Crescent Point Announces Strategic Bakken Waterflood Consolidation Acquisition, a $525 Million Bought Deal Financing and Upwardly Revised 2012 Guidance

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CALGARY, Feb. 16, 2012 /CNW/ - Crescent Point Energy Corp. ("Crescent Point" or the "Company") (TSX: CPG) is pleased to announce that it has entered into an agreement (the "Bakken Acquisition") with PetroBakken Energy Ltd. ("PetroBakken"), a publicly traded oil and gas producer, to acquire certain assets in the proposed waterflood area of the Viewfield Bakken light oil resource play in southeast Saskatchewan (the "Bakken Waterflood Assets") for cash consideration of $427 million. The assets are primarily in the Company's proposed waterflood units and include more than 2,900 boe/d of production and more than 25 net sections of land in the Viewfield Bakken resource play. The Bakken Acquisition is expected to help accelerate Crescent Point's waterflood program in the Viewfield Bakken resource play.

The Company also announces that it has closed an agreement to acquire producing assets (the "Manitoba Asset Acquisition") in southwest Manitoba (the "Manitoba Light Oil Assets") for cash consideration of $130 million. The Manitoba Light Oil Assets produce approximately 940 boe/d of high-quality, high-netback, low-decline light oil production with a reserve life index of 16.3 years and are in close proximity to Crescent Point's existing Manitoba operations. Crescent Point believes this property has significant upside potential through infill drilling and waterflood optimization.

Assuming the successful completion of the Bakken Acquisition, and including the Manitoba Light Oil Assets, Crescent Point's average daily production in 2012 is expected to increase to 86,000 boe/d from 83,500 boe/d and its 2012 exit production rate is expected to increase to more than 93,000 boe/d from 90,000 boe/d.

In addition, the Company announces that it has entered into an agreement, on a bought deal basis, with a syndicate of underwriters co-led by BMO Capital Markets, CIBC and Scotia Capital Inc., and including RBC Capital Markets, TD Securities Inc., FirstEnergy Capital Corp., National Bank Financial Inc., GMP Securities L.P., Macquarie Capital Markets Canada Ltd. and Peters & Co. Limited for an offering of 11,610,000 Crescent Point shares at $45.25 per share to raise gross proceeds of approximately $525 million. Closing is expected to occur on or about March 8, 2012, and is subject to customary regulatory approvals. Crescent Point has also granted the underwriters an over-allotment option to purchase, on the same terms, up to an additional 1,741,500 Crescent Point shares. This option is exercisable, in whole or in part, by the underwriters at any time up to 30 days after closing. The maximum gross proceeds raised under this offering will be approximately $604 million, should this option be exercised in full. Closing of the financing is not subject to the successful completion of the Bakken Acquisition.

BAKKEN ACQUISITION

Under the terms of the Bakken Acquisition, Crescent Point expects to acquire the Bakken Waterflood Assets for total cash consideration of $427 million.

The Bakken Waterflood Assets to be acquired include more than 2,900 boe/d of high-quality light oil production and more than 25 net sections of land in the core of the Viewfield Bakken resource play, primarily within the boundaries of the Company's proposed waterflood units. Independent engineers have assigned more than 1.0 billion barrels of Discovered Petroleum Initially In Place on the lands within the proposed waterflood units. Assuming the successful completion of the Bakken Acquisition, Crescent Point's working interest position within the proposed waterflood units will increase to approximately 96 percent from approximately 90 percent. This is expected to both simplify and accelerate Crescent Point's waterflood plans. The Company believes that waterflood implementation could increase ultimate recovery factors to greater than 30 percent from an expected 19 percent on primary recovery.

The Bakken Acquisition is expected to close on or before March 14, 2012.

Key attributes of the Bakken Waterflood Assets:

- Current production of more than 2,900 boe/d, approximately 90 percent of which is high-quality, long-life light crude oil;

- Netback of approximately $63.00 based on US$95.00/bbl WTI, Cdn$3.25/mcf AECO and US$/CDN$0.96 exchange rate;

- 31.8 net sections of land, including more than 25 net sections of Viewfield Bakken land in the most productive area in the Bakken resource play, of which 3 net sections are fee title lands;

- 2 multi-well batteries and pipeline infrastructure;

- 18.2 net booked locations and an additional 1.2 net internally identified low-risk drilling locations at a drilling density of four wells per section, with an incremental 12 net booked locations and an additional 47 net internally identified drilling locations at a drilling density of eight wells per section; and

- Tax pools estimated at $427 million.

