



# PETROBAKKEN

A PETROBANK COMPANY

PRESS RELEASE

## PETROBAKKEN ANNOUNCES STRATEGIC CARDIUM ACQUISITION AND OPERATIONAL UPDATE

Calgary, Alberta – January 4, 2010 – PetroBakken Energy Ltd. (“**PetroBakken**” or the “**Company**”) (TSX: PBN) is pleased to provide an update on the Company’s operations and to announce that it has entered into an amalgamation agreement (the “**Agreement**”) with Berens Energy Ltd. (“**Berens**”) and a wholly-owned subsidiary of PetroBakken, pursuant to which PetroBakken will indirectly acquire all of the issued and outstanding shares of Berens for cash consideration of \$2.70 per Berens share (the “**Transaction**”), representing a 34% premium to the weighted average closing price of Berens’ shares on the Toronto Stock Exchange for the twenty trading days ended December 31, 2009. The Transaction, including Berens’ indebtedness of approximately \$65 million, is valued at approximately \$336 million. The Transaction will be completed by way of amalgamation (“**Amalgamation**”) pursuant to the *Business Corporations Act* (Alberta) and is expected to close near the end of February 2010.

PetroBakken participated in a competitive process where Berens’ Board of Directors sought to review strategic alternatives, including an outright sale of Berens. Berens currently has estimated production (based on field receipts for December) of 3,650 barrels of oil equivalent per day (“**boepd**”) (78% gas). Production to-date for Berens has been predominantly gas, from the Notikewin formation in the West Pembina area of central Alberta. Recently, Berens has begun exploration to assess the Cardium light oil potential on this land position within the West Pembina area. Berens has a total of approximately 70 gross (40 net) sections of land that are prospective for Cardium. Berens has drilled two successful horizontal wells into the Cardium to date, and is currently completing a third well into the zone. PetroBakken believes that we can further the exploration and development of these assets by applying our industry-leading experience in drilling long horizontal wells with multi-stage fracture stimulation completions, gained primarily through drilling and completing more than 500 wells in the Bakken and continuously evolving the efficiency of this technology.

### The Acquisition

Gregg Smith, President and Chief Operating Officer of PetroBakken, commented, “This acquisition provides the opportunity for PetroBakken to diversify our asset base while enabling our technical teams to apply our leading edge technical knowledge and capacity to execute extensive horizontal drilling campaigns in another major light oil resource play. In addition, the current temporary royalty and drilling incentives in Alberta provide an economic incentive that makes the Cardium play an attractive investment at this time.”

The Transaction is viewed as strategic by PetroBakken as it provides the Company with access to over 70 gross (40 net) sections of land that are prospective for Cardium in the west Pembina fairway. The acquisition is consistent with PetroBakken’s direction to increase exposure to high-netback light oil resource plays. The acquisition of Berens adds to PetroBakken’s land position in the Cardium play, providing PetroBakken with in excess of 100 net potential Cardium locations.

The Transaction is subject to Berens shareholder approval and customary regulatory, stock exchange, court, and other approvals. The information circular with respect to the Amalgamation is expected to be mailed to all Berens shareholders on or about January 25, 2010 and the special

meeting of Berens shareholders is anticipated to be held on or about February 24, 2010, with closing of the Transaction to occur on or about February 25, 2010.

The Board of Directors of Berens has concluded that the Transaction is in the best interests of Berens shareholders and unanimously recommends that Berens shareholders vote their shares in favour of the Amalgamation. All of the directors and officers of Berens, and certain shareholders of Berens, collectively representing in aggregate approximately 24% of the shares of Berens on a fully diluted basis, have entered into lock-up agreements with PetroBakken to vote their Berens shares in favour of the Amalgamation.

The Agreement prohibits Berens from soliciting or initiating any discussion regarding any other transaction or sale of assets, contains provisions enabling PetroBakken to match competing proposals and, in certain circumstances, provides for a termination fee in the amount of \$10 million payable by Berens to PetroBakken if the Amalgamation is not completed.

PetroBakken plans to fund the Transaction through a combination of proceeds from our Alberta assets dispositions and a fully underwritten expansion of our existing credit facilities to \$1.25 billion, underwritten by the Toronto-Dominion Bank.

TD Securities Inc. acted as sole financial advisor to PetroBakken for the Transaction.

### **Acquisition Highlights**

Key attributes of the Transaction are:

- More than 11 mmboe of proved plus probable reserves with significant future reserve growth potential through revisions, additions, improved recoveries and the application of technology (none of the recent Cardium locations have been included in the reserve reports);
- 2009 exit production of 3,650 boepd;
- Proved plus probable reserve life index of more than eight years based on the existing reserve report;
- Land position of 70 gross (40 net) sections that are prospective for the Cardium;
- Estimated to contain in excess of 100 net potential Cardium locations; and
- Approximately \$120 million of tax pools.

### **PetroBakken Operational Update**

PetroBakken is increasing the previous 2010 corporate guidance as a result of the Transaction and expects to exit 2010 with production of 46,600 boepd (predominantly light oil), exclusive of those Alberta assets currently being divested. This represents approximately a 25% increase in production to PetroBakken's December 2009 average production, excluding production from the properties currently being divested.

