

# Birchcliff Energy Ltd. and Altagas Ltd. Announce New Long-Term Processing Arrangement at Altagas' Deep-Cut Processing Facility in Gordondale

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CALGARY, Alberta, April 03, 2018 (GLOBE NEWSWIRE) -- [Birchcliff Energy Ltd.](#) ("Birchcliff") (TSX:BIR) and Altagas Ltd. ("Altagas") (TSX:ALA) are pleased to announce that they have entered into a definitive agreement for a long-term natural gas processing arrangement (the "Processing Arrangement") at Altagas' deep-cut sour gas processing facility located in Gordondale, Alberta (the "Gordondale Facility"). The new Processing Arrangement will be effective from January 1, 2018 and will replace the parties existing Gordondale processing arrangement. Under the Processing Arrangement, Birchcliff is being provided with up to 120 MMcf/d of natural gas processing on a firm-service basis, and Birchcliff's take-or-pay obligation is 100 MMcf/d. The term of the Processing Arrangement is for at least 15 years, subject to extension in accordance with the terms of the agreement.

"This new arrangement with Altagas provides long-term natural gas processing and will reduce our fees at the Gordondale Facility," said Jeff Tonken, President and Chief Executive Officer of Birchcliff. "An added benefit of this arrangement for Birchcliff is that we will not have to incur significant capital to build our own deep-cut facility at Birchcliff's natural gas processing plant in Pouce Coupe, Alberta. We had previously commenced the planning and initial work to further expand the processing capacity of our Pouce Coupe gas plant by 150 MMcf/d to 490 MMcf/d (Phase VII) and by 100 MMcf/d to 590 MMcf/d (Phase VIII). In light of this new processing arrangement, we currently have no plans to proceed with Phases VII or VIII."

"The new arrangement with Birchcliff is a significant win for both parties," said David Harris, President and Chief Executive Officer of Altagas. "The Processing Arrangement allows us to maximize the long-term value and returns from the Gordondale Facility, which is one of our key assets. The agreement fills the existing capacity at the Gordondale Facility and significantly enhances the potential to flow third-party volumes through the facility and to grow those volumes, allowing us to eventually optimize the facility and bring the operating capacity up to 150 MMcf/d, while providing lower fees for Birchcliff. The long-term commitment from Birchcliff, potential for third-party volumes and the strategic proximity of this asset to the liquid-rich Montney fairway further strengthens our plans around the future expansion of the Gordondale Facility. In addition, Altagas will also benefit from growing propane volumes which will be dedicated to our Ridley Island Propane Export Terminal as part of the commercial arrangements."

As a result of the Processing Arrangement and other recent initiatives undertaken by Birchcliff, Birchcliff is updating its guidance range for its 2018 annual average operating expense to \$3.40/boe to \$3.60/boe (revised downward from \$3.75/boe to \$4.00/boe). Birchcliff's guidance regarding its 2018 annual average production, its 2018 average royalty and transportation and marketing expenses and its 2018 commodity price assumptions, as previously announced on February 14, 2018, remains unchanged.

In addition to the Processing Arrangement, Birchcliff, Altagas and certain affiliates of Altagas have entered into a product purchase and sale agreement. Pursuant to this agreement, Birchcliff will sell propane to the Altagas parties, including for delivery to Altagas' proposed Ridley Island Propane Export Terminal which is anticipated to commence commercial operations in the first quarter of 2019.

## ADVISORIES

## Abbreviations

bbl	barrel
boe	barrel of oil equivalent
Mcf	thousand cubic feet
MMcf/d	million cubic feet per day

## Boe Conversions

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. Boe amounts may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency 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 from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

## Source of Information

The information contained in this press release as it relates solely to Birchcliff, its business and operations has been provided by Birchcliff and the information contained in this press release as it relates solely to AltaGas, its business and operations has been provided by AltaGas. Neither Birchcliff nor AltaGas assume any responsibility for the accuracy or completeness of the information of the other party or the failure by the other party to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the other party.

## Forward-Looking Information

Certain statements contained in this press release constitute forward-looking statements and information (collectively referred to as "forward-looking information") within the meaning of applicable Canadian securities laws. Such forward-looking information relates to future events or the future performance of Birchcliff or AltaGas. All information other than historical fact may be forward-looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "forecast", "potential", "proposed", "predict", "budget", "continue", "targeting", "may", "will", "could", "might", "should" and other similar words and expressions. This information involves 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 information. Birchcliff and AltaGas believe that the expectations reflected in the forward-looking information are reasonable in the current circumstances but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this press release should not be unduly relied upon. In particular, this press release contains forward-looking information relating to the following: Birchcliff's and AltaGas's plans and other aspects of their anticipated future financial performance, operations, focus, objectives, strategies, opportunities, priorities and goals; the Processing Arrangement and the anticipated effects and benefits of such arrangement to each of Birchcliff and AltaGas (including statements regarding the opportunities created for AltaGas and the long-term benefits, growth and expansion opportunities created by the Processing Arrangement); statements regarding future facility expansions by Birchcliff in Pouce Coupe (including that Birchcliff currently has no plans to proceed with the Phase VII or Phase VIII expansions of its natural gas processing plant in Pouce Coupe); Birchcliff's guidance for 2018 (including its guidance regarding its 2018 annual average operating expense); anticipated growth in AltaGas's propane volumes; and the anticipated commercial operations date of AltaGas's proposed Ridley Island Propane Export Terminal of the first quarter of 2019.

