

# Alvopetro Announces Discovery of Hydrocarbons on Block 183 and Provides an Operational Update

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CALGARY, ALBERTA--(Marketwired - Oct 9, 2014) - [Alvopetro Energy Ltd.](#) (TSX VENTURE:ALV) is pleased to provide an operational update, highlighted by our discovery of hydrocarbons on Block 183, with over 189 metres of potential net hydrocarbon pay in our 183(1) well. The 183(1) well is located on Block 183 in the Recôncavo Basin, in the State of Bahia, Brazil.

Our initial objective with our first two-well drilling program was to prove the resource potential of the Gomo Member of the Candeias Formation. We have now drilled two highly successful wells, achieving significant milestones towards our objective. We have proven hydrocarbon deliverability on an unstimulated basis, at depth, in the core of our play fairway and added considerable deep basin natural gas potential to our originally defined oil resource opportunities. In addition, we have reprocessed all available 3D seismic over our land base and have started to build an extensive inventory of conventional opportunities.

## 183(1) Well Discovery

Our 183(1) well, which reached a total depth of 3,550 metres, has been logged, and will be cased and tested. During the drilling of the 183(1) well we completed two core runs, recovering over 40 metres of core, with 100% core recovery. We are undertaking extensive special core analysis, expected to be completed within six months.

Based on open-hole logs, the 183(1) well encountered 189 metres of potential net hydrocarbon pay over several separate intervals, using an 8% porosity cut-off for indicated oil zones and a 4% porosity cut-off for indicated natural gas zones. Our initial petro-physical analysis indicates three key potential hydrocarbon intervals.

Based on logs, we have identified an upper zone of our 183(1) discovery well consisting of a thick continuous column of sand with 46 metres of net pay, using an 8% porosity cut-off, with porosity ranging between 8% and 11%, averaging 10%. This represents approximately 57 million barrels of undiscovered petroleum initially-in-place ("UPIIP") per square mile, comparing very favourably to other resource plays.

In addition, we were pleased to discover a three metre zone with 14% porosity, which is stratigraphically distinct from the upper zone tested in our 197(1) well. This zone has a log resistivity of 40 ohms, compared to the resistivity of 20 ohms measured in the uppermost test zone in our 197(1) well.

Logs from our 183(1) well also indicate a natural gas zone with 93 metres of net pay, using a 4% porosity cut-off, with porosity ranging between 4% and 11%, averaging 7%. Using 3D seismic we have mapped this zone to be part of the same geobody as the natural gas discovery in the lowermost zone tested in our 197(1) well. Based on logs and our mapping we internally estimate 3.8 TCF of total petroleum initially-in-place ("TPIIP") (natural gas, mid-point) at reservoir conditions (620 million boe) in this geobody, with an aerial extent of approximately 5,460 acres.

Additional technical work and testing is required to determine the extent, if any, of potential commercial hydrocarbons associated with the 183(1) well. We plan to commence a multi-zone testing program on the 183(1) well with a service rig, subject to our overall drilling schedule and following receipt of required regulatory approvals. Based on the results of our mud-logging and open-hole logs, we will file a Notice of Discovery relating to our 183(1) well with the National Agency of Petroleum, Natural Gas and Biofuels ("ANP").

## Operational Update

Our 197(1) well was drilled to a total depth of 3,275 metres, encountering 43 metres of potential net hydrocarbon pay over several separate intervals, with an average porosity of 9.5 percent, using an 8 percent porosity cut-off.

Below 3,000 metres measured depth, the 197(1) well encountered 16 metres of net pay within various sands. The lowermost 6 metres of net pay was perforated and flowed natural gas, without stimulation, at a rate of 40 mcf/d, with no water. The test data characterizes the resource as liquids rich, high-heat content, gas in an unconventional reservoir and, as expected, will require the application of modern reservoir enhancement techniques. We plan to model, procure equipment, and make application for a reservoir enhancement program, which will define the ultimate deliverability of this zone. This interval is part of a large geobody that we have mapped using 3D seismic over a large area, which has now been confirmed by our 183(1) well result.

