

# RMP Energy Announces Strong Third Quarter Financial Results Underpinned by Record Quarterly Production

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CALGARY, ALBERTA--(Marketwired - Nov 12, 2014) - [RMP Energy Inc.](#) ("RMP" or the "Company") (TSX:RMP) is pleased to announce its financial and operating results for the three months ended September 30, 2014, highlighted by record average daily production of 13,074 barrels of oil equivalent generating funds from operations of \$48.0 million (\$0.39 per basic share) and net earnings of \$18.2 million. Detailed third quarter and nine month results are as follows:

Financial Highlights (thousands except share and per boe data) (6:1 oil equivalent conversion)	Three Months Ended Sep. 30,			Nine Months Ended Sep. 30,		
	2014	2013	% Change	2014	2013	% Change
Petroleum and natural gas revenue <sup>(1)</sup>	75,596	33,790	124	209,653	102,004	106
Funds from operations <sup>(2)</sup>	48,038	17,796	170	131,940	59,145	123
Per share						
- basic	0.39	0.16	144	1.09	0.55	98
- diluted	0.38	0.15	153	1.04	0.52	100
Net income	18,200	1,196	1422	46,435	7,997	481
Per share						
- basic	0.15	0.01	1400	0.38	0.07	443
- diluted	0.14	0.01	1300	0.37	0.07	429
Total capital expenditures	46,924	36,783	28	117,813	94,320	25
Net debt <sup>(3)</sup> - period end	93,688	91,662	2	93,688	91,662	2
Weighted average basic shares	122,100,547	109,591,162	11	120,613,113	106,965,791	13
Weighted average diluted shares	127,984,911	116,091,485	10	126,295,784	112,708,577	12
Issued and outstanding shares <sup>(4)</sup>	122,116,840	109,592,756	11	122,116,840	109,592,756	11
<b>Operating Highlights</b>						
Average daily production:						
Natural gas (Mcf/d)	34,499	19,500	77	29,581	19,181	54
Crude oil (bbls/d)	7,098	3,056	132	6,447	3,260	98
NGLs (bbls/d)	226	333	(32)	217	282	(23)
Oil equivalent (boe/d)	13,074	6,639	97	11,594	6,739	72
% Liquids (Oil and NGLs)	56 %	51 %	10	57 %	53 %	8
Average sales price <sup>(1)</sup> :						
Natural gas (\$/Mcf)	4.67	3.00	56	5.05	3.46	46
Crude oil (\$/bbl)	90.94	94.11	(3)	93.68	88.86	5
NGLs (\$/bbl)	67.06	63.60	5	67.00	62.05	8
Oil equivalent (\$/boe)	62.85	55.32	14	66.24	55.45	19
Operating expenses (\$/boe)	5.60	7.15	(22)	5.78	7.30	(21)
Operating netback <sup>(5)</sup> (\$/boe)	41.75	32.13	30	44.27	35.62	24
Wells drilled: gross (net)	9 (9.0)	6 (6.0)	50	19 (19.0)	13 (13.0)	46

## Notes:

1. Petroleum and natural gas ("P&NG") revenue and average sales pricing includes realized gains or losses from risk management commodity contract settlements.
2. Funds from operations does not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Please refer to the Reader Advisories at the end of the news release.
3. Net debt is not a recognized measure under IFRS. Please refer to the Reader Advisories at the end of the news release.
4. As of November 12, 2014, 122.1 million common shares were outstanding.
5. Operating netback is not a recognized measure under IFRS. Please refer to the Reader Advisories at the end of the news release.

