

VANCOUVER, Nov. 23, 2016 /CNW/ - [Hemisphere Energy Corp.](#) (TSX-V: HME) ("Hemisphere" or the "Company") is pleased to announce the results of its summer Atlee Buffalo development well which has now been on production for over 90 days, and an update on overall corporate production which is currently at approximately 640 boe/d (91% oil).

Hemisphere's first horizontal well into the Atlee Buffalo Upper Mannville G pool, drilled in July 2016, has averaged just over 60 boe/d (100% oil) over its first three months online and has produced over 70 boe/d (100% oil) during the first half of November. The new well continues to show stable production rates, and management expects it to be capable of greater production in the future once a planned multi-well battery is constructed in conjunction with further development of the pool. All oil production is currently being trucked directly to sales, eliminating the need for any third party processing.

The Company is extremely pleased with the results of this well which has performed above expectations at such an early stage in waterflood development of the pool. The success of this well demonstrates that the use of horizontal wells with slotted liners to control sand production, in combination with enhanced oil recovery through waterflood, are working to reinvigorate a pool that was shut-in after only 3% of its estimated original oil in place was produced. Hemisphere has identified an inventory of over 30 drilling locations at this pool alone, and is working towards the design and implementation of a development plan that management believes could lead to recovery of up to 30% of the estimated 38 MMBbl of original oil in place, as mapped by McDaniel & Associates Consultants Ltd. ("McDaniel"), Hemisphere's independent engineers, for the purposes of its independent reserve report dated effective December 31, 2015 (the "2015 Reserve Report"). Several analogues for heavy oil horizontal waterflood projects at various stages of development already exist in the area with recoveries to date between 10% and 35%. At the lower end with just a 10% total recovery, an additional 2.5 MMBbl could potentially be recovered from this pool under waterflood. Hemisphere's 2015 Reserve Report, prior to the waterflood and drilling results realized by Hemisphere in 2016, had just 0.1 MMBbl booked for two proved locations in this pool. As a result, Hemisphere's management believes substantial reserve value remains unbooked at this time.

Hemisphere is continuing to see success in its horizontally developed waterflood at the adjacent Upper Mannville F pool. In October, a water separation and reinjection facility was commissioned for production from the pool, which has enabled water rates at the injectors to be increased and has eliminated all water trucking for third party disposal. Two previously shut-in wells with higher water cuts have been tied-in and recently reactivated, including one from an area of the pool with no attributed reserves that is currently producing at approximately 60 boe/d (100% oil). Total pool production is currently approximately 250 boe/d (96% oil) versus 100 boe/d (70% oil) in May.

During the past three years in the Atlee Buffalo area, Hemisphere has consolidated its land position to 100% ownership, initiated development across two pools by drilling 11 successful horizontal wells with slotted liners, implemented four waterflood pilot projects that have increased reservoir pressure and pool production, as well as built oil treating and water handling facilities that position the Company for future growth in the area. The two Atlee Buffalo pools have been mapped at 66 MMBbl of original oil in place by McDaniel and have to date recovered less than 4% of that resource, versus analogue pools in the area of similar quality that have recoveries of up to 35% of original oil in place. The Company believes it has now proven the concept of waterflood as applied to these pools and will continue to move forward to maximize shareholder value as it further develops its assets in this long-term growth area.

Jenner has remained a stable base for Hemisphere and continues to contribute over 300 boe/d (92% oil) to corporate production. Hemisphere now owns 100% of all its oil wells in the area after taking over 20% and 40% working interests in two of its best wells, which adds approximately 35 boe/d (85% oil) and significant reserve value to the area.

For more detailed information on Hemisphere's exciting development opportunities please see our corporate presentation on our website at www.hemisphereenergy.ca.

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 and/or forward-looking information (collectively, "forward-looking statements") that are based on Hemisphere's current expectations, estimates, forecasts and projections. The words "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words and phrases are intended to identify forward-looking statements and include statements regarding management's expectation that the well drilled by Hemisphere in July 2016 into the Atlee Buffalo Upper Mannville G pool is capable of greater production in the future; management's development plans for the Atlee Buffalo property area which management believes could result in recovery of up to 30% of the estimated original oil in place as mapped by McDaniel; potential drilling locations; the Company's belief that it has

proven the concept of the waterflood for the potential of increased reserves as the Atlee Buffalo property area; and all other expectations, intentions, and plans that are not historical fact.