Reserves Summary

Independent engineers have assigned reserves utilizing NI 51-101 reserve definitions and effective December 31, 2011, as follows:

- Approximately 10.5 million boe of proved plus probable and 6.4 million boe of proved reserves. Based on Crescent Point's development plans on 8 wells per section drilling, Crescent Point expects an additional 2.1 million boe of proved plus probable reserves and 2.5 million boe of proved reserves will be assigned by independent engineers, for a total of 12.6 million boe of proved plus probable and 8.9 million boe of proved reserves; and

- Reserve life index of 11.9 years proved plus probable and 8.4 years proved, based on Crescent Point's development plans.

FINANCIAL ADVISOR

Scotiabank acted as financial advisor to Crescent Point with respect to the Bakken Acquisition.

MANITOBA ASSET ACQUISITION

The Manitoba Light Oil Assets produce approximately 940 boe/d of high-quality, long-life, light oil production in southwest Manitoba. The Manitoba Light Oil Assets are complementary to Crescent Point's existing properties in southwest Manitoba and include low-decline assets with stable, predictable production. The Manitoba Asset Acquisition is consistent with the Company's strategy to acquire large oil-in-place assets and the Company believes that the Manitoba Light Oil Assets have significant reserves upside potential through infill drilling and waterflood optimization.

The Manitoba Asset Acquisition closed on January 25, 2012.

Key attributes of the Manitoba Light Oil Assets:

- Current production of approximately 940 boe/d, comprised of 100 percent light oil;

- Production decline of approximately 10 percent;

- Netback of approximately $70.00 based on US$95.00/bbl WTI, Cdn$3.25/mcf AECO and US$/CDN$0.96 exchange rate;

- 1.9 net booked locations and an additional 37 net internally identified drilling locations; and

- Tax pools estimated at $130 million.

Reserves Summary

Independent engineers have assigned reserves utilizing NI 51-101 reserve definitions and effective September 30, 2011, as follows:

- Approximately 5.6 million boe of proved plus probable reserves and 4.6 million boe of proved reserves; and

- Reserve life index of 16.3 years proved plus probable and 13.4 years proved.

ACQUISITIONS METRICS

Based on the above expectations for the Bakken Acquisition and the Manitoba Asset Acquisition, the combined estimated acquisition metrics are as follows:

1. 2012 Cash Flow Multiple:

- 6.1 times based on production of 3,840 boe/d (US$95.00/bbl WTI, Cdn$3.25/mcf AECO and US$/CDN$0.96 exchange rate)

2. Production:
- $145,000 per producing boe based on 3,840 boe/d

- Netback of approximately $64.70 based on US$95.00/bbl WTI, Cdn$3.25/mcf AECO and US$/CDN$0.96 exchange rate

3. Reserves:
- $30.60 per proved plus probable boe

- $41.26 per proved boe

The Bakken Acquisition and the Manitoba Asset Acquisition are expected to be accretive to Crescent Point on a per share reserves, production and cash flow basis, on a debt adjusted basis.

PRELIMINARY SUMMARY OF CRESCENT POINT'S FOURTH QUARTER AND YEAR-END RESERVES

Crescent Point anticipates releasing its audited fourth quarter 2011 operating and financial results and year-end reserves on March 15, 2012. To provide further clarity on the pro forma guidance related to the Bakken Acquisition, the Manitoba Asset Acquisition and the bought deal financing, Crescent Point provides the following summary of anticipated results:

- Crescent Point expects fourth quarter 2011 average daily production of approximately 81,000 boe/d;

- The Company expects to replace 2011 production by more than 240 percent through its 2011 capital expenditures program;

- The Company expects 2011 finding and development ("F&D") costs in the range of approximately $18.50 per proved plus probable boe, excluding change in future development costs; and

- Crescent Point expects 2011 finding, development and acquisition ("FD&A") costs in the range of approximately $20.00 per proved plus probable boe, excluding change in future development costs.

UPWARDLY REVISED 2012 GUIDANCE

Crescent Point continues to execute its business plan of creating sustainable value-added growth in reserves, production and cash flow through management's integrated strategy of acquiring, exploiting and developing high-quality, long-life light and medium oil and natural gas properties in United States and Canada.

