



Arsenal Energy Inc.

News Release

Arsenal completes drilling of Narmer-1 well in Egypt

CALGARY, May 11, 2007 – Arsenal Energy Inc. (“Arsenal”) (TSX:AEI) (FWB:A1E) announced the NARMER-1 test well was drilled to a total depth of approximately 8,860 feet. The well, located on the Nuqura concession in Egypt, encountered strong hydrocarbon shows and reservoir potential in the Cretaceous sands from 1,250 to 2,750 feet, however the well logs indicated that the sands were water bearing. The well was targeting Jurassic sands and was not optimally located for a Cretaceous target. The hydrocarbon shows, at this shallow depth, indicate a reduced risk and cost of future exploration drilling. NARMER-1 has confirmed that hydrocarbons are being generated in this under-explored basin. The seismic data is currently being remapped to identify Cretaceous targets for a possible future drilling program. The NARMER-1 well has been plugged and abandoned. Plans for a third contingent well to be drilled later this year have been cancelled as it was targeting a Jurassic prospect similar to NARMER -1.

Although the first two wells (SET-1 and NARMER-1) in the program have not yielded commercial success, the data gathered from the tests indicate geology capable of supporting productive reservoirs. The drilling rig was released on May 11 to the operator of the adjacent exploration block where a test well targeting a Cretaceous formation is expected to be drilled. Arsenal and its partners will utilize the SET-1 and NARMER-1 data, and data from the well on the offsetting prospect, to reaccess the concession and determine the next phase of drilling.

The two test wells drilled to date satisfy the current drilling requirements for the concession until July 17, 2009 and the concession can be extended until July 17, 2012 with an exploration commitment of two additional wells. The 5.625 million acre Nuqra concession is land-based and located in the Upper Nile region in Egypt with rift basins that are analogous to highly prolific structures located to the east in Yemen, to the south in Sudan and to the north west in Libya which have yielded significant reserve and production volumes.

Arsenal is an aggressive junior oil and gas company engaged in the exploration for, and development and production of natural gas and oil reserves primarily in the provinces of Alberta and Saskatchewan, North Dakota, U.S.A. and Egypt. Arsenal’s common shares trade on the Toronto Stock Exchange under the symbol “AEI” and on the Frankfurt Stock Exchange under the symbol “A1E”.

Certain statements in this material may be "forward-looking statements" including outlook on oil and gas prices, estimates of future production, estimated completion dates of acquisitions and construction and development projects, business plans for drilling and exploration, estimated amount and timing of capital expenditures and anticipated future debt levels and royalty rates. Information concerning reserves contained in this material may also be deemed forward-looking statements as such estimates involve the implied assessment that the resources described can be

profitably produced in the future. These statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated by Arsenal.

Not for distribution to the United States newswire services or for dissemination in the United States.

For further information on Arsenal, please visit our website at www.arsenalenergy.com, e-mail info@arsenalenergy.com or contact:

Errol Stewart
President and Chief Executive Officer
(403) 262-4854
Email: estewart@arsenalenergy.com

Jesse Meidl, CA
Chief Financial Officer
(403) 262-4854
Email: jmeidl@arsenalenergy.com

Arsenal Energy Inc.
1800, 505 - 3rd Street S.W.
Calgary, Alberta T2P 3E6
Toll Free: 1-866-405-4854
Fax: (403) 265-6877
Email: info@arsenalenergy.com