

## Pacific Rubiales announces preliminary independent evaluation of the progress of the Star Pilot Project in Quifa SW, demonstrating a potential doubling of the ultimate recovery factor

TORONTO, Sept. 18, 2013 /CNW/ - Pacific Rubiales Energy Corp. (TSX: PRE; BVC: PREC; BOVESPA: PREB) announced today that it has received independent reports relating to the progress of its proprietary Synchronized Thermal Additional Recovery ("STAR") enhanced oil recovery pilot project in the Quifa SW heavy oil field. The reports include estimates of the Original Oil In Place ("OOIP") for the project, which combined with the accumulated production from the area since the inception of the project, allows the Company to estimate that at least a doubling of the recovery factor has been achieved from commencement of air injection in February, 2013 to date.

Ronald Pantin, Chief Executive Officer of the Company, commented:

"The estimates from the independent engineers of the OOIP and the drainage areas that will be affected by the pilot test area, the cumulative oil volumes produced to date and the sustained thermal ignition of the reservoir and successful synchronization of the producing pilot wells, have led Pacific Rubiales to estimate at least a potential doubling the recovery factor can be achieved by STAR. These results represent an important inflection point in the path to successful commercial application of STAR in one of Colombia's most important heavy oil fields.

"Based on these results, the Company is planning on converting two contiguous well clusters in the pilot test area, which are

currently producing on primary flow, to STAR before the end of 2013. Additionally, the Company has initiated planning for full commercial rollout of STAR in the Quifa SW field beginning in 2014.

"We believe that the success of STAR has important implications beyond the Quifa SW field because more than 75% of Colombia's total oil production growth since 2004 has come from heavy oil, with the majority of that coming from the Company operated Rubiales and Quifa fields, producing under primary recovery flow methods only. The success of STAR also provides an important launching pad for the future of the Rubiales field, currently under evaluation."

The Quifa SW field is located just southwest of and adjacent to the Company's Rubiales field, the largest producing oil field in Colombia today. According to the year-end 2012 reserve report from the Company's external engineering firm, this field has an estimated OOIP of 1.331 Bbbl which covers a total field area of approximately 44 thousand gross acres with net pay thickness greater than 10 feet. During the first half of 2013, the field produced oil at a rate of 54.4 Mbbl/d gross total field (24.4 Mbbl/d net after royalties). The Quifa SW field is currently producing under primary recovery techniques resulting in a recovery factor ("RF") of approximately 14%. As of year-end 2012, the Company had 73.1 MMbbl of net 2P reserves at Quifa SW, representing approximately 21% of its total net 2P certified oil and liquids reserves base in Colombia. Pacific Rubiales has a 60% working interest and is operator of the field, while Ecopetrol, S.A. holds the remaining interest. The Quifa contract was signed in December of 2003 and expires in December of 2031.

The Company has received technical reports analyzing the progress of the STAR pilot project from three independent engineering firms: Hot-Tec Energy Inc. ("Hot-Tec"), RPS Energy

Canada Ltd. ("RPS") and GLJ Petroleum Consultants Ltd. ("GLJ") which have provided professional opinions on the STAR Pilot project performance to date.

The drainage areas and OOIP that will be affected by the STAR Pilot project were estimated by these three firms, depending on their particular assumptions, as follows:

- Hot-Tec: 1.62 MMbbl, for a drainage area of 50 acres
- RPS: 1.86 MMbbl, for a drainage area of 85 acres
- GLJ: 1.78 MMbbl, for a drainage area of 80 acres

Given that the cumulative production from the project, as a result of primary recovery, steam and nitrogen injection and in-situ combustion, is approximately 506 Mbbl to date, it is possible to calculate that the range of RF attributable to the Project is 27.1% - 31.2%, which at least doubles the RF estimated for the rest of the field, producing under primary recovery.

The Company considers these RF results as preliminary and expects them to further increase as the production in the STAR pilot project area continues as planned for at least a few more months.

