Crew Energy Announces 2014 Capital Budget Focused on Long Term Montney Growth

December 15, 2013

CALGARY, ALBERTA--(Marketwired - Dec. 16, 2013) - Crew Energy Inc. ("Crew" or the "Company") (TSX:CR) is pleased to announce that its Board of Directors has approved a $246 million capital program for 2014 focused on the development of liquids rich natural gas at Septimus, British Columbia and light oil at Tower, British Columbia. The program is designed to provide a platform for long-term profitable growth and to further delineate Crew's northeast British Columbia Montney resource with over 15 billion boe of Total Petroleum Initially in Place ("TPIIP") assigned by Crew's independent evaluator.

2014 Goals

- Invest in our Montney assets where drilling and completion technology continues to evolve, generating robust and continuously improving economic returns;
- Invest in Montney oil and gas infrastructure to accommodate future production growth targeting corporate exit 2015 production of over 40,000 boe per day;
- Evaluate the Montney potential at Crew's Attachie and Groundbirch, British Columbia properties;
- Further evaluate the potential of the Mannville formation at Princess, Alberta after encouraging results in 2013;
- Maintain aggregate production levels at our Deep Basin, Lloydminster and Princess, Alberta properties with free funds from operations to be distributed to our Montney growth initiatives;
- Improve our corporate netback through reduced operating costs and adding higher netback liquids to our production mix.

2014 Budget Highlights

- Average Montney production is targeted at 11,500 boe per day, a 53% increase over 2013;
- $35 million is planned to be invested in infrastructure to build an oil battery at Tower and start the construction of a second 60 mmcf per day gas processing facility at Septimus which is expected to be onstream in mid-2015;
- Crew will continue with the front-end engineering for its previously disclosed facility at Groundbirch with a planned start-up in 2016;
- Average production for 2014 is forecasted to be 29,500 to 30,500 boe per day (52% natural gas and 48% oil and ngl) representing a forecasted 10% increase over 2013 while fourth quarter 2014 average production is targeted to be 12% over 2013 levels at 31,500 to 32,500 boe per day;
- Crew plans to drill 62 net wells with 47 wells targeting oil and 15 wells targeting liquids rich natural gas;
- Operating expenses are expected to decrease by 8% to $10.25 per boe in 2014 as Septimus operating costs per unit continue to decline;
- Funds from operations are forecasted to be $200 million, an increase of approximately 18% over estimated 2013 funds from operations;
- Funds from operations netbacks are expected to improve as higher valued oil production comes onstream at Tower, natural gas prices are forecasted to be higher than in 2013 and a greater number of wells are drilled horizontally on Crown land at Lloydminster and Princess attracting lower royalties.

2014 Capital Budget by Area

Area-Product	**Wells**	**$MM**
Northeast British Columbia Montney - Gas/ngl	14	94
Tower - Light Oil	6	39
Alberta Kakwa - Gas/ngl	1	10
Alberta Princess - Oil	16	39
Alberta/Saskatchewan Lloydminster - Oil	25	36
Other	-	28
Total	62	246

2014 Capital Budget by Category

Expenditure Type	**$MM**	**%**

Drilling, Completion, Equip & Tie-in	153	62
Facilities and Infrastructure	55	22
Production, Seismic/Land/G&A/Environmental/Other	24	10
Optimization	14	6
Total	246	100

2014 Capital Program

Montney, British Columbia

The capital program in northeast British Columbia is our most ambitious program since we started accumulating land in 2007. Our enthusiasm for this play and this area stems from a long learning curve where a number of drilling and completion techniques have been employed and have now evolved resulting in superior long term economics and growth visibility. Crew has drilled over 40 wells targeting Montney liquids rich natural gas at Septimus with the latest group of wells exhibiting significant increases in production, liquids content and expected rates of return.

The Septimus gas plant expansion to 60 to 65 mmcf per day of capacity has been completed four months ahead of schedule and with the facility at capacity, production has increased in this area from 6,000 boe per day in January 2013 to a current rate of approximately 10,500 boe per day which represents a 75% increase. Improved efficiencies in drilling and completions, pad development and an area water management plan have contributed to reduced costs leading to robust economics. With the drilling success at Septimus, Crew is planning to construct a second 60 to 65 mmcf per day gas facility allowing the Company to fully utilize its expanded pipeline capacity. The expected onstream date is mid-2015.

Crew's 2014 program is expected to keep the existing Septimus gas plant full at a capacity of 60 to 65 mmcf per day. A three (3.0 net) well pad that is currently being drilled and a seven (7.0 net) well pad planned to be drilled and completed in 2014 are expected to keep production volumes in the 10,000 to 11,000 boe per day range. We plan to pre-drill four wells in 2014 in anticipation of the second gas processing facility.

Crew plans to drill and test one (1.0 net) well at Attachie and two (1.0 net) wells at Groundbirch. We have 49 sections of land at Attachie and 57 sections of land at Groundbirch. With recent success at Septimus, we now plan to develop Groundbirch in 2015 and 2016 with a planned start-up of a natural gas processing facility in 2016. The size of this facility has not been finalized.

Tower, British Columbia

At Tower, we plan to drill six (6.0 net) wells from two pads and construct an oil battery.

Mannville - Princess, Alberta

At Princess, 16 horizontal wells are planned to be drilled on Crown lands targeting the Mannville following a successful 2013 drilling program. Crew has over 30 horizontal Mannville drilling locations at Princess. Lower royalties from legacy lower rate Pekisko wells on freehold land and lower royalties associated with new wells drilled on Crown lands are expected to improve area netbacks through the year.

