



# Madalena Ventures

Apr 16<sup>th</sup> 2013

## National Bank says Madalena's Ostracod well results support "rapid production ramp-up" in 2013

National Bank analyst Darrell Bishop has reiterated his outperform rating for Madalena Ventures (CVE:MVN), noting that the company's positive results from its Ostracod development wells are supportive of a "rapid production ramp-up" in 2013.

The analyst also maintained his \$1.00 per share price target on the company, saying the current levels offer "an attractive entry point ahead of key well results" and the company's first resource report across all Argentinean assets.

Madalena on Monday provided an operational update, saying it continues to ramp up production through its horizontal resource plays in Western Canada, while also driving forward plans to further unlock value across its shale assets within the Neuquen basin in Argentina.

The junior oil and gas company said that it has boosted its productive capability to around 2,000 barrels of oil equivalent per day (boe/d) - a 900-per-cent increase from its production level last October.

It has a current base production of roughly 1,200 boe/d - 43 per cent weighted toward oil and natural gas liquids - with more than 1,200 boe/d of tested volumes behind pipe from the recently completed Ostracod horizontal development wells.

Bishop highlighted recent results from Ostracod, which showed that well #1 flowed at 707 boe/d at 39 per cent with 37° API oil, above his type curve estimate of 300 boe/d, while well #2 flowed at 566 boe/d at 24 per cent oil over three days.

"Although both wells tested over a short period, we believe they show the high potential the play may have," the analyst remarked in a morning research note.

Madalena controls about 55 net sections of land and a significant inventory of drill-ready horizontal locations on the Ostracod oil trend in the Paddle River area in Western Canada. It plans to drill additional horizontal wells on this play throughout the remainder of the year, focusing on increasing production and reserves.

Casimir Capital analyst Ryan Galloway on Monday noted that Ostracod "could rapidly drive production higher in the second half of 2013". Casimir has a speculative buy rating on the company and a \$1.30 price target.

Meanwhile, at Madalena's Argentina operations, the company said Monday its planned 2013 program involves a combination of workovers, 3D seismic, new development drilling and exploration drilling - focused on its unconventional resources in the Vaca Muerta and Lower Agrio shales.

Madalena's exposure to multiple, high impact tight sand plays in the Neuquén Basin is key, specifically the Vaca Muerta shale - which the company calls the most tangible shale play outside of North America. Its international assets consist of three large blocks - Coiron Amargo, Curamhuele, and Cortadera.

**Price:** C\$0.35

**Market Cap:** C\$112.21M

### 1 Year Share Price Graph



### Share Information

**Code:** MVN

**Listing:** TSX-V

**Sector:** Oil & Gas Exploration & Production

**Website:** [www.madalena-ventures.com](http://www.madalena-ventures.com)

### Company Synopsis:

*Madalena is an independent, Canadian-based domestic and international upstream oil and gas company whose main business activities include exploration, development and production of crude oil, natural gas liquids and natural gas.*

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The Coiron Amargo block, where the company is now working on a drill program with partners, is located within the heart of the Vaca Muerta oil play and is also within kilometres of the recently announced Chevron and Bridas proposed billion dollar farm-in deals on Argentina-based YPF's lands.

Shell also recently announced a Vaca Muerta shale oil discovery in Argentina, which is the first shale discovery in the country. The discovery well tested at 465 barrels per day of 35 degree API oil. The well is located on the Sierra's Blancas block which is located directly south and adjacent to Madalena Ventures' Coiron Amargo block.

Mackie Research's Bill Newman also maintained his buy rating and \$2.15 target price on the company on Monday, citing the junior oil and gas play's production in Canada and "shale resource upside" in Argentina.

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