

INSIDE ENERPLUS: Marcellus gas play represents key growth area

by SHANNON SUTHERLAND

Enerplus is between the rock and a great place.

In September 2009, Enerplus entered into the largest unconventional shale gas resource play in North America – the Marcellus.

Covering more than 95,000 square miles and with more than 262 trillion cubic feet of recoverable natural gas using today's technologies according to a report by the U.S. Department of Energy, the Marcellus is one of the key growth areas that Enerplus is targeting.

"This is a low-cost, high-margin natural gas play and there is significant growth potential in reserves and production," says Dana Johnson, President of Enerplus' U.S. operations.

HIGHLIGHTS

- An interest in more than 130,000 net acres in the Marcellus
- More than 2.1 trillion cubic feet of contingent resources
- Production to grow to 100 million cubic feet of natural gas per day over the next four years

By entering into early-stage plays, we're going to improve our operating efficiencies and capture more value along the way."

The Marcellus shale gas play covers five states and Enerplus currently owns an interest in over 130,000 net acres primarily in Pennsylvania, West Virginia and

Maryland. With more than 2.1 trillion cubic feet of natural gas contingent resources attributable to Enerplus, the Marcellus could more than triple its proved plus probable natural gas reserves. Current plans over the next four years are expected to see Enerplus' production out of the Marcellus grow to more than 100 million cubic feet of natural gas per day.

"It was a great first step for us because of its size and potential," says Johnson. Enerplus recognized that gaining entry into one of the largest and most economical shale gas plays would be a great catalyst in its transition to a dividend-paying corporation.

Technical expertise is essential for success in unconventional plays and while shale gas plays were once costly and tough to exploit, advancements in rock-fracturing and horizontal drilling technology have made shale gas viable.

Enerplus has made considerable investments in technical expertise throughout its organization over the last few years and the Marcellus acquisition is providing an opportunity to continue to expand the knowledge of its in-house technical talent.

"We have a drilling engineer, completion engineer and a geoscientist working with Chief Oil & Gas, our operating partner," says Johnson.

Chief Oil & Gas is an experi-

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enced shale operator, having drilled and completed more than 400 shale gas wells in one of the best-known shale gas plays — the Barnett formation in Texas.

"We're committed to investing in our technical talent and broadening our skills to improve our operational efficiencies as we move forward."

Enerplus plans to continue to pursue acquisition opportunities in the Marcellus and expects it will become an operator in this area.

Says Johnson, "As long as economics make it viable, we will be pursuing ongoing acreage acquisitions."

The Marcellus' economics remain robust even with relatively low gas prices, and its close proximity to the lucrative northeast market in the U.S. results in superior netbacks when compared with other shale plays.



NAME: Scott Lovett, P.Eng.
PROFESSION: Manager, Evaluations

Our Resources

What do you do at Enerplus?

I'm the Evaluation Manager with the Business Development Group. I lead a team that evaluates acquisition opportunities and we're very busy as Enerplus transitions from an energy trust to a corporation. We're looking to acquire properties with greater growth potential in plays that are scaleable and repeatable.

How long have you worked for Enerplus?

I joined Enerplus in June 2006. It wasn't just an opportunity that came along. I sought it out because I'd heard good things about the organization. Trust rules were still in effect then and trusts were assembling good assets with opportunities to learn and grow. I have my Masters in Engineering and an MBA and I had been working for a company that conducts audits of oil and gas reserves, so evaluations was a logical progression.

Do you feel challenged by the job?

Definitely. With so much going on sometimes the challenge is multi-tasking. We're always watching the competition and trying to stay ahead — trying to secure a lead role in a play, with the best possible return. But there is a consistent emphasis on work-life balance.

DANA JOHNSON, Enerplus
President of U.S. Operations

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