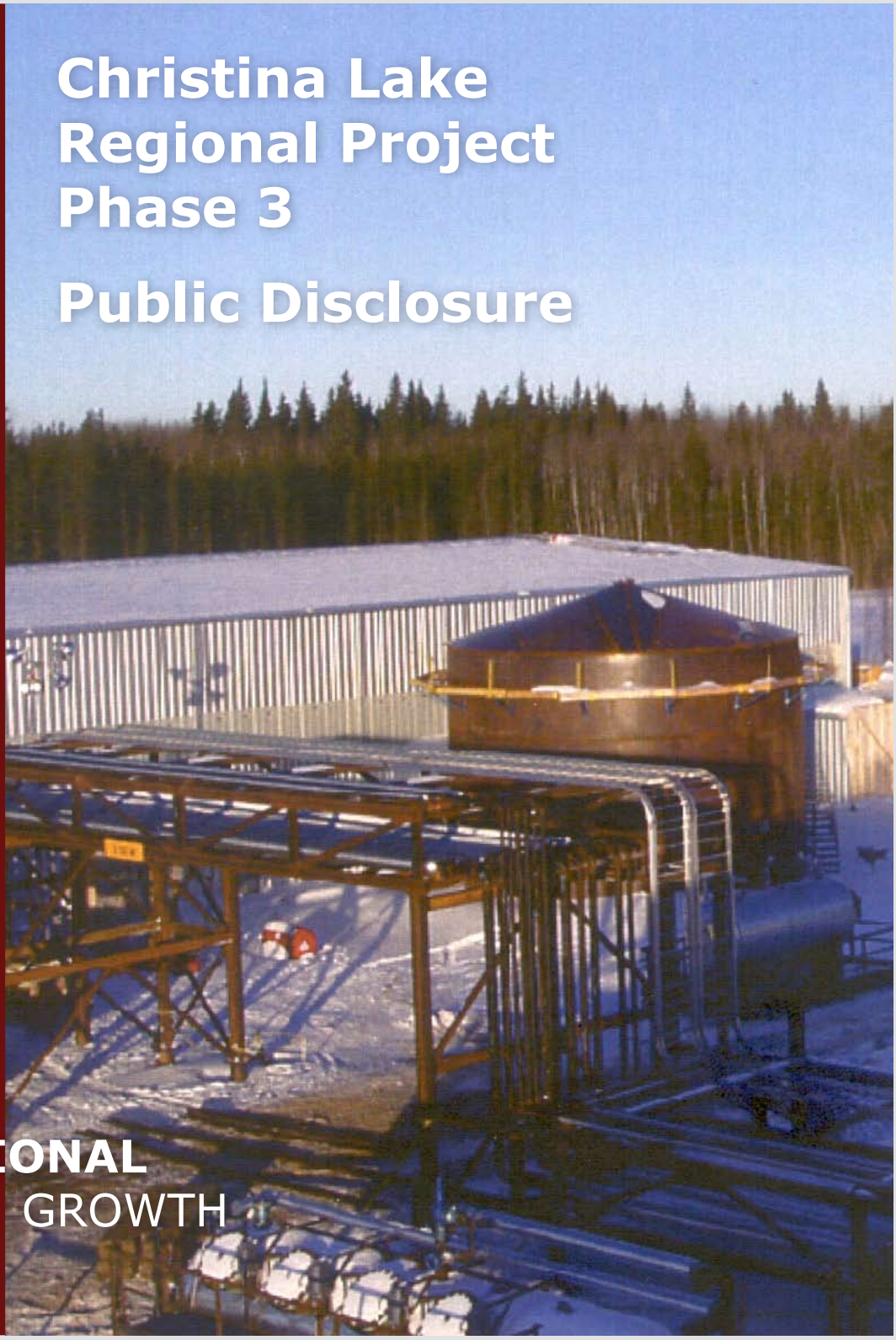
MEG Energy Corp.

Christina Lake Regional Project Phase 3

Public Disclosure



MANAGING
EXCEPTIONAL
GROWTH

September 2007

MEG Energy Corp.

