

# Long-Term Strategy and Goals

Gordon J. Kerr, President & CEO



enerPLUS

# Enerplus Overview

---

- High-yielding North American energy producer
- Focused on providing both growth and income to investors
- Diversified asset base of high quality, low decline oil and gas assets complemented by growth assets in resource plays with superior economics - Bakken crude oil and Marcellus shale gas
- Cash flow from operations and strong financial position support capital reinvestment and monthly dividend
- Strong internal technical and commercial expertise
- Converted from income trust to dividend paying corporation on Jan 1, 2011



**Monthly  
dividend  
plus growth  
potential**

# Significant Portfolio Repositioning

---

**Over 500,000 net  
new acres of  
undeveloped land  
added**

**Non-core  
dispositions have  
funded new  
growth  
acquisitions**

- Our goal was to improve the focus and profitability of our portfolio
- Build core growth areas that would have scope and scale:
  - Bakken Crude Oil:
    - ~230,000 net acres in ND and SK
  - Marcellus Shale Gas:
    - ~200,000 net acres in PA, WV and MD
  - Deep Basin:
    - 80,000 net acres in AB & BC
- Complement the foundation assets that generate free cash
- Sale of non-core assets has helped to improve operating performance and fund acquisitions of new growth assets

# Portfolio Transition Activity

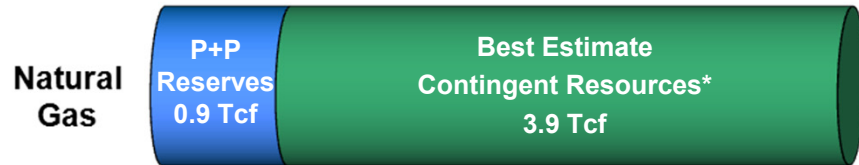
---

<b>Acquisitions</b>	<b>Net Acreage</b>	<b>Cost (\$ Million)</b>
Marcellus Non-Operated Acreage	128,500 acres	\$448
Marcellus Operated Acreage	70,200 acres	\$185
North Dakota Bakken	74,500 acres	\$618
Saskatchewan Bakken	140,000 acres	\$176
Deep Basin	65,000 acres	\$40
<b>Total</b>	<b>478,200 acres</b>	<b>\$1,467</b>

<b>Dispositions</b>	<b>Production</b>	<b>Proceeds (\$ Million)</b>
Non-Core Conventional Assets	~10,600 BOE/day	~\$600
Kirby Oil Sands	-	\$405
Joslyn Oil Sands	-	\$500
<b>Total Proceeds</b>		<b>~\$1,505</b>

# Added Meaningful Upside Potential

---



- Marcellus, North Dakota Bakken and waterflood contingent resource is 3.5x current P+P reserves
- Significant future opportunity captured in best estimates of contingent resources:
  - ND Bakken: 60 MMBOE
  - Waterflood: 60 MMBOE
  - Marcellus: 3.9 Tcf
- We also believe there is further potential in our Bakken, Waterflood and Deep Basin lands

\* See disclaimer for disclosure on Contingent Resources.  
Reserves are at December 31, 2010.

