



## HEMISPHERE ENERGY PROVIDES OPERATIONAL AND CORPORATE UPDATE

TSX-V: HME

Vancouver, British Columbia, November 3, 2015 – Hemisphere Energy Corporation ("Hemisphere" or the "Company") (TSX-V: HME) is pleased to provide an update on its recent field operations and corporate activities.

### **Atlee Buffalo, Alberta**

Hemisphere has received the necessary approvals and commenced injection in all three of its planned waterflood pilots in Atlee Buffalo. The Company expects to see significant production and reserve additions over the next number of years through enhanced recovery from its Atlee Buffalo assets while spending minimal capital over the next year as pressure maintenance is achieved. Secondary recovery by waterflood is commonly used in oil pools, and several analogue pools under waterflood in the area have seen recoveries of 12-35% to-date, with all pools still producing.

Two of Hemisphere's waterflood pilots are within the Atlee Buffalo Upper Mannville F pool, which has a current recovery factor of only 5% of its estimated 23 MMbbl of original oil in place. Initial pool development in the 1970s and 1980s focused on vertical wells and primary recovery methods. Pressure drawdown at the vertical wellbores led to severe sand production and most vertical wells were shut-in prematurely due to expensive operating costs. Prior to the Company acquiring this pool in late 2013, it was producing only 40 boe/d. Applying a different development approach in 2014, Hemisphere drilled, tied-in, and placed on production 10 horizontal wells to test pool pressure, deliverability, and completion techniques. Production from the pool in 2015 peaked at over 650 boe/d with operating costs of less than \$10.00/boe, proving excellent reservoir deliverability and giving estimates of potential waterflood rates. New wells have been oriented to maximize enhanced oil recovery using horizontal water injectors in an alternating pattern with horizontal producers. Hemisphere plans to convert up to two additional wells to injectors in this pool by mid-2016, and geological modelling suggests an overall pool recovery factor of 11% for the current wells. Hemisphere estimates recovery factors of up to 20-25% with subsequent development drilling.

The Company's third waterflood pilot commenced in late October in the Upper Mannville G pool, which has a current recovery factor of only 4% of its estimated 35 MMbbl of original oil in place. This pool was developed much like the Upper Mannville F pool in the 1980s, with vertical wells mostly shut-in by the early 2000s. Only one horizontal well has been drilled into this pool thus far, which Hemisphere purchased in mid-2014 when it consolidated its land position in the pool from the adjacent operator. This well is now being used as an injector in order to re-energize the reservoir prior to further development. This pool currently has no production and less than 20,000 bbl of proved non-producing reserves booked. Substantial upside exists for both Proved and Probable bookings as the field is developed in a comparable pattern to the F pool.

Additionally, the Company recently purchased 2.5 sections of key land in Atlee Buffalo at a Crown land sale for a total cost of approximately \$60,000, bringing its land ownership to 100% over both pools. Hemisphere

now controls 11 sections of land in the area and can shift its focus at the Upper Mannville G pool from land consolidation to active development drilling, as it has already done in the Upper Mannville F pool.

## **Jenner, Alberta**

In the Jenner area, Hemisphere continues to invest in low cost projects to increase production, reserves, and overall value with focus on optimizing existing infrastructure and wells. In late August, the Company optimized an injection pump to increase its capacity by 30%. In September, Hemisphere took advantage of the lower oil prices and higher differential to do a turnaround and internally coat one of its vessels to extend its life. In late October, the Company began construction of a new pipeline to increase water disposal capacity within an existing disposal well.

## **Corporate**

During 2015, the Company has successfully reduced year-over-year costs and is forecasting reductions in operating costs per boe of 27%, and general and administrative expenses per boe of 33%. Hemisphere is committed to bringing long-term value to its shareholders during the current market environment by spending minimal capital on strategic projects and continuing to reduce all other costs where possible. The Company expects the majority of its reserve additions and growth over the next year to come from existing wells under waterflood performance, as well as upward technical revisions from better than booked performance in Jenner.

Hemisphere will carefully evaluate all future capital investments based on payouts, rates of return, and capital efficiency metrics. The Company has a large inventory of undrilled development locations in both Jenner and Atlee Buffalo, making it ready for accelerated and substantial organic growth once the oil market turns.

## **About Hemisphere Energy Corporation**

Hemisphere Energy Corporation is a producing oil and gas company focused on developing conventional oil assets with low risk drilling opportunities. Hemisphere plans continual growth in production, reserves and cash flow by drilling existing projects and executing strategic acquisitions. Hemisphere trades on the TSX Venture Exchange as a Tier 1 issuer under the symbol "HME".

For further information, please contact:

Don Simmons, President & Chief Executive Officer

Telephone: (604) 685-9255

Email: [info@hemisphereenergy.ca](mailto:info@hemisphereenergy.ca)

Scott Koyich, Investor Relations

Telephone: (403) 619-2200

Email: [scott@briscocapital.com](mailto:scott@briscocapital.com)

Website: [www.hemisphereenergy.ca](http://www.hemisphereenergy.ca)

## **Forward-looking Statements**

*This news release contains "forward-looking statements" that are based on Hemisphere's current expectations, estimates, forecasts and projections. These forward-looking statements include statements regarding Hemisphere's outlook for our future operations, plans and timing for the commencement or advancement of exploration and development activities on our properties, and other expectations, intention and plans that are not historical fact. The words "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words and phrases are intended to identify forward-looking statements. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Many of these factors are beyond the control of Hemisphere. Consequently, all forward-looking statements made in this news release are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by Hemisphere will be realized. For the reasons set forth above, investors should not place undue reliance on such forward-looking statements. Hemisphere disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.*

*A barrel of oil equivalent ("boe") 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.*

## **Original Oil In Place**

*Original Oil In Place ("OOIP") is equivalent to Discovered Petroleum Initially-In-Place (DPIIP). DPIIP, as defined in the Canadian Oil and Gas Evaluations Handbook (COGEH), is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of DPIIP includes production, reserves and contingent resources; the remainder is unrecoverable. OOIP/DPIIP estimates are based on current accepted technology and prepared by Hemisphere's qualified reservoir engineers and geologists.*

### *Definitions and abbreviations*

<i>bbl</i>	<i>barrel</i>
<i>boe</i>	<i>barrel of oil equivalent</i>
<i>boe/d</i>	<i>barrel of oil equivalent per day</i>
<i>MMbbl</i>	<i>millions of barrels</i>
<i>Mbbl</i>	<i>thousands of barrels</i>

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