



**Crescent Point Energy Trust**



## **PRESS RELEASE**

# **CRESCENT POINT ENERGY TRUST TO MERGE WITH MISSION OIL & GAS INC. VIA PLAN OF ARRANGEMENT**

September 11, 2006. CALGARY, ALBERTA. Crescent Point Energy Trust ("Crescent Point" or the "Trust") (TSX: CPG.UN) and Mission Oil & Gas Inc. ("Mission") (TSX: MSO) are pleased to announce that Independent Committees of both Boards of Directors have unanimously approved a Proposal (the "Proposal") pursuant to which the Trust will exchange, by way of Plan of Arrangement (the "Plan"), all of Mission's issued and outstanding shares for trust units of Crescent Point. Currently, Mission is producing approximately 5,500 boe/d of focused high netback, light oil and natural gas and has over 137,000 net acres (214 sections) of undeveloped land.

## **MISSION PLAN**

Under the terms of the Proposal, each issued and outstanding Mission share will be exchanged for 0.695 trust units of Crescent Point. The Plan requires the requisite approval of Mission shareholders along with customary regulatory, court and other approvals. An information circular outlining the Plan is expected to be mailed in October 2006. Mission will endeavour to have the shareholder's meeting relating to such approvals to be held on or about November 30, 2006. This will allow the Plan to be implemented on or before December 1, 2006 which will enable shareholders of Mission who receive units of the Trust pursuant to the Plan to receive the expected December distribution of \$0.20 per Crescent Point unit, payable January 15, 2007.

Based on the above exchange ratio, Crescent Point will issue an estimated 31.8 million trust units and assume approximately \$28 million of net debt (net of option proceeds) to acquire approximately 5,500 boe/d of focused, high netback, light oil and natural gas producing assets located in the Trust's primary operating areas of southeast Saskatchewan and Alberta. The total consideration to be paid in Crescent Point trust units and debt for Mission is estimated at \$760 million, or approximately \$16.00 per Mission share, based on Crescent Point's 30 day weighted average trading price of \$23.00. The Trust currently owns approximately 3.8 million Mission shares, which it purchased for \$30 million, or \$7.90 per Mission share, and has a total current value of approximately \$60.8 million. Incorporating the Trust's existing ownership, the effective purchase price is approximately \$730 million.

Approximately 4,000 boe/d of Mission's current production is Bakken light oil and gas strategically located adjacent to and contiguous with Crescent Point's core properties in southeast Saskatchewan. This transaction establishes Crescent Point as the dominant player in the Bakken light sweet oil play in southeast Saskatchewan. Crescent Point's southeast Saskatchewan production is expected to increase from 10,000 to 14,500 boe/d with the closing of the Plan.

The remainder of Mission's core properties at Worsley, Neutral Hills and Battle Creek are all operated and 100% working interest oil pools with infill drilling and water flood potential. These properties are all strategically located proximal to Crescent Point's core producing areas at Worsley, Sounding Lake and Battrum/Cantaur, respectively.

## **STRATEGIC RATIONALE**

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 oil and natural gas properties in western Canada. Crescent Point

management believes that Mission's high quality light sweet Bakken oil assets complement and materially increase the Trust's existing large oil and gas in place asset base.

"We have followed the development of Mission and the Bakken light oil play since its inception," commented Scott Saxberg, President & CEO of Crescent Point. "We believe Mission's success in drilling over 100 gross wells into the Bakken play and acquiring a dominant position of over 200 sections of land in the play makes this the right time to expose Crescent Point unitholders to this prolific high netback light sweet oil, long-life development play. The ability to drill hundreds of low risk development wells each year on the Mission asset base over the next 5 years will significantly add to Crescent Point's sustainability and sets the stage for future growth for the benefit of new and existing Crescent Point unitholders."

Mission's focused asset base is characterized by its operated, long life, light oil production, with high working interests and strategic infrastructure. Mission's major achievement has been the development of its operated Bakken light sweet oil (42° API) play in southeast Saskatchewan.

