



Madalena Energy

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Madalena Energy is off to a great start at Loma Montosa play with horizontal testing

With a number of big wells planned for 2015, Madalena Energy (CVE:MDN) (OTC:MDLNF) is off to a great start with a successful horizontal test of a key resource play on its 100% controlled Loma Montosa light oil assets at Puesto Morales (31,254 net acres of the companies over 950,000 net acres in Argentina).

Madalena, an Argentina focused E&P with a portfolio of prime unconventional assets and resource plays, is focused on applying North American based horizontal technology to unlock significant upside across its strategic resource plays.

Madalena has obtained favorable results after completing production testing at PMS-1135(h), an operated horizontal multi frac well (100% working interest) , which contains the scalable large-in-place Loma Montosa ("LM") light oil and natural gas resource play just one of Madalena's four strategic resource plays in Argentina.

The horizontal well was completed with a 12 stage ball drop frac operation, the first ever executed in Argentina by an energy company and used a hybrid slickwater/gel frac that pumped a total of 10,900 bbls of water and 360 tonnes of sand.

The well flowed in the last 24 hours of the test at an average 860 boe/d, including 480 bbl/d of oil and 2.3 mmcf/d of natural with a 47% water cut (with 45% of the water based frac fluid recovered to date).

Madalena holds total control over the facility and pipeline infrastructure in the area, which will allow the well to be put into production shortly.

As the Loma Montosa resource is a shallow and scalable development play, the PMS-1135 (h) well presents no risk, establishing a significant development asset that will allow, Madalena to build the company's reserves and production.

Madalena also noted that the Sierras Blancas horizontal well (CAN-16(h)) at Coiron Amargo, in Neuquen Province, has been in production since over two weeks ago, after having been tied into productive facilities on March 27, at a rate of 590 boe/d (206 boe/d net) with a 15% water cut.

This is Madalena's fourth successful horizontal which has been put into production at Coiron Amargo in the Sierras Blancas light oil, a zone that is sourced from the Vaca Mueta shale on the block. Madalena has a multi-year inventory of development locations in the Sierras Blancas.

Madalena's Coiron Amargo block is surrounded by Shell, Chevron, YPF, Petronas, Wintershall and others, making significant investments in the Vaca Mueta shales in this focus area of the basin.

Wintershall, Germany's largest international crude oil and natural gas producer, launched its first own-operated

Price: C\$0.38

Market Cap: C\$205.117M

1 Year Share Price Graph



Share Information

Code: MVN

Listing: TSX-V

Sector: Oil & Gas Exploration & Production

Website: www.madalenaenergy.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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exploration well in Neuquen, signalling increased investment in the region.

Wintershall will drill a vertical exploration well, which should deliver important information about the shale rock of the Vaca Muerta formation. Horizontal well exploration is also included in the Germans' plans and these should help to prove up development and unlock unconventional resources.

The Canadian junior holds 35,000 net acres at its Coiron Amargo block alone, where it is currently horizontally developing the Sierras Blancas play and do Vaca Muerta shale delineatin activities, compared to some ~12,000 acres at Wintershall's Aguada Federal block which Wintershall inked a multi-billion dollar deal on in 2014.

Chevron has also reiterated its investment plans in the Vaca Muerta with its partnership with YPF which is directly west of Madalena's acreage and is drilling 160 wells offset Madalena this year, of which 40 are horizontal. Shell is also drilling horizontals directly offset and surrounding Madalena's properties.

Indeed, Argentina is one of the most important growth regions in the field of unconventional oil and gas production, having seen a boom of drilling activity in recent years as it hosts the second largest shale gas deposits and the fourth largest shale oil deposits in the world: 27 billion barrels of oil equivalent (boe).

Madalena is unique as a small company with a sizeable stake in Argentina's unconventional shale resources.

Madalena Energy also has 13 concessions across the country stretching approximately 1 million net acres of land, with a major foothold in an area dominated by industry majors such as YPF, Chevron, Total and Exxon.

Madalena, unlike many oil and gas juniors, has been able to weather the current downturn in oil prices, as oil prices in the regulated domestic market in Argentina continue to remain well above the Brent oil benchmark price. Indeed, the Medanito posted price for its Argentina oil production in February, March and April is US\$76.00 per barrel.

Shares of Madalena have risen almost 20 percent year-to-date, and are currently trading around 40 cents on the TSX Venture Exchange in Toronto.

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