

# Petro One Energy's First Horizontal Well on Production

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VANCOUVER, Feb 4, 2015 - [Petro One Energy Corp.](#) (TSX VENTURE:POP)(FRANKFURT:C6K1) is pleased to report that Well 6-22, its first horizontal well drilled in the upper Viking, was completed as planned and has been on production since mid-January. The well, which is located in the Milton oil field in western Saskatchewan, is currently producing emulsion and recovering frac fluid from the 3,500 barrels of frac fluid used for completion in early January. The company will report the average production volumes once the majority of the frac fluid has been recovered and the emulsion ratios normalize. The precise oil cut from the emulsion will be known once Petro One receives its first monthly statement from the processor.

The horizontal drilling at 6-22 confirmed excellent reservoir characteristics and continuity of a thick Viking sand underlying Section 22. The Milton Viking reservoir has a strong gas drive that accounts for the excellent production volume demonstrated by this new horizontal well. Core from the nearest Petro One vertical well, located 825 metres to the south-southeast, had an average porosity of 21.7%, an average permeability of 16.89 mD over 10 metres and a maximum permeability of 54.6 mD over the whole Viking interval. Sample cuttings from the lateral leg of the new horizontal well are described as being very similar to the Upper Viking sand in the core from that vertical well.

Petro One's 10A-15- 30-27 vertical oil well, located 1,360 metres south-southeast of the new 6-22 horizontal well, has shown a substantial improvement since early fall, when it was producing 15 bopd. Production increased to an average of 28 bopd during September and October, and averaged 19 bopd over the four month period September 1 - December 31, 2014. Since October 1, 2014, the well has produced entirely oil emulsion. This well has produced more than 14,000 barrels of oil over 3.5 years of production and is anticipated to provide the Company with a steady revenue stream for years to come. The production history from this well in the newly discovered Milton field demonstrates it should be a long-lived producer with a very slow decline.

McDaniel and Associates have assigned Petro One a prospective resource of 1.8 million barrels of recoverable oil on the Milton property, as well as 124,800 barrels of proved plus probable reserves (Petro One News Releases May 8 and May 13, 2014). The next reserve update will take the results of the new horizontal well into account.

"This horizontal well has confirmed and expanded the known extent of the Viking oil reservoir on Petro One's Milton property," said Petro One Chief Geologist Trevor Bremner. "The technical team has described oil saturated core from two vertical wells on section 10 as excellent quality Viking sand and strongly recommended focusing on horizontal drilling in the Upper Viking as the best way to exploit that reservoir. Mapping based on core and sample descriptions, wireline logs and seismic indicates that all of Petro One's Milton land is underlain by the same thick high quality Viking reservoir sand. We have up to 48 remaining horizontal drill locations on Petro One's Milton property, and two new horizontal wells are in the licensing process. The results to date indicate the property should provide a solid low risk base to quickly grow the Company through production as the oil market improves."

The Viking in West Central Saskatchewan produces 35° - 39° API light sweet oil, and Saskatchewan offers an extremely attractive royalty system whereby Viking horizontal wells qualify for a 2.5% royalty rate on crown lands on the first 37,700 barrels of cumulative oil production, significantly enhancing the economics for horizontal drilling.

## South Reston J4 SR-1 test

Testing of the joint Petro One - Goldstrike vertical wildcat Well SR-1 at Pipestone, Manitoba produced a small amount of an oily substance with a petroleum odor, but the amount was insufficient to provide conclusive results. Based on the inconclusive results, risk, and current oil markets, the company plans to focus its future efforts on low risk development drilling in its Milton oil field.

## KMDC Update

KMDC Resources Ltd. and Korea Myanmar Development Company Ltd. (together "KMDC") remain in default of their obligations to the Company, and the final funding deadline of January 30, 2015 has passed without any further payment and without any further communication from KMDC. The Company has legal claims for those defaults against KMDC and its principals, Lee Young Soo and Seok Hee-guen, and has the ability to pursue those claims in due course. In the near term the Company will remain focused on its business at Milton. The Company has over \$2 million in cash, including the \$650,000 forfeited by KMDC, and no debt. Based on the results of the new horizontal Well 6-22, the Company looks forward to receiving a new reserve estimate in due course.

## **NATIONAL INSTRUMENT 51-101 DISCLOSURE**

BOE means barrels of oil equivalent. It may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 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.

Oil production during a period is generally expressed in terms of "barrels per day" or "bopd", which indicates the total oil produced during a period divided by the number of hours that the well was in production during that period. "Barrels per day" is indicative of flow rate while a well is in production and does not mean that such well was in constant production during such period.

### **Prospective resources**

The resources described in the McDaniel and Associates report and in this document are "undiscovered resources" as defined in the Canadian Oil and Gas Evaluation Handbook. Undiscovered resources are defined as those quantities of oil and gas estimates on a given date to be contained in accumulations yet to be discovered. The estimates of the potentially recoverable portions of undiscovered resources are classified as prospective resources.

Prospective resources are defined as those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations. They are technically viable and economic to recover. Pursuant to s. 5.9(d)(v) of NI 51-101, the Company cautions that there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Prospective resources are defined as those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations.

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves.

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

## **ON BEHALF OF THE BOARD**

Peter Bryant  
President & Director

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### **Forward-Looking Statements**

*Certain statements contained herein constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation, including, but not limited to management's assessment of future plans and operations, including: drilling plans and potential locations; expected production levels; development plans; reserves growth; production and operating sales and*

*expenses; reservoir characteristics; the results of applying certain operational development techniques; certain economic factors; and capital expenditures.*

*Forward looking statements are typically identified by words such as "anticipate", "estimate", "expect", "forecast", "may", "will", "project" and similar words suggesting future events or performance or may be identified by reference to a future date. In addition, statements relating to oil and gas reserves and resources are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves or resources described, as the case may be, exist in the quantities predicted or estimated and can be profitably produced in the future. With respect to forward looking statements herein, the Company has made assumptions regarding, among other things; future capital expenditure levels; future oil and natural gas prices; ability to obtain equipment and services in a timely manner to carry out development activities; ability to market oil and natural gas successfully to current and new customers; the ability to obtain financing on acceptable terms; and the ability to add production and reserves through development and exploitation activities. Although the Company believes that the expectations reflected in the forward-looking statements contained herein, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included herein, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous risks and uncertainties that contribute to the possibility that the forward-looking statements will not occur, which may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections. The forward-looking statements contained herein are made as of the date hereof. The Company does not undertake any obligation to, nor does it intend to, publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement. In addition, readers are cautioned that historical results are not necessarily indicative of future performance.*

## Contact

For further information, please visit the company's website at [www.PetroOneEnergy.com](http://www.PetroOneEnergy.com) or follow the Company's tweets at [www.twitter.com/PetroOneEnergy](http://www.twitter.com/PetroOneEnergy).

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