

# Madalena Energy

18:42 20 Oct 2015

## Madalena Energy buoyed by nearby 'super well' in Argentina

Kevin Shaw, chief executive of Madalena Energy (TSXV:MVN) and his Argentina focused team must be very happy with recent third-party drill results in the Vaca Muerta shale.

For his opposite number at state-owned YPF, Miguel Galuccio, has announced that in partnership with Chevron, the company has drilled what has been dubbed a 'super well'.

The Loma Compana 992 horizontal well, on the Loma Compana concession, in the country's Neuquen Basin, initially flowed at 1,630 barrels of light oil per day (bopd) after 28 frack stages into the Vaca Muerta shale.

This flow rate was well above normal and could change field development, Galuccio said.

He added: "I do not think we in recent years in the country have seen such a production result" from the use of horizontal technology in the Vaca Muerta

This well, along with others being done by Shell, ExxonMobil, Wintershall, Petronas, Madalena and others, are important confirmations to unlock one of the world's largest oil & gas resources; and fracture stimulation, which is the proper name for fracking, and unconventional drilling is making it possible like has been seen in the U.S. and Canadian shale plays over the last several years..

Madalena holds over 950,000 net acres in five provinces of Argentina where it is focused on large shale and unconventional resources in the Vaca Muerta shale, Lower Agrio shale, Loma Montosa oil resource play and the Mulichinco liquids-rich gas play.

As it happens one of the concessions where Madalena is currently active is the Corion Amargo block, which directly adjacent to the Loma Campana block and this YPF "Super Well".

Apart from the YPF/Chevron partnership a number of really big boys are also in the area around Madalena.

Wintershall announced in March that it would be drilling two vertical wells Vaca Muerta with a contingency plan for six horizontal wells.

Petronas in December last year announced a US\$550mln drilling venture after inking a partnership deal in the area for big bucks.

And Shell in August 2015 said it had been awarded a 35 year exploitation contract and plans to invest US\$250 million in exploring two blocks.

**Price:** C\$0.325

**Market Cap:** C\$170.756M

### 1 Year Share Price Graph



### Share Information

**Code:** MVN

**Listing:** TSX-V

**52 week High Low**  
**0.425p 0.21p**

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

**Website:** [www.madalenaenergy.com](http://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.*

### Author:

**Stewart Dalby**

**+44(0)1202770386**

**action@proactiveinvestors.com**

Argentina is attracting big players and on back of the upcoming elections is expected to attract more new entrant players to the space.

The country is, after all, home to the second largest reserves of shale gas and the fourth largest shale oil reserves in the world.

Goldman Sachs in a research note has called the Vaca Muerta the 'new Bakken'.

It was the Bakken formation in the US that first spawned the fracking boom both there and elsewhere.

Goldman said: "Average productivity per well in Vaca Muerta ranks with the top quartile of US wells."

It is not impossible that the Vaca Muerta shale might one day outstrip productivity at the Bakken, since a horizontal pay zone of single shales can be 450 metres gross against a typical less than 100 metre zone in the U.S. shale plays.

Moreover as global oil prices fell sharply in 2014 and 2015, in order to attract investment into Argentina the government continues to regulate prices and actually has adding new incentive programs to stimulate and attract more activity from the oil patch.

The domestic market where Madalena sells its output sees prices at approximately US\$75 a barrel in the regulated Argentina marketplace.

Madalena's production in its last reported quarterly is approximately 4,000 boe/d (79% oil and natural gas liquids).

Some of the Argentinean output is conventionally derived and output has been enhanced from horizontal success in 2014 and the first half of 2015 via the drilling in the Loma Montosa oil resource play in the Puesto Morales area and on the Coiron Amargo block.

Going forward, Madalena has started operational planning related to the drilling of its strategic plays in Argentina and is steadily working to unlock significant resources which the company controls.

The four strategic plays include: The Loma Montosa oil resource play, the Vaca Muerta shale, Lower Agrio shale and Mulichinco liquids-rich gas play.

At Coiron Amargo Madalena and its partners plan to drill additional horizontal wells into the Sierras Blancas light oil formation thru into 2016. To date the company has an inventory of horizontal development wells identified on four main pools on the northern portion of the block.

Madalena and its partners, are also planning to execute the first horizontal, multi-stage frac well on the block in the Vaca Muerta shale (oil) and expect this to start in the first part of 2016.

With Shell and YPF drilling horizontals in the Vaca Muerta on Madalena's border, this is a key next step for Madalena to unlock value.

With early success on the Loma Montosa, activity commencing on the Lower Agrio shale and Mulichinco underway at the company's Curamhuele block, and a continued focus on the company's horizontal development plays, 2015 will be the Madalena's most active year in Argentina.

Its shares were 32 Canadian cents this afternoon, well up on their 52 week low of 21 cents, but still well off the year's high of 43 cents.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts

journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

## No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.