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### **Madalena Announces Sierras Blancas Test Results and Drilling Update in Neuquén Basin, Argentina**

Madalena Energy Inc. (TSX-V: MVN) (the “Company” or “Madalena”) is pleased to announce the results of a multi-rate production test for the CAN.xr-2(h) horizontal well which is the Company’s first horizontal well to be drilled on its international assets:

#### **International Update: Neuquén Basin, Argentina**

##### ***Coiron Amargo Block (35% Working Interest) – Sierras Blancas Test Results and Drilling Update***

The CAN.xr-2(h) well was recently re-entered and drilled horizontally in the Sierras Blancas light oil reservoir to a total measured depth of 3,751 meters with a horizontal lateral section of approximately 530 meters in length. This horizontal well was subsequently cased and completed with a 3.5” slotted liner and a multi-rate production test was carried out through temporary production facilities. Throughout the multi-rate production test, the CAN.xr-2(h) well flowed without artificial lift equipment and was tested for approximately 142 hours at various choke settings ranging from 4 mm to 12 mm in size with the following flow rates observed during the test:

The highest rates were achieved on a 12mm choke setting, when the **CAN.xr-2(h)** well was flowed at a rate of 1,791 bbls/d of oil with 2,683 mcf/d of associated natural gas for a total of **2,238 Boe/d (80% oil)** over a three hour period and at an average flowing pressure of approximately 1,304 psi.

On an 8mm choke setting, the CAN.xr-2(h) well was flowed at a rate of 912 bbls/d of oil with 1,364 mcf/d of associated natural gas for a total of **1,139 Boe/d (80% oil)** over a 16 hour period and at an average flowing pressure of approximately 1,433 psi.

During the test period of 142 hours, the total produced cumulative volumes were approximately 2,736 barrels of oil (38 degree API) and approximately 4,154 mscf of natural gas, for a total of approximately 3,428 barrels of oil equivalent (80% oil). No significant flowing pressure declines were observed throughout any of the test rates and no water was produced throughout the test period.

This well represents the first horizontal well drilled into one of the six Sierras Blancas conventional light oil pools discovered to date on the Coiron Amargo block. The Company has an inventory of horizontal development locations on the Coiron Amargo block and a second horizontal well targeting the Sierras Blancas light oil reservoir (**CAN-15(h)**) is now expected to spud in January 2014 once the drilling operations are completed at CAS.x-15 (see below) and the drilling rig is moved to the CAN-15(h) location. The CAN-15(h) horizontal well will be drilled into one of the largest Sierras Blancas pools on the block and targets a separate pool than was drilled by the CAN.xr-2(h) horizontal well.

The Company is currently drilling a Vaca Muerta shale delineation well at the **CAS.x-15** location in the southern portion of the Coiron Amargo block. Completion and testing operations on this well and on a previously drilled nearby Vaca Muerta shale well at the **CAS.x-14** location are both expected to be carried out as part of a multi-well

completion and frac program in 2014. The CAS.x-14 well was previously drilled and cased with approximately 105 meters of Vaca Muerta shale on logs.

While Madalena is very encouraged by the initial results from the CAN.xr-2(h) horizontal well, the flowback information disclosed above should be considered preliminary and is not indicative of the well's long-term performance. Ongoing technical work and operational enhancements are expected to continue to improve the Company's understanding of the ultimate potential of its Sierras Blancas horizontal oil play.

### **About Madalena – International and Domestic Assets**

Madalena is an independent, Canadian-based, domestic and international upstream oil and gas company whose main business activities include exploration, development and production of crude oil, natural gas liquids and natural gas.

Internationally, Madalena holds three large blocks within the Neuquén basin in Argentina where it is focused on the delineation of large petroleum in-place shale and unconventional resources in the Vaca Muerta and Lower Agrio shales, in addition to multiple tight sand plays. The Company is also developing a conventional oil play in the Sierras Blancas formation. Madalena holds approximately 132,200 net acres on the Coiron Amargo (34,951 net acres), Curamhue (50,595 net acres) and Cortadera (46,656 net acres) blocks.

Domestically, Madalena's core area of operations is located in the Greater Paddle River area of west-central Alberta where the Company holds approximately 200 gross (>150 net) sections of land (78% average W.I.) encompassing light oil and liquids-rich gas resource plays. Madalena's primary domestic focus is to exploit its large inventory of horizontal drilling locations on its Ostracod oil and emerging Nordegg oil & liquids-rich gas resource plays.

Madalena trades on the TSX Venture Exchange under the symbol MVN. Basic corporate information, recent news releases and regularly updated corporate presentations are available on the Company's website at [www.madalenaenergy.com](http://www.madalenaenergy.com).

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### **Reader Advisories**

#### *Forward Looking Information*

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance, in particular with respect to the Company's reserves and production from its properties. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. In particular, this news release contains forward-looking statements pertaining to planned operational activities to be conducted by the Company. In addition, statements relating to "reserves" or "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and can be profitably produced in the future. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions, of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits the Company will derive from them. These statements are subject to certain risks and uncertainties and may be

based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The forward-looking statements in this news release are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements. Investors are encouraged to review and consider the additional risk factors set forth in the Company's Annual Information Form, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### *Oil and Gas Disclosure*

Any references in this news release to test rates, flow rates, initial and/or final raw test or production rates, early production, test volumes behind pipe and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily indicative of long-term performance or of ultimate recovery. In addition, the Company's Ostracod project is a resource project, like many other projects where operators deploy similar operational approaches to those utilized by the Company, and may be subject to high initial decline rates of production and pressure. Such production rates may also include recovered "load" fluids used in well completion stimulation. Readers are cautioned: (a) not to place reliance on such rates in calculating the aggregate production for Madalena; and (b) test or early production results are not necessarily indicative of long-term performance or of ultimate recovery.

All calculations converting natural gas to barrels of oil equivalent ("boe") have been made using a conversion ratio of six thousand cubic feet (six "Mcf") of natural gas to one barrel of oil, unless otherwise stated. The use of boe may be misleading, particularly if used in isolation, as the conversion ratio of six Mcf of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

**Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.**