"We have spent the last two years building a tremendous light oil resource play in southeast Saskatchewan and are excited to participate in the continued development of the Bakken within Crescent Point," said Trent Yanko, President & CEO of Mission Oil & Gas. "We believe in the Bakken resource play built here at Mission and agreed to have Crescent Point as a merger partner because of their proven technical expertise in successfully managing oil development plays. Through this transaction, our shareholders remain exposed to the upside of the Mission asset base, in addition to receiving attractive stable monthly distributions from the Trust."

By pioneering the use of fracture stimulated horizontal wells in the southeast Saskatchewan Bakken Formation as a proven exploitation technique, Mission has unlocked this large, regional, light sweet oil resource. Gross oil production from the Bakken play has grown from less than 500 bbl/d in January 2005 to more than 4,500 bbl/d currently and undeveloped land holdings on the play have increased from 2,336 net acres to its current holdings of 92,160 net acres. Mission aggressively pursued land and corporate acquisitions to consolidate ownership and operations in the Bakken play, and has the dominant interest in the Bakken light sweet oil pool that Crescent Point believes has more than one billion barrels of original oil in place ("OOIP"). Only five light oil pools with more than one billion barrels of OOIP have been discovered in western Canada, the last of which was discovered in 1957.

In the Bakken prospect area, Mission has strategically invested in the oil treating, gas processing and gathering infrastructure which has resulted in production coming on-stream more quickly, operating cost reductions, and the value capture of the significant solution gas and natural gas liquids reserves. This extensive operational area provides a competitive advantage to the future development of the Bakken play.

Based on Mission's recent drilling success, Crescent Point believes the southeast Saskatchewan Bakken play has transformed from an exciting exploration discovery to a solid lower risk development project. Mission's Bakken lands bring Crescent Point significant long term development and reserves growth opportunities with over 570 net lower risk development locations in inventory. Crescent Point believes that additional pool extension opportunities and further consolidation acquisitions will be more readily available due to Mission's dominance of the Bakken play from a technical, land and infrastructure perspective. In addition, there is tremendous potential for reserves growth through water flood implementation and further infill drilling of the Bakken pool.

*Key attributes of Mission:*

- Current production of 5,500 boe/d comprised of 90% high netback, light oil (37° API) and 10% natural gas;
- Operated assets (95%) with average working interest of approximately 75% including a 65% operated interest in the Bakken pool;
- Strategically consolidates the southeast Saskatchewan areas of Innes and Stoughton and the northwest Alberta area of Worsley;
- Low operating costs of less than \$7.00/boe;

- Low royalties of less than 15%;
- Very high operating netbacks – the unaudited corporate field operating netback for Mission in the month of July was \$57.30/boe, with Mission's Bakken production achieving a netback of \$69.00/boe;
- Operatorship (75% W.I.) of the 3 Mmcf/d Viewfield gas plant, providing strategic control of a key solution gas processing facility and the extensive associated gathering infrastructure;
- Substantial natural gas liquids production generated from the Viewfield gas plant that will provide Crescent Point with a significant and strategic blending opportunity with its other southeast Saskatchewan production to improve crude quality and the oil price received;
- Significant drilling upside with more than 900 (570 net) development infill drilling locations identified on the acquired lands; and
- Approximately 137,000 net acres (214 net sections) of undeveloped land and seismic worth more than \$130 million

### *Reserves Summary*

Crescent Point's internal estimate of Mission's expected 2006 year end independent reserves assignment is as follows:

- Approximately 22 million boe of proved plus probable and 14 million boe of proved reserves (effective January 1, 2007 and based on internal engineering estimates utilizing NI 51-101 reserve definitions); and
- Reserve life index of 11 years proved plus probable and 7 years proved.

Crescent Point believes, based on its detailed technical review, these current reserve estimates are conservative and there is significant potential to more than double the reserves over the next 2 to 3 years with improved production performance, infill and step out horizontal drilling as well as the implementation of a water flood. The above estimated reserve assignment assumes less than 5% ultimate recovery from the Bakken oil pool and assigns reserves to only 110 gross (70 net) of the 900 (570 net) undeveloped drilling locations.

