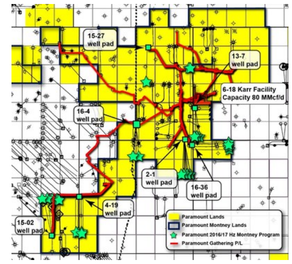
Paramount Resources Ltd.

Paramount Resources Ltd. Announces First Quarter 2017 Results: Sales Volumes Average 16,163 Boe/d; Karr 6-18 Facility Expansion On-Stream Ahead of Schedule

CALGARY, May 10, 2017 /CNW/ -

OIL AND GAS OPERATIONS



- Paramount's first quarter 2017 sales volumes averaged 16,163 Boe/d (47 percent Liquids), including approximately 10,000 Boe/d (58 percent Liquids) from Karr-Gold Creek.
- Liquids sales revenue totaled $38.0 million in the first quarter of 2017, 69 percent of the Company's total petroleum and natural gas sales revenue.
- Eight wells from the 2016/2017 Karr-Gold Creek Montney development program are currently on production:
  - The 15-14 well has produced approximately 210,000 barrels of condensate since first production in September 2016 and achieved payout in approximately six months;
  - Five wells on the 4-19 and 15-27 pads have produced approximately 570,000 barrels of condensate since first production in late-December 2016; and
  - Completion operations at the four-well 16-36 pad are ongoing, with two completed wells flowing on cleanup and two wells in-progress.
- Principal Properties capital expenditures in the first quarter of 2017 totaled $146.7 million, with the majority of spending directed towards the Karr-Gold Creek development.
- In April 2017, Paramount completed the 40 MMcf/d expansion of its 6-18 compression and dehydration facility at Karr-Gold Creek (the "6-18 Facility"), ahead of schedule.
- Karr-Gold Creek is expected to begin generating free cash flow (after maintenance capital) in the fourth quarter of 2017.
- The Company has drilled five (4.45 net) wells at Smoky/Resthaven and six (3.0 net) wells at Birch to date in 2017.
- Paramount has agreed to sell its oil and gas properties in the Valhalla area of Alberta for approximately $150 million cash. The properties had sales volumes of approximately 1,400 Boe/d (12 percent Liquids) in the first quarter of 2017. The transaction is expected to close in May 2017.

CORPORATE

- At March 31, 2017, Paramount had $528.8 million of cash and cash equivalents, no indebtedness and an undrawn $100 million bank credit facility (the "Credit Facility").
- Paramount expects that the size of its Credit Facility will be increased upon completion of the annual review inJune 2017, based on results of the Company's 2016/2017 drilling program.
- First quarter 2017 funds flow from operations totaled $28.0 million, 25 percent higher than in 2016.
- In April 2017, the Company hedged 10,000 MMBtu/d of natural gas (for May to October 2017) at an average NYMEX price of US$3.37/MMBtu and 20,000 MMBtu/d of natural gas (for May to December 2017) at an average NYMEX price of US$3.40/MMBtu.
- Paramount distributed its remaining 3.8 million Seven Generations Energy Ltd. common shares to shareholders by way of dividend in January 2017.

REVIEW OF OPERATIONS

Karr-Gold Creek

Development activities at Karr-Gold Creek are currently focused on a 27 (27.0 net) well horizontal Montney drilling and completion program that commenced in mid-2016 (the "Karr Program"). The Karr Program wells have been designed with longer horizontal laterals of approximately 3,000 meters, higher intensity completions, tighter frack spacing and different completion fluids compared to prior years. The new well design is expected to significantly increase well productivity and recoverable reserves compared to the previous designs.