As a result of the Bakken Acquisition and the Manitoba Asset Acquisition, Crescent Point is upwardly revising its 2012 capital expenditure plans and guidance.

Capital expenditures are expected to increase by $50 million to $1.2 billion. Approximately $43 million of the increase is expected to be spent on the drilling of 22 net Viewfield Bakken horizontal oil wells and the conversion of an additional 5 producing wells to water injection wells in the Viewfield Bakken waterflood area. Crescent Point now expects to drill 142 net wells in the Viewfield Bakken play in 2012 and to have approximately 60 net water injection wells in the play by year-end 2012. The remainder of the increase is expected to be spent on production optimization and facilities in southeast Saskatchewan and Manitoba.

Crescent Point's average daily production in 2012 is expected to increase to 86,000 boe/d from 83,500 boe/d and its 2012 exit production rate is expected to increase to more than 93,000 boe/d from 90,000 boe/d. This guidance includes the anticipated shut-in of approximately 11,000 boe/d during second quarter 2012 to account for spring break-up and also includes the anticipated production impact of converting additional producing wells to water injection wells.

Funds flow from operations for 2012 is expected to be approximately $1.49 billion, with a payout ratio of 58 percent, based on forecast pricing of US$95.00 per barrel WTI, Cdn$3.25 per mcf AECO gas and a US$/Cdn$0.96 exchange rate.

Crescent Point's balance sheet remains strong, with projected average net debt to 12-month cash flow of less than 1.0 times.

The Company continues to implement its balanced 3½-year price risk management program, using a combination of swaps, collars and purchased put options with investment grade counterparties. As at February 14, 2012, the Company had hedged 54 percent, 43 percent, 28 percent and 10 percent of production, net of royalty interest, for 2012, 2013, 2014 and the first half of 2015, respectively. Average quarterly hedge prices range from Cdn$91 per boe to Cdn$99 per boe.

The Company's upwardly revised guidance for 2012 is as follows:

Production
Oil and NGL (bbls/d)
Natural gas (mcf/d)
Prior
75,500
48,000
Revised
78,000
48,000
Total (boe/d) 83,500 86,000
Exit (boe/d) 90,000 93,000
Funds flow from operations ($000)
Funds flow per share - diluted ($)
Cash dividends per share ($) 1,440,000
4.67
2.76 1,490,000
4.72
2.76
Capital expenditures ($000) (1)
Wells drilled, net 1,150,000
367 1,200,000
389
Pricing
Crude oil - WTI (US$/bbl)
Crude oil - WTI (Cdn$/bbl)
Natural gas - Corporate (Cdn$/mcf)
Exchange rate (US$/Cdn$) 95.00
98.96
3.25
0.96 95.00
98.96
3.25
0.96

(1) The projection of capital expenditures excludes acquisitions, which are separately considered and evaluated.

BOUGHT DEAL FINANCING

Crescent Point has entered into an agreement, on a bought deal basis, with a syndicate of underwriters co-led by BMO Capital Markets, CIBC and Scotia Capital Inc., and including RBC Capital Markets, TD Securities Inc., FirstEnergy Capital Corp., National Bank Financial Inc., GMP Securities L.P., Macquarie Capital Markets Canada Ltd. and Peters & Co. Limited for an offering of 11,610,000 Crescent Point shares at $45.25 per share to raise gross proceeds of approximately $525 million. Closing is expected to occur on or about March 8, 2012, and is subject to customary regulatory approvals. Crescent Point has also granted the underwriters an over-allotment option to purchase, on the same terms, up to an additional 1,741,500 Crescent Point shares. This option is exercisable, in whole or in part, by the underwriters at any time up to 30 days after closing. The maximum gross proceeds raised under this offering will be approximately $604 million, should this option be exercised in full.

The offering will be a bought underwritten public issue in all provinces of Canada by way of a short form prospectus. The offering will be offered for sale to Qualified Institutional Buyers in the United States, pursuant to the registration exemptions provided by Rule 144A of the Securities Act of 1933 and internationally, as permitted.

The net proceeds of the financing will be used to fund a portion of the Bakken Acquisition and the Manitoba Asset Acquisition, as well as the Beaverhill Lake land acquisitions that were previously announced on January 24, 2012.