### **PLAN METRICS**

The Plan is accretive to Crescent Point on a production, reserves and cash flow per unit basis, based on Crescent Point's internal long term view of the reserves, cash flow and production profile of Mission. The Trust believes that over the next 2 to 3 years the accretion on a reserves and production per unit basis of the transaction will improve significantly with an update to the engineering report and additional development drilling on the undeveloped lands.

Excluding Mission's land and seismic value of \$130 million and Crescent Point's gain of \$30 million from its Mission ownership, the Plan metrics are as followings:

1. Cash Flow Multiple:

- 6.2 times based on estimated 2007 production (\$65.00 US WTI/bbl; \$8.00/mcf AECO and \$0.89 CDN\$/US\$ exchange rate)

2. Production:

- \$109,000 per producing boe based on 5,500 boe/d

3. Reserves:

- \$27.27 per proved plus probable boe
- \$42.86 per proved boe

## **CRESCENT POINT PRO FORMA**

Following the completion of the Plan, Crescent Point will have an initial enterprise value in excess of \$2.5 billion with a high quality reserve base and a strong financial position with debt to cash flow of less than 0.7 times. Crescent Point's focused high netback production and cash flow base, and large low risk development inventory positions the Trust as one of the most sustainable trusts in the industry.

Mission's asset base brings Crescent Point significant exposure to considerable reserve growth potential in the light sweet Bakken pool. The Trust will have access to a resource base of over 2.5 billion barrels of original oil in place. The addition of Mission's operated Bakken property, which is adjacent to Crescent Point's Innes and Stoughton properties, improves the Trust's sustainability and low risk drilling inventory. Crescent Point will have the drilling inventory in place to maintain production for more than 5 years and the potential to double its proved light oil reserves over the next 3 to 5 years.

*Key pro forma attributes include:*

- Current combined production of more than 26,500 boe/d comprised of 87% oil and 13% natural gas;
- Higher netback production base;
- Resource base of more than 2.5 billion barrels of original oil in place;
- Combined proved reserves of approximately 76.7 million boe and 111.6 million boe of proved plus probable reserves (based on current 2005 year end independent reserve report and 2006 acquisitions to date);
- Reserve life index of 7.9 and 11.5 years on a proved and proved plus probable basis;
- 2007 estimated cash flow of more than \$327 million and debt to cash flow of less than 0.7;
- Low operating costs of less than \$8.00/boe and low royalties of less than 20%;
- Concentrated combined production base in southeast Saskatchewan that provides opportunity to drive capital expenditure savings and operating cost efficiencies;
- Bank line of approximately \$475 million with unutilized bank line of more than \$260 million;
- Large undeveloped land base of approximately 317,000 net acres (496 sections of land); and
- More than 5 years of drilling inventory to maintain production with over 870 net lower risk development locations in inventory.

## **OUTLOOK – 2006 AND PRELIMINARY 2007 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 oil and natural gas properties in western Canada.

For the remainder of 2006 Crescent Point plans to continue with its existing 2006 budget and drill approximately 80 net wells and spend up to \$90 million. The Trust plans to continue with Mission's current budget and spend approximately \$35 million for the remainder of the year, for a total of \$127 million in 2006. Mission has approximately 30 gross (22 net) wells left to be drilled for the remainder of the year for a total of 92 gross (64 net) wells in 2006 with the majority focused on the Bakken resource play.

With the closing of the Plan, the Trust's preliminary 2007 capital expenditures budget will be set at approximately \$150 million. Crescent Point's 2007 preliminary budget will be balanced more towards the development and exploitation of the Bakken resource play which will continue to improve and increase the Trust's overall corporate netbacks while maintaining a preliminary 2007 average daily production of 26,500 boe/d. The Mission acquisition provides Crescent Point with increased development drilling flexibility as well as capital and operating cost savings in the Trust's main operating area of southeast Saskatchewan.

The Trust's drilling inventory increases from 300 to more than 870 net lower risk development drilling locations.

In addition, Crescent Point continues to protect its cash flow stream with its hedge program through a combination of swaps, collars and put structures. Currently, Crescent Point has 46%, 34% and 15% of its production hedged for 2007, 2008 and the first half of 2009, respectively.