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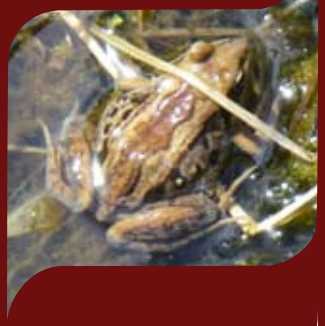
SUMMARY



MEG Energy Corp. (MEG) is a Calgary-based, private energy company focused on the development and recovery of bitumen, shallow gas reserves and the generation of power in northeast Alberta. MEG owns 80 sections of oil sands lease in the Christina Lake area.

MEG currently has approval to construct and operate the first two phases of the Christina Lake Regional Project (CLRP) on 23 sections of land. In addition, MEG has filed a regulatory application (Phase 2B) to increase the production capacity of the Central Processing Facility to 60 000 b/d. The Phase 2B plant would be located immediately adjacent to the existing Phase 1 and 2 processing facilities.

MEG is now proposing a further expansion (Phase 3) of the CLRP to develop the remainder of its oil sands lease (see Figure 1). Phase 3 would be an expansion to the current CLRP approval area and would utilize the steam assisted gravity drainage (SAGD) bitumen recovery technology. The Phase 3 project would consist of two additional central processing facilities, SAGD wells and additional infrastructure. This phase of the project will be designed and built to produce an incremental 150 000 barrels per day of bitumen (approximately 23 800 cubic metres per day). This production will be in addition to the 60,000 barrels of bitumen per day from the Phase 2 and proposed 2B operation, resulting in a total production of 210,000 barrels of bitumen per day (approximately 33 400 cubic meters per day). Currently, MEG is undertaking project environmental and engineering studies in preparation for a development application which is proposed to be filed in Q1 2008.

MEG's public consultation process is designed to include local stakeholders in project planning and implementation and to obtain ideas and feedback.

This document contains further information on the Christina Lake Regional Project and the proposed Phase 3 expansion.