Additional highlights from each of the reports include:

#### Hot-Tec

- The Quifa SW field's In-Situ Combustion Project is an unqualified success. With more than 200 in-situ combustion field tests, Hot-Tec regards this as the best engineered and best planned project with real time monitoring and control capabilities as well as the ability to safely handle H<sub>2</sub>S in processing facilities.
- In-situ combustion is the process of choice in Quifa, which is an oil field with a strong water drive.

- The incremental oil recovery in Quifa SW would have been higher still under normal operational conditions without rate or time constraints.
- It has been clearly demonstrated that the Quifa SW crude responds positively to oxidation (through air injection) and is a good candidate for in-situ combustion.
- The field performance parameters are in good agreement with those derived from laboratory tests.
- The principal reason for success in the application of the STAR technology is the use of synchronization for identifying and correcting the combustion front position.
- Massive expansion of the STAR pilot project by drilling new injectors and producers, and inclusion of existing wells should be done soon to capture the gas and oil leaving the current unconfined pattern, and increasing the combustion efficiency.

#### RPS

- The STAR pilot project has established incremental oil mobility and recovery by thermal stimulation by in-situ combustion.
- Based on the range of OIIP and EUR (Estimated Ultimate Recovery) estimates, RPS calculates a range of potential incremental recovery factor due to thermal recovery by in-situ combustion process of from 26 % to 44 % OIIP.

#### GLJ

- Once injection of gases started, water cuts ceased increasing and conversely oil cut ceased decreasing.

*Hot-Tec Energy Inc. is a private company affiliated with members of the In-Situ Combustion Research Group, Department of Chemical and Petroleum Engineering, Schulich School of Engineering, University of Calgary. The In Situ Combustion Research Group is recognized as a global leader in the application of in-situ combustion recovery processes.*

*RPS Energy Canada Ltd. is a part of RPS Group Plc, providing advice upon the exploration and production of oil & gas and other natural resources. RPS is a leading consultancy providing support and advice on the development of natural energy resources across the complete asset life cycle, and is the independent engineer that has certified the Quifa SW reserves for Pacific Rubiales in the past.*

*GLJ Petroleum Consultants Ltd. is a premier oil and gas resource consulting firm located in Calgary, Alberta, Canada, and was engaged by Hot-Tec Energy Inc. to analyse the pre-air injection behaviour of the STAR pilot.*

*Pacific Rubiales, a Canadian company and producer of natural gas and crude oil, owns 100% of Meta Petroleum Corp., which operates the Rubiales, Piriri and Quifa heavy oil fields in the Llanos Basin, and 100% of Pacific Stratus Energy Colombia Corp., which operates the La Creciente natural gas field in the northwestern area of Colombia. Pacific Rubiales has also acquired 100% of PetroMagdalena Energy Corp., which owns light oil assets in Colombia, and 100% of C&C Energia Ltd., which owns light oil assets in the Llanos Basin. In addition, the Company has a diversified portfolio of assets beyond Colombia, which includes producing and exploration assets in Peru, Guatemala, Brazil, Guyana and Papua New Guinea.*

*The Company's common shares trade on the Toronto Stock Exchange and La Bolsa de Valores de Colombia and as Brazilian Depositary Receipts on Brazil's Bolsa de Valores Mercadorias e Futuros under the ticker symbols PRE, PREC, and PREB, respectively.*

## **Advisories**

### ***Cautionary Note Concerning Forward-Looking Statements***

*This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from the estimates and assumptions; failure to establish estimated resources or reserves; fluctuations in petroleum prices and currency exchange rates; inflation; changes in equity markets; political developments in Colombia, Guatemala, Peru, Brazil, Papua New Guinea and Guyana; changes to regulations affecting the Company's activities; uncertainties relating to the availability and costs of financing needed in the future; the uncertainties involved in interpreting drilling results and other geological data; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 13, 2013 filed on SEDAR at [www.sedar.com](http://www.sedar.com). Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any*

*intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.*

*In addition, reported production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this news release due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.*

### ***Boe Conversion***

*Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 5.7 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. The estimated values disclosed in this news release do not represent fair market value. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.*