Surge Energy

Surge Energy Inc. Announces Two Significant North Dakota Light Oil Asset Acquisitions, Operational Update and Pending Increase to Bank Line

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CALGARY, April 7 /CNW/ - Surge Energy Inc. ("**Surge**" or the "**Company**") (TSXV: SGY) is pleased to announce the acquisition of adjoining Spearfish light oil assets in Bottineau County, North Dakota through two key transactions (the "Acquisitions"). The Acquisitions more than double the Company's net unbooked Spearfish light oil drilling inventory by adding 205 gross (120 net) horizontal drilling locations. The Acquisitions also include a high working interest, contiguous undeveloped land base of more than 100,000 acres that is exploratory in nature and prospective for light oil in the Basal Spearfish and the Madison Formations.

Surge is also pleased to provide exciting results of recent wells drilled at Valhalla South and Windfall.

Summary of the Acquisitions

Through the Acquisitions, Surge is acquiring 100 bbl/d (2010 exit rate) of high quality, high netback, light oil production, 6,000 net acres of highly prospective land in the Spearfish light oil resource play adding 205 gross (120 net) horizontal drilling locations and greater than 100,000 acres of additional, high working interest, undeveloped land for total consideration of $21.5 million in cash (subject to customary closing adjustments). The assets will be acquired by Surge Energy USA Inc., a wholly owned subsidiary of Surge Energy Inc. After closing both transactions, Surge will have approximately 329 gross (231 net) horizontal Spearfish drilling locations in Manitoba and North Dakota.

The 6,000 net acres of highly prospective Spearfish lands are located directly south of the Waskada and Goodlands Spearfish oil fields, immediately adjacent to the Canada/USA border. Based on existing vertical well producers and the proximity to Goodlands, Surge characterizes the acreage as being within the sweet spot of the Spearfish trend with internally estimated Discovered Petroleum Initially In Place (DPIIP) of 10 to 15 mmbbls of oil per section. Management believes the acreage can be effectively exploited by drilling 205 gross (120 net) horizontal wells resulting in internally estimated net oil reserves of 7.4 mmbbls (36 degree API). On portions of the same acreage, Surge has also identified additional light oil upside in the underlying Madison Formation (Mississippian) with internally estimated DPIIP of 1.5 to 4.5 mmbbls per section. This formation has traditionally been developed with vertical wells but may have the potential to be further exploited using conventional horizontal wells.

On the remaining undeveloped land, which consists of more than 100,000 net acres, management believes the Basal Spearfish has significant potential as a light oil resource play and could likely be exploited with vertical wells or conventional horizontal wells. Surge estimates the Total Petroleum Initially In Place (TPIIP) of the Basal Spearfish to range between 1.5 and 3 mmbbls of oil per section; and if tested successfully, the play could cover up to 20 percent of the undeveloped land base. The Madison Formation also has potential as a secondary target with similar TPIIP per section and could be exploited with verticals wells and conventional horizontal wells.

The Acquisitions have the following characteristics:

	Acquisition #1	**Acquisition #2**
Acquisition Price:(1)	$7.5 million	$14.0 million
2010 Exit Production:	40 bbl/d (100 % light oil, 36 degree API)	60 bbl/d (100 % light oil, 36 degree API)
Total Drilling Locations:(2)	130 gross (40 net) - 100% unbooked	125 gross (80 net) - 100 % unbooked
Internally Estimated Net Recoverable Reserves:	2.6 mmbbls (100% light oil)	4.8 mmbbls (100% light oil)
Net Company Land: (3)	1,800 net acres	108,000 net acres
Operatorship	No	Yes
Closing Date:	March 30th, 2011	May 12th, 2011

(1) Subject to customary closing adjustments.