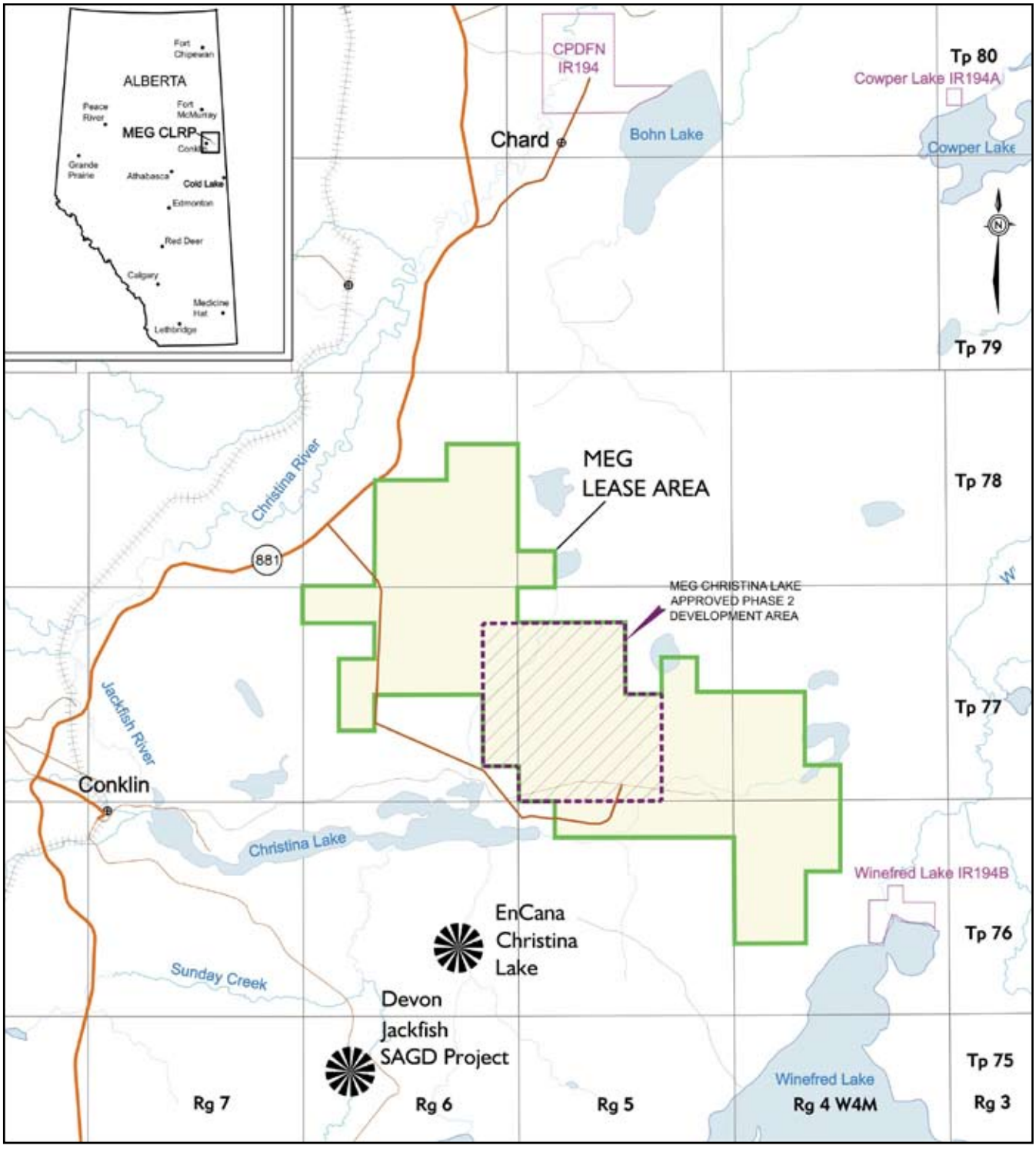


Figure 1 Regional Setting

PROJECT OVERVIEW

MEG is proposing to further develop its oil sands lease area by expanding the existing Christina Lake Regional Project (CLRP) with a Phase 3 development.

MEG has approval to build and operate the first two phases of the Christina Lake Regional Project (CLRP) on 23 sections of land. In addition, MEG has filed a regulatory application (Phase 2B) to increase the production capacity of the Central Processing Facility to 60 000 b/d. The Phase 2B plant would be located immediately adjacent to the existing Phase 1 and 2 processing facilities.

The Phase 3 project would consist of two new central processing facilities. The new central processing facilities and associated steam generating equipment would be located in SW and SE 29-76-4-W4, NW and NE 20-76-4-W4; and 32-77-6-W4, NW and SW 33-77-6-W4 (see Figure 2).

The main project design components include additional steam generation facilities, sulphur recovery, steam delivery and product recovery pipelines and multi-well production pads. Water treatment and recycle, bitumen treatment, wastewater disposal will also be included in the development.

The Phase 3 development is an extension of the current CLRP and is in a region that has been extensively explored and developed for natural gas and more recently for oil sands resources. Other thermal recovery projects are under application or operating in the vicinity of the MEG lease. Within the Project CLRP area, the overburden thickness of the bitumen bearing formations is typically greater than 325 m; therefore, accessing the oil sands resource through surface mining techniques is not appropriate. In the vicinity of the proposed SAGD wells, the oil columns in the McMurray Formation, the primary bitumen-bearing zone in the area, have varying thicknesses of less than 20 m to over 45 m.

The SAGD process requires a suitable source of water that can be sufficiently treated to ensure operational compatibility with the steam generation equipment. MEG is currently considering both the Clearwater and McMurray formations as potential non-potable water sources.

MEG is completing baseline environmental studies in the Project area and is continuing with the preparation of an Environmental Impact Assessment (EIA) Application as part of the Alberta Energy Utilities Board (EUB) and Alberta Environment (AENV) requirements to amend the current CLRP approval.

