

# **Arsenal Energy Inc. Releases Operational Update**

**CALGARY, March 14, 2011- Arsenal Energy Inc. (TSX: AED) (PNK: AEYIF.PK)**

At Stanley, North Dakota, the EOG operated Burke 31-20 (31% WI) Bakken well has been completed and placed on production. The well flowed tested at 792 bbls/d of oil. The Arsenal operated Brenlee 100-19H (73% WI) and the Fidelity operated Krables 22-15H (3% WI) Bakken wells have reached total depth. Both wells encountered good shows while drilling. Arsenal, as operator, has spud the Amy Elizabeth (62% WI) two mile horizontal Bakken location. Subject to frac crew availability, all three wells will be completed and placed on production in June. Arsenal anticipates participating in 8 gross (4.1 net) wells at Stanley in 2011.

At Evi, in Northern Alberta, Arsenal has drilled 5 gross (3.5 net) oil wells. The program added 185 bbls/d of net production with another net 100 bbls/d that should be on production by the end of March.

At Princess, in Southeast Alberta, Arsenal drilled three successful Detrital wells. Two of the wells are on production totaling 80 boe/d. The third well is awaiting tie in. Arsenal now has three wells on production with high fluid levels and three additional wells behind pipe. Arsenal plans to construct battery upgrades in June and to then install high volume lift and tie in the additional wells. The Glauconitic zone was cored in one of the drills. The core confirmed the presence of a 12 meter oil saturated channel sandstone with average porosity of 16% and permeability of 0.7 millidarcies. Arsenal intends to drill a horizontal multi stage frac test well in the summer of 2011. From 3D seismic Arsenal has identified 6 miles of channeling on its acreage. Through the winter Arsenal purchased 9 sections of additional land to bring the total land position at Princess to 8600 net acres.

At Edgerton, in Southeast Alberta, Arsenal has completed the acquisition of 16 square miles of 3D seismic. After interpretation, it is anticipated that Arsenal will select and drill a horizontal well into the Leduc formation. Offsetting operators have initial production rates of 100 bbls/d of oil with reserves > 100,000 bbls/well. Arsenal has accumulated 3800 net acres of land in the Edgerton area.

## **Advisory**

Certain statements and information contained in this press release, including but not limited to management's assessment of Arsenal's future plans and operations, production, reserves, revenue, commodity prices, operating and administrative expenditures, funds from operations, capital expenditure programs and debt levels contain forward-looking statements. All statements other than statements of historical fact may be forward looking statements. These statements, by their nature, are subject to numerous risks and uncertainties, some of which are beyond Arsenal's control including the effect of general economic conditions, industry conditions, changes in regulatory and taxation regimes, volatility of commodity prices, escalation of operating and capital costs, currency fluctuations, the availability of services, imprecision of reserve estimates, geological, technical, drilling and processing problems, environmental risks, weather, the lack of availability of qualified personnel or management, stock market volatility, the ability to access sufficient capital from internal and external sources and competition from other industry participants for, among other things, capital, services, acquisitions of reserves, undeveloped lands and skilled personnel that may cause actual results or events to differ materially from those anticipated in the forward looking statements. Such forward-looking statements, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated in the statements made and should not unduly be relied on. These statements speak only as of the date of this press release. Arsenal does not intend and does not assume

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Tony van Winkoop, President and Chief Executive Officer of Arsenal at:  
Telephone: (403) 262-4854  
1900, 639-5<sup>th</sup> Avenue SW  
Calgary, AB  
T2P 0M9