Pacific Rubiales announces 2012 year-end reserves: 27% growth in net 2P reserves and 407% reserve replacement

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TORONTO, March 4, 2013 /CNW/ - Pacific Rubiales Energy Corp. (TSX: PRE; BVC: PREC; BOVESPA: PREB) announced today the results of an independent evaluation of the Company's reserves in reports effective December 31, 2012, which show that the Company's net 2P reserves grew by 27% when compared to December 31, 2011.

José Francisco Arata, President of the Company commented: "We look at these reserves reports for 2012 as a clear demonstration of the robustness of our exploration and development portfolio, and the Company's business strategy that includes growth through strategic and accretive acquisitions. The 27% reserves growth is a strong performance, driven by exploration discoveries and a number of accretive acquisitions the Company was able to accomplish during the year. Pacific Rubiales continues to grow its reserves along with production, and the addition of reserves in new areas clearly demonstrates that the Company is diversifying its reserves base beyond the Rubiales field."

Highlights on net after royalty ("net") reserves from the independent reserve evaluation reports include:

- Total net proved plus probable ("2P") reserves additions of 145 MMboe, consisting of 95 MMboe from acquisitions, 40 MMboe from exploration activities and 10 MMboe from revisions.

- Total net 2P reserves grew by 27% to 517 MMboe. Proved reserves ("1P") represent 65% of the total net 2P reserves.

- 407% reserve replacement with net 2P reserves additions of 4 boe per boe produced.

- 2P Reserve Life Index ("RLI") increased to 14 from a 2011 year-end RLI of 13.
Total net 1P reserves grew by 6% to 337 MMboe. Approximately 77% of net 2P and 74% of 1P reserves are oil and natural gas liquids with the majority of these being heavy oil.

- Continued diversification of the reserves base, with the Rubiales field now representing less than 19% of total net 2P reserves down from 29% a year ago.

- Significant reserve additions from acquisitions, including first reserve bookings and production in Peru in the Block Z-1 shallow water offshore, and additional reserves and production from the PetroMagdalena Energy Corp. ("PetroMagdalena") and C&C Energia Ltd. ("C&C Energia") acquisitions, onshore Colombia.

2012 2P Reserves Summary

	Oil Equivalent Net 2P Reserves (MMboe)2
December 31, 2011 1	407.3
Net Additions	145.4
Production 3	(35.7)
December 31, 2012	517.0

Notes:
1 Statement of Reserves Data and Other Oil and Gas Information as of December 31, 2011, filed on SEDAR in Form 51-101 F1, on March 14, 2012.
2 Boe is expressed herein using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy. A reconciliation to the National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101") conversion standard of 6 Mcf: 1 bbl is provided in the "Advisories" section of this news release.
3 Production represents the twelve month period ended December 31, 2012 and includes production from the acquisition of the 49% interest in Block Z-1 in Peru effective as of January 1, 2012.
Note: numbers in table may not add due to rounding differences.

2012 Year-end Reserves

The following table summarizes information contained in the independent reserves reports prepared by RPS Energy Canada Ltd. ("RPS") and Petrotech Engineering Ltd. ("Petrotech") with an effective date of December 31, 2012. RPS evaluated the reserves of the Company in the developed Rubiales and Quifa SW heavy oil fields, while Petrotech evaluated the reserves in the remaining producing oil and gas fields in Colombia, the natural gas reserves of the Piedra Redonda in Block Z-1 Peru, and other blocks that have active and ongoing exploration programs. These reports were prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook NI 51-101.

The reserves estimates for the Corvina and Albacora oil fields in Block Z-1, Peru were prepared by Netherland Sewell & Associates Inc. (the independent reserves auditor for BPZ Energy) with an effective date of December 31, 2012, in accordance with the US Security and Exchange Commission ("SEC") standards. These reserves estimates will be updated to conform with NI 51-101 standards in the Company´s Annual Information Form.

The Company's net reserves after royalties incorporate all applicable royalties under Colombia and Peru fiscal legislation based on forecast pricing and production rates, including any additional participation interest ("PAP") related to the price of oil applicable to certain Colombian blocks, as at year-end 2012. Net reserves for the Quifa block were calculated using the share formula of the Agencia Nacional de Hidrocarburos, as agreed with Ecopetrol S.A., until the arbitration process pertaining to this block is settled.

