



Press Release

December 21, 2009

**Petrolifera Completes First Phase of Drilling and Testing at Puesto Morales Norte in Argentina; Vaca Mahuida VM.x-2014 Exploratory Well Logged and Cased for Future Testing**

CALGARY - Petrolifera Petroleum Limited (PDP - TSX) announces today that it has now completed drilling and testing five infill wells within the Puesto Morales Norte Field in the Neuquén Basin, Argentina.

Three of the wells (PMN-1108, PMN-1110 and PMN-1111) are situated within the southern lobe of the field with the best well (PMN-1108) having produced during its first month of production at an average rate of 520 bbl/d of light gravity crude oil, with only a two percent water cut. The PMN-1111 well came onstream at an approximate rate of 500 bbl/d of fluid with a 60 percent oil cut and a 40 percent water cut, for net production of 300 bbl/d. Initial onstream test rates at the PMN-1110 well were more modest, at rates of 200 bbl/d of fluid with an 80 percent water cut, resulting in about 40 bbl/d of crude oil. Petrolifera believes this rate can be improved with adjustments to and optimization of the pumping system.

The other two wells, PMN-1109 and PMN-1112, are located in the northern part of the field. The PMN-1109 well averaged 160 bbl/d of crude oil production during its first month onstream and the oil rate has recently improved to a rate of 300 bbl/d, albeit with a high 87 percent water cut. The PMN-1112 well averaged 1,000 bbl/d of fluid with a high 88 percent water cut, resulting in crude oil production averaging 120 bbl/d. The fluid rate has since declined but the oil rate has remained steady.

All of the drilled wells encountered some pressure depletion relative to the field's original reservoir pressure, as expected. Nevertheless, the results, which indicate a total tested or onstream initial productivity of approximately 1,100 bbl/d of crude oil, underscore the excellent nature of the Sierras Blancas reservoir at Puesto Morales Norte. Initial productivity and test rates are not necessarily indicative of the sustainable productivity of the five wells drilled and completed in this infill drilling program. The full impact and sustainable productivity of the wells will be determined after modifications to the water treatment and water handling facilities are completed at the field. This is expected to occur during the first quarter 2010. As a result, overall field productivity may have to be constrained for a short period of time, until the total incremental fluid volumes comprised of crude oil and water can be accommodated at the plant.

Because the preliminary results of the initial five well drilling program indicate very favorable economic returns for Petrolifera, consideration will be given to drilling an additional four wells within the Puesto Morales Norte Field in 2010. The capital costs associated with these additional drilling opportunities were not included in Petrolifera's previously announced 2010 capital budget, nor has the company decided whether or when to proceed with the expanded program.

Petrolifera's current Argentinean sales are approximately 4,730 boe/d and partially reflect the impact of these results.

At Vaca Mahuida, Petrolifera (75 percent) and its joint venture partner (25 percent) have recently drilled, logged and cased for testing the VM.x-2014 exploratory well on the Vaca Mahuida license, situated southeast of Puesto Morales. The well encountered a number of zones of interest, including some oil shows in side wall cores and testing will occur upon arrival of a service rig.

Petrolifera is a Calgary-based crude and natural gas exploration, development and production company with extensive onshore holdings in Argentina, Colombia and Peru. Petrolifera operates all of its properties and currently owns a 100 percent working interest in all but the Vaca Mahuida Block in Argentina and in its Turpial License in Colombia. The company has a remedial work program planned for its La Pinta 1-X exploratory discovery, situated on its Sierra Nevada License in Colombia. This is anticipated to commence upon the arrival of the contracted snubbing unit at the well location. The snubbing unit is scheduled to be shipped from North America in early January 2010. Also, it is anticipated drilling of the Brillante exploratory well, which is also located on the Sierra Nevada License onshore Colombia and which will be targeting a significant potential accumulation of natural gas and natural gas liquids in what is anticipated to be a normally pressured Cienaga de Oro Formation, will commence in early 2010.

**Forward Looking Information:**

*This press release contains forward looking information including, but not limited to, anticipated future production from the five infill wells drilled at Puesto Morales Norte, planned modifications to the water treatment and water handling facilities at Puesto Morales Norte and the timing associated therewith, the possibility of drilling an additional four infill wells at Puesto Morales Norte during 2010, the company's plans to remediate and test the La Pinta 1-X well in Colombia, the planned drilling in early 2010 of the Brillante exploratory well in Colombia and the anticipated results from the Brillante well. Forward looking information is not based on historical facts but rather on Management's expectations regarding the company's future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities and expectations with respect to general economic conditions. Such forward looking information reflects Management's current beliefs and assumptions and is based on information currently available to Management. Forward looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking information, including but not limited to, risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production, unavailability of or delays in receipt of required equipment, delays or changes to plans with respect to exploration or development projects or capital expenditures; the uncertainty associated with geological interpretations; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environment risks), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with negotiating with foreign governments and third parties located in foreign jurisdictions and the risk associated with international activity. Initial productivity and test rates associated with the five new infill wells drilled at Puesto Morales Norte are not necessarily indicative of the sustainable productivity of these wells. The full impact and sustainable productivity of the wells will be determined after modifications to the water treatment and water handling facilities are completed at the field. Production levels will decline over time based on the applicable decline rates for these wells and production levels will vary from period to period based upon field activities undertaken by Petrolifera. Additionally, there can be no assurance that planned remediation efforts and subsequent testing of the La Pinta 1-X well drilled on the Sierra Nevada I License will yield commercial results. Hydrocarbon shows and results of logs do not confirm the presence of commercial hydrocarbons. The company's ability to complete its capital program is dependent upon completion of planned farmout*

*arrangements and recovery of sunk costs, restoration of production in Argentina and stabilized or improved commodity prices. In addition, the current financial crisis has resulted in severe economic uncertainty and resulting illiquidity and volatility in credit and capital markets which increases the risk that actual results will vary from forward looking expectations in this press release and these variations may be material. Additional risks and uncertainties associated with Petrolifera's future plans are described in Petrolifera's Annual Information Form for the year ended December 31, 2008. Although the forward looking information contained herein is based upon assumptions which Management believes to be reasonable, the company cannot assure investors that actual results will be consistent with this forward looking information. This forward looking information is made as of the date hereof and the company assumes no obligation to update or revise this information to reflect new events or circumstances, except as required by law. Because of the risks, uncertainties and assumptions inherent in forward looking information, prospective investors in the company's securities should not place undue reliance on this forward looking information.*

*All references to barrels of oil equivalent ("boe") are calculated on the basis of 6 mcf: 1 bbl. The conversion used in calculating barrels of oil equivalent is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Furthermore, boe may be misleading if used in isolation.*

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