Closing of the financing is not subject to the successful completion of the Bakken Acquisition.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking statements. All forward-looking statements are based on Crescent Point's beliefs and assumptions based on information available at the time the assumption was made. The use of any of the words "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "plan", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well-positioned" and similar expressions are intended to identify forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Crescent Point believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this report should not be unduly relied upon. These statements speak only as of the date of this press release or, if applicable, as of the date specified in those documents specifically referenced herein.

In particular, this press release contains forward-looking statements pertaining to the following: the performance characteristics of Crescent Point's oil and natural gas properties; oil and natural gas production levels; capital expenditure programs; drilling programs; well conversion and water injection programs; the quantity of Crescent Point's oil and natural gas reserves and anticipated future cash flows from Crescent Point's reserves; the reserves and reserve life indexes associated with the Bakken Waterflood Assets and the Manitoba Light Oil Assets; recovery rates; the quantity of drilling locations in inventory; projections of commodity prices and costs; supply and demand for oil and natural gas; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; expected debt levels and credit facilities; expected pipeline capacity additions; facility construction plans; treatment under governmental regulatory regimes; and the anticipated closing dates for the Bakken Acquisition and the bought deal financing.

By their nature, such forward-looking statements are subject to a number of risks, uncertainties and assumptions, which could cause actual results or other expectations to differ materially from those anticipated, including those material risks discussed in our annual information form under "Risk Factors" and our Management's Discussion and Analysis for the year ended December 31, 2010, under the headings "Risk Factors" and "Forward-Looking Information." The material assumptions are disclosed in the Management's Discussion and Analysis for the year ended December 31, 2010, under the headings "Dividends", "Capital Expenditures", "Asset Retirement Obligation", "Liquidity and Capital Resources", "Critical Accounting Estimates", "New Accounting Pronouncements" and "Outlook", and in Management's Discussion and Analysis for the period ended September 30, 2011, under the headings "Dividends", "Capital Expenditures", "Decommissioning Liability", "Liquidity and Capital Resources", "Critical Accounting Estimates" and "Outlook". The actual results could differ materially from those anticipated in these forward-looking statements as a result of the material risks set forth under the noted headings, which include, but are not limited to: financial risk of marketing reserves at an acceptable price given market conditions; volatility in market prices for oil and natural gas; delays in business operations, pipeline restrictions, blowouts; the risk of carrying out operations with minimal environmental impact; industry conditions including changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; uncertainties associated with estimating oil and natural gas reserves and Discovered Petroleum Initially In Place; economic risk of finding and producing reserves at a reasonable cost; uncertainties associated with partner plans and approvals; operational matters related to non-operated properties; increased competition for, among other things, capital, acquisitions of reserves and undeveloped lands; competition for and availability of qualified personnel or management; incorrect assessments of the value of acquisitions and exploration and development programs; unexpected geological, technical, drilling, construction and processing problems; availability of insurance; fluctuations in foreign exchange and interest rates; stock market volatility; failure to realize the anticipated benefits of acquisitions; general economic, market and business conditions; uncertainties associated with regulatory approvals; uncertainty of government policy changes; uncertainties associated with credit facilities and counterparty credit risk; and changes in income tax laws, tax laws, crown royalty rates and incentive programs relating to the oil and gas industry.

A barrel of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas to one barrel of oil.

Discovered Petroleum Initially In Place ("DPIIP"), as defined in the Canadian Oil and Gas Evaluations Handbook (COGEH), is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of DPIIP includes production, reserves and contingent resources; the remainder is unrecoverable.

Additional information on these and other factors that could affect Crescent Point's operations or financial results are included in Crescent Point's reports on file with Canadian securities regulatory authorities. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed herein or otherwise and Crescent Point undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required to do so pursuant to applicable law.

Crescent Point is a conventional oil and gas producer with assets strategically focused in properties comprised of high-quality, long-life, operated light and medium oil and natural gas reserves in United States and Canada.

CRESCENT POINT ENERGY CORP.

Scott Saxberg,
President and Chief Executive Officer

For further information:

FOR MORE INFORMATION ON CRESCENT POINT ENERGY, PLEASE CONTACT:
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Crescent Point shares are traded on the Toronto Stock Exchange under the symbol CPG.

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