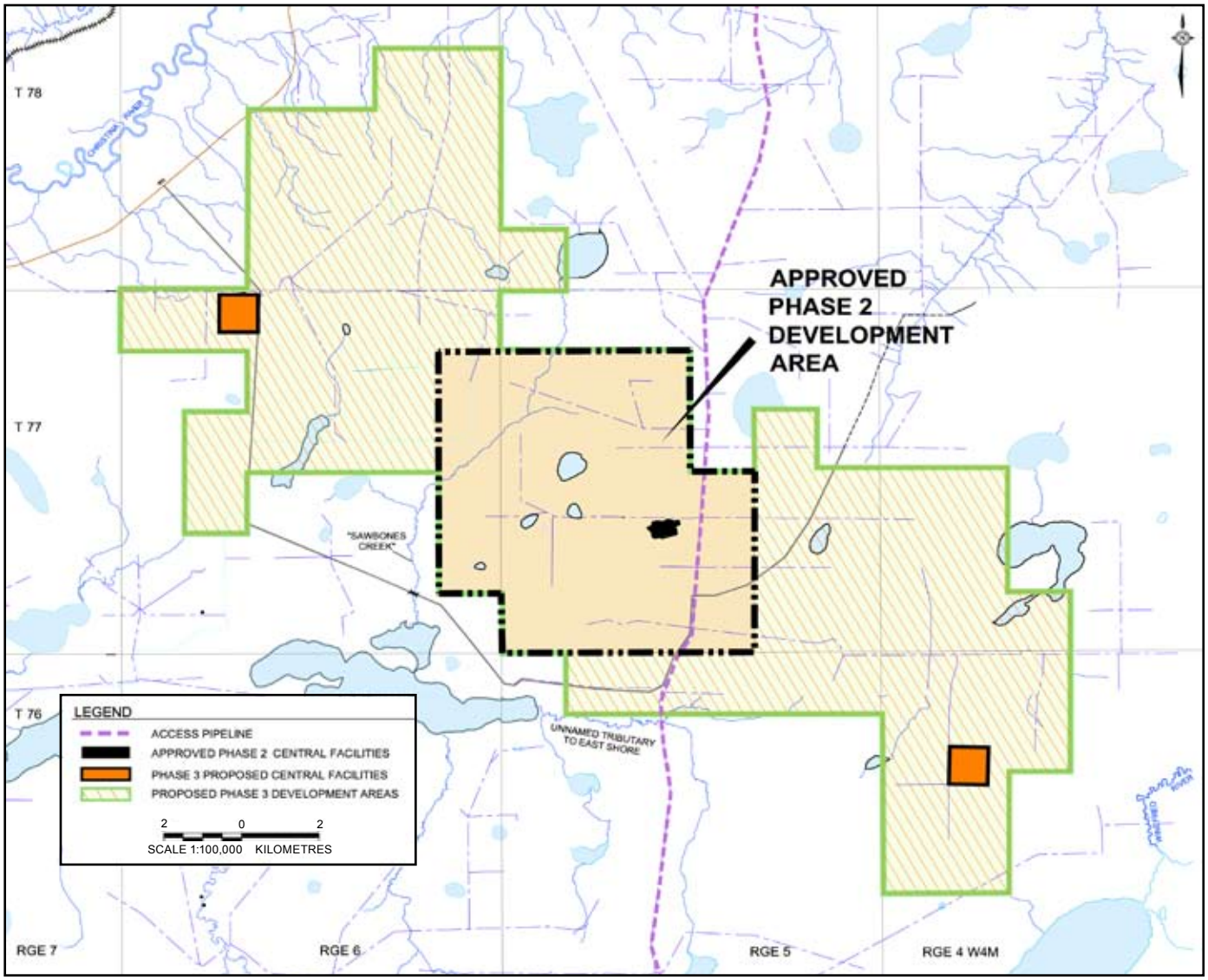


Figure 2 Proposed Development Area

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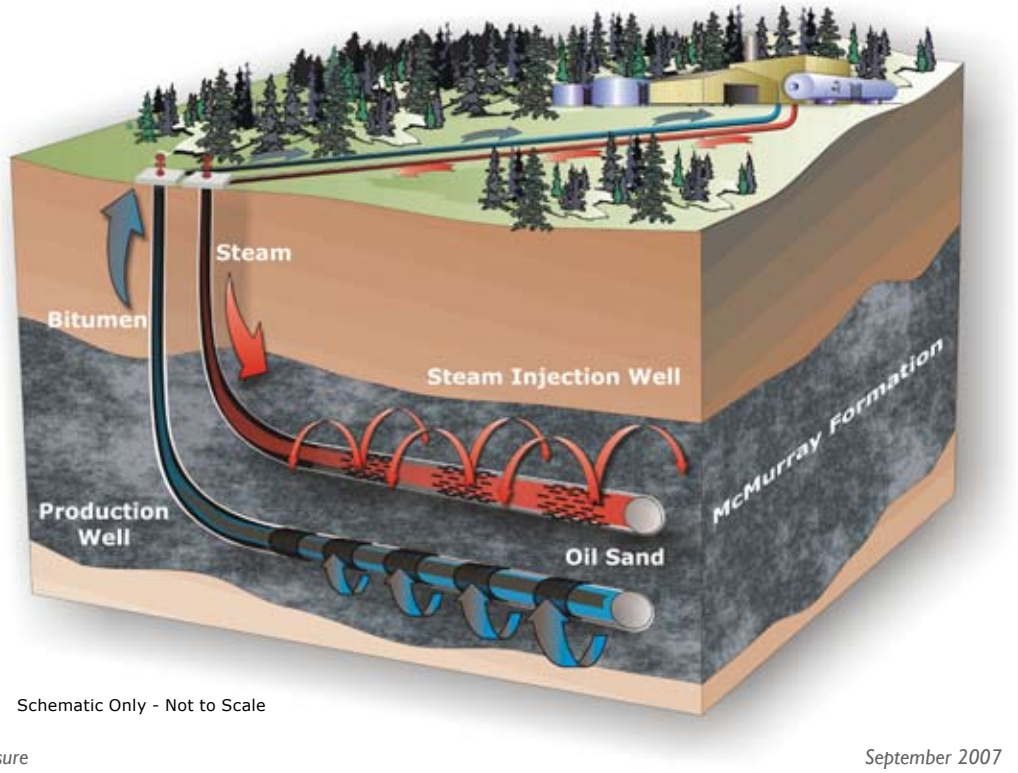
OUR TECHNOLOGY

SAGD PROCESS (STEAM ASSISTED GRAVITY DRAINAGE)

SAGD involves drilling pairs of horizontal wells at a depth of approximately 350 metres below surface. The upper well of each pair is the steam injection well and the lower well, placed approximately five metres below the injection well (near the base of the oil pay column), is equipped as the bitumen production well. The lower well will be positioned approximately three to five metres above the bitumen/water interface to avoid formation water from interfering with the SAGD process. Steam will be continuously injected through the upper well bores to create steam chambers, which will heat the formation. The heated bitumen, under the influence of gravity, then drains to the lower horizontal wells from which it is produced to the surface.

SAGD provides many technological and environmental advantages. SAGD results in recovery factors of 50% or more of the bitumen in place. SAGD is a continuous process that minimizes thermal stress on the well bores due to a minimal number of heating and cooling cycles. The process continuously injects steam below fracture pressure to heat the reservoir. The horizontal wells will be drilled from common surface pads, resulting in low land disturbance and low environmental impacts.



Schematic Only - Not to Scale

OUR PRODUCTION FACILITIES

The Phase 3 development will include the following facilities:

Multi-well pads (on average, eight well pairs per pad) to minimize surface disturbance with gathering and switching manifolds for steam injection, bitumen production and well testing.

The corridor between the well pads and the plant will include lines for steam distribution, product collection, lift gas distribution and other support facilities.

The central processing plants will include water treating and recycle, steam generation facilities, sulphur recovery, bitumen treating facilities, and associated storage and handling facilities for process water, sales oil and diluent.

Fuel gas will be supplied by tying into existing sweet gas infrastructure in the area. Oil sales and diluent supply lines are available through the Access Pipeline system.

Other related facilities will include water source wells, produced water disposal wells, pipelines and related equipment.

