

Entry Into Saskatchewan An Exciting Time for Pearl

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PEARL EXPLORATION AND Production Ltd. has arrived as a new player in the Saskatchewan oilfield development industry, and has brought with it an energy and excitement that is contagious and shows great promise for the future.

This publicly traded company recently reached an agreement with Onion Lake Energy Ltd. (an entity owned by the Onion Lake First Nations) which will allow for development of the large, uninterrupted Dina-Cummings heavy oil field in the Onion Lake area, some 70 kilometres north of Lloydminster.

The planned development of this drilling program will be the company's



first foray into the Saskatchewan industry following the recent acquisition of Nevarro Energy, and the company is elated at the prospects it offers.

"We're very excited that this development is going ahead. It's probably, in our portfolio of things to do at this point, our favourite project, and it will get most of our attention for the next one to three years," said Pearl CEO Gary Guidry.

Gary noted that Pearl has developed a multi-phase plan which he describes as "fairly aggressive", which will see between 40 and 55 wells drilled using two rigs, by the end of the first quarter, 2007. Immediately following the wrap-up of the production phase, the company will begin testing for enhanced oil recovery, to determine what the best method will be for this area.

Currently, Onion Lake produces 325 barrels per day, with 60 percent of the production being gas and 40 percent heavy oil. Following a cleanup period, existing wells have produced an average of 60 barrels per day.

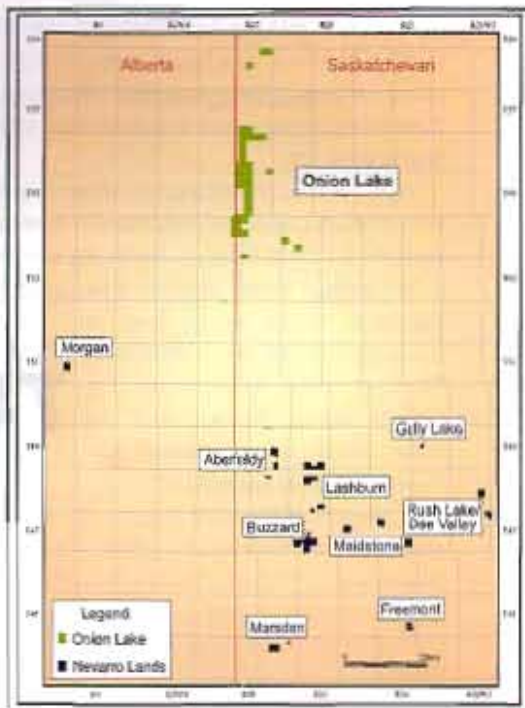
What has drawn Pearl Exploration so strongly to pursue development of the Onion Lake area?

"The single best advantage that Onion Lake offers us is that it's one continuous field. This will allow us to be very effective in developing and operating the field," Gary said.

He added that the drilling phase of the project, which is set to begin in mid October, will require 10 to 12 employees, and that recruitment has already begun through Pearl's offices in Lloydminster.

"There are a lot of wells to be drilled in that field," Gary said, noting that the company plans to progress steadily in development despite the ups and downs of the commodity cycle.

"You could say it's been a summer of hard work," he added, referring to recent negotiations with the Onion Lake Band which have come to a successful conclusion.



"We're keen to work with the Onion Lake Band. They're going to be very good partners for us. We have a good working relationship with them, and we are ready to work hard on this."

The Onion Lake project certainly fits Pearl's previous focus on controlled growth through the establishment of a North American portfolio of oil and gas projects which emphasize large resource opportunities.

When asked whether Onion Lake is a stand-alone for Pearl or whether it shows a trend toward the company's growing interest in the Saskatchewan oil field, Gary replied, "We see Onion Lake as an anchor, or hub, for us. We are continuing to look at other opportunities. We're definitely going to continue to grow around Onion Lake."

For more information on Pearl and the Onion Lake project, visit the company's website at www.pearlandp.com.