The status of the Karr Program to date is as follows:

As of	May 5/17	Dec 31/16
Wells Spud	**27**	20
Wells Rig Released	**22**	10
Wells Completed	**8**	2
Wells Producing	**8**	1

The following table summarizes the results of the six Karr Program wells with at least 30 days of production:

				Cumulative (1)					**IP 30** (1)			**IP 60** (1)	
PAD	**WELL**	Days on Production	Natural gas	Wellhead condensate	*CGR* (2)	Natural gas	Wellhead condensate	Natural gas	Wellhead condensate	*CGR* (2)	Natural gas	Wellhead condensate	*CGR* (2)
			(MMcf)	*(MBbl)*	*(Bbl/MMcf)*	*(MMcf/d)*	*(Bbl/d)*	*(MMcf/d)*	*(Bbl/d)*	*(Bbl/MMcf)*	*(MMcf/d)*	*(Bbl/d)*	*(Bbl/MMcf)*
15-02	**15-14**	216	**1,300**	**213**	***164***	**6.0**	**988**	**6.8**	**1,209**	***178***	**6.8**	**1,179**	***172***
4-19	**4-7**	113	**386**	**157**	***406***	**3.4**	**1,392**	**2.1**	**1,161**	***549***	**3.1**	**1,401**	***453***
4-19	**02/4-7**	84	**306**	**165**	***538***	**3.6**	**1,959**	**2.7**	**1,611**	***602***	**3.5**	**1,902**	***547***
4-19	**1-12**	75	**266**	**94**	***355***	**3.6**	**1,265**	**2.7**	**1,014**	***377***	**3.6**	**1,266**	***351***
4-19	**02/1-12**	74	**300**	**103**	***344***	**4.1**	**1,403**	**3.4**	**1,162**	***341***	**4.1**	**1,386**	***339***
15-27	**3-22**	62	**304**	**50**	***165***	**4.9**	**806**	**4.1**	**785**	***193***	**4.9**	**812**	***167***

(1) Production volumes to May 7, 2017. Production volumes are the gross volumes measured at the wellhead separator for the specified period of: (i) cumulative volumes produced to May 7, 2017 ("Cumulative"); (ii) the initial 30 days of production ("IP 30"); or (iii) the initial 60 days of production ("IP 60"). Excludes hours and days when the well did not produce. Natural gas sales volumes are approximately 10 percent lower and stabilized condensate sales volumes are approximately 15 percent lower due to shrinkage. The production rates and volumes shown are over a short period of time and, therefore, are not necessarily indicative of long-term performance or of ultimate recovery.

(2) The condensate to natural gas ratio ("CGR") was calculated by dividing total wellhead separator condensate volumes by total wellhead separator natural gas volumes.

The first well in the Karr Program, the 15-14 well, has produced approximately 210,000 barrels of condensate since it was brought on production in September 2016 and achieved payout in approximately six months. The five wells on the 4-19 and 15-27 pads have produced approximately 570,000 barrels of condensate since first production in late-December 2016.

Production from these new Karr Program wells increased Karr-Gold Creek sales volumes to approximately 10,000 Boe/d in the first quarter of 2017, with Liquids comprising 58 percent of total sales volumes. Liquids sales constituted 78 percent of total Karr-Gold Creek revenues of $38.8 million in the first quarter of 2017.

With the start-up of two of the four wells on the 16-36 pad, the Company now has eight Karr Program wells on production. By the end of 2017, the Company expects to have completed up to 22 of the 27 wells in the program, with the remaining wells to be completed in 2018. Production at Karr-Gold Creek will ramp up over the next few months as the remaining wells on the 16-36 pad are brought on production and new pads are completed to feed the expanded 80 MMcf/d 6-18 Facility.

Paramount is targeting completions with proppant loading intensities of approximately 2.4 tonnes per meter and stage spacing of between 40 and 50 meters across a range of completion technologies. The Company will continue to evaluate these technologies as the Karr Program progresses and additional well performance data is obtained. Paramount has increased budgeted costs for the remaining Karr Program wells to implement a completion technology which is expected to further enhance well performance and generate higher returns and because of cost inflation for materials and field services.

In April 2017, Paramount completed its expansion of the 6-18 Facility, increasing the capacity of the facility to 80 MMcf/d. The project was advancing ahead of schedule in mid-April when an unscheduled outage occurred at a downstream third-party processing facility (the "Third-party Facility"). During the outage, the Company accelerated the tie-in of new equipment, eliminating the need for a scheduled outage later in the second quarter, and commissioned the expansion early. The total cost of the expansion is expected to be approximately $40 million.