### Third Quarter 2014 Highlights

- During the third quarter, RMP achieved another new record level of quarterly production, with average daily output of 13,074 boe/d weighted 56% light oil and NGLs. This represents a 97% increase over the comparable third quarter 2013 production of 6,639 boe/d (51% light oil and NGLs) and a 5% increase over the preceding second quarter 2014 production of 12,437 boe/d (57% light oil and NGLs).
- Petroleum and natural gas revenue for the third quarter amounted to \$75.6 million, of which 80% was derived from crude oil and NGLs (net of a realized commodity hedging loss of \$1.3 million). The Company's crude oil discount to the Canadian-dollar converted WTI price averaged \$12.21/bbl during the third quarter (excluding realized commodity hedging loss), as compared to the \$9.69/bbl in the preceding second quarter of 2014 and \$7.83/bbl in the comparable third quarter of 2013.
- Petroleum and natural gas royalties amounted to \$16.1 million (21% of petroleum and natural gas sales excluding realized commodity hedging loss), as compared to \$8.4 million (24% of petroleum and natural gas sales) in the comparative third quarter of 2013. The effective royalty rate on production from the Company's Ante Creek field in the third quarter of 2014 was 25%, as compared to 26% in the second quarter of 2014 and 24% in the first quarter of 2014.
- Operating costs of \$5.60/boe for the third quarter of 2014 represent a 22% decrease from the comparable third quarter 2013 operating cost of \$7.15/boe. Operating expenses on a unit-of-production basis have decreased primarily as a result of increased production volumes covering the fixed operating cost component and cost savings resulting from the operation of the RMP-owned Waskahigan and Ante Creek battery infrastructure. Ownership and control of field infrastructure has enabled the Company to better manage its operating costs and eliminate certain non-operated facility-usage charges.
- Quarterly funds from operations of \$48.0 million (\$0.39 per basic share) for the three months ended September 30, 2014, reflecting a significant increase of 170% over the \$17.8 million generated in the third quarter of 2013.
- Realized operating netback of \$41.75/boe in the third quarter of 2014, representing a 30% increase over the \$32.13/boe netback realized in the comparative third quarter of 2013. Field operating netbacks during the third quarter of 2014 at Ante Creek and Waskahigan were \$46.30/boe and \$52.24/boe, respectively.
- For the quarter ended September 30, 2014, RMP reported net earnings of \$18.2 million, a substantial increase as compared to net income realized in the comparable third quarter of 2013 of \$1.2 million.
- In early July of this year, following the traditional weather induced slowdown in field activity during spring break-up, the Company re-commenced active drilling operations. A total of nine, 100% working interest Montney formation horizontal wells were drilled (five at Waskahigan, two at Ante Creek and two at Kaybob). Combined with the eight (8.0 net) Ante Creek horizontal wells drilled in the first six months of this year, RMP has now drilled a total of eighteen (18.0 net) Ante Creek Montney oil wells as of September 30, 2014. Of this total, fourteen wells are presently producing into Company-operated infrastructure with current solution gas capacity restrictions. As previously disclosed on August 12, 2014, the Company is proceeding with the construction and installation of additional field infrastructure at Ante Creek. This new infrastructure will be designed with associated solution gas handling capacity of 20 MMcf/d and will also provide additional oil handling capability, with direct connection into RMP's existing Ante Creek-to-Waskahigan pipeline inter-connect.
- Net debt at September 30, 2014 was \$93.7 million representing 0.5 times annualized third quarter 2014 funds from operations. The Company's net debt position at June 30, 2014 was \$94.8 million and \$116.2 million at December 31, 2013. The Company's borrowing limit under its bank credit facility is currently set at \$175.0 million. As at November 11, 2014, RMP was drawn approximately \$95 million on the bank credit facility. RMP's strong financial footing and low cost profile positions the Company to withstand any prolonged commodity price weakness.

### Operations Update

#### *Waskahigan Operations*

During the third quarter of this year, the Company successfully drilled five, 100% working interest horizontal Montney oil wells on its northern acreage at Waskahigan (township 64, range 23W5). With the objective of

potentially increasing the reserves recovery and enhancing well production performance, RMP conducted its first slick water hybrid fracture stimulation on one of these wells. Production test results are encouraging and the well was recently placed on-production. The Company anticipates run-time production of at least six months is required in order to properly assess the results of this hybrid frac relative to its oil-based fracture stimulation database results.

Subsequent to the end of the third quarter, the Company drilled another 100% working interest horizontal oil well and expects to drill an additional horizontal well (100% working interest) by the end of this year. The Company's acreage position at Waskahigan encompasses 58 sections at 100% working interest, providing for a future light oil drilling inventory of approximately 170 locations.

#### *Ante Creek Operations*

During the third quarter of 2014, the Company successfully drilled two, 100% working interest horizontal Montney oil wells at Ante Creek (township 66, range 24W5). As of September 30, 2014, RMP has drilled a total of eighteen (18.0 net) wells at Ante Creek, of which fourteen (14.0 net) oil wells are currently producing. Associated solution gas output has reached the capacity of the gas handling capability at RMP's Ante Creek 4-36 oil battery.

