# Blackbird Energy Inc. Provides an Operational Update Highlighting the Continued Transition of Its Pipestone/Elmworth Montney Asset From Delineation to Development and Plans for Long Term Natural Gas Processing

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CALGARY, Alberta, Nov. 01, 2017 (GLOBE NEWSWIRE) -- (TSX-V:BBI) Blackbird Energy Inc. (“Blackbird” or the “Company”) is pleased to provide an operational update including reaching a new production milestone; securing long term processing through a gas handling agreement; an update on drilling and completion activity and the expansion of the Company’s Montney rights to 132 (112.4 net) sections in the Pipestone/Elmworth corridor.

Summary of Blackbird’s non-operated wells

Industry drilling activity adjacent to Blackbird’s holdings.

Photos accompanying this announcement are available at
http://www.globenewswire.com/NewsRoom/AttachmentNg/70a5e83b-11db-4701-9e55-835d4db319b6
http://www.globenewswire.com/NewsRoom/AttachmentNg/7c1f733b-46ae-4d25-9df8-673dd4f4d5b6

Highlights

- Record Corporate Production: For the period of October 1 to October 21, Blackbird produced estimated average sales volumes of approximately 1,808 boe/d (52% liquids), a new corporate production record and a 108% increase from third quarter average production of 868 boe/d (49% liquids) - production was shut-in on October 21 due to unplanned third party facility maintenance. Once production is back online, based on current processing agreements Blackbird expects that its inventory of wells will allow the Company to sustain consistent production of approximately 1,600 to 2,000 boe/d and evaluate the productivity of both the Upper and Middle Montney to further establish type curves and plan for future development.

- Gas Processing Agreement Sets the Stage for Future Growth: Blackbird is pleased to announce that it has executed an agreement with Tidewater Midstream and Infrastructure Ltd. (“Tidewater”) for firm processing of raw gas from the Company’s condensate rich Pipestone/Elmworth Montney play in the greater Grande Prairie area of Alberta. The companies have agreed to an initial term of five years with firm capacity of 20 mmcf/d expected to commence in second quarter of 2019, increasing to 25 mmcf/d 12 months after plant start-up and to 30 mmcf/d 18 months after plant start-up.

- Substantial Delineation Activity: Blackbird is continuing to advance its condensate rich Pipestone/Elmworth Montney asset from delineation to development and currently has 16 (11.4 net) horizontal wells within the Pipestone/Elmworth corridor including 7 (7.0 net) producing wells, one (1.0 net) well currently being recompleted, one (1.0 net) well drilled and awaiting completion, one (1.0 net) well currently drilling and six (1.4 net) non-operated wells. Blackbird continues to delineate and define the multilayer potential across its asset base. Of the Company’s 16 wells, 8 (7.2 net) are in the Upper Montney and 8 (4.2 net) are in the Middle Montney.

- Continued Expansion of Blackbird Acreage: Blackbird has acquired an additional 7 (3.5 net) sections of Montney rights bringing total land holdings to 132 (112.4 net) sections in the Pipestone/Elmworth corridor.

Long Term Gas Processing Agreements

Over the past 18 months Blackbird has been evaluating multiple gas handling arrangements with several operators in the Grande Prairie region. After extensive analysis and negotiation, the Company has identified Tidewater Midstream and Infrastructure Ltd. as the preferred midstream operator for Blackbird to achieve its long term gas handling requirements. Blackbird continues to evaluate further gas handling options to facilitate future production growth both west and south of Grande Prairie.

Tidewater Agreement

Blackbird is pleased to announce that it has executed an agreement with Tidewater for firm processing of raw gas from the Company’s condensate rich Pipestone/Elmworth Montney play in the greater Grande Prairie area of Alberta. The companies have agreed to an initial term of five years with firm capacity of 20 mmcf/d expected to commence in the second quarter of 2019, increasing to 25 mmcf/d 12 months after plant start-up and to 30 mmcf/d 18 months after plant start-up. Blackbird will have an option to acquire a working interest of up to 20% in Tidewater’s proposed deep cut sour gas processing facility located near Wembley, Alberta (the “Tidewater Facility”), which is expected to significantly reduce processing fees and establish Blackbird as a lower cost producer.

