

BNK Petroleum Inc. announces Caney operations update

Written by Australian Business

CAMARILLO, CA, Oct. 2, 2013 /PRNewswire/ - BNK Petroleum Inc. (the "**Company**" or "**BNK**") (TSX: BKX), is providing an update on its Tishomingo Field, Caney oil shale operations in Oklahoma

The Company's Hartgraves 5-3H Caney well was successfully fracture stimulated in September and, while it is early in the flowback phase, the well has, over the last 4 days, averaged 1,200 barrels of oil equivalent per day (boepd) of which 585 barrels a day is oil. The early production from this well is more constant and twice as good as the best and previously drilled and fracture stimulated Caney well, the Dunn 2-2H.

The Dunn 2-2H well had a 24 hour peak rate of 620 BOEPD of which 300 barrels was oil. The 30 day initial production (IP) rate for this well is 420 BOEPD of which 195 barrels is oil. The Barnes 6-3H well, where only 11 out of 17 stages were fracture stimulated, had a 30 day IP rate of 200 BOEPD of which 93 barrels was oil.

The Company believes that the improved production achieved in each successive Caney well is entirely the result of continuous improvements in frac design as geologically no significant variations can be observed. The Company believes that the latest design used in the Hartgraves 5-3H well, will also reduce the initial production decline and increase overall recoveries by accessing a much larger part of the oil shale near the lateral. The estimated cost to drill and complete the current set of new Caney wells is approximately \$11 million per well. It is anticipated that with further design optimization and a continuous drilling and stimulation program, these costs can eventually be reduced to between \$7 and \$9 million per well.

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The Company's latest Caney well, the Barnes 7-2H, has been vertically drilled and whole core and a full suite of open hole logs were taken through the Caney, T-zone and Upper Sycamore formations. This data was acquired to further understand the reservoir, optimize drilling and fracture stimulation designs, prepare the development program, support reserves estimates and aid in the end of year reserves report. Subsequently, the well was plugged back and is currently drilling the lateral portion of the horizontal leg. It is anticipated that fracture stimulation operations will begin near the end of October. The drilling rig will then be moved to the next location, the Wiggins 12-8H.

The Company has approximately a 100% working interest in each of the five Caney wells referred to above. As a result of the Company's recent operations, the Company's net acreage in the Caney formation in the Tishomingo Field has increased to approximately 13,600 acres.

About BNK Petroleum Inc.

BNK Petroleum Inc. is an international oil and gas exploration and production company focused on finding and exploiting large, predominately unconventional oil and gas resource plays. Through various affiliates and subsidiaries, the Company owns and operates shale gas properties and concessions in the United States, Poland, Spain and Germany. Additionally the Company is utilizing its technical and operational expertise to identify and acquire additional unconventional projects outside of North America. The Company's shares are traded on the Toronto Stock Exchange under the stock symbol BKX.

Caution Regarding Forward-Looking Information

Certain statements contained in this news release constitute "forward-looking information" as such term is used in applicable Canadian securities laws, including statements regarding Caney wells development including anticipated results, estimated costs and timing. Forward-looking information is based on plans and estimates of management and interpretations of exploration information by the Company's exploration team at the date the information is provided and is subject to several factors and assumptions of management, including that that indications of

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early results are reasonably accurate predictors of the prospectiveness of the shale intervals, that anticipated results and estimated costs will be consistent with managements' expectations, that required regulatory approvals will be available when required, that no unforeseen delays, unexpected geological or other effects, equipment failures, permitting delays or labor or contract disputes are encountered, that the development plans of the Company and its co-venturers will not change, that the demand for oil and gas will be sustained, that the Company will continue to be able to access sufficient capital through financings, farm-ins or other participation arrangements to maintain its projects, and that global economic conditions will not deteriorate in a manner that has an adverse impact on the Company's business, its ability to advance its business strategy and the industry as a whole. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions on which such forward looking information is based vary or prove to be invalid, including that anticipated results and estimated costs will not be consistent with managements' expectations, the Company or its subsidiaries is not able for any reason to obtain and provide the information necessary to secure required approvals or that required regulatory approvals are otherwise not available when required, that unexpected geological results are encountered, that completion techniques require further optimization, that production rates do not match the Company's assumptions, that very low or no production rates are achieved, that the Company is unable to access required capital, that occurrences such as those that are assumed will not occur, do in fact occur, and those conditions that are assumed will continue or improve, do not continue or improve, and the other risks and uncertainties applicable to exploration and development activities and the Company's business as set forth in the Company's management discussion and analysis and its annual information form, both of which are available for viewing under the Company's profile at

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, any of which could result in delays, cessation in planned work or loss of one or more concessions and have an adverse effect on the Company and its financial condition. The Company undertakes no obligation to update these forward-looking statements, other than as required by applicable law. BOEs/boes 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.

SOURCE BNK Petroleum Inc.