



## NEWS RELEASE

### SEAVIEW ENERGY INC. RELEASES FINANCIAL AND OPERATING RESULTS THREE MONTHS ENDED MARCH 31, 2010, INCREASE TO 2010 CAPITAL BUDGET FOCUSED ON WAPITI CARDIUM PROGRAM AND UPWARD REVISION TO GUIDANCE

**MAY 19, 2010** – Calgary, Alberta – Seaview Energy Inc. (“Seaview” or the “Company”) (TSXV: CVU.A and CVU.B) is pleased to provide shareholders with an update on corporate developments and the Company’s first quarter 2010 financial and operational results.

<b>SELECTED INFORMATION</b>			
<b>Financial</b> (\$000's except per share amounts)	<b>Q1 2010</b>	<b>Q1 2009</b>	<b>% Change</b>
Petroleum and natural gas sales	\$ 10,773	\$ 7,000	54%
Funds flow from operations <sup>(1)</sup>	4,508	2,910	55%
Basic per share <sup>(2)</sup>	0.07	0.06	17%
Diluted per share <sup>(2)</sup>	0.06	0.06	-
Net income (loss)	335	(1,061)	132%
Basic per share <sup>(2)</sup>	0.01	(0.02)	150%
Diluted per share <sup>(2)</sup>	0.00	(0.02)	100%
Capital expenditures <sup>(3)</sup>	8,084	5,914	37%
Net debt	43,896	25,507	72%
<b>Shares Outstanding at period end (000's)</b>			
Class A	65,454	50,005	31%
Class B	1,054	1,054	-
<b>Operations</b>			
Daily production			
Natural gas (mcf/d)	16,544	9,464	75%
Light oil and NGLs (bbl/d)	480	388	24%
Total production (boe/d)	3,237	1,965	65%
Average realized sales price (net of risk management gains or losses)			
Natural gas (per mcf)	\$ 5.12	\$ 6.34	(19%)
Light oil and NGL (per bbl)	72.92	45.80	59%
Netback per boe <sup>(1)</sup>			
Sales price	\$ 37.95	\$ 34.56	10%
Realized risk management gains (losses)	(0.97)	5.02	(119%)
Sales price (net of realized risk management gains/losses)	36.98	39.58	(7%)
Royalties	5.92	7.60	(22%)
Operating expenses	11.10	10.19	9%
Transportation	1.29	1.73	(25%)
Operating netback <sup>(1)</sup>	\$ 18.67	\$ 20.06	(7%)

- (1) The Company uses "funds flow from operations" and "funds flow from operations per share" which do not have any standardized meaning prescribed by Canadian GAAP. The terms are used to analyze operating performance and leverage. The Company uses "Netback per boe" and "Operating Netback" which do not have any standardized meaning prescribed by Canadian GAAP. The terms are used to evaluate performance and in capital allocation decisions.
- (2) Weighted average diluted shares outstanding for Q1 2010 include both the impact of the conversion of the Class B shares and the effect of the granted options as dilutive while the impact of both of these have been excluded from Q1 2009 as they would have been anti-dilutive.
- (3) Capital expenditures include only the cash additions for the period and capitalized G&A expense.

## HIGHLIGHTS OF THE FIRST QUARTER 2010 AND SUBSEQUENT EVENTS

- Average production for Q1 2010 was 3,237 boe/d, an increase of 65% relative to Q1 2009 average production of 1,965 boe/d (26% increase per basic weighted average share) and a 19% increase compared to Q4 2009 average production of 2,729 boe/d (19% increase per basic weighted average share);
- **Since commencing operations on October 17, 2007, record production levels in the first quarter of 2010 mark the Company's tenth consecutive quarter of growth;**
- Funds flow from operations for Q1 2010 increased 55% to \$4.5 million from \$2.9 million in Q1 2009. Funds flow from operations increased 17% per basic weighted average share over the same period;
- The Company drilled five wells (4.0 net) in the quarter with an 80% success rate;
- Seaview has successfully drilled and completed the Company's first Cardium horizontal well at Wapiti establishing the presence for a large oil in place resource play with the potential for multiple follow-up drilling locations;
- Subsequent to quarter end, Seaview disposed of its southeast Saskatchewan assets, with production of approximately 200 boe/d, for gross proceeds of \$33 million. The disposition closed on April 29, 2010; and
- Subsequent to quarter end, the credit facility was confirmed by the lenders at \$52 million with the next interim review date set for August 1, 2010. Taking into account the asset disposition and based on estimated net debt of approximately \$10 million at the time of closing, Seaview has \$42 million of available credit capacity to pursue strategic opportunities.