Tidewater is currently working toward a gas gathering system for Blackbird north of the Wapiti River. Additionally, Blackbird and Tidewater are evaluating the construction of a gathering system that would tie-in volumes from the Company’s 100% owned and operated Pipestone/Elmworth gas processing facility (the “Elmworth Facility”) to the Tidewater Facility.

The Tidewater Facility is expected to have an initial processing capacity of 100 mmcf/d, with Blackbird serving as an anchor tenant. Additionally, Tidewater is proposing a 5% sour deep cut, and will work with Blackbird to obtain premium pricing for ethane, propane and all NGLs. Tidewater is a premier operator in Western Canada, and Tidewater’s planned infrastructure in the region is very synergistic with Blackbird’s objectives. Along with providing a long term processing platform with the ability to grow, Blackbird’s agreement with Tidewater will address the Company’s needs for fuel gas, provides an option for interim sweet gas storage and marks the beginning of a long term business relationship.

“We are looking forward to working with Tidewater, who like Blackbird has a significant business footprint in the Grande Prairie region and adheres to the high standard of environmental and social ethics our stakeholders have come to expect. This agreement is foundational to the operational success of Blackbird, providing us with enhanced economic yield on both our natural gas and liquids production due to the facility’s deep cut capability. Our arrangement with Tidewater secures long term processing for our condensate rich natural gas production and will facilitate our expected production growth as we move from delineation to development, while significantly reducing our cost structure and allowing Blackbird to become a lower cost producer,” said Garth Braun, President, Chairman and CEO.

Processing South of the Wapiti River

Blackbird has been actively negotiating with several parties to extend and expand processing capacity in the region. The Company is also evaluating the construction of a gathering system that would tie-in volumes from Blackbird’s Elmworth Facility to the Tidewater Facility.

Blackbird has completed all necessary public consultation and notification requirements to allow it to submit for regulatory approval to double the capacity of its Elmworth Facility from 10 mmcf/d of natural gas and 1,500 bbls/d of associated liquids to 20 mmcf/d and 3,000 bbls/d. Additionally, the Company is continuing to move forward with the expansion of its Eastern Pipestone/Elmworth Gathering System (“Eastern Gathering System”), with construction expected to commence post regulatory approval. The Eastern Gathering System will tie-in production from the Company’s 100% owned 2-20-70-6W6 (11-9 surface) well and service future development wells on Blackbird’s eastern lands south of the Wapiti.

Operations Update

Blackbird is continuing to advance its condensate rich Pipestone/Elmworth Montney asset from delineation to development and currently has 16 (11.4 net) horizontal wells in the area. Activity spans across a significant extent of Blackbird’s land base and includes drilling in both the Upper and Middle Montney intervals. Blackbird has experienced inconsistent run times since the beginning of August due to third party downtime and egress restrictions affecting the greater Grande Prairie region, which has limited efficiency rates and impeded the Company’s ability to unload completion water from fracing operations and initiate initial production tests. Blackbird currently expects production to be back online in early November, at which point several wells can be brought on production and begin/continue to flow back. The Company expects to provide a detailed update including production data on new wells following an additional two to three weeks of consistent run time. See below for an update on the status of Blackbird’s current wells.

- 6-33-71-7W6 Upper Montney Delineation Well: The 6-33-71-7W6 Upper Montney well is currently being drilled, and after conducting a stratigraphic test Blackbird began drilling the horizontal component of the wellbore and completion operations are expected to commence in December. The well will be utilizing the STAGE Generation Four 8620 Sleeve System, which has been successfully utilized by third parties in numerous formations in North America. In total, the Company expects to complete 65 intervals across a 2,200 meter lateral with approximately 4,875 tonnes of sand expected to be placed representing a completion intensity of approximately 2.2 tonnes per meter. This is a significant well for Blackbird and will delineate the northern extent of Blackbird’s land while also retaining 14 sections of Montney rights.

