



## **DELPHI ENERGY REPORTS FIRST BIGSTONE CARDIUM HORIZONTAL ON PRODUCTION AND CONTINUED DRILLING SUCCESS AT HYTHE**

CALGARY, ALBERTA – February 18, 2010 – Delphi Energy Corp. is pleased to provide the following operational update to its winter drilling program.

### **Cardium**

At Bigstone, Delphi has brought its first Cardium horizontal oil well (0.55 net) on production. During clean-up flow after a multi-stage frac completion, the well produced approximately 985 barrels of oil per day (“bbls/d”) over a five day period during which the well recovered 100 percent of its frac load fluid. The well has since been placed on production and over the past 14 days has averaged 530 bbls/d of 50 API light oil and 600 thousand cubic feet of natural gas per day (“mcf/d”) for a total of 630 barrels of oil equivalent per day (“boe/d”). The well has been flowing against a line pressure of 700 kPa and will be equipped with a pump prior to break-up. The Cardium formation penetrated by this well is approximately 10 metres thick and is estimated to contain 8 to 12 million barrels of oil in place per section.

The second Cardium horizontal oil well (1.0 net), four miles to the north east, has been successfully drilled and cased with completion operations expected to commence over the next two weeks.

A third Cardium horizontal oil well (0.49 net), two miles south east of the first well, is currently drilling in the planned 1,000 metre horizontal section with total depth expected to be reached over the next 7 – 10 days.

The Company is proceeding with the licensing of four follow-up horizontal locations for the second half 2010 drilling program.

The winter recompletion program, focused on delineating the areal extent of the Cardium light oil potential in the Bigstone area, has been successful with two of three recompletions yielding encouraging oil productivity from vertical wells in the area.

The Company holds 30 gross sections (16.5 net) in the Bigstone area that is prospective for Cardium light oil development. The Company estimates four to six wells per section may be required to fully develop the Cardium on the existing Company lands. The recently released GLJ reserves report at December 31, 2009 does not reflect any undeveloped Cardium drilling locations at Bigstone.

### **Doe Creek**

At Hythe, the Company has now finished drilling operations on three additional horizontal Doe Creek wells (2.4 net), bringing the total horizontal wells drilled in the Doe Creek to four. Two of the new horizontal wells have been completed and have been placed on production. Completion operations on the third well are expected to be finished prior to spring break-up.

The first well (0.44 net) of the three horizontal well program averaged 450 bbls/d and 700 mcf/d during a six day clean-up flow test period. The well has since been placed on production and has averaged 330 bbls/d and 325 mcf/d over the past 13 days flowing against a line pressure of 400 kPa. The well will be equipped with a pump prior to break-up.

The second well (1.0 net) has also been placed on production averaging 6,600 mcf/d of natural gas over the past 18 days flowing against line pressure of 1,500 kPa. This well has evaluated the structurally highest portion of the Doe Creek drilled to date and initial testing data indicates this well may be isolated from the oil pool. Further production and interference testing is ongoing to determine reservoir continuity, possible reservoir compartmentalization as well as potential oil and natural gas reserves.

Based on a total cost of \$2.5 million, prior to a deduction of \$425,000 Alberta Crown drilling credit, the initial horizontal well in the Doe Creek resulted in year-end finding and development costs of approximately \$11.00 per boe, a recycle ratio in excess of 4.0 and a payout period of approximately eight months.

### **Bluesky/Falher**

The Company has also finished drilling and completion operations on the first of two horizontal wells (2.0 net) planned for the winter program that are targeting resource-style natural gas opportunities in the Bluesky and Falher formations at Hythe. The first horizontal well in the Bluesky formation has recently been placed on production at an initial production rate of 2,100 mcf/d, meeting Company expectations. Finding and development costs for this project are estimated at \$12.00 per boe, based on a total cost of \$3.0 million, prior to deduction of a \$565,000 Alberta Crown drilling credit. Delphi estimates that the Bluesky formation is prospective on approximately 110 gross sections (65 net) in the Hythe area where up to three wells per section may be required to fully develop this reservoir. The Company is currently in the process of licensing 11 additional horizontal Bluesky locations for the second half 2010 drilling program.

Drilling operations have concluded on the Company's first horizontal Falher well. Completion operations are anticipated to start within the next two weeks. Mapping of the Falher trend is ongoing with multiple follow-up locations being identified as potential drilling opportunities for the second half 2010 capital program.

The recently released GLJ reserves report at December 31, 2009 does not contain any undeveloped Bluesky or Falher horizontal drilling locations at Hythe.

### **Nikanassin**

At Wapiti/Gold Creek, Delphi is currently drilling the last of three vertical wells (2.1 net) targeting liquids rich natural gas in the Nikanassin formation with multiple secondary uphole zones encountered. Completion operations are ongoing and first production is expected prior to break-up. The Company has identified in excess of 20 follow-up Nikanassin locations (11.8 net) on Company lands in the immediate area.

The Company's Nikanassin undeveloped land position in the Hythe and Wapiti/Gold Creek areas total approximately 166 gross sections (113 net).

Regulatory approval has been granted for downspacing to four natural gas wells per zone per section in the Hythe, Wapiti/Gold Creek and Bigstone areas.

The Company looks forward to reporting specific operational results as the winter drilling program progresses.

Delphi Energy Corp. is a Calgary-based company that explores, develops and produces oil and natural gas in Western Canada. The Company is managed by a proven technical team. Delphi trades on the Toronto Stock Exchange under the symbol DEE.

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***Forward-Looking Statements.** This management discussion and analysis contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information.*

More particularly and without limitation, this management discussion and analysis contains forward looking statements and information relating to the Company's risk management program, petroleum and natural gas production, future funds from operations, capital programs, commodity prices, costs and debt levels. The forward-looking statements and information are based on certain key expectations and assumptions made by Delphi, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the capital availability to undertake planned activities and the availability and cost of labour and services.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as 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 estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in tax, royalty and environmental legislation. Additional information on these and other factors that could affect the Company's operations or financial results are included in reports on file with the applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). The forward-looking statements and information contained in this press release are made as of the date hereof for the purpose of providing the readers with the Company's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. Delphi 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.

**Basis of Presentation.** For the purpose of reporting production information, reserves and calculating unit prices and costs, natural gas volumes have been converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one barrel. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with the Canadian Securities Administrators' National Instrument 51-101 when boes are disclosed. Boes may be misleading, particularly if used in isolation.

**Non-GAAP Measures.** The MD&A contains the terms "funds from operations", "funds from operations per share", "net debt" and "netbacks" which are not recognized measures under Canadian generally accepted accounting principles. The Company uses these measures to help evaluate its performance. Management considers netbacks an important measure as it demonstrates its profitability relative to current commodity prices. Management uses funds from operations to analyze performance and considers it a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and to repay debt. Funds from operations is a non-GAAP measure and has been defined by the Company as net earnings plus the addback of non-cash items (depletion, depreciation and accretion, stock-based compensation, future income taxes and unrealized gain/(loss) on risk management activities) and excludes the change in non-cash working capital related to operating activities and expenditures on asset retirement obligations and reclamation. The Company also presents funds from operations per share whereby amounts per share are calculated using weighted average shares outstanding consistent with the calculation of earnings per share. Delphi's determination of funds from operations may not be comparable to that reported by other companies nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with Canadian GAAP. The Company has defined net debt as the sum of long term debt plus working capital excluding the current portion of future income taxes and risk management asset/liability. Net debt is used by management to monitor remaining availability under its credit facilities.