CALGARY, Jan. 7, 2016 /CNW/ - Bankers Petroleum Ltd. (Bankers or the Company) (TSX: BNK, AIM: BNK) is pleased to announce the Company's fourth quarter operational update.

Production

Bankers achieved a fourth quarter 2015 production average of 18,137 bopd. The 2015 annual production average is 19,384 bopd, compared to average production of 20,690 bopd in 2014.

Following up the performance of the polymer flood program, a large number of injector conversions to expand the polymer flood project were completed in the fourth quarter bringing some production off-line temporarily until response is seen in the offset producers over the coming months in 2016.

As previously announced, Albania experienced significant rainfall and flash flooding early in the fourth quarter which impacted production by approximately 1,000 bopd for a two week period. As Bankers continued to optimize its new gathering and treating systems including the tie-in of sour production from the Bubullima, the Company elected to shut-in specific wells to manage the sour fluid at the central treating facility. Bankers is working to optimize its treating process and modify existing facilities throughout the first half of 2016 to accommodate Bubullima production.

Due to continued downward pressure on oil prices towards the end of 2015, the Company continued to evaluate the economic return of all wells resulting in additional shut-in production of marginal producers in accordance with the current economic environment.

Sales and Oil Prices

In 2015, oil sales averaged 19,546 bopd, compared to the annual average sales of 20,678 bopd in 2014. During the fourth quarter, oil sales averaged 18,561 bopd, compared to the previous quarter average of 19,730 bopd. Crude oil inventory at December 31, 2015 decreased to 258,000 barrels compared to 297,000 barrels at September 30, 2015.

The fourth quarter average oil price was approximately $33.62 per barrel (representing 77% of the Brent oil price of $43.69 per barrel), as compared with the third quarter average oil price of $39.50 per barrel (representing 79% of the Brent oil price of $50.26 per barrel). Sales to the export market during the fourth quarter 2015 represented 91% of total sales, at an average export price of 77% of the Brent oil price. The majority of the volumes were sold to the export market in the fourth quarter to capture higher realized prices and consistent off-take during the winter months.

Bankers 2015 hedge program covered 6,000 bopd and generated proceeds of approximately $60 million being reflective of the difference between the $80 per barrel and the actual monthly Brent price. For 2016, Bankers placed 4,000 bopd under costless collar contracts with an average floor of $54.31/bbl and an average ceiling of $57.29/bbl (all prices are referenced to Dated Brent), current estimated value of $20 million.

Drilling Update

In 2015, Bankers drilled a total of sixty-one (61) horizontal wells, utilizing two drilling rigs. In the fourth quarter, fourteen (14) wells were drilled and rig released: nine (9) horizontal wells, one (1) multi-lateral horizontal well, three (3) lateral re-drills and one (1) water disposal well.

Due to continued uncertainty of oil prices headed into 2016, Bankers has elected to defer drilling activity until pricing improves in order to protect the strength of the Company's balance sheet. The two drilling rigs that were utilized throughout 2015 have been temporarily suspended as of the end of December. Drilling activity will resume as pricing improves; the rigs have been racked in country and remain available to resume activity on short notice.

Enhanced Oil Recovery (EOR) Program

The polymer flood and water flood patterns in the Patos-Marinza oilfield continue to perform at or better than model expectations from the forty-eight (48) polymer and five (5) water flood patterns implemented by the end of the fourth quarter 2015, inclusive of the thirty (30) converted wells to injection in 2015. Nineteen (19) additional wells were converted to polymer injection in the fourth quarter, three (3) of which were accelerated from the 2016 program to be completed for the end of 2015.

The Company replaced three (3) lateral horizontal legs that were identified to have corrosion concerns in the liners. The production performance of the new laterals is exceeding prior levels and the re-placement with corrosion resistant liners was implemented successfully. This is believed to be isolated to a small area of the field and similar indications of corrosion are not

evident on other producing wells currently.

The Company continues to be strongly encouraged by the results to date and plans to prioritize the EOR program in 2016 with sixteen (16) planned conversions throughout the year.

