

April 2014

Wildwood SAGD Project and Related Items Update

Surmont Energy Ltd. (Surmont) is a privately owned, junior oil sands company founded in 2011 and headquartered in Calgary, Alberta. Surmont's oil sands leases form a 19-square mile land block (approximately 12,000 acres), about 50 km south of Fort McMurray. The block is near regional highways, rail lines, and other infrastructure. Surmont (80%) and another private company (20%) are proposing to construct and operate the Wildwood SAGD Project, with Surmont as the project operator.

The proposed Wildwood SAGD Project (the Project) is designed to recover the bitumen oil sands resources from a 4.25 square mile area (the Project Area) in the northwest part of this land block, by drilling horizontal well pairs and injecting steam into one well of the pair and producing heated bitumen and water from the other well in the pair. This Steam-Assisted Gravity Drainage (SAGD) process is the most commonly used underground oil sands technology in the area, and has much less surface impact than surface mining.

Current plans are to initially construct the Wildwood Central Processing Facility (including a cogeneration power plant), two or more well pads and related connecting roads and pipelines, and the access road/utilities corridor, as shown on the map. Additional well pads and related connecting roads and pipelines will be added in the Project Area through the life of the project. The Project is expected to operate for between 20 and 30 years.

Wildwood Project Update

Surmont issued its initial Wildwood SAGD Project plain-language brochure in June 2012. Wildwood SAGD Project applications for regulatory approval were submitted in October 2012, and several rounds of additional information have been provided to the regulatory bodies since then. The plain-language brochure and Application can be viewed on Surmont's website. Surmont anticipates that its Wildwood SAGD Project application process could be complete and approvals received during the summer or autumn of 2014.

Since the initial plain-language brochure was issued, Surmont has continued consultation activities with affected and potentially affected stakeholders. Through this consultation, we are identifying and working to address any issues and concerns related to our proposed operations and related items, including the natural gas-fuelled cogeneration power plant and access road/utilities corridor. Surmont is also preparing to conduct other field work to drill and evaluate the SAGD project water source wells and monitoring wells, conduct geotechnical sampling for the central processing facility, well pads and all-season access road/utilities corridor, and related work.

Current plans are for construction of the Project to begin during the period of 2015 to 2017 and for start-up to occur two or three years later. Construction of the access road/utilities corridor could begin as early as late 2014. The actual timing of construction will depend largely on when Project approvals are received and when the final project go-ahead is given by the Project owners.

