

RMP Energy Announces 2014 Capital Budget and Business Plan and Provides Updated Reserves Information

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CALGARY, ALBERTA--(Marketwired - Dec 12, 2013) - [RMP Energy Inc.](#) ("RMP" or the "Company") (TSX:RMP) is pleased to announce its 2014 Capital Budget and Business Plan and provide updated reserves information.

2014 Capital Budget and Business Plan

The Company's Board of Directors has approved an exploration and development expenditures program of \$130 million for 2014 (the "**2014 Capital Budget**"). The 2014 Capital Budget is anticipated to be fully funded by internally-generated funds from operations, which is forecasted to approximate \$142 million or \$1.20 per basic share, representing a significant increase of 78% and 64%, respectively, over projected 2013 funds from operations.

The Company's 2014 capital focus will be on the continued delineation and development of its Montney light oil resource position at Ante Creek, Waskahigan and Grizzly in West Central Alberta, which currently encompasses a total of 106 sections of land (105.15 net), providing a multi-year inventory of drilling locations with the potential for high field netbacks, attractive re-cycle ratios and accelerated capital payouts. At Ante Creek, the Company plans to drill 11 wells (11.0 net) with an additional nine wells (9.0 net) planned at Waskahigan and one (1.0 net) well at Grizzly. The drilling program includes the construction of eight surface lease pads and involves drilling four long-reach horizontal wells with greater than 1,600 meters of horizontal length. The Company plans to drill six delineation wells and 15 development wells in 2014. RMP's budgeted development drilling costs reflect capital efficiencies arising from improvements through faster drill times. Drilling times at both Ante Creek and Waskahigan have been reduced by approximately 20% with the wells now reaching total depth in 11 to 13 days, respectively.

The drilling and completion expenditure component of the Company's 2014 Capital Budget is projected to approximate \$90 million, with the remaining budgeted funds of approximately \$40 million allocated towards investments in well-site and facilities infrastructure, gathering lines, seismic, undeveloped land expansion and miscellaneous well workovers. Included in this budgeted amount is approximately \$10 million related to RMP's strategic Ante Creek-to-Waskahigan pipeline inter-connect and expansion of associated oil battery infrastructure.

Fiscal 2014 is anticipated to be a transformational year as the Company is forecasting a substantial step-change in production and corresponding increased light oil weighting. RMP projects that the 2014 Capital Budget, in addition to existing 'behind-pipe' production at Ante Creek, is forecasted to generate 46% year-over-year production growth from fiscal 2013 (35% increase per share). Fiscal 2014 daily production is projected to average 10,000 boe/d, weighted approximately 68% light crude oil and NGLs. At Ante Creek, five horizontal light oil wells (5.0 net) presently are shut-in due to third-party capacity constraints on existing gas processing infrastructure, which will be resolved upon the start-up of RMP's pipeline interconnect between Ante Creek and Waskahigan. In forecasting the 2014 average production, the Company has considered and assumed the following:

- Ante Creek pipeline and expanded battery infrastructure is anticipated to be in-service by March 1, 2014. As a result, first quarter 2014 production will be tempered as the third-party solution gas capacity constraint will continue during the first two months of the year. However, upon full operational commissioning of the pipeline and new battery infrastructure, the Company anticipates corporate production to exceed 10,000 boe/d.

- Upon start-up of the Ante Creek pipeline project, capacity constraints on the third-party oil sales pipeline system will require RMP to truck a portion of its Ante Creek oil. As such, trucking logistical issues are anticipated, particularly during the 'spring break-up' months of April and May, impacting the Company's second quarter 2014 forecasted production level.
- Anticipated apportionment on the third-party oil sales pipeline will continue until full expansion of the oil sales system is completed, which is assumed to occur on or about October 1, 2014. Once the Peace Pipeline expansion is completed, trucked Ante Creek oil volumes will decrease as more oil is pipeline-routed and in conjunction the Company's transportation costs will decrease correspondingly.

Upon resolution of these aforementioned issues, the Company is forecasting a significant production ramp-up during the second half of 2014.