- 2-28-70-7W6 Middle Montney Development Well: The 2-28-70-7W6 Middle Montney well was drilled to a total depth of 4,942 meters with a lateral length of 1,977 meters and has been successfully completed over 46 intervals using the STAGE Generation Four 8620 Sleeve System exclusively. Approximately 3,521 tonnes of sand was placed representing a completion intensity of approximately 1.8 tonnes per meter. Production tubing has been installed and the well is tied-in and will be brought on production when a third party facility is back online.

- 15-21-70-7W6 Upper Montney Development Well: The 15-21-70-7W6 Upper Montney well was successfully recompleted in late September utilizing Plug and Perf technology. The well was completed in 24 stages with four to five intervals per stage for a total of 108 intervals across a 1,300 meter lateral. Approximately 3,170 tonnes of sand was placed representing a completion intensity of approximately 2.4 tonnes per meter. Production tubing has been installed and the well is tied-in and will be brought on production when a third party facility is back online.

- 02/6-26-70-7W6 Upper Montney Development Well: The 02/6-26-70-7W6 Upper Montney well was drilled to a total depth of 4,808 meters with a lateral length of 2,103 meters and has now been successfully completed over 42 intervals using a combination of the STAGE Generation Four 8620 Sleeve System and Plug and Perf technology. The initial 18 intervals were completed utilizing pinpoint fracturing with the balance of the well being completed with 8 Plug and Perf stages with 3 intervals per stage. Approximately 3,193 tonnes of sand was placed representing a completion intensity of approximately 1.5 tonnes per meter. The well was brought on production in late September and was cleaning up before being shut-in.

- 1-20-70-7W6 Upper Montney Development Well: The 1-20-70-7W6 Upper Montney well was drilled to a total depth of 4,590 meters with a lateral length of 2,012 meters, and is scheduled to be completed in November using a combination of the STAGE Generation Four 8620 Sleeve System and Plug and Perf technology. The Company expects to complete 42 intervals across the 2,012 meter lateral with the initial 20 stages (including the toe port) being completed using the STAGE system and the remaining 22 stages being completed with Plug and Perf technology at one interval per stage. Approximately 4,040 tonnes of sand is expected to be placed representing a completion intensity of approximately 2.0 tonnes per meter.

- 2-20-70-6W6 Middle Montney Development Well: The 2-20-70-6W6 Middle Montney well is currently undergoing recompletion operations, and Blackbird plans to re-create a pinpoint completion on this well utilizing Plug and Perf technology. The completion is expected to consist of 36 stages with one interval per stage across a 2,256 meter lateral. Approximately 4,000 tonnes of sand is expected to be placed representing a completion intensity of approximately 2.0 tonnes per meter. As previously disclosed, management estimated that less than 20% of the well was completed during initial fracing operations, and the 2-20-70-6W6 well produced approximately 395 bbls/d of light oil and 243 mcf/d gas during the last 24 hours of a 111-hour production test. Following successful recompletion the well will be re-tested, and management expects the result will further confirm the presence of the “Volatile Oil” window on Blackbirds eastern lands. The Company cautions that test results and initial production rates are not necessarily indicative of long-term well or reservoir performance or ultimate recovery. Actual results will differ from those realized during testing or an initial short-term production period, and the difference may be material.
- 02/2-20-70-7W6 Upper Montney Development Well: As previously disclosed, Blackbird recompleted the 02/2-20-70-7W6 Upper Montney well in mid-June utilizing Plug and Perf technology. Upon commencement of the recompletion, Blackbird encountered an obstruction half way down the lateral and as a result was able to complete only approximately 50% of the lateral length of the wellbore. Due to mechanical challenges the recompletion consisted of three stages with the first being three intervals and the following two stages being 15 intervals per stage for a total of 33 intervals. Approximately 1,650 tonnes of sand was placed representing a completion intensity of approximately 1.6 tonnes per meter. This compares to the best results in the area to date which have been completed utilizing very high intensity pinpoint completions including proppant of up to approximately 2.0 tonnes per meter. Blackbird believes that completing wells with a larger number of intervals per stage may not distribute proppant homogeneously throughout the formation. For this reason, along with the fact that only approximately 50% of the wellbore could be recompleted, management believes that results from this well may not be reflective of the ultimate potential of the reservoir. The well was brought on production in September and was cleaning up before being shut-in.

