Surge Energy

Surge Energy Inc. Announces Increase in Bank Line from $175 Million to $250 Million

CALGARY, April 12, 2012 /CNW/ - **Surge Energy Inc.** ("**Surge**" or the "**Company**") (TSX: SGY) is pleased to announce that its banking syndicate, led by National Bank of Canada and including the Bank of Nova Scotia, Canadian Imperial Bank of Commerce and ATB Financial has increased the Company's bank line from the previous $175 million to $250 million. The increase provides Surge with significant financial flexibility to execute its 2012 capital program.

With this bank line increase to $250 million and recent strip prices, the Company forecasts 2012 year-end net debt of $152 million[1] and exit annualized cash flow of $159 million[1] based on Surge's 11,000 boe per day (77 percent oil and ngl's) forecast exit production rate. This results in an exit annualized net debt to cash flow ratio of 1.0 with 39 percent or $98 million of Surge's bank line undrawn at year-end.

Surge's Annual General Meeting is scheduled for 3:00pm Mountain Standard Time on May 10, 2012 at the Petroleum Club, Devonian Room located at 319 - 5th Avenue SW, Calgary AB.

Surge is an oil focused oil and gas company with operations throughout Alberta, Manitoba and North Dakota. Surge's common shares trade on the Toronto Stock Exchange under the symbol SGY and currently has 71.0 million basic and 78.1 million fully diluted shares outstanding.

FORWARD LOOKING STATEMENTS:

This press release contains forward-looking statements. More particularly, this press release contains statements concerning anticipated: (i) exit oil & natural gas production for 2012, (ii) funds from operations, (iii) debt and bank facilities, and (iv) the weighting of Surge's production between oil and natural gas.

The forward-looking statements are based on certain key expectations and assumptions made by Surge, including expectations and assumptions concerning the performance of existing wells and success obtained in drilling new wells, anticipated expenses, cash flow and capital expenditures and the application of regulatory and royalty regimes.

Although Surge believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Surge can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (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 and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Certain of these risks are set out in more detail in Surge's Annual Information Form which has been filed on SEDAR and can be accessed at www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and Surge undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Note: Boe means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6,000 cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Boe/d means barrel of oil equivalent per day.

[1] Based on US$103.60/bbl WTI, $1.97/GJ AECO, US$/CDN$ exchange rate of $1.0010 on average for 2012.

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