



**Arsenal Energy Inc.**

## **ARSENAL ENERGY INC. RELEASES UPDATE ON NORTH DAKOTA BAKKEN PROGRAM**

Arsenal Energy Inc. is pleased to provide an update on its six well drilling program in North Dakota. The program involves four Bakken horizontals at Stanley and two Three Forks horizontals at Lindahl.

At Stanley, the EOG operated Burke 26-18 well (14% WI) has been completed using multi-stage fracture technology and has been placed on production. The well is flowing at a 24 hour rate of 960 bbl/d and 500mcf/d of associated gas. The natural gas is producing into a sales line. The Murex operated James Philip well (Arsenal 35 %WI) is on pre-frac flow at a rate of 600 bbls/d. A multi-stage frac stimulation is scheduled for early June. Flow results will be released after the stimulation and testing. The Arsenal operated Amy Elizabeth (57% WI) and Brenlee (42% WI) wells are in the well licensing process and should spud in July pending rig availability.

At Lindahl, flow results from the Strid well were released in the Arsenal news release of May 20, 2010. A title review of the Strid well is ongoing; however, based on preliminary examination, Arsenal's interest in the well is likely to drop to between 10% and 15% from the original 34% indicated by the operator in its initial title review and AFE. The Jerol location (AFEd at 13%WI) is waiting on a rig.

Current total company interest production is estimated at 2600 boe/d.

### **Cautionary Statement**

This press release contains certain forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities laws. These statements relate to future events and future performance and are based upon expectations, estimates, projections, assumptions and beliefs. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Although Arsenal believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Arsenal cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by Arsenal that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. In particular, this press release contains forward-looking statements pertaining to the following: timing of the stimulation and stage frac stimulation and release of the flow results, the estimated spud date of the Amy Elizabeth and Brenlee wells and the potential reduction of Arsenal's working interest in the Strid well. With respect to forward-looking statements contained in this press release, certain assumptions have been made regarding, among other things, availability of drill rigs and labour, completion of satisfactory title review of Strid well, future prices for crude oil and natural gas, currency and interest rates. Some of the risks which could cause results to differ materially from those expressed in the forward-looking statements contained in this press release include general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in the price of oil and natural gas; governmental regulation of the oil and gas industry, including environmental regulation; fluctuations in foreign exchange or interest rates; changes in hydrocarbon or investment policies; geological, exploration success rates, technical, drilling and processing problems and other difficulties in producing reserves; uncertainties associated with estimating reserves, failure to realize anticipated benefits of acquisitions; or unanticipated operating events which can reduce production or cause production to be shut in or delayed and additional risks,

uncertainties, material assumptions and other factors that could affect actual results referred to in our Annual Information Form and other documents available at [www.sedar.com](http://www.sedar.com). **Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement. Arsenal is not under any duty to update any of the forward-looking statements after the date of this press release to conform such statements to actual results or to changes in Arsenal's expectations, except as otherwise required by applicable securities laws.**

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