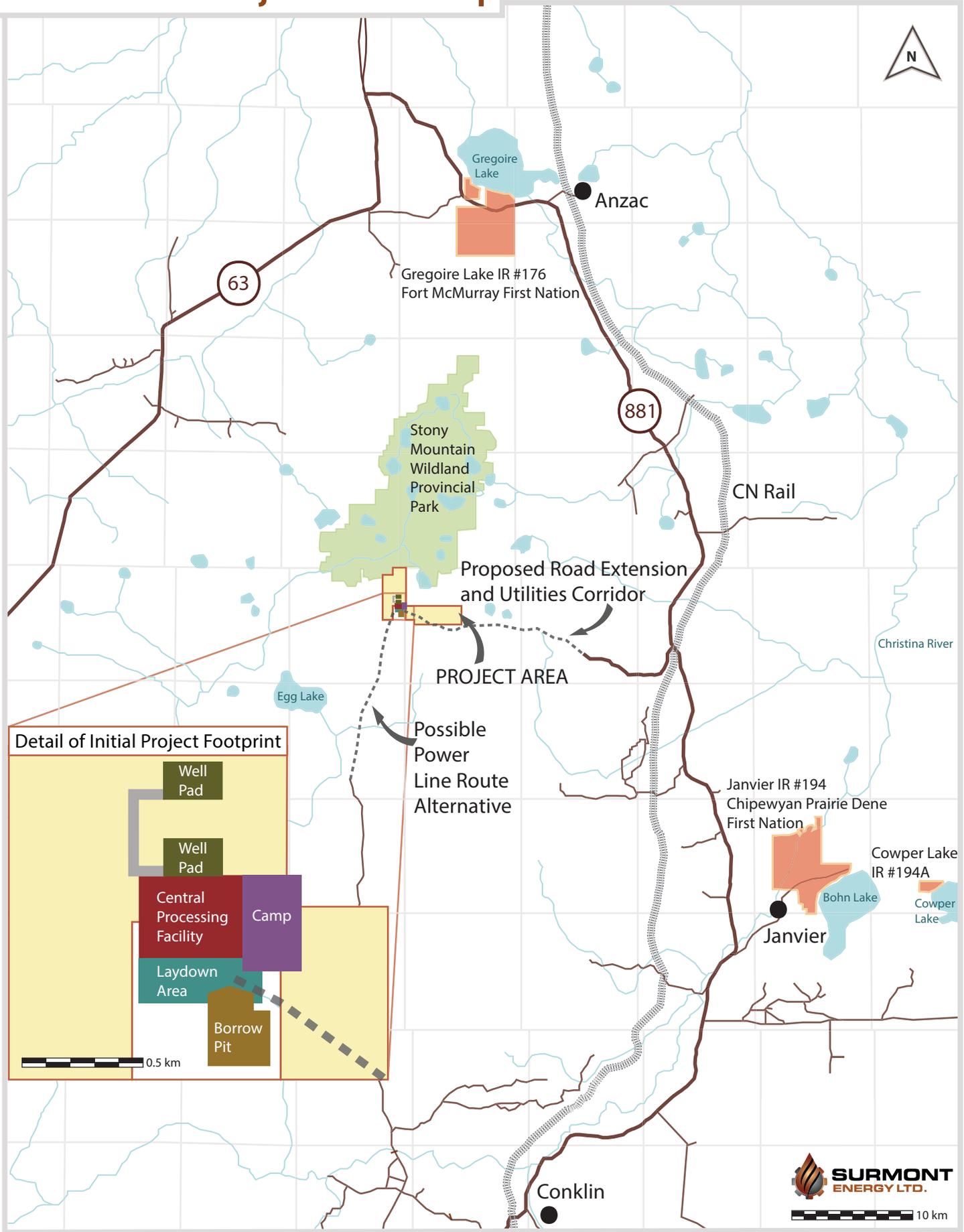
Related Items Update

The Wildwood SAGD Project Central Processing Facility site includes a proposed natural gas-fuelled cogeneration power plant, as described in the Project Application. If the cogeneration plant is constructed, a power supply line into the area could be unnecessary; however, the power supply line alternative currently remains under consideration.

Surmont is proposing an approximately 15-kilometre extension of the existing Pony Creek all-season road, to access the Project Area and for other area users. This road is also being planned as a utilities corridor for the gas supply pipeline and possibly diluent and production pipelines and power and communication lines if these are needed. As shown on the map, an alternate route for the power line, if required, is up to the Project Area from the south.

Surmont is carrying out consultation activities and providing information on the related items along with Wildwood SAGD Project consultation though some of these items will require separate regulatory applications. As work proceeds on the Wildwood SAGD Project and the related items, Surmont will be applying for the related surface dispositions.

Wildwood SAGD Project Location Map



Surmont is also preparing to conduct additional Oil Sands Exploration (OSE) programs in the area of the Wildwood SAGD Project. The next OSE program is currently being planned for the winter of 2014-2015. These OSE programs are separate from the current Wildwood SAGD Project consultation and approval process.

Benefits and Opportunities

The Wildwood SAGD Project will provide business and employment opportunities in the local area and wider Alberta region during project construction and operation. After receiving regulatory approvals and ownership approval to proceed with the Project, Surmont plans to make available such opportunities to local residents, including Aboriginal communities and stakeholder groups throughout the area.

For Further Information

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