The Company's 2014 business plan forecasts and key assumptions are as follows:

Forecast:	Fiscal 2014
Average daily production:	
Light oil and NGLs (Bbls/d)	6,830
Natural Gas (MMcf/d)	19.0
Oil equivalent (boe/d)	10,000
Capital expenditures ⁽⁴⁾ (\$)	\$ 132,000,000
E&D capital expenditures (\$)	\$ 130,000,000
Funds from operations ⁽¹⁾ (\$)	\$ 142,000,000
Funds from operations ⁽¹⁾ - per share (\$)	\$ 1.20
Year-end 2014 net debt ⁽¹⁾ (\$)	\$ 106,000,000
Net debt-to-funds from operations ratio	0.75
Key Assumption:	
Royalty rate ⁽²⁾ (%)	23%
Operating costs (\$/boe)	\$ 6.60
Transportation costs ⁽³⁾ (\$/boe)	\$ 2.40
Operating netback (\$/boe)	\$ 41.80
General and administrative expense (\$/boe)	\$ 2.10
WTI oil (US\$/Bbl)	\$ 94.85
RMP oil differential to WTI (C\$/Bbl)	\$ (15.00)
Nymex gas (US\$/Mcf)	\$ 4.10
AECO gas (C\$/GJ)	\$ 3.60
Exchange Rate (US\$/C\$)	0.94

Table Notes:

1. Funds from operations and Net debt does not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Refer to the Reader Advisories at the end of the news release.
2. Reflects a budgeted 28% field royalty rate at Ante Creek for fiscal 2014.
3. Assumes full expansion of third-party Peace Pipeline oil sales system completed October 1, 2014, with a portion of RMP's oil production to be trucked from Ante Creek up until that time.
4. Includes forecasted capitalized general and administrative costs of \$2.0 million.

In order to ensure the Company's cash flow is protected from lower-than-budgeted commodity prices, the following commodity hedge positions are presently outstanding:

Crude Oil	Contract Type	Volume (Bbls/d)	Reference Point	Swap Price (C\$/Bbl)
Q1 2014	Swap	1,750	WTI Nymex	C\$ 99.36
Q2 2014	Swap	1,750	WTI Nymex	C\$ 98.99
Q3 2014	Swap	1,750	WTI Nymex	C\$ 98.99
Q4 2014	Swap	1,750	WTI Nymex	C\$ 98.99
Natural Gas	Contract Type	Volume (GJs/d)	Reference Point	Swap Price (C\$/GJ)
Fiscal 2014	Swap	5,000	AECO 5A	C\$ 3.50

Interim Corporate Reserves Update Information

As a result of strong Ante Creek well production performance during the year, in relation to the property's year-end 2012 reserves bookings, the Company commissioned its independent reserves evaluator, InSite Petroleum Consultants Ltd. ("InSite"), to provide an interim reserves update evaluation as of September 30, 2013. The evaluation of the Company's crude oil and natural gas reserves was prepared in accordance with the definitions, standards and procedures prescribed in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and the *Canadian Oil and Gas Evaluation Handbook*. Unless stated otherwise, all reserves referred to in this news release are stated on a company gross basis (working interest before deduction of royalties and without including any royalty interests). Summarized highlights of the Company's interim corporate reserves are as follows:

September 30, 2013 Reserves Summary ⁽¹⁾ (company gross reserves)				
	Natural Gas	Light Oil	NGLs	Oil Equivalent
(Columns may not add due to rounding)	(Bcf)	(Mbbls)	(Mbbls)	(Mboe)(6:1)
Proved developed producing	31.275	3,808.6	469.0	9,490.0
Proved developed non-producing	3.855	428.3	21.4	1,092.1
Proved undeveloped	21.556	3,387.5	304.7	7,284.8
Total Proved	56.685	7,624.3	795.0	17,866.8
Probable	38.366	9,667.3	288.4	16,350.1
Total Proved plus Probable	95.051	17,291.6	1,083.4	34,216.9

Note (1) Estimated using InSite's forecast prices and costs as of September 30, 2013

At Ante Creek, a total of 12.23 million boe of proved plus probable reserves (5.52 million boe proved) have been assigned as at September 30, 2013, as compared to 4.46 million boe of proved plus probable reserves (2.34 million boe proved) booked at December 31, 2012. Ante Creek reserves at September 30, 2013 consist of eight (7.0 net) proved developed wells, seven (7.0 net) proved undeveloped locations and ten (10.0 net) offset probable undeveloped locations.

Corporately, the Company's interim nine month year-to-date 2013 finding and development costs (unaudited), including change in future development capital from year-end 2012, were approximately \$15.60 per proved plus probable boe (\$24.40 per proved), resulting in a corporate recycle ratio of 2.3 times proved plus probable (1.5 times proved) based on RMP's realized field operating netback of \$35.62 per boe in the first nine months of 2013. These finding and development costs reflect the Company's May 2013 Ante Creek land purchase and the capital requirements for the Ante Creek pipeline interconnect and infrastructure expansion. The Company's recently-announced \$38 million Ante Creek and Waskahigan asset purchase is not included, as it closed on November 1, 2013.