We are pleased to report that our estimated field production (excluding production from the properties currently being divested) for the first three weeks of December has averaged in excess of 37,000 boepd. Final production numbers for the month will also include six additional Bakken oil wells that were brought on production in the last week of December, 2009.

As previously announced, PetroBakken continues to work towards the completion of its planned disposition of non-core assets. We have closed on a disposition of approximately 2,000 boepd for gross proceeds of \$180 million and we are working toward final agreements on approximately an additional 4,000 boepd of non-core Alberta production.

### **PetroBakken Bi-Lateral Horizontal Well Update**

PetroBakken has been, and continues to be, at the forefront of adopting new technologies to exploit both conventional and unconventional resources. PetroBakken has recognized that an increase in horizontal well fracture stimulation intensity results in higher well productivity and ultimate oil recoveries. The use of bi-lateral horizontal wells in the Bakken and in other plays is one example of PetroBakken's applied technology approach and the results are encouraging. To date, PetroBakken has drilled 41 long bi-lateral wells into the Bakken.

PetroBakken will continue to apply new technologies and methodologies in existing plays (such as the Bakken) while also working to identify new plays within which our approach can unlock significant incremental value. Our evaluation work on the Cardium, and recent activity in the Cardium by other industry players, strongly suggests that applying new horizontal drilling and completion techniques to the play has this potential. PetroBakken will continue to build on our extensive portfolio of resource play assets to support our long-term growth objectives.

### **Cardium Resource Play Overview**

The Cardium at Pembina is an extensive reservoir considered to be the largest onshore light oil pool in North America. The Cardium formation has been producing oil and gas for over 50 years. It is typically a sandstone deposit encased in thick shale and is found across much of the Western Canadian Sedimentary Basin. Reservoir quality varies considerably across the basin as does the thickness and extent of the pay column. Historically the economic limits of drilling activity had been governed by the ability to produce from vertical wellbores. In recent years, the application of horizontal drilling and completion technology has enabled the limits of the play to be extended into what is now considered the Cardium Resource Play.

To date, Berens has drilled three horizontal wells into the Cardium on the west side of the main Cardium pool. The first well (50% working interest) did not reach full lateral length due to mechanical difficulties yet flowed back on completion at 220 bopd and is currently producing 170 bopd. The second well (60% working interest) was drilled further and flowed back at over 1,200 bopd on flush production. It is currently producing at 180 bopd with a high fluid level in the well bore. The third well (60% WI) was drilled to a full 1,200 metre length and is currently being completed. A fourth horizontal well (non-operated, 40% working interest) is planned to commence drilling in early January 2010. PetroBakken intends to ramp up the drilling activity in the area by implementing a multi-rig program in 2010.

**PetroBakken Energy Ltd.** is a premier light oil production company combining, high growth, long-life Bakken reserves and production with legacy conventional light oil assets, delivering industry leading operating netbacks, strong cash flows and production growth. PetroBakken has a multi-year inventory of Bakken and light oil development locations, along with significant future development opportunities in the Horn River and Montney gas resource plays in northeast BC and the Cardium in Alberta. Our strategy is to deliver accretive production and reserves growth, along with an attractive dividend yield.

**Forward-Looking Statements.** Certain information provided in this press release constitutes forward-looking statements. The words "anticipate", "expect", "project", "estimate", "forecast" and similar expressions are intended to identify such forward-looking statements. Specifically, this press release contains forward-looking statements relating to the Transaction, potential reserves, production, and drilling locations. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. You can find a discussion of those risks and uncertainties in our Canadian securities filings. Such factors include, but are not limited to: the failure to obtain necessary Berens shareholder approval with respect to the Transaction, the failure to obtain necessary regulatory approvals or satisfy the conditions to closing the Amalgamation, general economic, market and business conditions; fluctuations in oil prices; the results of exploration and development drilling; recompletions and related activities; timing and rig availability, the uncertainty of reserve estimates; changes in environmental and other regulations; risks associated with oil and gas operations; and other factors, many of which are beyond the control of the Company. There is no representation by PetroBakken that actual results achieved during the forecast period will be the same in whole or in part as those forecast. Except as may be required by applicable securities laws, PetroBakken assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

**BOE.** disclosure provided herein in respect of boes 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 an economic value at the wellhead.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

John D. Wright, Chairman of the Board and Chief Executive Officer  
 R. Gregg Smith, President and Chief Operating Officer  
 Corey C. Ruttan, Executive Vice President and Chief Financial Officer  
 Bill A. Kanters, Vice President Business Development and Corporate Planning  
 Phone: 403.750.4400



**PETROBAKKEN**

A PETROBANK COMPANY

Fifth Avenue Place, East Tower, 800, 425 – 1st Street S.W.  
 Calgary, Alberta T2P 3L8

Phone: 403.268.7800 – Fax: 403.268.7808

E-mail: [ir@petrobakken.com](mailto:ir@petrobakken.com) - Website: [www.petrobakken.com](http://www.petrobakken.com)

TSX:PBN