

CALGARY, ALBERTA--(Marketwired - Oct. 16, 2015) - [Chinook Energy Inc.](#) ("Chinook" or the "Company") (TSX:CKE) today provided the following operational update.

Operations Update

Chinook continues to deliver strong results and improved capital efficiencies on its 2015 Montney drilling program at Birley/Umbach in northeastern British Columbia. During the third quarter of 2015, Chinook completed three wells (2.75 net) at Birley/Umbach which had all been drilled during the first quarter of 2015.

Chinook's 75% working interest b-72-F/94-H3 well was drilled to a total depth of 2,950 meters with a horizontal lateral length of 1,250 meters. The b-72-F well was completed with an 18 stage ball drop slickwater frac and flowed on clean up at 7.7 mmcf/d at 3,805 KPa flowing casing pressure with a final condensate to gas ratio of 24 bbls/mmcf after 44 hours and having recovered approximately 14 percent of the initial frac load fluid. The well was drilled and completed for \$4.2 million with estimated equip and tie-in costs of \$0.5 million for total estimated costs of \$4.7 million.

Chinook's 100% working interest b-4-K/94-H-3 well was drilled to a total depth of 2,980 meters with a horizontal lateral length of 1,250 meters. The b-4-K well was completed with a 17 stage ball drop slickwater frac and flowed on clean up at 4.8 mmcf/d at 2,319 KPa flowing casing pressure with a final condensate to gas ratio of 26 bbls/mmcf after 95 hours and having recovered approximately 26 percent of the initial frac load fluid. The well was drilled and completed for \$3.9 million with estimated equip and tie-in costs of \$0.5 million for total estimated costs of \$4.4 million.

Chinook's 100% working interest c-37-K/94-H-3 well was drilled to a total depth of 2,670 meters with a horizontal lateral length of 1,250 meters. The c-37-K well was completed with an 18 stage ball drop slickwater frac and flowed on clean up at 7.2 mmcf/d at 2,762 KPa flowing casing pressure with a final condensate to gas ratio of 45 bbls/mmcf after 94 hours and having recovered approximately 33 percent of the initial frac load fluid. The well was drilled and completed for \$4.2 million with estimated equip and tie-in costs of \$0.5 million for total estimated costs of \$4.7 million.

The costs of these three wells represent a reduction of between 38% and 42% compared to Chinook's average drill, complete, equip and tie-in costs of \$7.6 million per well in 2014 at Birley/Umbach. All three wells are currently shut-in in order to equip and tie-in the wells for production. This production is expected to commence January 2016 upon the completion of Chinook's previously announced facility expansion at Birley/Umbach, which is currently underway.

Capital Expenditures Update

As a result of cost savings realized at Birley/Umbach, Chinook has reduced its 2015 capital budget from \$55 million to \$49 million without delaying the installation of its facility expansion at Birley/Umbach.

Transportation & Production Update

Ongoing pipeline service restrictions and reduced system capacity have caused a severe negative impact on northeastern British Columbia natural gas prices on the Spectra (Station 2 pricing) and Alliance (CREC pricing) pipeline systems. It is estimated that these service restrictions should be largely resolved by mid-November 2015. Chinook has responded to this depressed pricing by temporarily shutting in production volumes which are not tied to firm processing or transportation commitments with approximately 16.3 mmcf/d of natural gas production shut-in during September. As a result, assuming this shut-in production is restored by mid-November, Chinook estimates that its 2015 average production will be approximately 5,700 - 5,900 boe/d down from 6,600 - 7,000 boe/d.

About Chinook Energy Inc.

Chinook is a Calgary-based public oil and natural gas exploration and development company with multi-zone conventional production and resource plays in western Canada.

Reader Advisory

Forward-Looking Statements

In the interest of providing shareholders and potential investors with information regarding Chinook, including management's assessment of the future plans and operations of Chinook, certain statements contained in this news release constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect",

"forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In particular, this news release contains, without limitation, forward-looking statements pertaining to: estimated costs to equip and tie-in the three wells at Birley/Umbach, the expected timing of the commencement of production from the three recently completed wells at Birley Umbach, the timing of the completion of the facility expansion at Birley/Umbach, the amount of the 2015 capital budget, the estimated timing that certain pipeline service restrictions and reduced system capacity will be resolved and Chinook will be producing from temporarily shut-in wells, as well as Chinook's expectations regarding production and capital expenditures for 2015.

With respect to the forward-looking statements contained in this news release, Chinook has made assumptions regarding, among other things: future oil and natural gas production levels, that Chinook will continue to conduct its operations in a manner consistent with past operations, future capital expenditure levels, Chinook's ability to obtain equipment in a timely manner to carry out development activities, the ability of the operator of the projects in which Chinook has an interest to operate in the field in a safe, efficient and effective manner, the impact of increasing competition, field production rates and decline rates, anticipated production volumes, the ability of Chinook to add production and reserves through development and exploitation activities, certain cost assumptions, and that the budgeted 2015 capital amount set forth herein, which is subject to the discretion of our Board of Directors, will not be amended in the future and for the purposes of estimating its reduced 2015 average production Chinook has assumed among other things that its shut-in production will be restored by mid-November. Although Chinook believes that the expectations reflected in the forward-looking statements contained in this news release, 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 in this news release, 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 assumptions, known and unknown risks and uncertainties that contribute to the possibility that predictions, forecasts, projections and other forward-looking statements will not occur, which may cause Chinook's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, without limitation, volatility of commodity prices, currency fluctuations, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, environmental risks, competition from other producers, our Board may amend the revised 2015 capital program based on its discretion, inability to retain drilling rigs and other services, capital expenditure costs, including drilling, completion and facilities costs, unexpected decline rates in wells, delays in projects and/or operations resulting from surface conditions, wells not performing as expected, delays resulting from or inability to obtain the required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the forgoing list of factors is not exhaustive. Additional information on these and other factors that could affect Chinook's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) and at Chinook's website (www.chinookenergyinc.com). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Chinook does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Barrels of Oil Equivalent

Barrels of oil equivalent (boe) is calculated using the conversion factor of 6 mcf (thousand cubic feet) of natural gas being equivalent to one barrel of oil. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl (barrel) 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.

Initial Production Rates

Any reference in this news release to initial, early and/or test or production/performance rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Chinook. The initial production or test rates may be estimated based on other third party estimates or limited data available at this time. In all cases in this news release initial production or test rates are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons. Well-flow test result data should be considered to be preliminary until a pressure transient analysis and/or well-test interpretation has been carried out.

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