

Delphi Energy Corp.

TSX: DEE



Feb 11, 2009 21:49 ET

Delphi Energy Reports Significant Growth in Reserves, Record Production and Provides 2009 Guidance

CALGARY, ALBERTA--(Marketwire - Feb. 11, 2009) - Delphi Energy Corp. ("Delphi" or "the Company") (TSX:DEE) is pleased to report its crude oil and natural gas reserves information for the year ended December 31, 2008 and provide an operational update for the fourth quarter of 2008 and the winter drilling season.

Highlights

- During the year ending December 31, 2008 the Company drilled 23 (16.6 net) wells with an overall success rate of 99 percent based on net wells. During the fourth quarter, Delphi drilled three (2.5 net) gas wells resulting in a 100 percent success rate.
- Achieved record production of 6,708 barrels of oil equivalent per day (boe/d) in the fourth quarter, marking the seventh consecutive quarter of production growth. Production for full year 2008 is 6,345 boe/d, representing a 19 percent increase over 2007 volumes.
- Increased total proved reserves by 33 percent to 15.1 million barrels of oil equivalent and total proved plus probable reserves by 28 percent to 22.0 million barrels of oil equivalent. Total proved plus probable reserves per basic share outstanding increased by 10 percent.
- Estimated net asset value per share increased by 22 percent to \$3.16 based on before tax net present value of total proved plus probable reserves discounted at ten percent.
- Accumulated a contiguous land block of 8,000 gross acres (5,250 net acres) targeting a Doig / Montney play in northeast British Columbia.
- Delphi has 50 percent of its current 2009 production hedged at a floor price of \$7.42 per mcf, which is 35 percent higher than the current forward AECO strip.

OPERATIONS UPDATE

Through the winter program Delphi achieved 100 percent drilling success, record production volumes and has been successful with its ongoing land acquisition strategy.

Drilling

During the fourth quarter, Delphi drilled three (2.5 net) natural gas wells resulting in a 100 percent success rate. During the year ending December 31, 2008 the Company drilled 23 (16.6 net) wells with an overall success rate of 99 percent based on net wells. To date in 2009, Delphi has followed up on previous successes in the Hythe and Bigstone areas by drilling three (2.8 net) natural gas wells with 100 percent success rate.

At Hythe, two horizontal wells targeting Cretaceous gas have been successfully drilled and stimulated utilizing multistage fracturing techniques, one in the fourth quarter of 2008 and the other in the first quarter of 2009. **One well is currently producing 400 mcf/d with significant quantities of completion fluid remaining to be recovered. During short term testing, the other well produced at initial rates in excess of 2,500 mcf/d and is anticipated to produce at stabilized rates of 1,000 to 2,000 mcf/d which is consistent with pre-drill expectations.** The well is currently being tied in to existing infrastructure and will be producing to sales by mid February. The Company views the technical success of drilling and multistage fracture stimulation of the horizontal wells as the initial stage in exploiting the resources identified by a contingent resource study that is being finalized by GLJ Petroleum Ltd. ("GLJ"), an independent petroleum engineering firm.

Production

Delphi has achieved record production levels of 6,708 boe/d in the fourth quarter, the seventh consecutive quarter of production growth. Fourth quarter production levels represent a 14 percent increase over fourth quarter 2007 volumes of 5,868 boe/d and a five percent increase over third quarter 2008 volumes of 6,409 boe/d. Estimated production for full year 2008 is 6,345 boe/d representing a 19 percent increase over 2007 volumes of 5,323 boe/d. Fourth quarter and full year production is 88 and 87 percent natural gas respectively.

The Bigstone and Hythe areas continue to lead the way in production and production growth contributing 4,800 boe/d or 72 percent of Delphi's fourth quarter volumes. A significant undeveloped land base, multi-zone potential and the successful application of emerging technologies continue to provide material production growth opportunities in existing and new play concepts.