to spend more than \$100 million on properties in Montana, North Dakota, Saskatchewan and Manitoba.

Production is expected to reach 12,200 BOE per day by year end, accounting for 13 per cent of Enerplus' total production.

THE BAKKEN SHALE is where Enerplus has honed its skills in long-reach horizontal drilling.



NAME: Dan Fitzgerald
Team Lead, Tight Oil

Our Resources

What do you do at Enerplus?

I'm the team leader for tight oil plays, within the business development group. Our job is to identify and screen opportunities for tight oil property deals in Canada and the United States. When we see a play with potential that fits the Enerplus growth strategy, we seek an entry position through government land sales, joint ventures with other companies or through acquisitions of land held by third parties.

How long have you worked for Enerplus?

I came here in 2008 because I knew that Enerplus was very well regarded on the deal side. It was known as a company that was actively pursuing acquisitions and that was creative in structuring deals for success. That's something that comes from the senior management here. They're known for good business acumen and that's the kind of company I wanted to work for.

Do you feel challenged by the job?

Absolutely. We work hard to focus in on areas where Enerplus can be a top-tier operator. It's focused but there's no box that you have to live in. We are free to find the next opportunity as there is a commitment for growth-leveraged resource capture.



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