

LONDON, December 10, 2015 /PRNewswire/ --

The discovery of a 'super well' in Argentina's prized Vaca Muerta shale and the presidential victory of a pro-industry candidate raises the stakes in this market-defying venue and positions the only junior on the scene for massive gains.

The 'super well'- discovered in October by state-run YPF in partnership with Chevron (NYSE:CVX) in the Vaca Muerta block in Neuquen--offsets [Madalena Energy Inc.](#)'s (MVN.V) Coiron Amargo acreage, where this last remaining junior in the sea of supermajors is conducting a multi-well horizontal program.

And shortly after the super well discovery, Argentina's shale prospects in general-and Madalena's high-profile plays here-got another bit of long-term good news: Conservative pro-business candidate and former Shell executive Mauricio Macri won Argentina's November presidential run-off elections, paving the way for a new government which is intent on seeing the shale boom through.

The news could not have come at a better time for Madalena, which is now preparing its first multi-stage frac well in the Vaca Muerta, not only right next to the YPF/Chevron 'super well', but also offsetting Shell's impressive horizontal drilling results.

This small, ambitious and highly intuitive Canadian energy company is sandwiched right in between the biggest players in the world, who are coming up with discovery after discovery.

All eyes are on Madalena as it drills with two rigs in Argentina's high-impact Curamhuele block, targeting two unconventional plays, and another rig at Coiron Amargo. While majors such as Chevron, Shell and ExxonMobil (NYSE:XOM) are hard at work here, it is Madalena that stands out for investors because it is the only remaining junior in this big game.

Argentina is home to 27 billion barrels of recoverable oil and 802 trillion cubic feet of natural gas and its two shale basins could end up being bigger than the Eagle Ford and Bakken.

Productivity is high and domestic oil and gas prices are fixed above international benchmarks, while costs per well could decline by 25 to 30 percent. Regulated oil prices are around \$75-\$77, despite low global prices.

In addition to this, the government's \$11-million-plus incentivized oil program has spurred steady growth.

Macri's party, Cambiemos plans to continue this price initiative, which was originally set to expire on 31 December.

Madalena Energy is the only small independent with positions in key unconventional Argentinean resources; it is debt-free, generates substantial operational cash flow and has a rapidly increasing production and resource.

Focused on drilling four strategic resource plays this year and next, Madalena has been described as a 'sleeper' that awakened earlier this year with successful horizontal test results on the Loma Montosa oil resource play at Puesto Morales.

The junior will also be drilling back-to-back horizontals on its Coiron Amargo block, which is a prime Vaca Muerta shale play that also has attractive conventional development across multiple light oil pools-even more so now with the 'super well' discovery.

Madalena is gearing up in the first part of 2016 to conduct a multi-stage frac and test of this Curamhuele well to delineate and unlock 365 million barrels of oil equivalent of risked recoverable resources where the Company has over 500 net horizontal locations in the Lower Agrio Shale alone.

If all the drilling activity isn't enough to make a believer out of any shale skeptic in this market, Madalena's Q2-2015 financial and operational results will. They realized a Q2 2015 oil price of CDN \$96.33/bbl and \$6.28/mcf for natural gas. They also managed to increase oil and gas production by 155 percent from 2014, to 3,996 boe/d, and a 30 percent increase in revenues to \$83.50/boe, up from \$64.08/boe from the same time last year.

All this while corporate operating netbacks were over \$37/boe in Argentina, with funds flowing from operations an impressive approximately \$6.2 million (not including a one-time charge).

Even in a tough energy market, it has been a solid year for Madalena, with each new discovery and each new horizontal well drilled by the supermajors right next to its own land position further de-risking operations and making this one of the most valuable juniors in the international energy sector.

All of this good news led in November to an increase in Madalena's price target by TD Securities to C\$0.75-up from C\$.40.

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