# We Can Deliver Growth

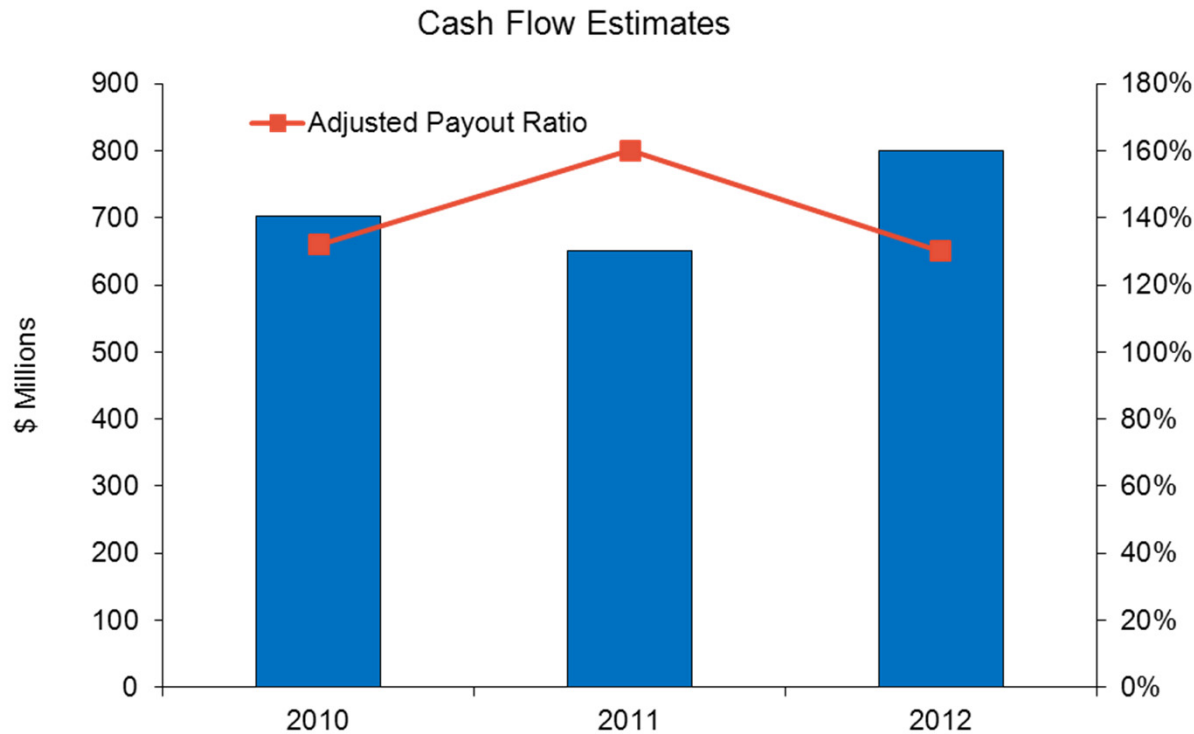
---

- Portfolio has mature, stable cash generating assets complemented by key growth opportunities
- \$1.3 billion in capital spending over next 2 years
- Production growth of 10 - 15%
  - 5% debt-adjusted growth in 2012
- Cash flow growth of 15% by end of 2012
- Capital increases by 20% to \$650 million in 2011
  - 2011 capital spending focused on oil projects
  - 85% of spending on Bakken, Waterfloods and Marcellus
  - Similar level of spending in 2012
- Beyond 2012, expect 5% debt-adjusted growth per year



**Production  
growth of  
10 – 15% over  
next two-year  
period**

# Financial Outlook



- 2011 and 2012 cash flow is approximately 70% weighted to liquids, up from approximately 65% in 2010
- Balance sheet supports growth plans through 2012
  - Payout ratios decline as production from growth plays increases
  - Non-cash flow generating asset sales expected to help maintain financial flexibility

Adjusted Payout Ratio = (Capex+Dividends)/Cash Flow

Based upon the forward commodity prices (WTI US\$98/bbl, AECO \$3.85/Mcf, NYMEX Gas US\$4.50/MMBtu) and forecast costs as of February 14, 2011 including the impact of hedging