The third zone in our 197(1) well, currently being tested, has encountered primarily water. Additional reservoir data is being collected to calibrate our petrophysics.

## Conventional Exploration Inventory

We have merged and reprocessed all available 3D seismic over our land base which has provided us with an enhanced understanding of our Gomo Resource potential and has expanded our inventory of conventional prospects. We now have nine conventional prospects with an internally estimated mid-point TPIIP of 250 million boe.

## Capital Program

Following the 183(1) well, we plan to commence drilling our 197(2) location on Block 197, which is a shallow conventional exploration target offsetting an existing gas discovery. In 2015, we plan to drill a series of conventional exploration prospects, and commence drilling on our Bom Lugar mature field which together will complement our ongoing work on the Gomo resource play.

## Corporate and Investor Presentation

Alvopetro's updated corporate presentation and updated investor presentation is available on our website at: <http://www.alvopetro.com/corporate-presentation> and <http://alvopetro.com/News-Events#presentation>.

***Alvopetro Energy Ltd.'s** vision is to be the premier independent exploration and production company in Brazil, maximizing shareholder value by being the lowest cost operator and applying innovation to underexploited opportunities. Alvopetro aims to implement a large-scale, repeatable, low-risk, multi-well development program, utilizing advanced technology and completion techniques. Alvopetro's strong financial position, along with our experienced team of professionals, local operating capabilities and highly prospective land base, will enable us to efficiently develop our resource play opportunities.*

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

**BOE Disclosure.** The term barrels of oil equivalent ("BOE") may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

**Forward-Looking Statements and Cautionary Language.** This news release contains "forward-looking

information" within the meaning of applicable securities laws. The use of any of the words "will", "intend" and other similar words or expressions are intended to identify forward-looking information. More particularly and without limitation, this news release contains forward-looking information concerning operating results and potential hydrocarbons in our 197(1) well and 183(1) well, exploration and development prospects of Alvopetro and the expected timing of certain of Alvopetro's testing and operational activities. The forward-looking statements are based on certain key expectations and assumptions made by Alvopetro, including expectations and assumptions concerning results on our 197(1) well and 183(1) well, the timing of regulatory licenses and approvals, availability of capital, the success of future drilling and development activities, prevailing commodity prices and economic conditions, the availability of labour and services, the ability to transport and market our production, timing of completion of infrastructure and transportation projects, weather and access to drilling locations. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Although Alvopetro believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Alvopetro can give no assurance that it will prove to be correct. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Alvopetro are included in our annual information form which may be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com). The forward-looking information contained in this news release is made as of the date hereof and Alvopetro undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

**Undiscovered Petroleum Initially-In-Place ("UPIIP").** UPIIP, equivalent to undiscovered resources, are those quantities of petroleum that are estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of UPIIP is referred to as prospective resources, the remainder as unrecoverable. Undiscovered resources carry discovery risk. There is no certainty that any portion of these resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

**Total Petroleum Initially-In-Place ("TPIIP").** TPIIP are those quantities of petroleum estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. There is no certainty that undiscovered resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

**Cautionary statements regarding the filing of a Notice of Discovery.** Operators in Brazil are required to inform the ANP, through the filing of a Notice of Discovery, of potential hydrocarbon discoveries. These routine notifications to the ANP are not necessary indicative of commercial hydrocarbons, potential production, recovery or reserves. Data obtained from the 183(1) well and the 197(1) well identified in this press release, including hydrocarbon shows, open-hole logging, net pay and porosities, should be considered to be preliminary until testing, detailed analysis and interpretation has been completed. Hydrocarbon shows can be seen during the drilling of a well in numerous circumstances and do not necessarily indicate a commercial discovery or the presence of commercial hydrocarbons in a well. There is no representation by Alvopetro that the data relating to the 183(1) well and the 197(1) well contained in this press release is necessarily indicative of long-term performance or ultimate recovery. The reader is cautioned not to unduly rely on such data as such data may not be indicative of future performance of the well or of expected production or operational results for Alvopetro in the future.

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