



# PETROMINERALES

A PETROBANK COMPANY

## PRESS RELEASE

### **CANDELILLA-1 WELL PRODUCES OVER 11,500 BOPD OF 44 DEGREE API OIL**

Bogotá, Colombia – January 4, 2010 – Petrominerales Ltd. (“**Petrominerales**” or the “**Company**”) (TSX:PMG), a 67% owned subsidiary of Petrobank Energy and Resources Ltd. (TSX:PBG), is pleased to announce that our Candelilla-1 well commenced production at over 11,500 barrels of oil per day (“bopd”) of 44 degree API oil with less than 1% water cut using an electric submersible pump (“ESP”). Currently the ESP has been taken offline and the well is free-flowing naturally at 7,400 bopd with less than 0.1% water cut through a half inch choke. The well is being produced through temporary well-site facilities that have a capacity of 10,000 barrels of fluid per day (“bfpd”). Production has been temporarily restricted due oil transport limitations over the recent holiday period. We expect to resume production at the capacity of the well-site facilities later this week. The well will be produced through the temporary facilities while we await approval from the Ministry of Environment to tie into the Corcel Central Processing Facility, expected in the second quarter of 2010.

This successful production test is from 10 feet of perforations at the top of the Lower Sand 3 formation, which we had initially identified as the Lower Sand 2 formation after our preliminary analysis of the well logs.

Candelilla-1 is our second exploration well on the Guatiquia Block, which is on trend and contiguous with the southwest portion of the Corcel Block in the Llanos Basin. Candelilla-1 commenced drilling on November 9, 2009 and was drilled to a total vertical depth of 11,681 feet on December 16, 2009. Well logs indicated 97 feet of potential net oil pay in the Lower Sand 3 formation (previously identified as Lower Sand 2) and 13 feet of potential net oil pay in the Upper Mirador. We plan to evaluate additional pay intervals at a later date.

The Candelilla-2 well commenced drilling on December 26, 2009 and is currently drilling at a depth of 8,300 feet. We expect to complete drilling operations by the end of January. Following the results of Candelilla-2, we may re-align our program to leave the rig in the area to drill additional follow-up locations into the Candelilla structure.

### **Percheron-1 Update**

Our Percheron-1 well, the first exploration well on the Guatiquia Block, commenced drilling on September 30, 2009 and reached a total vertical depth of 12,196 feet on October 27, 2009. Well logs indicated potential net oil pay of 4 feet in the Guadalupe formation, 51 feet in the Lower Sand 1 and 25 feet in the Lower Sand 3.

As was previously announced the upper portion of the Lower Sand 1 was tested with an electric submersible pump (“ESP”) and produced 281 bopd of 11 degree API oil at a 93% water-cut. The lower portion of the Lower Sand 1 was swab-tested and resulted in 11 bopd of 12 degree API oil at 98% water cut. Testing of the Lower Sand 3 zones did not yield commercial hydrocarbons.

We recently completed the Guadalupe zone. We perforated four feet of oil pay and ran an ESP to test the zone. We have been producing the well intermittently at rates between 1,500 and 2,000 bfpd, at water cuts varying between 50 and 100%, but we have had difficulties maintaining stable production rates. Later this week, we plan to run a more appropriately sized ESP to further evaluate the potential of this zone.

## Production update

Total Company production for the fourth quarter of 2009 averaged 24,557 bopd, a 60% increase over the fourth quarter of 2008 and a 14% increase over the third quarter of 2009. Drilling successes at Corcel, Mapache and Neiva have fuelled this growth in 2009.

**Petrominerales Ltd.** is a Latin America-based exploration and production company producing oil in Colombia with 14 exploration blocks covering a total of 1.8 million acres in the Llanos and Putumayo Basins and 2.6 million gross acres in the Ucayali Basin of Peru. Petrominerales is 67% owned by Petrobank Energy and Resources Ltd. (TSX: PBG).

**Forward-Looking Statements.** Certain information provided in this press release constitutes forward-looking statements. The words "anticipate", "expect", "project", "estimate", "forecast" and similar expressions are intended to identify such forward-looking statements. Specifically, this press release contains forward-looking statements relating to the timing of future drilling activities and results. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. You can find a discussion of those risks and uncertainties in our Canadian securities filings. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in oil prices; the results of exploration and development drilling, recompletions and related activities; timing and rig availability, outcome of exploration contract negotiations; fluctuation in foreign currency exchange rates; the uncertainty of reserve estimates; changes in environmental and other regulations; risks associated with oil and gas operations; and other factors, many of which are beyond the control of the Company. There is no representation by Petrominerales that actual results achieved during the forecast period will be the same in whole or in part as those forecast. Except as may be required by applicable securities laws, Petrominerales assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

### FOR MORE INFORMATION PLEASE CONTACT:

John D. Wright, President and Chief Executive Officer  
Corey C. Ruttan, Vice President Finance and Chief Financial Officer  
Jack F. Scott, Executive Vice President and Country Manager, Colombia  
Kelly D. Sledz, Finance Manager  
Telephone: 403.750.4400 or 011.571.629.2701



**PETROMINERALES**

A PETROBANK COMPANY

Calle 113 No. 7-45, Torre B Oficina 1506, Bogotá, Colombia  
Phone: 011 571 629 2701 or 403.750.4400 - Fax: 011.571.629.4723  
E-mail: [ir@petrominerales.com](mailto:ir@petrominerales.com) - Website: [www.petrominerales.com](http://www.petrominerales.com)  
TSX: PMG