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ENVIRONMENTAL PROTECTION

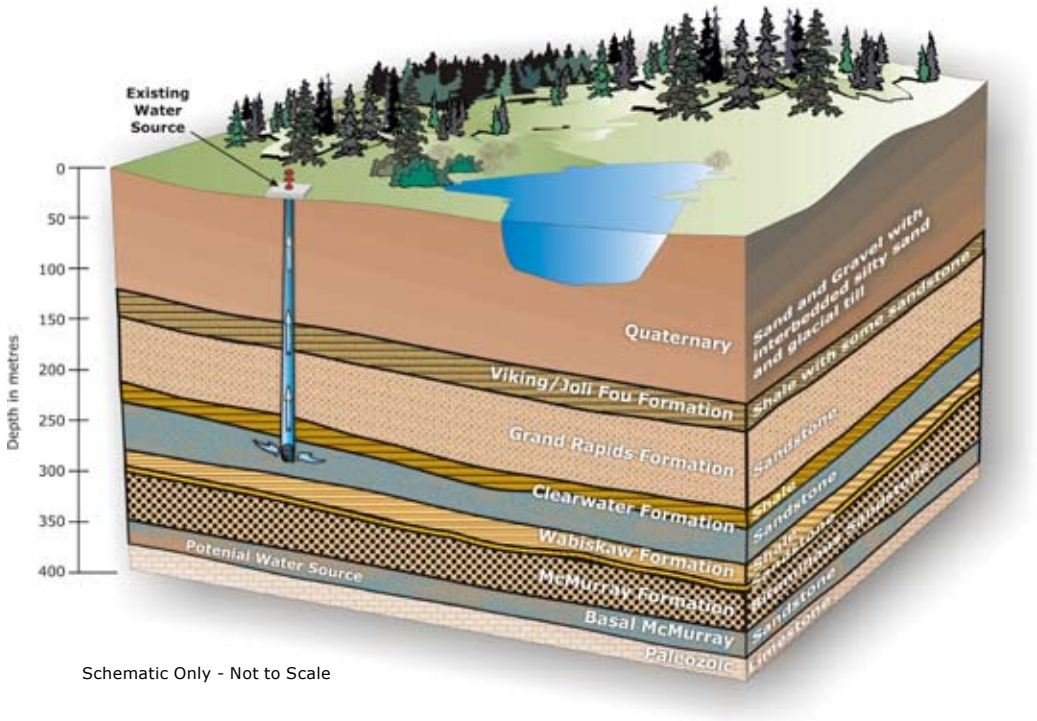
MEG is committed to being an exemplary steward of the environment and we are working hard to ensure our operations meet or exceed all environmental protection standards applicable to the oil sands industry. Our goal is to exercise a standard of care in all our activity that balances the need to protect the environment and to meet the needs of the local community stakeholders' interests and regulatory requirements.

WATER

No surface water will be used to operate the SAGD facilities. All source water will be taken from non-potable underground aquifers such as the Clearwater or McMurray formations. These are deep aquifers within hydrocarbon bearing reservoirs. Owing to their depth and the many hundreds of meters of overlying cap-rock and impermeable shales, withdrawal from these resevoirs generally has minimal environmental impact.

As with the CLRP, MEG will employ water recycling in the Phase 3 facilities to minimize water use and disposal. MEG intends to recycle a minimum of 90% of produced water.

Existing and Potential Water Sources



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LAND

Locations of all surface facilities will be planned using both scientific and traditional knowledge. Locations of water bodies, rare plants, sensitive wildlife habitat, and historically or ecologically significant lands will be considered before facility locations are selected. The project will be designed to use multi-well pads to minimize land disturbance. As well, utility corridors will use existing disturbances where possible.

MEG proposes to use progressive reclamation plans such that pads are reclaimed when no longer productive, thus minimizing the disturbed footprint over the 25 year project life.

Meadow bitter cress (Cardamine pratensis) is a rare plant found on MEG's lease. The plant typically occurs in shallow water, swamps, meadows, thickets and alongside creeks.

Installing a climatic station on MEG's lease to collect rainfall and air temperature data during 2007.

ENERGY AND EMISSIONS

MEG is committed to building modern, energy efficient facilities with minimal emissions. All produced gases will be collected where practical and reused for steam generation and to reduce emissions. In addition, the Phase 3 plants will employ sulphur recovery equipment to minimize the production of acidifying emissions.

MEG will continuously monitor air quality both on and off lease to ensure compliance with air quality standards and requirements. MEG will also monitor sensitive aquatic and terrestrial habitats in the region to ensure that any impacts of acidifying emissions are minimized.