The Trust's preliminary annual projections for 2007 are as follows:

### 2007 Preliminary Budget

Production	
Oil and NGL (bbls/d)	23,000
Gas (mcf/d)	21,000
<b>Total (boe/d)</b>	<b>26,500</b>
Cash Flow (\$000)	327,000
Cash flow per unit – diluted (\$)	3.15
Cash distributions per unit (\$)	2.40
Payout Ratio - per unit diluted (%)	76
Capital expenditures (\$000)	150,000
Wells drilled, net	125.0
Pricing	
Crude oil - WTI (US\$/bbl)	65.00
Crude oil – WTI (Cdn\$/bbl)	73.00
Natural gas (Cdn \$/mcf)	8.00
Exchange rate (US\$/Cdn\$)	0.89

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

## BOARD'S OF DIRECTORS RECOMMENDATIONS

The Independent Committees of the Boards of Directors of both Crescent Point and Mission have unanimously approved the Plan. The Mission Board has concluded that the Plan is in the best interests of its shareholders, and has resolved to recommend that the Mission shareholders vote their Mission shares in favour of the Plan. The officers and Board of Directors of Mission beneficially owning approximately 8.3% of the shares of Mission have agreed to enter into Lock-up Agreements and agreed to vote their Mission securities in favour of the Plan. Mission has also agreed that it will not solicit or initiate any discussions concerning the sale of material assets or any other business combination. Mission has also granted Crescent Point a 72 hour right to match any superior proposals. The Proposal contains a mutual non-completion fee in the amount of \$26.46 million which is payable by Mission or Crescent Point to the other, as the case may be, in certain circumstances if the Plan is not completed.

## FINANCIAL AND STRATEGIC ADVISORS

BMO Capital Markets and Scotia Waterous are acting as financial advisors to Crescent Point with respect to the Plan. BMO Capital Markets and Scotia Waterous have advised the Independent Committee and Board of Directors of Crescent Point that they are of the opinion, as of the date hereof, that the consideration offered pursuant to the Plan is fair from a financial point of view to the Crescent Point unitholders.

GMP Securities L.P. and Orion Securities Inc. are acting as financial advisors to Mission with respect to the Plan and GMP Securities L.P. has advised Mission's Independent Committee and Board of Directors, subject to review of formal documentation, that it is of the opinion that the consideration to be received by Mission shareholders is fair from a financial point of view. Tristone Capital Inc. acted as strategic advisor to Mission in connection with the Plan.

## **FORWARD LOOKING STATEMENTS**

Certain statements contained in this press release may constitute forward looking statements, including expectations of future production, cash flow and earnings. All forward-looking statements are based on the Crescent Point's beliefs and assumptions based on information available at the time the assumption was made. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward looking statements. By its nature, such forward-looking 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 statements, including those material risks discussed in our annual information form under "Risk Factors" and in our MD&A under "Business Risks and Prospects". These risks include, but are not limited to: the risks associated with the oil and gas industry (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, price and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. 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. These statements speak only as of the date of this press release or as of the date specified in this press release. 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, unless required by law, 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.

This news release is not for dissemination in the United States or to any United States news services. The trust units of Crescent Point have not and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold in the United States or to any U.S. person except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Crescent Point is a conventional oil and gas income trust with assets strategically focused in properties comprised of high quality, long life, operated, light oil and natural gas reserves in western Canada.

### **CRESCENT POINT ENERGY TRUST**

Scott Saxberg,

President and Chief Executive Officer

### **MISSION OIL AND GAS INC.**

Trent J. Yanko,

President and Chief Executive Officer

### **FOR FURTHER INFORMATION ON CRESCENT POINT ENERGY TRUST OR MISSION OIL AND GAS INC. PLEASE CONTACT:**

Greg Tisdale, Chief Financial Officer or Trent Stangl, Manager Marketing and Investor Relations.

Telephone: (403) 693-0020

Fax: (403) 693-0070 website: [www.crescentpointenergy.com](http://www.crescentpointenergy.com)

### **Mission Oil & Gas Inc.**

Trent J. Yanko, President and Chief Executive Officer

Telephone: (403) 263-9964

Fax : (403) 263-9965 website: [www.missionoilgas.com](http://www.missionoilgas.com)