Infrastructure Development

In the fourth quarter, Bankers focused on the completion of projects to continue to capture cost savings headed into 2016. The west emulsion pipeline system is near completion and will be brought on in a phased approach throughout the first half of 2016 as inlet vessels are installed at Pad D. Bankers also worked on the installation of the vapour recovery units at Pad D and Pad H, expected to be commissioned early in the first quarter. Infrastructure associated with the EOR program was set-up and commissioned to support the nineteen (19) conversions completed in the quarter.

Updated Corporate Presentation

For additional information on this Operational Update please see the Company's January 2016 corporate presentation on the Company's website, www.bankerspetroleum.com.

Conference Call

Management of Bankers will host a conference call on January 7, 2016, at 6:30 am MST to discuss this Operational Update. Following Management's presentation there will be a question and answer session for analysts and investors.

To participate in the conference call, please contact the conference operator ten minutes prior to the call at 1-888-231-8191 or 1-647-427-7450. A live audio web cast of the conference call will also be available on Bankers website at www.bankerspetroleum.com or by entering the following URL into your web browser, http://event.on24.com/r.htm?e=1082182&s=1&k=EE6BF9B5C96AE8769BBAEC28FA1B1C08.

The web cast will be archived two hours after the presentation on the website, and posted on the website for 90 days. A replay of the call will be available until January 21, 2016 by dialing 1-855-859-2056 or 1-416-849-0833 and entering access code 67460330.

Caution Regarding Forward-looking Information

Information in this news release respecting matters such as the expected future production levels from wells, future prices and netback, work plans, anticipated total oil recovery of the Patos-Marinza and Kuçova oilfields constitute forward-looking information. Statements containing forward-looking information express, as at the date of this news release, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and are believed to be reasonable based on information currently available to the Company.

Exploration for oil is a speculative business that involves a high degree of risk. The Company's expectations for its Albanian operations and plans are subject to a number of risks in addition to those inherent in oil production operations, including: that Brent oil prices could fall resulting in reduced returns and a change in the economics of the project; availability of financing; delays associated with equipment procurement, equipment failure and the lack of suitably qualified personnel; the inherent uncertainty in the estimation of reserves; exports from Albania being disrupted due to unplanned disruptions; and changes in the political or economic environment.

Production and netback forecasts are based on a number of assumptions including that the rate and cost of well takeovers, well reactivations and well recompletions of the past will continue and success rates will be similar to those rates experienced for previous well recompletions/reactivations/development; that further wells taken over and recompleted will produce at rates similar to the average rate of production achieved from wells recompletions/reactivations/development in the past; continued availability of the necessary equipment, personnel and financial resources to sustain the Company's planned work program; continued political and economic stability in Albania; the existence of reserves as expected; the continued release by Albpetrol of areas and wells pursuant to the Plan of Development and Addendum; the absence of unplanned disruptions; the ability of the Company to successfully drill new wells and bring production to market; and general risks inherent in oil and gas operations.

Forward-looking statements and information are based on assumptions that financing, equipment and personnel will be available when required and on reasonable terms, none of which are assured and are subject to a number of other risks and uncertainties described under "Risk Factors" in the Company's Annual Information Form and Management's Discussion and Analysis, which are available on SEDAR under the Company's profile at www.sedar.com.

There can be no assurance that forward-looking statements will prove to be accurate. Actual results and future events could differ

materially from those anticipated in such statements. Readers should not place undue reliance on forward-looking information and forward looking statements.

Review by Qualified Person

This release was reviewed by Suneel Gupta, Executive Vice President and Chief Operating Officer of Bankers Petroleum Ltd., who is a "qualified person" under the rules and policies of AIM in his role with the Company and due to his training as a professional petroleum engineer (member of APEGA) with over 20 years' experience in domestic and international oil and gas operations.

About Bankers Petroleum Ltd.

Bankers Petroleum Ltd. is a Canadian-based oil and gas exploration and production company focused on developing large oil and gas reserves. In Albania, Bankers operates and has the full rights to develop the Patos-Marinza heavy oilfield, has a 100% interest in the Kuçova oilfield, and a 100% interest in Exploration Block "F". Bankers' shares are traded on the Toronto Stock Exchange and the AIM Market in London, England under the stock symbol BNK.

SOURCE Bankers Petroleum Ltd.

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