WILDLIFE

MEG will design Phase 3 project to minimize impacts to wildlife by limiting new land disturbance and allowing for wildlife crossing and migration. MEG plans to monitor wildlife on our lease site to ensure that our wildlife management measures are effective.

Remote bait station cameras are one of the tools used by wildlife ecologists to determine the type of animals living on MEG's lease.

PEOPLE

MEG Energy Corp. is a proud Canadian private corporation. We have attracted an enthusiastic and dedicated group of people with significant oil sands development experience. Members of the MEG team have been responsible or participated in the development of several of the original oil sands projects in Alberta. We have also drawn many people from the local community who are developing new skills and bringing a communal spirit that will help us achieve our long term commitment of sustainable development. Our strength continues to be our people.

MEG gives high priority to community benefits, stakeholder relations, environmental stewardship, health and safety and providing community benefits. In all its operations, MEG's intent is to minimize the impact on the natural surroundings and its neighbours and ensure continued compliance with regulatory requirements.

LOCAL INVOLVEMENT

MEG will require appropriately qualified people for both construction and operations for the Phase 3 project. Local hiring will be encouraged where qualified candidates are available. Services and supplies will be obtained locally, where possible.

During the development of the Environmental Impact Assessment (EIA), people from the local area will be utilized to ensure that traditional knowledge is incorporated into project design. MEG will strive to apply local knowledge in all phases of project planning and operations.

PUBLIC CONSULTATION

MEG is committed to developing and maintaining a constructive dialogue with all relevant stakeholders associated with the Christina Lake Regional Project. This consultation is designed to be ongoing from initial planning through each project phase to eventual decommissioning and reclamation. MEG recognizes the need for, and importance of, effective and transparent communication with all affected stakeholders to ensure the project's social, environmental and economic sustainability. Further, MEG recognizes and accepts its responsibility to work within the differing perspectives of the various groups of stakeholders as reflected by their cultural heritages and world views.

The consultation process will include information exchange involving individuals, special interest groups and public forums. Input and feedback are important to MEG and we will ensure that comments and concerns are addressed.

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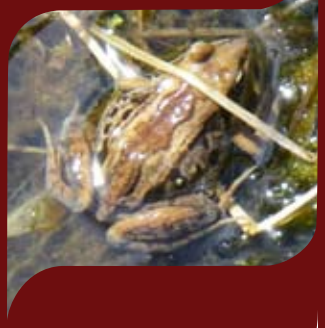
REGULATORY PROCESS



MEG believes the Project is in the public interest and that the continued supply of oil sands products to the market place is important for Albertans. The Company's goal is to submit a commercial project application to the Alberta Energy and Utilities Board and Alberta Environment for review in Q1 2008.

OUR PROJECT SCHEDULE

Pending regulatory approval and market conditions, construction of Phase 3 of the Christina Lake Regional Project will begin in 2009, with initial steam injection in 2011 (see below).

Activity	2007				2008				2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Environmental Impact Assessment																				
Facilities Engineering																				
Regulatory Review																				
Facilities Construction																				
Bitumen Production																				
Public Consultation																				

REGULATIONS

Preparation of an Environmental Impact Assessment is a requirement of the Environmental Protection and Enhancement Act, administered by Alberta Environment. Information on the Act is available on the Alberta Environment web site at

www.gov.ab.ca/env/

The Technical Project Application will be an "integrated application" to both Alberta Environment and the Alberta Energy and Utilities Board. More information on the application process can be found on the Alberta Energy and Utilities Board web site at

www.eub.gov.ab.ca

MEG will work with Alberta Environment and the Alberta Energy and Utilities Board regarding the regulatory review process for the proposed Phase 3 amendment to the Christina Lake Regional Project. Information from interested parties will assist in planning and completing the Environmental Impact Assessment.

MEG is committed to a constructive dialogue with the regulatory agencies, communities and individuals in the Christina Lake Regional Project area to achieve an environmentally responsible and economically feasible project.

THE CONTACTS

Additional information is available from:

MEG Energy Corp.
10th Flr., 734-7th Avenue SW
Calgary, Alberta T2P 3P8

www.megenergy.com

Richard Sendall
VP Regulatory and Public Affairs
(403) 770-5355

richard.sendall@megenergy.com