(2) Approximately 50 gross drilling locations overlap between Acquisition #1 and #2

(3) Net company land is the product of gross acreage*working interest*mineral interest

Operational Update

Valhalla South Doig Light Oil Play (Western Alberta)

The first two horizontal wells, each 100 percent working interest ("WI"), in the Valhalla South Doig light oil pool (40 degree API) have been successfully drilled and completed. As previously announced, Surge's first horizontal well at 16-6-74-8W6M was completed with 13, 30 tonne fracs in a 1,250 meter horizontal section of the Doig Formation. The second horizontal well located at 2-7-74-8W6M encountered over 1,000 meters of Doig Formation and was recently completed with 7, 30 tonne fracs. Surge's third horizontal well (14-19-74-8W6M, 53.5 percent WI) is currently drilling horizontally in the Doig and will be completed after spring break-up when surface access to the lease can be obtained.

The 2-7 well initially flowed at rates well in excess of a 1,000 boe/d and after a five day flow test averaged 945 boe/d (85 percent light oil and NGLs). On the last day of the test the well averaged 835 boe/d (79 percent light oil and NGLs). The well was produced up the 114mm (4.5 inch) tie back liner which is currently being replaced with a string of 73mm (2 7/8 inch) tubing. The smaller tubing should further enhance these attractive initial production rates. Estimated cost to drill, complete and tie in this well is as predicted at $4.2 million.

As previously disclosed, the 16-6 well, which management believes is producing with less than half the wellbore contributing, has flowed at rates of approximatley 400 boe/d (61 percent oil and NGLs) for the last two weeks it has been on production. A cost estimate to open up the remainder of the wellbore has been prepared and a decision will be made during spring break-up on whether to execute this operation.

Surge's initial vertical re-frac into the Doig light oil pool at 9-7-74-8W6 averaged greater than 250 boe/d in its first full month of production and paid out with just over one month's incremental production. Prior to the re-frac the well was producing 20 boe/d. Surge has followed up on the initial success of our first vertical re-frac candidate at 9-7-74-8W6M, by performing an additional three vertical re-fracs. All are in various phases of recovering frac water and should be fully cleaned up imminently.

Surge has at least three additional horizontals planned for later this year at Valhalla and has 22 gross (15.8) net horizontal multi-frac drilling locations currently remaining in inventory.

Windfall Bluesky Light Oil Play (Western Alberta)

Surge's fourth Bluesky light oil (36 degree API) horizontal well, 16-29-58-15W5M (100 percent WI), which is two miles south of the existing horizontal wells, has been tied into the recently expanded battery at 16-4-59-15W5M (100 percent WI). Surge's fifth horizontal well, 6-9-58-15W6M (100 percent WI), an additional two miles south of 16-29, has also been tied into the battery. This ensures that both wells will be able to produce through break-up as the liquids rich solution gas is being processed and sold. Surge's production from this light oil property has now increased to more than 1,200 boe/d (approximately 60 percent light oil).

Based on this very successful step out drilling program, Surge reiterates its DPIIP estimates of more than 50 mmbbls of light oil at Windfall**.**

Surge will re-commence its 2011 drilling program at Windfall after spring break-up and currently has 31 gross (31 net) horizontal multi-frac drilling locations remaining in inventory.

Other Developments

Based on Surge's continued light oil drilling success, the Company now anticipates exceeding its 2011 production guidance and plans to update 2011 guidance as part of its year end press release.

In addition, Surge now anticipates its bank line will increase to $120 million before the end of May 2011.

Surge is a light oil focused energy production company with operations throughout Alberta, southwest Manitoba and North Dakota. Surge's common shares trade on the TSX Venture Exchange under the symbol "SGY" and has 56.1 million basic and 61.3 million fully diluted common shares outstanding at the date of this press release.

Forward Looking Statements:

This press release contains forward-looking statements. More particularly, this press release contains statements concerning anticipated capital expenditures for the remainder of 2011, potential geological characteristics of the Company's properties, the potential for enhanced recovery and production from the application of completion and reservoir management techniques, and exploration, development, and acquisition activities.

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.

In this press release: (i) mcf means thousand cubic feet; (ii) mcf/d means thousand cubic feet per day (iii) mmcf means million cubic feet; (iv) mmcf/d means million cubic feet per day; (v) bbls means barrels; (vi) mbbls means thousand barrels; (vii) mmbbls means million barrels; (viii) bbls/d means barrels per day; (ix) bcf means billion cubic feet; * mboe means thousand barrels of oil equivalent; and (xi) mmboe means million barrels of oil equivalent.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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