Forward-looking statements are based on a number of material factors, expectations, or assumptions of Hemisphere which have been used to develop such statements and information but which may prove to be incorrect. Although Hemisphere believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Hemisphere can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: that Hemisphere will continue to conduct its operations in a manner consistent with past operations; results from drilling and development activities are consistent with past operations; the quality of the reservoirs in which Hemisphere operates and continued performance from existing wells; the continued and timely development of infrastructure in areas of new production; the accuracy of the estimates of Hemisphere's reserve volumes; certain commodity price and other cost assumptions; continued availability of debt and equity financing and cash flow to fund Hemisphere's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which Hemisphere operates; the general continuance of current industry conditions; the timely receipt of any required regulatory approvals; the ability of Hemisphere to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Hemisphere has an interest in to operate the field in a safe, efficient and effective manner; the ability of Hemisphere to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Hemisphere to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Hemisphere operates; and the ability of Hemisphere to successfully market its oil and natural gas products.

The forward-looking information included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Hemisphere's products, the early stage of development of some of the evaluated areas and zones; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Hemisphere or by third party operators of Hemisphere's properties, increased debt levels or debt service requirements; inaccurate estimation of Hemisphere's oil and gas reserve volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time to time in Hemisphere's public disclosure documents, (including, without limitation, those risks identified in this news release and in Hemisphere's most recent Annual Information Form filed under Hemisphere's SEDAR profile at www.sedar.com).

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Hemisphere does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Initial Production Rates

Initial production rates disclosed herein are not determinative of the rates at which the wells will continue to produce and decline thereafter and may not necessarily be indicative of long-term performance or estimated ultimate recovery. Such rates should be considered preliminary.

Drilling Locations

This presentation discloses drilling locations in two categories: (i) booked locations; and (ii) unbooked locations. Booked locations are proved locations and probable locations derived from the 2015 Reserves Report and account for drilling locations that have associated proved and/or probable reserves, as applicable. Of the 30 drilling locations identified herein, two are proved locations and 28 are unbooked locations. Unbooked locations are internal management estimates based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of the Company's potential multi-year drilling inventory based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Hemisphere will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which Hemisphere actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by either Hemisphere or other industry participants drilling existing wells in relative close proximity to such unbooked drilling locations, certain unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir. Therefore, there is uncertainty whether wells will be drilled in such unbooked locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Analogous Information

Certain information in this document may constitute "analogous information" as defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI-51-101"), including but not limited to, information relating to the reservoirs in geographical proximity to lands that are held by Hemisphere. Such information has been obtained from government sources, regulatory agencies or other industry participants. Hemisphere believes the information is relevant as it helps to define the reservoir characteristics in which Hemisphere may hold an interest. Hemisphere is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor. Such information is not an estimate of the reserves or resources attributable to lands held or potentially to be held by Hemisphere and there is no certainty that the reservoir data and economics information for the lands held or potentially to be held by Hemisphere will be similar to the information presented herein. The reader is cautioned that the data relied upon by Hemisphere may be in error and/or may not be analogous to such lands to be held by Hemisphere.

Oil and Gas Advisories

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. In addition, 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.

Only the portion of the "oil in place" that has been attributed reserves in the 2015 Reserve Report by McDaniel is, as of the date of this press release, categorized as reserves of the Company. All other oil in place volumes are categorized as unrecoverable at this time. A portion of the unrecoverable oil in place may in the future be determined to be recoverable and reclassified as contingent resources or reserves as additional development of the reservoir takes place, as additional technical studies are performed, as commercial circumstances change or as technological developments occur; however, it is possible that the remaining portion may never be reclassified as such or recovered.

Definitions and Abbreviations

boe barrel of oil equivalent

boe/d barrel of oil equivalent per day

MMBbl Millions of barrels of oil

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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