

Attention Business Editors:

Twin Butte Energy Ltd. completes strategic business combination

CALGARY, Oct. 15 /CNW/ - Twin Butte Energy Ltd. (TSX: TBE) ("Twin Butte") and Buffalo Resources Corp. ("Buffalo") (TSXV:BFR) are pleased to announce that the business combination between Twin Butte and Buffalo pursuant to an arrangement under the Business Corporations Act (Alberta) (the "Arrangement") was completed today. Pursuant to the Arrangement, Twin Butte issued approximately 54.4 million common shares ("Twin Butte Shares") to acquire all of the issued and outstanding common shares of Buffalo. After giving effect to the Arrangement, Twin Butte has approximately 109.7 million Twin Butte Shares outstanding (on a non-diluted basis). In connection with the completion of the Arrangement, William Trickett and Murray Sinclair, former directors of Buffalo, have been appointed as directors of Twin Butte.

Buffalo is also pleased to announce that it has completed the acquisition of an industry partner's working interests in various Buffalo wells for consideration of \$7.7 million. These interests amount to approximately 300 boe's per day of production.

Post-Arrangement the attributes of the new Twin Butte are:

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- An enterprise value in excess of \$210 million (based on the current trading price of the Twin Butte Shares).
- Production capability of approximately 6,500 boe/d (64% natural gas; 18% heavy oil; 18% light oil and NGL's). Current production is approximately 5,850 boe/d with the Pincher Creek property currently shut in due to low gas prices. It is anticipated Pincher Creek will return to net production of 650 boe/d before year end.
- A strong balance sheet with approximately \$112 million in net debt with a new credit facility of \$120 million. Non-core asset sales are anticipated to reduce this net debt figure over the next 2 to 6 months.
- Proved Reserves of 21.1 MMboe(1) and Proved plus Probable Reserves of 28.7 MMboe(1).
- A Proved plus Probable RLI of 12 years leading to a predictable low decline production base.
- In excess of 285,000 net acres of undeveloped land and a commodity balanced and diversified portfolio of drilling prospects in excess of 300 drillable locations.
- A multi-year conventional heavy oil drilling program at Frog Lake currently generating a recycle ratio of 3.5 times in addition to repeatable gas play types in the Deep Basin and Eastern Plains areas with significant upside.
- Tax pools of approximately \$300 million.

Note:

- (1) Based on the independent reserves reports disclosed in each company's annual information form for the year ended December 31, 2008, subject to downward revision by Twin Butte management in the case of Buffalo's reserves.

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Operations Update

Twin Butte's capital program for the fourth quarter of 2009 will be approximately \$7.0 million, which is expected to be less than cash flow for the period. Drilling operations are underway at Frog Lake with the first 4 wells of a 15 well program cased for multizone oil potential. With over 350 MMboe's of oil in place on company owned lands, the Frog Lake property offers a multi-year drilling and recompletion inventory. Twin Butte anticipates drilling approximately 15 wells per quarter at Frog Lake through 2010.

In the Alberta Deep Basin, plans are underway to execute a winter gas drilling program designed to evaluate and commence exploitation of Twin Butte's substantial inventory of prospects. The program is comprised of a number of liquids rich Cardium development wells; a vertical exploratory well targeting the Spirit River; as well as Twin Butte's first horizontal Notikewin well. The company continues to expand its area land position through crown sales.

At Teal in NE British Columbia an exploratory gas well is scheduled for the fourth quarter which if successful could add a multiwell horizontal program for 2010.

Bank Line and Asset Rationalization

At closing of the Arrangement, a new \$120 million bank facility was put in place to replace Twin Butte's and Buffalo's prior bank facilities of an aggregate of \$140 million. This new facility is reflective of current price decks from the banks, which were recently decreased. The decrease in the bank facility was commodity price related and is not indicative of any reserve decreases. With current net debt of approximately \$112 million and the intent to keep capital commitments below cash flow for the foreseeable future, combined with a focused hedging strategy, Twin Butte believes that this new bank facility will accommodate its ongoing business plan allowing for organic growth.

Consistent with Twin Butte's plan to rationalize non-core assets to further focus its activities to its core operations at Frog Lake, the Deep Basin, and Pincher Creek, over the next six months a number of non-core oil and gas assets will be rationalized through sales or swaps. Market conditions will dictate the timing of such activity although it is likely a number of these assets will be sold before the 2009 year-end.

Outlook

Post the Arrangement the new Twin Butte has repositioned itself as an emerging intermediate producer with aggressive growth plans. Twin Butte has an extensive drill-ready, commodity balanced, prospect inventory of over 300 drillable locations as well as 285,000 net acres of undeveloped land to fuel organic growth for a number of years. Management believes its current production base will provide critical mass cash flow to aggressively exploit Twin Butte's heavy oil opportunities at Frog Lake as well as its substantial deep basin gas inventory. Twin Butte expects to focus over 90% of its 2010 capital budget in these two areas. This combined with opportunistic acquisition and merger opportunities is expected to move Twin Butte into the intermediate ranks over the next several years.

Twin Butte Energy Ltd. is a value oriented, Calgary, Alberta based oil and natural gas company. The common shares of Twin Butte are listed on the Toronto Stock Exchange under the symbol "TBE".

Forward-Looking Statements

In the interest of providing Twin Butte's shareholders and potential investors with information regarding Twin Butte and Buffalo, including management's assessment of the future plans and operations of Twin Butte, certain statements contained in this press release constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue",

"estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In addition, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. In particular, this press release contains, without limitation, forward-looking statements pertaining to the following: potential synergies resulting from the Arrangement, the effect of the Arrangement on Twin Butte's production, cash flow, reserves, undeveloped land position, RLI and tax pools and Twin Butte's fourth quarter capital and drilling program and new bank facility.

With respect to forward-looking statements contained in this press release, we have made assumptions regarding, among other things: future capital expenditure levels; future oil and natural gas prices and differentials between light, medium and heavy oil prices; future oil and natural gas production levels; future exchange rates and interest rates; our ability to obtain equipment in a timely manner to carry out development activities; our ability to market our oil and natural gas successfully to current and new customers; the impact of increasing competition; our ability to obtain financing on acceptable terms; and our ability to add production and reserves through our development and exploitation activities. Although we believe that the expectations reflected in the forward looking statements contained in this press release, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this press release, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause Twin Butte's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the following: volatility in market prices for oil and natural gas; incorrect assessment of the value of the Arrangement; failure to realize the anticipated benefits and synergies of the Arrangement; general economic conditions in Canada, the U.S. and globally; and the other factors described under "Risk Factors" in Twin Butte's and Buffalo's most recently filed Annual Information Form available in Canada at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this press release speak only as of the date of this press release. Except as expressly required by applicable securities laws, we do not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

Barrels of Oil Equivalent

Barrels of oil equivalent (boe) is calculated using the conversion factor of 6 Mcf (thousand cubic feet) of natural gas being equivalent to one barrel of oil. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl (barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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