In addition to the wells described above, Blackbird has had the opportunity to participate in six (1.4 net) horizontal wells with industry partners, which has allowed for significant delineation, land retention and the gathering of valuable geological information. The Company has been pleased with joint operations, and all wells have now been successfully drilled and completed. Production data is not publicly available at this time, however management is encouraged with preliminary test results. Blackbird is working closely with its industry partners to arrange gathering and processing for these wells so they can be brought on production. Figure 1 provides a summary of Blackbird’s non-operated wells.

Industry Activity

Industry activity in the Pipestone/Elmworth corridor continues to be strong, and since January 1, 2017 over 100 wells have now been spud or rig released in the Montney surrounding Blackbird, as illustrated with the red wells highlighted in Figure 2. Regional activity continues to provide valuable insight into production profiles and liquids content for Upper and Middle Montney wells throughout the land base, and will help Blackbird with the development of type curves and the ability to plan for future development.

About Blackbird
Blackbird Energy Inc. is a highly innovative oil and gas exploration and development company focused on the condensate and liquids-rich Montney fairway at Elmworth, near Grande Prairie, Alberta.

For more information, please view our Corporate Presentation at www.blackbirdenergyinc.com or contact:

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*Advisories and Forward-Looking Information*

*Reader Advisory*

This news release contains certain forward-looking information and statements that involve various risks, uncertainties and other factors. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "should", "believe", "plans", and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: Blackbird's expectation regarding its ability to sustain consistent production from its inventory of wells following the resumption of production; the terms and benefits of the agreement with Tidewater including anticipated processing commitments and the timing thereof, establishment of a long term processing platform with the ability to grow, the proposed 5% sour deep cut and potential premium pricing for ethane, propane and all NGLs; Blackbird's intent to acquire a working interest in the Tidewater Facility and the expected resulting benefits therefrom such as reduced processing fees and the ability of Blackbird to become a lower cost producer; Tidewater's plans for a potential gas gathering system for Blackbird north of the Wapiti River and the evaluation of a future gathering system to tie-in volumes from Blackbird's Pipestone/Elmworth Facility to the Tidewater Facility; the construction of the Eastern Gathering System and the timing thereof; the continued advancement of the Pipestone/Elmworth Montney asset from delineation to development; and Blackbird's near-term drilling and completion plans for its current wells and the results therefrom.