The recovery and reserves estimates of crude oil and natural gas reserves provided in these reports are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil and natural gas reserves may eventually be greater than or less than the estimates provided. All reserves presented are based on RPS and Petrotech forecast pricing and costs effective December 31, 2012, and Netherland and Sewell & Associates 2012 un-weighted arithmetic average of the first-day-of-the-month price for the period January 2012 through December 2012.

All additional reserves information as required under NI 51-101 will be included in the Company's Annual Information Form which is expected to be filed on SEDAR by March 13, 2013.

The Company also plans to release its 2012 year-end certified resource report next month, prepared by Petrotech.

Reserves at December 31, 2012 (MMboe1)

Country Field Total Proved (1P) Probable (P2) Proved Plus Probable (2P) Hydrocarbon Type
100% Gross Net 100% Gross Net 100% Gross Net
Colombia Rubiales 277.1 117.0 93.6 6.2 2.8 2.2 283.3 119.8 95.8 Heavy Oil
Quifa SW 115.4 69.2 58.0 29.7 17.8 15.1 145.1 87.0 73.1 Heavy Oil
Cajua 64.8 38.9 32.9 51.3 30.8 24.4 116.0 69.6 57.3 Heavy Oil
Quifa North 11.3 6.8 6.0 36.3 21.8 18.1 47.6 28.6 24.1 Heavy Oil
CPE-6 - - - 114.2 57.1 44.5 114.2 57.1 44.5 Heavy Oil
Sabanero2 20.0 10.0 9.0 - - - 20.0 10.0 9.0 Heavy Oil
La Creciente 79.1 79.1 73.6 - - - 79.1 79.1 73.6 Natural Gas
Guama 16.2 16.2 15.2 20.3 20.3 19.0 36.5 36.5 34.2 Natural Gas & Condensate
Other Minor Blocks 7.1 3.0 2.7 2.5 1.5 1.2 9.6 4.5 3.9 Oil & Associated Natural Gas
PMD Blocks 19.3 10.9 10.1 12.2 7.1 6.6 31.5 18.1 16.6 Light & Medium Oil
C&C Blocks 18.0 18.0 15.1 2.0 2.0 1.8 20.0 20.0 16.9 Light & Medium Oil
Sub-total 628.4 369.2 316.2 274.4 161.1 132.9 902.9 530.2 449.1 Oil & Natural Gas
Peru Block Z-1 42.1 20.6 20.4 99.5 48.7 47.5 141.5 69.4 67.9 Light & Medium Oil, Natural Gas
Total at Dec. 31, 2012 670.5 389.8 336.6 373.9 209.8 180.4 1,044.4 599.6 517.0 Oil & Natural Gas
Total at Dec. 31, 2011 686.6 383.9 318.8 206.5 110.1 88.5 893.2 493.9 407.3
Difference (16.2) 5.9 17.8 167.4 99.8 91.9 151.2 105.6 109.6
2012 Production3 90.2 43.4 35.7 Total Reserves Incorporated 241.5 149.0 145.4

Notes:
1 The term "boe" is expressed herein using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy. A reconciliation to the National Instument 51-101 - Standards of Disclosure for Oil and Gas Activity ("NI 51-101") conversion standard of 6 Mcf: 1 bbl is provided in the "Advisories" section of this news release.

2 The Company indirectly owns 49.999% of Maurel & Prom Colombia B.V., which owns the Sabanero block.

3 Includes production attributed from the acquisition of the 49% interest in Block Z-1, Peru effective as of January 1, 2012.

In the table above, 100% refers to total 100% field interest; Gross refers to WI before royalties; Net refers to WI after royalties; Numbers in table may not add due to rounding differences.

Discussion of Reserves

Approximately 94% of the Company's net 1P and 88% of 2P year-end 2012 reserves are in Colombia, with the remainder in Peru. Over 50% of the 145 MMboe of net 2P 2012 reserve additions came from Colombia.

The Company's exploration capital expenditure in 2012 was approximately US$355 million, drilling 55 gross (33 net) exploration wells (including appraisal and stratigraphic wells), resulting in 44 gross successful wells (80% success rate) and adding 40 MMboe of net 2P reserves through the drill bit, for a finding cost of approximately US$8.90/boe. The Company's five year finding cost (2008 - 2012) is estimated at US$3.44/boe. The Company operates approximately 98% of its production and was responsible for the majority of Colombia's production growth during 2012.

