

INSIDE ENERPLUS: Shifting gears from a trust to a corporation

As Enerplus continues its transition from a trust to a dividend paying corporation in the new year, all eyes are now on the company to see if it can execute on its strategic plans.

Enerplus has set its sights on growing long-term production while maintaining a strong balance sheet and distributions, shedding non-core assets at favourable prices, and building top-tier technical teams to pursue its portfolio of growth plays on both sides of the border.

"The market is saying 'show me' and that's exactly what we've been

doing," says Gord Kerr, President and CEO of Enerplus. "We said we'd build the company's long-term growth prospects by investing in early-stage resource plays. To date we've invested more than \$1.3 billion in building core positions in some of North America's largest resource plays—like Bakken oil in North Dakota and Saskatchewan as well as Marcellus shale gas in Pennsylvania and West Virginia."

Over the past 18 months, Enerplus has added about 450,000 net acres of prospective land in Canada and the U.S. to create new growth areas that are expected to add production and reserves in the years ahead. "These are major milestones in transitioning our asset base to include plays that offer growth

with scope, scale, and great upside potential," says Kerr.

"We also indicated that we were planning to sell non-core assets to focus our staff on fewer high impact opportunities and improve our operating metrics. To that end, we started 2010 by identifying 14,000 BOE/day of non-core production to divest, and to date have either sold or are in the process of selling more than 10,000 BOE/day of these properties for \$500 million."

"We also recently closed the sale of our Kirby oil sands lease for proceeds of \$405 million. We had invested approximately \$260 million in the assets so the sale represented a gain of about \$145 million," says Kerr.

When combined with the sale of its conventional production, Enerplus will have realized net proceeds of approximately \$900 million.

Kerr says the divestments have freed up employees to develop the company's most promising and profitable assets, such as its Bakken and Marcellus resource plays in addition to its core assets in Western Canada that include more than 15 waterflood properties, shallow gas assets as well as other tight gas assets in the Deep Basin of Alberta and British Columbia.

"A foundation of our strategy was to build strong technical teams that could successfully execute these plays. We've taken the time to do that. We've brought in new skill sets. Teams have been re-focused. And we've built a culture where new ideas and creativity are encouraged, nurtured and rewarded," says Kerr.

GORD KERR, Enerplus
President and CEO

"Enerplus has set its sights on growing long-term production while maintaining a strong balance sheet and distributions."

The company also supports its teams through its Technical Chiefs, a multi-disciplinary group of seasoned technical professionals that mentor staff and help bring their ideas to fruition as they develop the company's growing portfolio.

The company's most recent results—for the second quarter of 2010—saw production volumes meet expectations at just under 85,000 BOE/day, and operating costs were lower than expected, at \$9.82/BOE.

Looking ahead, using its existing assets, Enerplus is forecasting a capital program and production profile that should deliver a 10 to 15 per cent total return to its investors through a combination of monthly cash distributions and organic growth in the underlying asset base. The company also intends to maintain its distribution level at \$0.18 per month through its conversion to a corporation based upon the current commodity price environment.



NAME: Mark Thomas, P. Geol.
YEARS AT ENERPLUS: 1.5
PROFESSION: Chief Geologist

Our Resources

What do you do at Enerplus?

I share my experience in geology with all levels and disciplines within the company, ultimately providing technical insight into all of our oil and gas properties. I help identify new plays and potential risks, incorporate best practices and technologies and build employee skill sets.

What do you like most about your role?

The most rewarding part is advancing not only our business and industry, but the careers of other geologists. For example, our "Back to Basics" program provides geologists with the tools to increase their depth and breadth of knowledge in their discipline and other fields, allowing them to see the relationship between their work and the rest of the company. It also provides a great opportunity for everyone to get to know their colleagues.

What do you like most about Enerplus?

There are good people from the top down here. It's a very talented group with technical strength that is given the freedom to really solve problems. I get to work on a wide range of plays from the ground floor up with a company that's poised for significant growth.



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