## OPERATIONS UPDATE

Activity for the winter program in the first quarter of 2010 included drilling five wells (4.0 net) at an 80% success rate. The drilling program was balanced between lower risk development drilling in the Peace River Arch and exploration for Cardium oil and gas reserves in the Wapiti area.

### Peace River Arch

After the disposition of the Company's southeast Saskatchewan properties, the Peace River Arch core area has become the primary operating focus for the company. The Company's assets in this region feature high quality, long life natural gas and light oil reserves, ownership in key processing infrastructure and over 26,000 net acres of undeveloped land. Due to the multi-zone nature of the Company's position in the Arch, Seaview maintains an extensive inventory of conventional exploration and development projects including exposure to the Lower Montney resource play, targeting natural gas in Pouce Coupe.

During the first quarter of 2010, the Company re-drilled one Montney well (1.0 net), which has been successfully completed and brought on stream in April, adding over 80 boe/d net for Q2-2010 and drilled one unsuccessful well (1.0 net) at Boundary Lake. In addition, the Company completed construction of facilities to tie-in 2 wells (1.4 net) expected to contribute an additional 170 boe/d of new production prior to the third quarter.

Finally, Seaview has 2 wells (1.8 net) to be tied in, having initial production of more than 500 boe/d, which are expected to be tied-in prior to year-end, contingent on facility access and improved natural gas prices.

## Wapiti Exploration Program

During the first quarter, Seaview successfully drilled and completed the Company's first Cardium horizontal well at Wapiti. This exploration well was drilled 8 km southwest of the Wapiti Cardium A oil pool and represents the first multi staged fraced horizontal Cardium well completed in the area. Seaview believes this well has successfully proven the presence of a significant light oil resource play.

Seaview has expanded the capital program in Wapiti by \$10 million which will see a total of 4 horizontal wells (2.5 net) drilled in 2010, to further delineate the resource potential of the Company's landbase. The Company is planning to drill two Cardium oil horizontal wells (1.1 net) immediately after break-up. Results from the first exploratory horizontal well are being held confidential. Facilities are currently under construction with initial production expected early in the third quarter.

Seaview recently increased its land position by 7 sections (3.4 net) in Wapiti. Through an aggressive farm-in and acquisition strategy, the Company has now assembled a sizable land position with exposure to 18.5 sections (9.9 net) of highly prospective lands within the Cardium light oil resource fairway.

Based on reserves data from the Energy Resources Conservation Board ("ERCB"), the Wapiti Cardium A pool contains original oil in place ("OOIP") of 121 million barrels of oil and original gas in place ("OGIP") of 67 billion cubic feet of solution gas over 14.3 gross sections. Seaview's horizontal well was drilled offsetting existing vertical wells indicating similar log and reservoir parameters to the Wapiti Cardium A pool. Based on the offsetting vertical wells and the reservoir encountered within the 1000 meter horizontal section, Seaview believes its lands offer a comparable resource potential hosted within a lower permeability reservoir adjacent to the conventional pool.

In addition to the Cardium oil project, Seaview has successfully drilled and completed 2 Cardium gas wells (0.64 net), which have recently been tied-in and are on production contributing 55 boe/d net.

## Southeast Saskatchewan

Subsequent to the quarter end, Seaview announced and closed the disposition of its southeast Saskatchewan assets for gross proceeds of \$33 million. The disposition closed on April 29, 2010 and the Company has initially used the proceeds to reduce bank debt. Concurrently, the Company's credit facility was confirmed at \$52 million, post closing. Seaview's net debt was reduced to approximately \$10 million at the time of closing, providing the Company with access to approximately \$42 million of available credit to pursue the capital program and strategic acquisitions.

## **COMMODITY PRICE RISK MANAGEMENT**

A key component to Seaview's balance sheet management is the Company's commodity price risk program. The price risk management program is intended to reduce price volatility in order to support cash flow, protect acquisition economics and finance ongoing capital expenditures.

Seaview currently has approximately 1,430 boe/d (approximately 46% of estimated current production) hedged for the remainder of 2010;

- 7,778 GJ/d of natural gas hedged in puts and fixed contracts providing for a "net of cost" floor of \$4.68/GJ (\$4.94/mcf), which is a 13% premium to the current calendar AECO 2010 futures strip of \$4.17/GJ, and a 27% premium to the current AECO strip price of \$3.68/GJ;
- 200 bbl/d of crude oil hedged in put contracts for 2010 with a "net of cost" floor of CDN\$75.00/bbl;
- On a combined basis, Seaview has 8,570 mcf/d, hedged at a "net of cost" floor price of \$6.00/mcf, which will provide for minimum revenue of \$14.1 million for the remainder of 2010.