With respect to forward-looking information contained in this press release, assumptions have been made regarding, among other things: Birchcliff's and AltaGas's ability to obtain the anticipated benefits of the Processing Arrangement; prevailing and future commodity prices and differentials, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; expected funds flow from

operations; future debt levels; the state of the economy and the exploration and production business; the economic and political environment; the regulatory framework regarding royalties, taxes and environmental laws; the sources of funding for capital expenditure programs and other activities; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; results of future operations; future operating, transportation, marketing and general and administrative costs; the performance of Birchcliff's existing and future wells, well production rates, well decline rates and well drainage areas; success rates for future drilling; Birchcliff's reserves and resource volumes and its ability to replace and expand oil and gas reserves through acquisition, development or exploration; the impact of competition; the availability of, demand for and cost of labour, services and materials; the ability to access capital; the ability to obtain financing on acceptable terms; the ability to obtain any necessary regulatory or other approvals in a timely manner; the ability of Birchcliff to secure adequate transportation for its products; the ability to market oil and gas; the availability of hedges on terms acceptable to Birchcliff; that counterparties will fulfill their contractual obligations; the ability of the respective parties to continue to develop their respective assets and obtain the anticipated benefits therefrom; and that proposed facilities come on as currently planned. In addition, Birchcliff's guidance regarding its 2018 annual average operating expenses assumes that Birchcliff achieves its production and forecast commodity mix targets for 2018.

Birchcliff's and AltaGas's actual results, performance or achievements could differ materially from those anticipated in the forward-looking information as a result of both known and unknown risks and uncertainties including, but not limited to: the failure to realize the anticipated benefits of the Processing Arrangement; general economic, market and business conditions which will, among other things, impact the demand for and market prices of the parties respective products and/or services and their access to capital; an inability to access sufficient capital from internal and external sources; fluctuations in the costs of borrowing; volatility of crude oil and natural gas prices; fluctuations in currency and interest rates; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, equipment failures and other similar events affecting Birchcliff or AltaGas or other parties whose operations or assets directly or indirectly affect Birchcliff or AltaGas; uncertainties associated with estimating oil and natural gas reserves and resources; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; changes in tax laws, Crown royalty rates, environmental laws and incentive programs relating to the oil and natural gas industry and other actions by government authorities, including changes to the royalty and carbon tax regimes and the imposition or reassessment of taxes; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production or facility operations; the ability to satisfy obligations under firm marketing and transportation arrangements; the inability of Birchcliff to secure adequate production transportation for its products; potential delays or changes in plans with respect to exploration or development projects or capital expenditures, including delays in the completion of gas plants and other facilities; stock market volatility; loss of market demand; environmental risks, claims and liabilities; incorrect assessments of the value of acquisitions and exploration and development programs; shortages in equipment and skilled personnel; the absence or loss of key employees; uncertainties associated with the outcome of litigation or other proceedings involving the parties; uncertainty that development activities in connection with their respective assets will be economical; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; uncertainties associated with credit facilities; counterparty credit risk; risks associated with Birchcliff's hedging program and the risk that hedges on terms acceptable to Birchcliff may not be available; the failure to obtain any required approvals in a timely manner or at all; the failure to realize the anticipated benefits of acquisitions and dispositions; unforeseen difficulties in integrating acquired assets into operations; variances in actual capital costs, operating costs and economic returns from those anticipated; negative public perception of the oil and natural gas industry, including transportation, hydraulic fracturing and fossil fuels; management of growth; and the availability of insurance and the risk that certain losses may not be insured.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect results of operations, financial performance or financial results are included in Birchcliff's and AltaGas's most recent Annual Information Forms and in other reports filed by each of Birchcliff and AltaGas with Canadian securities regulatory authorities.

Any future-orientated financial information and financial outlook information of Birchcliff (collectively, "FOFI") contained in this press release, as such terms are defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future and is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the

date of this press release and Birchcliff disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required by applicable law. Readers are cautioned that any FOFI contained herein should not be used for purposes other than those for which it has been disclosed herein.

Birchcliff and AltaGas have included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide readers with a more complete perspective on Birchcliff's and AltaGas's respective future operations. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements. The forward-looking information contained in this press release is made as of the date of this press release. Neither Birchcliff nor AltaGas is under any duty to update or revise any of the forward-looking information except as expressly required by applicable securities laws.

#### About Birchcliff:

Birchcliff is a Calgary, Alberta based intermediate oil and natural gas company with operations concentrated within its one core area, the Peace River Arch of Alberta. Birchcliff's common shares and cumulative redeemable preferred shares, Series A and Series C are listed for trading on the Toronto Stock Exchange under the symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively.

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#### About AltaGas:

AltaGas is an energy infrastructure company with a focus on natural gas, power and regulated utilities. AltaGas creates value by acquiring, growing and optimizing its energy infrastructure, including a focus on clean energy sources. For more information visit: [www.altagas.ca](http://www.altagas.ca).

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