



MEG Energy Corp.

MEG Energy Board Approves 2011 Budget and Cost Estimate for its 35,000 barrels per day Christina Lake Expansion

CALGARY/ DECEMBER 2, 2010 – MEG Energy Corp. ("MEG") announced today that its board of directors has approved 2011 capital investment of approximately \$900 million and the final cost estimate for the 35,000 barrels per day Phase 2B expansion at Christina Lake.

“With the completion and approval of the final cost estimate of Phase 2B, we are commencing horizontal drilling next week and initiating facilities construction in 2011. Phase 2B is an important step in implementing our strategy of having production capability of 260,000 barrels per day by 2020,” said Bill McCaffrey, Chairman, President and CEO.

The 2011 capital budget supports the Corporation’s key strategic initiatives:

- **Expand and further define MEG’s high quality *in situ* oil sands resource**

The Corporation’s 1.7 billion barrels of proved and probable reserves and 3.7 billion barrels of best estimate contingent resources support current production and substantial future growth. The 2011 budget includes \$80 to \$90 million for core drilling and seismic programs at Christina Lake, Surmont and Growth Properties. This program is designed to identify additional resource on MEG’s 800 square miles of 100%-owned oil sands leases and to support future growth.

- **Staged production growth**

The Corporation is developing its oil sands resource in multiple phases to minimize risk and lever the success of its first commercial project at Christina Lake. The board of directors has approved the \$1.4 billion cost estimate for the 35,000 barrels per day Phase 2B expansion.

By the end of 2010, approximately \$200 million will have been invested in engineering, site preparation and horizontal drilling for Christina Lake Phase 2B. The remaining \$1.2 billion is to be invested over the next two to three years including approximately \$450 million in 2011.

MEG has also budgeted approximately \$200 million for key infrastructure such as operations staff housing, a construction camp, pumping stations on the Access Pipeline, and preliminary engineering for future phases of development. These investments will benefit MEG’s current operations and support its ongoing growth.

- **Excellence in operations**

The Corporation is building on the success of existing Christina Lake operations, where production has exceeded name plate capacity of 25,000 barrels per day with a steam oil ratio below 2.5. MEG intends to invest \$40 to \$50 million on maintenance and sustaining capital in 2011. In addition, opportunities are being pursued to further enhance production from existing Christina Lake facilities.

MEG anticipates bitumen production volumes averaging 25,000 to 27,000 barrels per day during 2011. This takes into account a September 2011 annual turnaround at the Christina Lake facility. Non-energy operating costs are budgeted to average \$9.00 to \$11.00 per barrel in 2011.

McCaffrey concluded "We continue to direct our efforts not just on current operations and the Christina Lake expansion, but also our future. MEG has assembled a substantial, high quality oil sands lease position together with a proven team of operations and professional personnel. Our financial position is strong, with approximately \$1.4 billion of cash and \$180 million of available credit facilities. MEG intends to deliver superior returns to its investors by leveraging these strengths."

MEG's common shares are listed on the Toronto Stock Exchange under the symbol "MEG."

About MEG

MEG Energy Corp. is an oil sands company focused on sustainable *in situ* oil sands development and production in the southern Athabasca region of Alberta, Canada. MEG is actively developing enhanced oil recovery projects that utilize SAGD extraction methods.

Forward-Looking Information

This news release may contain forward-looking information including but not limited to expectations of future production, revenues, cash flow, profitability and capital investments, anticipated reductions in operating costs as a result of optimization of certain operations, development of additional oil sands resources, and anticipated sources of funding for operations and capital investments. Such forward-looking information is based on management's expectations regarding future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), plans for and results of drilling activity, environmental matters, business prospects and opportunities. Such forward-looking information also involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: risks associated with financial market volatility, the risks associated with the oil and gas industry (e.g. operational risks in development; exploration and production; delays or changes in plans with respect to exploration or development projects or capital investments; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health, safety and environmental risks; the risk of legislative and regulatory changes to, amongst other things, taxes, royalties and environmental laws), the risk of commodity price and foreign exchange rate fluctuations; and risks and uncertainties associated with securing and maintaining the necessary regulatory approvals and financing to proceed with the continued expansion of the Christina Lake Project and the development of the Corporation's other projects. Although MEG believes that the assumptions used in such forward-looking information are reasonable, there can be no assurance that such assumptions will be correct. The forward-looking information included in this release is expressly qualified in its entirety by the foregoing cautionary statements. The forward-looking information included in this release is made as of December 2, 2010 and the Corporation assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by applicable securities laws. Any statements relating to reserves and recoverable resources are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the described reserves and resources, as the case may be, exist in the quantities predicted or estimated, and can be profitably produced in the future.

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