Estimated future development capital ("FDC") required in order to bring proved undeveloped and probable undeveloped reserves on-production is outlined below. The booked proved undeveloped and probable undeveloped locations only represent approximately 25% of the Company's identified corporate drilling inventory.

FDC ⁽¹⁾ (amounts in \$000s)	Total Proved	Total Proved + Probable
Total undiscounted FDC	\$ 133,897	\$ 281,099
Total discounted (10%) FDC	\$ 119,870	\$ 247,202

Note(1) FDC as per InSite's interim reserves evaluation as of September 30, 2013.

Abbreviations

Bbl or Bbls	barrel or barrels	Mcf/d	thousand cubic feet per day
Mbbl	thousand barrels	MMcf/d	million cubic feet per day
Bbls/d	barrels per day	Mcf	thousand cubic feet
boe	barrels of oil equivalent	MMcf	million cubic feet
Mboe	thousand barrels of oil equivalent	Bcf	billion cubic feet
boe/d	barrels of oil equivalent per day	psi	pounds per square inch
NGLs	natural gas liquids	kPa	kilopascals
WTI	West Texas Intermediate	GJ/d	Gigajoules per day

Reader Advisories

The Company anticipates remaining disciplined but flexible with its 2014 exploration and development capital expenditures as it monitors business conditions and commodity prices throughout fiscal 2014. Where deemed prudent, it may make adjustments to its 2014 Capital Budget. Actual spending may vary due to a variety of factors, including drilling results, crude oil and natural gas prices, economic conditions, prevailing debt and/or equity markets, field services and equipment availability, permitting and any future acquisitions. The timing of most capital expenditures is discretionary. Consequently, the Company has a significant degree of flexibility to adjust the level of its capital investments as circumstances warrant. Additionally, to enhance flexibility of RMP's capital program, the Company typically does not enter into material long-term obligations with any of its drilling contractors or service providers with respect to its operated crude oil and natural gas properties.

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. More particularly and without limitation, this new release contains forward looking information relating to: the Company's 2014 Capital Budget and the budgeted funds allocated to each of drilling and completions as well as to field facilities, undeveloped land purchases, seismic, and well workovers, including the capital to be incurred in 2014 related to the Ante Creek pipeline inter-connect installation and related field infrastructure expansion; forecasted average daily production rate and liquids weighting for 2014 and expected increase over forecasted fiscal 2013 average daily production; funds from operations for 2014 and expected increase over funds from operations for 2013; the Company's estimated production rate following the commissioning of the pipeline inter-connect and related field infrastructure; key assumptions within the forecasted 2014 business plan results; the Ante Creek field 2014 royalty rate; capitalized general and administrative costs for 2014 as well as operating costs and transportation costs for 2014; 2014 corporate royalty rate; 2014 drilling plans; sources of funding for the 2014 Capital Budget; the Company's estimated drilling inventory; and year-end 2014 estimated net debt.

These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry ; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that the Company will derive from them. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements.

In addition, please note that statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

All evaluations and reviews of future net cash flows are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of our crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

In relation to the disclosure of reserve estimates for individual properties, such estimates may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

In this news release RMP has adopted a standard for converting thousands of cubic feet ("mcf") of natural

gas to barrels of oil equivalent ("boe") of 6 mcf:1 boe. Use of boes may be misleading, particularly if used in isolation. The boe rate is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.

As an indicator of the Company's performance, the term funds from operations contained within this news release should not be considered as an alternative to, or more meaningful than, cash flow from operating, financing or investing activities, as determined in accordance with International Financial Reporting Standards ("IFRS"). This term is not a recognized measure, does not have a standardized meaning nor is it a financial measure under IFRS. Funds from operations is widely accepted as a financial indicator of an exploration and production company's ability to generate cash which is used to internally fund exploration and development activities and to service debt. This measure is widely used by shareholders and investors in the valuation, comparison and investment recommendations of companies within the natural gas and crude oil exploration and production industry. Funds from operations, as disclosed within this news release, represents cash flow from operating activities before: expensed corporate acquisition-related costs, decommissioning obligation cash expenditures and changes in non-cash working capital from operating activities. The Company presents funds from operations per share whereby per share amounts are calculated consistent with the calculation of earnings per share.

Net debt refers to outstanding bank debt plus working capital deficit (excludes current unrealized amounts pertaining to risk management commodity contracts). Net debt is not a recognized measure under IFRS. Operating netbacks refer to realized wellhead revenue less royalties, operating expenses and transportation costs per barrel of oil equivalent ("boe"). Operating netback is not a recognized measure under IFRS and does not have a standardized meaning.

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