Production at Karr-Gold Creek is transported through a Company-owned gathering system and compressed and dehydrated at the 6-18 Facility. Volumes are then shipped via pipeline to the Third-party Facility under a long-term firm-service arrangement to provide sales specification natural gas, condensate and $C3^+$. The 6-18 Facility has been equipped to facilitate the trucking out of Liquids so that volumes in excess of contracted capacity at the Third-party Facility can be transported for processing at alternate locations. Paramount expects the majority of Liquids production to be trucked until mid-2018, when a condensate stabilization capacity expansion at the Third-party Facility is completed. The Company has contracted a dedicated fleet of trucks and 24-hour logistical services over this period to ensure uninterrupted egress for Liquids production.

Other Areas

Smoky/Resthaven

Paramount has drilled five (4.45 net) of six planned wells in a Cretaceous exploration and delineation program at Smoky/Resthaven to date. The first well in the program, a 1.4 mile horizontal Falher well, was completed in the first quarter. Completion operations for the four other wells are scheduled to commence following spring break-up. Because of the exploratory nature of this program, drilling operations took longer than planned, resulting in approximately $10 million of additional drilling costs. Drilling of the sixth well is planned for the fourth quarter of 2017.

The Company has added one (1.0 net) new Montney well in the northern portion of its lands at Smoky/Resthaven to its 2017 capital program. The well design for this new location is expected to be similar to the Karr Program, with a planned horizontal lateral length of approximately 3,000 meters, slickwater completion fluids, approximately 70 fracture stages and proppant loading of approximately 2.4 tonnes per meter. Total estimated costs for this well are approximately $13 million, as this single well pad will not benefit from the cost synergies of multi-well pads.

Birch

A total of six (3.0 net) Montney wells have been drilled to date in 2017 at the non-operated Birch property. Two of the wells have been completed and are flowing back on clean-up.

The Company and its partner have added one (0.5 net) new Montney well to the 2017 Birch drilling program, increasing total planned wells to ten (5.0 net). Drilling of the remaining four (2.0 net) wells and completion activities are scheduled to resume later in the second quarter following break-up. The expansion of the Birch compression and dehydration facility to 40 MMcf/d (20 MMcf/d net) is progressing on schedule to start-up in the fourth quarter of 2017.

Non-Core Property Dispositions

The Company has agreed to sell its oil and gas properties in the Valhalla area of Alberta (the "Valhalla Assets") for cash consideration of approximately $150 million, subject to customary post-closing adjustments. The Valhalla Assets encompass approximately 94 (74 net) sections of land and had sales volumes of approximately 1,400 Boe/d (12 percent Liquids) in the first quarter of 2017.

The transaction is expected to close in May 2017, following approval of the transfer by the Alberta Energy Regulator. The purchase price has been deposited with Paramount's legal counsel and will be released upon satisfaction of this condition.

In addition, the Company has also completed dispositions of other non-core properties in 2017, realizing aggregate proceeds of $6.7 million.

OUTLOOK

Paramount's capital budget for 2017 has been increased to $385 million. The updated budget includes additional capital for the Karr Program related to the implementation of a completion technology which is expected to further strengthen well performance and generate higher returns, cost inflation for materials and field services, an additional Montney well and higher than expected drilling costs at Smoky/Resthaven and an additional Montney well at Birch.

Company sales volumes averaged approximately 19,000 Boe/d in March 2017 as new wells were brought on production at Karr-Gold Creek. In April 2017, sales volumes were reduced to approximately 12,000 Boe/d because of an unplanned two-week outage at the Third-party Facility that shut-in the majority of production at Karr-Gold Creek.

The Company's 2017 average sales volumes guidance remains at 20,000 Boe/d, despite the sale of the Valhalla Assets and a scheduled outage of the Third-party Facility that is expected to shut-in Karr-Gold Creek production for most of August. Fourth quarter sales volumes are expected to average over 30,000 Boe/d.

Annual operating costs for 2017 are anticipated to average approximately $10.00 per Boe. Fourth quarter 2017 operating costs are projected to be lower than in the first part of the year because of the ramp-up in production volumes at Karr-Gold Creek.