Colombia

In the Company's Rubiales field, net 2P reserves declined to 96 MMbbl from 118 MMbbl a year ago on production of approximately 22 MMbbl. The Rubiales field is a mature oil field that will see plateau production in the next several years before natural decline starts in 2015. The Rubiales field, which in 2008 accounted for 60% of the Company's 2P reserves base, now accounts for less than 19% of a substantially larger total reserves base.

In the Quifa SW field, net 2P reserves grew to 73 MMbbl from 65 MMbbl a year ago from successful infill drilling and extensions. Total net proved reserves grew to 58 MMbbl from 56 MMbbl a year ago due to reserves movements from the probable category. Net production during 2012 was approximately 8 MMbbl.

In the area known as Quifa North, the Company declared a new commercial field area named Cajua in mid-August 2012. The Cajua field area is currently under development and its production is expected to increase over the next years to a targeted plateau of 15 to 20 Mbbl/d. The remainder of the Quifa North block, is in an active exploration stage which is expected to continue for the next several years. Total net 2P reserves in Quifa North (including the new Cajua field) remained largely flat at 81 MMbbl compared to a year ago. Net production in 2012 was approximately 0.2 MMbbl, all of which is attributed to Cajua.

On the Sabanero block, where the Company has a 49.999% interest, net 2P reserves declined to 9 MMbbl from 15 MMbbl a year ago, due to technical revisions of probable reserves based on a change in future economic assumptions associated with the field's operations. At the same time, total proved reserves increased to 9 MMbbl from 5 MMbbl a year ago, due to new drilling and extensions and movements from the probable category. The Company and its partner Maurel et Prom Colombia B.V. are actively looking at facilities and equipment investments which could improve the operating economics of the Sabanero block. Net production during 2012 was approximately 0.2 MMbbl.

On the CPE-6 E&P block some 70 km southwest of Rubiales/Quifa, net 2P reserves remain unchanged at the 2011 year-end bookings of 45 MMbbl, due to delays in permitting. The Company has a working interest of 50% and is operator of the block. These reserves resulted from the evaluation of the wells drilled in the northern portion of the block only and are expected to increase significantly in the near future through exploration and development drilling. As soon as the environmental permit for the block is awarded, the Company will start an exploration and appraisal drilling campaign to confirm reservoir potential which it believes will lead to a declaration of commerciality for the northern portion of the block.

In the La Creciente block in the Lower Magdalena basin (northern Colombia), net 2P reserves declined to 419 Bcf from 441 Bcf a year ago due to net production of approximately 22 Bcf (4 MMboe) during 2012. All the reserves at La Creciente are comprised of natural gas.

On the Company's 100% working interest and operated Guama exploration block just to the east of La Creciente, 33 MMboe of net 2P reserves were added, a result of a number of significant condensate rich gas discoveries, including the Pedernalito-1X and Cotorra-1X exploration discoveries announced in 2012. Approximately 61% of the 2P and 68% of the 1P reserves in the Guama block are natural gas. In February 2013, the Company announced an additional exploration discovery in the Manamo-1X exploration well, and will be drilling a second exploration well this year and initiating a program of extended flow testing of wells, to determine productivity and resource potential in the block, which is expected to lead to future commercial development.

On other non-core minor producing blocks in Colombia, net 2P reserves declined to 4 MMboe from 6 MMboe a year ago due to natural declines and small revisions. Net production from these producing blocks in 2012 was approximately 0.5 MMboe. Approximately 20% of the 2P and 25% of the 1P reserves in these non-core minor producing blocks are natural gas.

The Company added 34 MMboe net 2P reserves as a result of two significant corporate acquisitions in Colombia during 2012, consisting of the PetroMagdalena acquisition which closed on July 27, and the C&C Energia acquisition which closed at year-end. The majority of the acquired reserves are medium and light oil. Net production during 2012 from these acquisitions was approximately 0.7 MMbbl, all of which is attributed to the PetroMagdalena producing properties.