In order to accommodate the production from all of the Ante Creek wells and to facilitate capacity for future full-phase development of its Ante Creek field, the Company is proceeding with the next phase of its infrastructure expansion at Ante Creek (as previously disclosed on August 12, 2014). This infrastructure is scheduled to be commissioned and operational in March 2015. The estimated capital investment is approximately \$28 million, forecasted as staged capital expenditures to be incurred over the next five months based on scheduled progress. A total of \$14 million is anticipated to be incurred by December 31, 2014 with the remaining investment to occur in the first quarter of 2015. During the third quarter of this year, the Company incurred approximately \$4.8 million primarily related to capital equipment purchase orders associated with the Company's new Ante Creek 5-26 battery.

Since bringing on-stream the discovery well in August 2012 (4-35-66-24W5), approximately 2.5 million barrels of light oil has been produced on primary production from the Ante Creek field, in addition to 6.93 Bcf of associated solution gas (as of October 31, 2014). The Company's acreage position at Ante Creek encompasses 36 gross sections (35.0 net sections), providing for a future light oil drilling inventory of approximately 75 locations.

#### *Kaybob Operations*

At Kaybob, the Company commenced drilling operations after a four year drilling hiatus. Since 2010, technological improvements in industry completion techniques have demonstrated commercial enhancement in natural gas projects such as RMP's Montney play at Kaybob. As a result, two horizontal Montney development gas wells (2.0 net) were successfully drilled and completed (1-15-60-19W5 and 16-22-60-19W5) in the third quarter of this year. Both wells are currently being equipped and are expected to be placed on-production at the end of November 2014 through the Company's Kaybob compression and dehydration facility. RMP's asset base at Kaybob encompasses 28 gross sections of land (25.9 net sections), with a low risk development drilling inventory of 25 locations.

#### *Grizzly Operations*

At Grizzly to the southeast of Waskahigan, subsequent to the end of the third quarter, the Company drilled a 100% working interest horizontal Montney oil well (12-25-62-23W5). The well was recently completed with a multi-stage slick water hybrid fracture stimulation and is undergoing production testing. RMP's asset base at Grizzly includes 14.25 gross sections of land (13.4 net sections), with a drilling inventory of 40 locations.

The Company's interim condensed consolidated financial statements and associated Management's Discussion and Analysis, for the three and nine months ended September 30, 2014 is available on RMP's website at [www.rmpenergyinc.com](http://www.rmpenergyinc.com) within "Investors" under "Financials". Additionally, these documents were filed today on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"). These documents can be retrieved electronically from the SEDAR system by accessing RMP's public filings under "Search for

Public Company Documents" within the "Search Database" module at [www.sedar.com](http://www.sedar.com).

## 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	MMcf	Million cubic feet
boe	barrels of oil equivalent	Bcf	billion cubic feet
Mboe	thousand barrels of oil equivalent	psi	pounds per square inch
boe/d	barrels of oil equivalent per day	kPa	kilopascals
NGLs	natural gas liquids	GJ/d	gigajoules per day
WTI	West Texas Intermediate	GJ	gigajoule

## Reader Advisories

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 news release contains forward looking information relating to: the quantity of light oil and associated solution gas recovered and produced from the Company's Ante Creek field, the estimated capital investment cost of the new Ante Creek infrastructure, including the timing of such expenditures and the anticipated commissioning date; the Company's plans for drilling at Waskahigan; the anticipated on-production date for the recently-drilled Kaybob wells; and, the expected number of future drilling locations at Waskahigan, Ante Creek, Kaybob and Grizzly. 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 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, changes in non-cash working capital from operating activities and non-cash changes in deferred charge. 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 less deferred charge plus working capital deficiency (or minus working capital surplus), excluding unrealized amounts pertaining to risk management contracts. Net debt is not a recognized measure under IFRS and does not have a standardized meaning.

Field operating netback or operating netback refers to realized wellhead revenue less royalties, operating expenses and transportation costs per barrel of oil equivalent. Field operating netback or operating netback is not a recognized measure under IFRS and does not have a standardized meaning.

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