OPERATING AND FINANCIAL RESULTS (1)
($ millions, except as noted)

		Q1 2017		Q1 2016	*% Change*
Sales volumes – Ongoing Operations (2)					
Natural gas (MMcf/d)		**51.4**		53.0	*(3)*
Condensate & oil (Bbl/d)		**6,348**		2,952	*115*
Other NGLs (Bbl/d) (3)		**1,255**		568	*121*
Ongoing Operations (Boe/d) (2)		**16,163**		12,369	*31*
Musreau Assets (Boe/d) (2)		–		37,792	*(100)*
Total (Boe/d)		**16,163**		50,161	*(68)*
Netback – Ongoing Operations (2)	*$/Boe (4)*		*$/Boe (4)*		*% Change $/Boe*
Natural gas revenue	***3.55***	**16.4**	*2.19*	10.5	*62*
Condensate and oil revenue	***61.75***	**35.3**	*39.15*	10.5	*58*
Other NGLs revenue (3)	***23.69***	**2.7**	*9.23*	0.5	*157*
Royalty and sulphur revenue	–	**0.3**	–	0.3	
Petroleum and natural gas sales	***37.61***	**54.7**	*19.41*	21.8	*94*
Royalties	***(1.39)***	**(2.0)**	*(0.98)*	(1.1)	*42*
Operating expense	***(10.22)***	**(14.9)**	*(12.62)*	(14.2)	*(19)*
Transportation and NGLs processing (5)	***(4.22)***	**(6.1)**	*(3.31)*	(3.7)	*27*
Netback – Ongoing Operations (2)	***21.78***	**31.7**	*2.50*	2.8	*NM*
Exploration and Capital Expenditures – Ongoing Operations (2)					
Wells and exploration		**129.4**		6.4	
Facilities and gathering		**17.3**		5.8	

Principal Properties Capital (6)	**146.7**	12.2
Strategic Investments	**0.9**	15.6
Other	**1.6**	0.2
Total	**149.2**	28.0
Net income (loss)	**20.7**	(46.0)
per share – diluted ($/share)	***0.19***	*(0.43)*
Funds flow from operations	**28.0**	22.4
per share – diluted ($/share)	***0.26***	*0.21*
Total assets	**2,010.3**	2,713.9
Cash and cash equivalents	**528.8**	18.3
Long-term debt	**–**	1,701.5
Common shares outstanding *(thousands)*	**106,142**	106,212
Investments in other entities – market value (7)	**151.7**	124.8

(1) Readers are referred to the advisories concerning Non-GAAP Measures and Oil and Gas Measures and Definitions in the Advisories section of this document.
(2) In 2016, the Company sold its natural gas processing facilities and the majority of its oil and gas properties in the Musreau/Kakwa area of west central Alberta. Disclosures of results for the three months ended March 31, 2016 for "Ongoing Operations" exclude amounts attributable to these sold facilities and oil and gas properties.
(3) Other NGLs means ethane, propane and butane.
(4) Natural gas revenue shown per Mcf.
(5) Includes downstream natural gas, NGLs and oil transportation costs and NGLs fractionation costs incurred by the Company.
(6) Principal Properties Capital includes capital expenditures and geological and geophysical costs related to the Company's Principal Properties and excludes land acquisitions.
(7) Based on the period-end closing prices of publicly-traded investments and the book value of the remaining investments.
NM Not meaningful

Paramount is an independent, publicly traded, Canadian energy company that explores and develops unconventional and conventional petroleum and natural gas prospects, including long-term unconventional exploration and pre-development projects, and holds a portfolio of investments in other entities. The Company's principal properties are primarily located in Alberta and British Columbia. Paramount's Class A common shares are listed on the Toronto Stock Exchange under the symbol "POU".

Paramount's first quarter 2017 results, including Management's Discussion and Analysis and the Company's Consolidated Financial Statements can be obtained at: http://files.newswire.ca/1509/PRL_Q12017Results.pdf

This information will also be made available through Paramount's website at www.paramountres.com and SEDAR at www.sedar.com.