# Dividend Philosophy

---

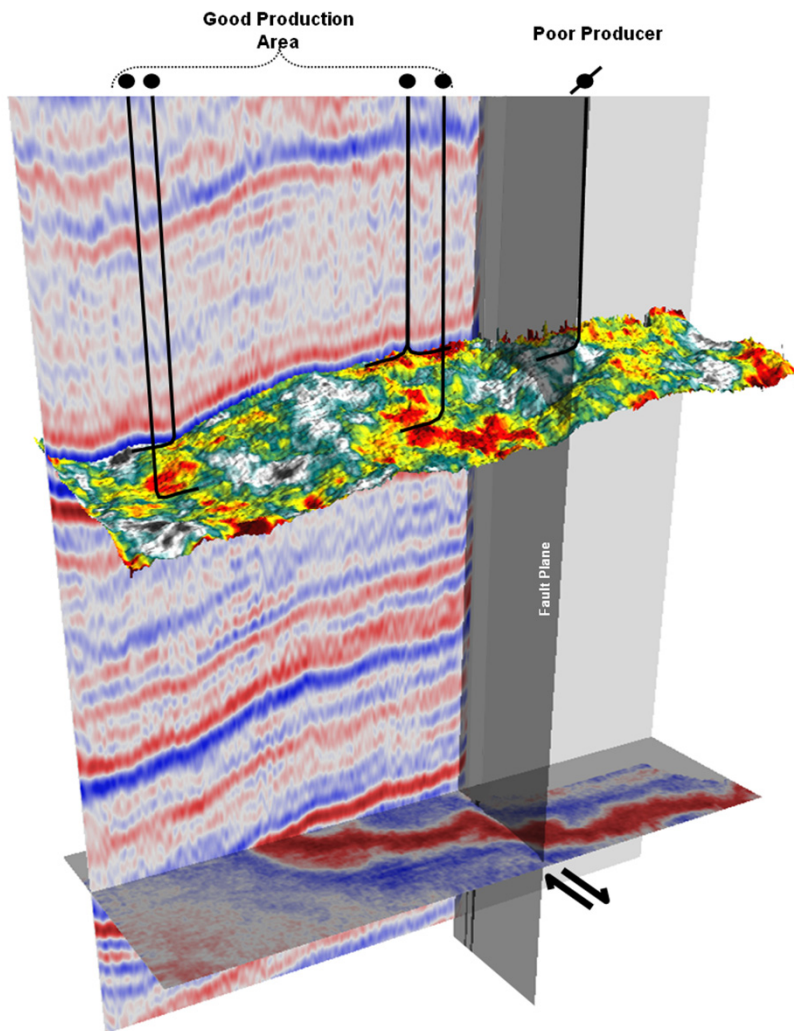
- Imposes capital discipline and measured pace of development
- Demand for yield supported by demographics, Enerplus' current investor base, and low interest rate environment
- Current ~7% yield
- Current borrowing cost of ~3%
- IRR of development and delineation projects anticipated to be ~10% to over 100%
- Excess cash flow in future years expected to be disproportionately allocated to reinvestment in assets



**We will  
continue to  
share our cash  
flow with  
investors**

# Internal Technical Capability Has Grown

---



- Increasing complexity of basin analysis and drilling/completions
- Internal technical staff has increased by 30% over the past 3 years – engineers, geologists, etc.
- Have added technical Chief roles and new executives in the area of Land and Resource Development
- Investing more on seismic and micro-seismic – over \$60 million in last two years
- More rigorous modeling required to determine long-term performance
- Increased complexity of drilling activities – horizontal, multi-stage wells, dual-leg lateral wells, etc.

# Social Responsibility is a Priority

---

- New assets are in higher profile areas and bring increased responsibilities
- Believe our “social license” to operate is critical to our success
- Changing landscape of stakeholder consultation – landowners, government, regulators, media
- Increasing focus on environmental and safety practices
- Growing focus internally and externally on education, collaboration and partnerships

# Long-Term Strategy for Enerplus

---

- Balanced portfolio of oil and gas assets
- Focus on both mature properties and early stage growth plays to manage corporate decline rates and ensure disciplined capital investment
- Build concentrated positions in core areas to deliver top quartile results and be the “best” operator
- Continue to opportunistically pursue strategic acquisition
- Continue to unlock the value from our foundation assets



**Provide  
sustained total  
return of  
10% – 15%  
per year to  
shareholders**