

VANCOUVER, Feb. 9, 2016 /CNW/ - [Hemisphere Energy Corp.](#) (TSX-V: HME) ("Hemisphere" or the "Company") is pleased to provide operational and corporate updates.

Operational Update

Over the past year, Hemisphere has focused its efforts in the field on lowering operating costs, increasing fluid handling capacity in Jenner, and implementing enhanced oil recovery projects in Atlee Buffalo to increase reserves and production without incurring higher expenditures drilling new wells.

Despite low commodity prices through 2015, Hemisphere was able to successfully implement three waterflood projects in its Atlee Buffalo oil pools to increase production and recoverable reserves. The initial waterflood pilot in the Upper Mannville F pool commenced in late August 2015. A response to the waterflood has been detected based on field observations indicating that Atlee Buffalo oil production over the last two weeks in January increased by 23% and the gas/oil ratio decreased by 38% compared to the fourth quarter of 2015. Waterflood response at the second waterflood pilot in the Upper Mannville F pool is expected within the next few months. Hemisphere is pleased with the initial response as it marks an important milestone in the enhanced oil recovery of the Atlee Buffalo Upper Mannville F pool, which has a current recovery factor of only 5% of its estimated 23 MMbbl of original oil in place.

The third waterflood pilot has been designed to repressure the Upper Mannville G pool prior to more wells being drilled for production. Hemisphere anticipates production from this pool by year-end. The original oil in place from this pool is internally mapped at approximately 35 MMbbl with less than 4% of the oil recovered to-date.

Several oil pools in the Atlee Buffalo region have analogous geological and hydrocarbon properties which have seen up to 20-30% recovery factors when waterflood programs have been applied with an optimal horizontal well drilling pattern.

In the fourth quarter of 2015, Hemisphere completed the construction of a new pipeline in Jenner to an existing disposal well. This operation significantly increased water disposal capacity which will be beneficial in both short-term and long-term reserve additions. Other low cost de-bottlenecking projects have been identified that will also contribute to improved operating costs and efficiencies. Production from Jenner has been very consistent over the last year and, with added disposal capacity, production numbers are higher today than through the first half of 2015.

Hemisphere achieved an average corporate production rate for 2015 of approximately 774 boe/d (80% oil) which is a 13% increase over 2014 despite not drilling any new wells and converting two producing oil wells to water injection wells in the Atlee Buffalo Upper Mannville F pool. During the last two weeks of January corporate production averaged approximately 610 boe/d (83% oil), based on field estimates. Hemisphere has a number of wells shut-in due to higher operating and transportation costs which represent approximately 130 boe/d of additional production. These wells will be brought back on in a higher price environment.

The Company has worked diligently to reduce its operating and transportation costs by approximately 27% when comparing \$12.71 per boe for the third quarter of 2015 to \$17.44 per boe for the 2014 year. This reduction was achieved by shutting in higher cost wells, implementing operating efficiencies, and working with our suppliers to reduce costs. Hemisphere will continue to review its operations to identify areas of further cost savings.

Corporate Update

The oil and gas industry has faced significant challenges during 2015 and into 2016. Hemisphere has continued to focus on long-term value creation by preserving the growth potential of its strong asset base, minimizing its capital spending, and decreasing all expenses.

The Company continued to lower its corporate costs through 2015 by reducing general and administration expenses by approximately 23%. Further decreases will be realized in 2016 through recent salary reductions, minimized use of external consultants, and reduced non-essential operations.

With the current weakness in the price of oil, Hemisphere will continue to adopt the same conservative approach to capital spending as it did in 2015 to balance capital expenditures within cash flow. Capital investment will be minimal through the first half of 2016 as we continue to monitor the waterflood in Atlee Buffalo and optimize the additional water disposal capacity in Jenner. Hemisphere anticipates expanding the waterflood in the Atlee Buffalo Upper Mannville F pool with the conversion of one additional well to a water injector. It is estimated that approvals will be in place for this operation in the third quarter of 2016.

We would like to thank our shareholders for their continued support and patience through this challenging and uncertain time.

The Company will continue to evaluate future capital investments based on project payouts, rates of return, and capital efficiency metrics. The Hemisphere team remains dedicated to creating shareholder value by developing organically through our solid assets which have significant oil in place and substantial growth potential in reserves and production through enhanced oil recovery. Hemisphere's assets include a large inventory of undrilled locations ready to be developed when market conditions improve. With the implementation of the waterflood pilots in 2015, our assets are poised to grow production and reserves without needing to further develop the pools through significant drilling in the current oil price environment.

About Hemisphere Energy Corporation

[Hemisphere Energy Corp.](#) is a producing oil and gas company focused on developing conventional oil assets with low risk drilling opportunities. Hemisphere plans continual growth in production, reserves and cash flow by drilling existing projects and executing strategic acquisitions. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME".

Forward-looking Statements

This news release contains "forward-looking statements" that are based on Hemisphere's current expectations, estimates, forecasts and projections. These forward-looking statements include statements regarding Hemisphere's outlook for our future operations, plans and timing for the commencement or advancement of exploration and development activities on our properties, and other expectations, intention and plans that are not historical fact. The words "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words and phrases are intended to identify forward-looking statements. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Many of these factors are beyond the control of Hemisphere. Consequently, all forward-looking statements made in this news release are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by Hemisphere will be realized. For the reasons set forth above, investors should not place undue reliance on such forward-looking statements. Hemisphere disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.

Original Oil In Place ("OOIP") is equivalent to Discovered Petroleum Initially-In-Place (DPIIP). DPIIP, as defined in the Canadian Oil and Gas Evaluations Handbook (COGEH), is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of DPIIP includes production, reserves and contingent resources; the remainder is unrecoverable. OOIP/DPIIP estimates are based on current accepted technology and prepared by Hemisphere's qualified reservoir engineers and geologists.

A barrel of oil equivalent ("boe") 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.

Definitions and abbreviations

bbl/d barrels per day

boe/d barrels of oil equivalent per day

MMbbl million barrels

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

SOURCE [Hemisphere Energy Corp.](#)

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