Advisories

Forward-looking Information

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "schedule", "intend", "propose", or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- projected production and sales volumes;
- forecast capital expenditures and operating costs;
- exploration, development, and associated operational plans and strategies (including planned drilling and completion programs, well tie-ins, and facility expansions, and the anticipated timing and costs thereof);
- expected increases in well productivity and recoverable reserves and accelerated payouts resulting from the adoption of new well designs and completion technologies for the wells in the Karr Program (and associated increases in budgeted costs);
- the projected date when Karr-Gold Creek will achieve free cash flow;
- the anticipated increase in the size of Paramount's Credit Facility in June 2017 based on results from the Company's 2016/2017 drilling program;
- the anticipated timing, duration and impact of scheduled outages at the Third-party Facility;
- the projected date when the expansion of the condensate stabilization capacity at the Third-party Facility will be completed, and the Company's belief that it has secured the services of a truck fleet of sufficient size (and all related logistical services necessary) to ensure uninterrupted egress for its Karr-Gold Creek area Liquids until this additional stabilization capacity becomes available;
- the completion of the sale of the Valhalla Assets and the timing thereof following the expected approval of the Alberta Energy Regulator for the transfer of the well and facility licenses to the purchaser; and
- general business strategies and objectives.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document:

- future natural gas and Liquids prices;
- royalty rates, taxes and capital, operating, general & administrative and other costs;
- foreign currency exchange rates and interest rates;
- general business, economic and market conditions;
- the ability of Paramount to obtain the required capital to finance its exploration, development and other operations and meet its commitments and financial obligations;
- the ability of Paramount to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities;
- the ability of Paramount to secure adequate product processing, transportation, de-ethanization, fractionation, and storage capacity on acceptable terms;
- the ability of Paramount to market its natural gas and Liquids successfully to current and new customers;
- the ability of Paramount and its industry partners to obtain drilling success (including in respect of anticipated production volumes, reserves additions, Liquids yields and resource recoveries) and operational improvements, efficiencies and results consistent with expectations;
- the timely receipt of required governmental and regulatory approvals; and
- anticipated timelines and budgets being met in respect of drilling programs and other operations (including well completions and tie-ins and the construction, commissioning and start-up of new and expanded facilities).

Although Paramount believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as Paramount can give no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Paramount and described in the forward-looking information. The material risks and uncertainties include, but are not limited to:

- fluctuations in natural gas and Liquids prices;
- changes in foreign currency exchange rates and interest rates;
- the uncertainty of estimates and projections relating to future revenue, future production, reserve additions, Liquids yields (including condensate to natural gas ratios), resource recoveries, royalty rates, taxes and costs and expenses;
- the ability to secure adequate product processing, transportation, de-ethanization, fractionation, and storage capacity on acceptable terms;
- operational risks in exploring for, developing and producing, natural gas and Liquids;
- the ability to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost;

- potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding or operating new, expanded or existing facilities (including third-party facilities);
- processing, pipeline, de-ethanization, and fractionation infrastructure outages, disruptions and constraints;
- risks and uncertainties involving the geology of oil and gas deposits;
- general business, economic and market conditions;
- the ability to generate sufficient cash flow from operations and obtain financing to fund planned exploration, development and operational activities and meet current and future commitments and obligations (including product processing, transportation, de-ethanization, fractionation and similar commitments and debt obligations);
- changes in, or in the interpretation of, laws, regulations or policies (including environmental laws);
- the ability to obtain required governmental or regulatory approvals in a timely manner, and to enter into and maintain leases and licenses;
- the effects of weather;
- the timing and cost of future abandonment and reclamation obligations and potential liabilities for environmental damage and contamination;
- uncertainties regarding aboriginal claims and in maintaining relationships with local populations and other stakeholders;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in Paramount's other filings with Canadian securities authorities.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "RISK FACTORS" in Paramount's current annual information form. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, Paramount 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.

Non-GAAP Measures

In this document "Funds flow from operations", "Netback", "Free cash flow", "Payout", "Exploration and Capital Expenditures – Ongoing Operations", "Principal Properties Capital" and "Investments in other entities – market value", collectively the "Non-GAAP measures", are used and do not have any standardized meanings as prescribed by International Financial Reporting Standards.