Mannville - Lloydminster, Alberta/Saskatchewan

At Lloydminster, Crew plans to drill 14 horizontal and 11 vertical wells following our successful 2013 program where production has increased 22% from 5,580 to 6,800 bbl of oil per day. The horizontal wells will benefit from lower royalties and are expected to improve operating netbacks.

Falher/Cardium - Kakwa, Alberta

At Kakwa, we plan to drill one step out well following our 2012 Falher discovery which has produced 3.4 bcf in 11 months and is currently producing 10.0 mmcf per day (1,950 boe per day).

Risk Management

For 2014, Crew has the following hedges in place;

- Natural Gas - 32,932 gj per day swapped at AECO floor of $3.51/gj;
- Oil - 4,124 bbl per day swapped at C$ WTI $97.83;
- Oil Differential - 2,500 bbl per day swapped WCS-WTI Differential at C$24.06.

2014 Guidance

Average production (boe/day)	29,500 to 30,500 (48% liquids)
Exit production (boe/day)	31,500 to 32,500 (48% liquids)
Capital Expenditures	$246 million
$U.S. Nymex Oil	$94.57/bbl
$CDN AECO	$3.37/gj
Fx ($US/$CDN)	0.9475
WCS Differentials	26%
Funds from operations (1)	$200 million
Ending debt/Q4 annualized funds from operations(1)	1.83 times
Note:	

(1) Such terms do not have a standardized meaning prescribed by International Financial Reporting Standards. Refer to the Cautionary Statements at the end of this news release.

Crew is investing approximately $34 million in 2014 on the construction of a new gas plant and pre-drilled wells anticipated to begin production in the second half of 2015 that will not contribute production or funds from operations in 2014. These investments are expected to form the foundation of steady and prolonged production growth from the Montney contributing to corporate production targeting greater than 40,000 boe per day at the end of 2015 based on Crew's long range strategic planning.

Our 2014 budget guidance and 2015 targets are best estimates based on certain assumptions including, without limitation, operating results, known fiscal regimes and commodity prices and will be regularly monitored by management. Our objectives will be to proactively manage our capital program as it relates to operational success and fluctuating commodity prices with a priority to maintain financial flexibility and achieve our production guidance. Additional information regarding our 2014 budget can be found within the latest presentation on the Company's website at www.crewenergy.com.

CAUTIONARY STATEMENTS

Forward-looking information and statements

The Company anticipates remaining disciplined but flexible with its 2014 exploration and development capital expenditures as it monitors business conditions and commodity prices throughout the fiscal year. Where deemed prudent, it may make adjustments to its 2014 capital budget. Actual spending may vary due to a variety of factors, including drilling results, crude oil and natural gas prices, economic conditions, prevailing debt and/or equity markets, field services and equipment availability, and any future strategic acquisitions or dispositions. The Company has flexibility to adjust the level of its capital investments as circumstances warrant.

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "forecast", "target", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the forgoing, this news release contains forward-looking information and statements pertaining to the following: the Company's planned 2014 capital expenditure program, goals and drilling plans, estimated, expected and targeted production levels in 2014 and 2015 and commodity mix; future commodity prices, the future differential between WTI prices and WCS prices, future royalty rates, the future exchange rate for the Canadian dollar to the US dollar, operating costs and projected decreases in same, transportation costs, general and administrative costs, interest costs, the Company's cash flow from operations and anticipated improvements in funds from operations netbacks, the Company's estimated 2014 year end bank debt, future results from operations; future development and exploration activities, infrastructure additions, expansions and related capital expenditures, the timing thereof and adequacy of anticipated methods of financing, the number of wells to be drilled and completed and related production expectations; and the amount and timing of capital projects.

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Crew which have been used to develop such statements and information but which may prove to be incorrect. Although Crew believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Crew can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Crew operates; the timely receipt of any required regulatory approvals; the ability of Crew to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Crew has an interest in to operate the field in a safe, efficient and effective manner; the ability of Crew to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Crew to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Crew operates; the ability of Crew to successfully market its oil and natural gas products; ability to improve upon historical recovery factors.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statement, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Crew's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Crew or by third party operators of Crew's properties, increased debt levels or debt service requirements; inaccurate estimation of Crew's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in Crew's public disclosure documents, (including, without limitation, those risks identified in this news release and Crew's Annual Information Form).

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Crew does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

BOE equivalent

Barrel of oil equivalents or 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 a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.

Resource Estimates

This news release contains references to estimates of oil and gas classified as Total Petroleum Initially In Place ("TPIIP") in the Montney region in northeastern British Columbia which are not, and should not be confused with, oil and gas reserves. Such estimates are based upon independent resource evaluations effective as at April 30, 2013 and May 31, 2013, respectively, prepared in accordance with the Canadian Oil and Gas Evaluation

Handbook. Such estimates are subject to a number of cautionary statements, assumptions, risks, positive and negative factors relevant to the estimates and contingencies, the details of which were set forth in Crew's previously disseminated press release dated July 9, 2013. Accordingly, readers are referred to and encouraged to review the sections entitled "Montney Resource Evaluation", "Definitions of Oil and Gas Resources and Reserves" and "Information Regarding Disclosure on Oil and Gas Reserves, Resources and Operational Information" in the July 9, 2013 press release for applicable definitions, cautionary language, explanations and discussion of resources estimated herein, all of which is incorporated herein by reference.

Crew is a Calgary, Alberta based oil and gas exploration, development and production company whose shares are traded on the Toronto Stock Exchange under the trading symbol "CR".

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