With respect to forward-looking information contained in this news release, assumptions have been made regarding, among other things: future oil, NGLs and natural gas prices being consistent with current commodity price forecasts; the Company's continued ability to obtain qualified staff and equipment in a timely and cost-efficient manner; infrastructure and facility design concepts that have been applied by the Company elsewhere in its Pipestone / Elmworth Project may be successfully applied to the properties; the consistency of the regulatory regime and framework governing royalties, taxes and environmental matters provincially and federally; the Company's ability to market production of oil, NGLs and natural gas successfully to customers; the Company's future production levels and amount of future capital investment will be consistent with the Company's current development plans and budget; the applicability of new technologies for recovery and production of the Company's reserves and resources may improve capital and operational efficiencies in the future; the recoverability of the Company's reserves and resources; sustained future capital investment by the Company; future cash flows from production; the future sources of funding for the Company's capital program; the Company's future debt levels; geological and engineering estimates in respect of the Company's reserves and resources; the geography of the areas in which the Company is conducting exploration and development activities, and the access, economic, regulatory and physical limitations to which the Company may be subject from time to time; the impact of competition on the Company; and the Company's ability to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in the forward-looking information that is contained herein as a result of the risks and risk factors that are set forth in the Company’s annual information form for the year ended July 31, 2016, which is available on SEDAR at www.sedar.com, including, but not limited to: volatility in market prices and demand for oil, NGLs and natural gas and hedging activities related thereto; general economic, business and industry conditions; variance of the Company's actual capital costs, operating costs and economic returns from those anticipated; the ability to find, develop or acquire additional reserves and the availability of the capital or financing necessary to do so on satisfactory terms; risks related to the exploration, development and production of oil and natural gas reserves and resources; negative public perception of oil and natural gas development and transportation, hydraulic fracturing and fossil fuels; actions by governmental authorities, including changes in government regulation, royalties and taxation; potential legislative and regulatory changes; the rescission, or amendment to the conditions of, groundwater licenses of the Company; management of the Company's growth; the ability to successfully identify and make attractive acquisitions, joint ventures or investments, or successfully integrate future acquisitions or businesses; the availability, cost or shortage of rigs, equipment, raw materials, supplies or qualified personnel; adoption or modification of climate change legislation by governments; the absence or loss of key employees; uncertainty associated with estimates of oil, NGLs and natural gas reserves and resources and the variance of such estimates from actual future production; dependence upon compressors, gathering lines, pipelines and other facilities, certain of which the Company does not control; the ability to satisfy obligations under the Company's firm commitment transportation arrangements; the uncertainties related to the Company's identified drilling locations; the high-risk nature of successfully stimulating well productivity and drilling for and producing oil, NGLs and natural gas; operating hazards and uninsured risks; the possibility that the Company's drilling activities may encounter sour gas;

execution risks associated with the Company's business plan; failure to acquire or develop replacement reserves; the concentration of the Company's assets in the Pipestone / Elmworth Project area; unforeseen title defects; aboriginal claims; failure to accurately estimate abandonment and reclamation costs; development and exploratory drilling efforts and well operations may not be profitable or achieve the targeted return; horizontal drilling and completion technique risks and failure of drilling results to meet expectations for reserves or production; limited intellectual property protection for operating practices and dependence on employees and contractors; third-party claims regarding the Company's right to use technology and equipment; expiry of certain leases for the undeveloped leasehold acreage in the near future; failure to realize the anticipated benefits of acquisitions or dispositions; failure of properties acquired now or in the future to produce as projected and inability to determine reserve and resource potential, identify liabilities associated with acquired properties or obtain protection from sellers against such liabilities; changes in the application, interpretation and enforcement of applicable laws and regulations; restrictions on drilling intended to protect certain species of wildlife; potential conflicts of interests; actual results differing materially from management estimates and assumptions; seasonality of the Company's activities and the Canadian oil and gas industry; alternatives to and changing demand for petroleum products; extensive competition in the Company's industry; lower oil, NGLs and natural gas prices and higher costs; failure of 2D and 3D seismic data used by the Company to accurately identify the presence of oil and natural gas; risks relating to commodity price hedging instruments; terrorist attacks or armed conflict; cyber security risks, loss of information and computer systems; inability to dispose of non-strategic assets on attractive terms; security deposits required under provincial liability management programs; reassessment by taxing authorities of the Company's prior transactions and filings; variations in foreign exchange rates and interest rates; third-party credit risk including risk associated with counterparties in risk management activities related to commodity prices and foreign exchange rates; sufficiency of insurance policies; potential litigation; variation in future calculations of non-IFRS measures; sufficiency of internal controls; breach of agreements by counterparties and potential enforceability issues in contracts; impact of expansion into new activities on risk exposure; inability of the Company to respond quickly to competitive pressures; and the risks related to the common shares and warrants that are publicly traded.

*Note Regarding Oil and Gas Metrics*

Blackbird has adopted the standard of 6 Mcf:1 bbl when converting natural gas to boes. Condensate and other NGLs are converted to boes at a ratio of 1 bbl:1 bbl. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the Company's sales point. Given the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1 bbl, utilizing a conversion ratio at 6 Mcf: 1 bbl may be misleading as an indication of value.

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