Funds flow from operations refers to cash from operating activities before net changes in operating non-cash working capital, geological and geophysical expenses and asset retirement obligation settlements. Funds flow from operations is commonly used in the oil and gas industry to assist management and investors in measuring the Company's ability to fund capital programs and meet financial obligations. Refer to the Consolidated Results section of the Company's Management's Discussion and Analysis for the three months ended March 31, 2017 for the calculation of funds flow from operations. Netback equals petroleum and natural gas sales less royalties, operating costs and transportation and NGLs processing costs. Netback is commonly used by management and investors to compare the results of the Company's oil and gas operations between periods. Refer to the Principal Properties section of the Company's Management's Discussion and Analysis for the three months ended March 31, 2017 for the calculation of netback. Free cash flow equals funds flow from operations minus maintenance capital and is used to measure whether net cash flows are positive or negative after deducting capital amounts incurred to maintain production at current levels. The calculation of free cash flow excludes capital amounts incurred to increase production and capital amounts incurred in prior periods. Forecast free cash flow for Karr-Gold Creek for the fourth quarter of 2017 is based on forecast prices and other estimates as of April 30, 2017. Actual cash flows for Karr-Gold Creek in the fourth quarter of 2017 could be materially different as a result of the prices actually received and changes in other factors. Payout equals netbacks generated from a particular well less total capital costs incurred to drill, complete, equip and tie the well into infrastructure. Payout is used to measure whether netbacks generated from a well have recovered the capital invested. Exploration and capital expenditures consist of the Company's spending on wells and infrastructure projects, other property, plant and equipment, land and property acquisitions and geological and geophysical costs incurred. The closest GAAP measure to exploration and development expenditures is property, plant and equipment and exploration cash flows under investing activities in the Company's Consolidated Statement of Cash Flows, which includes all of the items included in exploration and capital expenditures, except for geological and geophysical costs, which are expensed as incurred. Exploration and capital expenditures – Ongoing Operations represents Exploration and Capital Expenditures less the amounts attributed to the Musreau/Kakwa area facilities and oil and gas properties sold in 2016. Principal Properties Capital includes capital expenditures and geological and geophysical costs related to the Company's Principal Properties business segment, and excludes land acquisitions. The Principal Properties Capital measure provides management and investors with information regarding the Company's Principal Properties spending on wells and infrastructure projects separate from land acquisition activity and capitalized interest. Refer to the Advisories section of the Company's Management's Discussion and Analysis for the three months ended March 31, 2017 for the calculation of Exploration and Capital Expenditures and Principal Properties Capital. Investments in other entities – market value reflects the Company's investments in enterprises whose securities trade on a public stock exchange at their period end closing price (e.g. Trilogy Energy Corp., MEG Energy Corp., Blackbird Energy Inc., Marquee Energy Ltd., RMP Energy Inc., Strategic Oil & Gas Ltd. and others) and investments in all other entities at book value. Paramount provides this information because the market values of equity-accounted investments, which are significant assets of the Company, are often materially different than their carrying values. Refer to the Strategic Investments section of the Company's Management's Discussion and Analysis for the three months ended March 31, 2017 for information on carrying and market values.

Non-GAAP measures should not be considered in isolation or construed as alternatives to their most directly comparable measure calculated in accordance with GAAP, or other measures of financial performance calculated in accordance with GAAP. The Non-GAAP measures are unlikely to be comparable to similar measures presented by other issuers.

Oil and Gas Measures and Definitions

The term "Liquids" means oil, condensate and Other NGLs (ethane, propane and butane).

Abbreviations

Liquids	
Bbl	Barrels
Bbl/d	Barrels per day
MBbl	Thousands of barrels
NGLs	Natural gas liquids
Condensate	Pentane and heavier hydrocarbons

Natural Gas	
Mcf	Thousands of cubic feet
MMcf	Millions of cubic feet
MMcf/d	Millions of cubic feet per day
MMbtu	Millions of British thermal units

Oil Equivalent	
Boe	Barrels of oil equivalent
Boe/d	Barrels of oil equivalent per day

Natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. For the three months ended March 31, 2017, the value ratio between crude oil and natural gas was approximately 23:1. This value ratio is significantly different from the energy equivalency ratio of 6:1. Using a 6:1 ratio would be misleading as an indication of value.

SOURCE Paramount Resources Ltd.

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