Peru

In Peru, the Company acquired a 49% participating interest in the shallow water offshore Block Z-1. The deal closed in late December 2012 and is effective to January 1, 2012. In 2012, the Company added 68 MMboe of net 2P reserves from Block Z-1, consisting of 43 MMbbl oil in the producing Corvina and Albacora fields, and 148 Bcf (25 MMboe) natural gas in the undeveloped Piedra Redonda field. Approximately 37% of the 2P oil reserves and 19% of the natural gas reserves in Block Z-1 are in the 1P category. The Company and its partner will be engaged in an active development drilling program on the block over the next two years which is expected to significantly grow oil production and result in movements in reserves from probable and proved undeveloped ("PUD") categories to proved developed producing. Net production during 2012 attributed to the Company's 49% participating interest in Block Z-1 was approximately 0.6 MMbbl.

Pacific Rubiales, a Canadian company and producer of natural gas and crude oil, owns 100% of Meta Petroleum Corp., which operates the Rubiales, Piriri and Quifa heavy oil fields in the Llanos Basin, and 100% of Pacific Stratus Energy Colombia Corp., which operates the La Creciente natural gas field in the northwestern area of Colombia. Pacific Rubiales has also acquired 100% of PetroMagdalena Energy Corp., which owns light oil assets in Colombia, and 100% of C&C Energia Ltd., which owns light oil assets in the Llanos Basin. In addition, the Company has a diversified portfolio of assets beyond Colombia, which includes producing and exploration assets in Peru, Guatemala, Brazil, Guyana and Papua New Guinea.

The Company's common shares trade on the Toronto Stock Exchange and La Bolsa de Valores de Colombia and as Brazilian Depositary Receipts on Brazil's Bolsa de Valores Mercadorias e Futuros under the ticker symbols PRE, PREC, and PREB, respectively.

Advisories

Cautionary Note Concerning Forward-Looking Statements

This press release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from the estimates and assumptions; failure to establish estimated resources or reserves; fluctuations in petroleum prices and currency exchange rates; inflation; changes in equity markets; political developments in Colombia, Peru, Guatemala, Brazil, Papua New Guinea or Guyana; changes to regulations affecting the Company's activities; uncertainties relating to the availability and costs of financing needed in the future; the uncertainties involved in interpreting drilling results and other geological data; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 14, 2012 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

In addition, reported production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this press release due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.

Reserves Replacement

Production replacement is calculated by dividing reserves additions by production in the same period. Reserves additions over a given period, in this case 2012, are calculated by summing one or more of revisions and improved recovery, extensions and discoveries, acquisitions and divestitures. Reserve replacement cost is calculated by dividing total capital invested in finding, development and acquisitions net of divestitures by reserve additions in the same period.

Finding Costs

The aggregate of the finding costs incurred in the most recent financial year and the change during that year in estimated future finding costs generally will not reflect total finding costs related to reserves additions for that year.

Translation

This news release was prepared in the English language and subsequently translated into Spanish and Portuguese. In the case of any differences between the English version and its translated counterparts, the English document should be treated as the governing version.

Boe Conversion

The term "boe" is used in this news release. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 5.7 Mcf: 1 bbl 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 of the Company's natural gas reserves are contained in the La Creciente, Guama and other bocks in Colombia as well as in the Piedera Redonda field in Block Z-1, Peru. For all natural gas reserves in Colombia, boe's have been expressed using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy. For all natural gas reserves in Peru, boe's have been expressed using the Canadian conversion standard of 6.0 Mcf: 1 bbl. If a conversion standard of 6.0 Mcf: 1 bbl was used for all of the Company's natural gas reserves, this would result in a reduction in the Company's net 1P and 2P reserves of approximately 4.2 and 4.7MMboe respectively.

The estimated values disclosed in this news release do not represent fair market value. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Definitions

Bcf	Billion cubic feet.
Bcfe	Billion cubic feet of natural gas equivalent.
bbl	Barrel of oil.
bbl/d	Barrel of oil per day.
boe	Barrel of oil equivalent. Boe's may be misleading, particularly if used in i
boe/d	Barrel of oil equivalent per day.
Mbbl	Thousand barrels.
Mboe	Thousand barrels of oil equivalent.
MMbbl	Million barrels.
MMboe	Million barrels of oil equivalent.
Mcf	Thousand cubic feet.
WTI	West Texas Intermediate Crude Oil.

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