## EXPANDED 2010 CAPITAL BUDGET

Seaview's board of directors has approved an increase to the 2010 capital budget to \$22.2 million, up from previous guidance of \$11.5 million. As a result of the exploration success at Wapiti, the 2010 capital budget includes drilling a total of 4 horizontal wells in Wapiti to evaluate the long term growth potential of the Wapiti Cardium project.

For the remainder of 2010, Seaview is planning to drill 6 wells (3.6 net), as well as complete the equip and tie-in of 3 wells (2.25 net) with estimated behind pipe production capacity of 500 boe/d to be brought online over the balance of the year. Given the higher weighting of capital directed towards oil-weighted plays, Seaview expects to more than double exit crude oil and liquids production to 450 bbl/d compared to current crude oil and liquids production of 220 boe/d.

Seaview has a recently approved \$52 million line of credit, with current estimated net debt of approximately \$10 million. Accordingly the Company has approximately \$42 million of available credit to capitalize the Company's development and exploration program, and pursue strategic acquisition opportunities.

Combined with the Company's growing prospect inventory and solid financial position, Seaview is well positioned to continue its track record of growth in cash-flow, production and reserves on a per share basis.

## OUTLOOK; UPWARD REVISION TO 2010 GUIDANCE

Including the impact of the recent Wapiti oil success and expanded capital budget, Seaview is well positioned to continue its growth strategy for 2010. Seaview's Peace River Arch core area featuring high quality, long-life reserves, combined with the emerging Cardium light oil resource play, provide the Company with a significant drilling inventory.

As a result of the recent corporate success, Seaview provides the following upwardly revised guidance for 2010:

- Forecast 2010 average daily production estimate of more than 3,100 boe/d compared to 2009 annual average production of 2,321 boe/d resulting in an estimated forecast production growth of 34% per share (based on 65.48 million Class A shares outstanding);
- Upward revision to 2010 estimated exit production to more than 3,450 boe/d including over 450 bbl/d of crude oil and natural gas liquids;
- Upward revision to forecasted 2010 capital budget to \$22.2 million;
- Seaview has a \$52 million line of credit, with current estimated net debt of approximately \$10 million;
- Seaview has more than \$42 million of available credit facilities to capitalize the Company's development and exploration programs and pursue strategic acquisition opportunities;
- Seaview's Peace River Arch core area features a solid production capacity of more than 3,200 boe/d currently, Company owned infrastructure and a prospective land base consisting of 141,236 gross acres (59,319 net) of land, including over 26,000 net acres of undeveloped land;
- Seaview has established significant positions in resource plays providing for longer-term growth potential in a diverse portfolio of assets targeting both light oil and natural gas plays, including:
  - In Wapiti, the Company has assembled a sizable land position with exposure to 18.5 sections of land (9.9 net) targeting a Cardium light oil resource play. Seaview plans to increase capital spending by \$10 million over the balance of 2010 to drill a total of 4 horizontal multi-frac wells (2.5 net) to delineate the resource potential of the Company's land position;
  - In Pouce Coupe, the Company holds interests in 20 sections of land (3.5 net) targeting a Doig-Montney natural gas resource play. Seaview's land position is on trend with

successful industry development activities further reducing the risk of full development when economics are more viable; and

- In Harlech, Seaview holds a 25% working interest in 9 contiguous sections of land (2.25 net) targeting multi-zone Cretaceous and Nordegg gas resource potential. The Harlech area offers exposure to liquids rich natural gas reservoirs.
- Strong commodity hedging program providing for downside protection on 46% of 2010 forecasted average production generating a minimum \$14.1 million gross revenue for the remainder of 2010; and
- 65.48 million Class A shares and 1.0 million Class B shares outstanding.

## RELEASE OF FIRST QUARTER FINANCIALS

Seaview has filed its financial results for the period ended March 31, 2010 including the unaudited interim consolidated financial statements and related management's discussion and analysis ("MD&A"). These filings will be available in their entirety at [www.seaviewenergy.com](http://www.seaviewenergy.com) and [www.sedar.com](http://www.sedar.com) or by contacting the Company directly.

## ANNUAL GENERAL MEETING

Seaview's Annual General Meeting is scheduled for 3:30 pm on Wednesday, June 2, 2010 in the Angus/Northcote Room at the Bow Valley Conference Centre, Suite 300, 205 - 5<sup>th</sup> Ave SW, Calgary, Alberta.

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*Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (mcf) of natural gas to one barrel (bbl) of oil is based on an energy conversion method primarily applicable at the burner tip and is not intended to represent a value equivalency at the wellhead. All boe conversions in this press release are derived by converting natural gas to oil in the ratio of six thousand cubic feet of natural gas to one barrel of oil. Certain financial amounts are presented on a per boe basis, such measurements may not be consistent with those used by other companies.*

*Estimated values contained in this press release do not represent fair market value.*

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