



## ARTEK EXPLORATION LTD

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### **Artek Provides Operations Update and Announces Reaffirmed Bank Line**

CALGARY, ALBERTA – (Marketwire – October 20, 2010) – Artek Exploration Ltd. ("**Artek**" or the "**Company**") is pleased to provide an operational update and announce a reaffirmed bank line.

#### **Operations Review**

Artek has drilled and successfully completed an upper Cretaceous Formation horizontal well (60% W.I.) in the Deep Basin area along the Alberta/British Columbia border. The well was drilled to a total measured depth of just over 2,000 metres (horizontal lateral of approximately 1,000 metres) and completed in October with a 9 stage propane fracture stimulation program. The well has exceeded the Company's expectations and after 56 hours was flowing at 5.33 mmcf/d and a flowing wellhead pressure of 530 psi (3.7MPa) of which approximately 10% of the gas rate was estimated to be load fluid. The well costs were relatively inexpensive at approximately \$2.5 million to drill and complete and generated approximately \$400,000 of Alberta Drilling Credits. As a result of a low royalty rate of 5%, low operating costs and the high heat content (liquids rich) nature of the gas, the Company anticipates generating operating netbacks of approximately \$25/boe assuming a \$4.00/GJ gas price and assuming liquids are sold in the natural gas stream. Artek anticipates bringing the well on stream by November 1 at approximately 1.6 mmcf/d and expects to be able to increase those volumes by year end. Artek has identified an additional 3 to 4 upper Cretaceous horizontal locations in the immediate area and up to another 5 to 7 horizontal locations on the play on its lands in British Columbia.

Artek is also pleased to announce that it has successfully drilled and brought on production a vertical Glauconite oil well on its 100% lands at its Leduc Woodbend property. The well is currently producing approximately 85 boe/d (95% light crude oil) with pump rates still to be optimized. Production from the property has now increased 30% to approximately 550 boe/d net to Artek since it was acquired last year. At only 1,400 metres in depth, all in costs are approximately \$800,000-850,000 per well. The Company is targeting even greater deliverability from thicker reservoir on unit lands (59.6% working interest) where it estimates there are an additional 5 to 8 locations of which up to 3 wells are planned for the 2011 budget year.

In the Sinclair area, the on-stream date of Artek's third party operated Montney gas well (50% W.I.) is expected to be delayed until the last week of October due to weather and delays in securing wellsite equipment. The well was completed in August at a restricted rate of approximately 8.0 mmcf/d at 1600 psi ranking it among the best Montney tests in the area. The Company expects it will be brought on production initially at 3 to 4 mmcf/d (250 to 350 boe/d net to Artek). Long term Artek estimates that there is potential for more than 24 horizontal development locations (16 net) in the Upper and Lower Montney in the immediate Sinclair area and is working with a third party mid-streamer to optimize production capability from the area.

The Company anticipates drilling its first horizontal Doig well (60% W.I.) in the Inga/Fireweed area of British Columbia. The well will spud on or about October 27 and is programmed for a total measured

depth of approximately 3,000 metres. Based on vertical and horizontal well analogues, the Company believes the play to be prospective for rates of between 400-700 boe/d of which up to 150-300 boe/d are potentially natural gas liquids. If successful, the Company believes that there is the potential for an additional 16 to 25 horizontal locations on its lands in the area.

The Company is pleased with the results so far on the execution of its plan to focus its second half 2010 capital expenditures on liquids rich gas and oil opportunities from within its inventory. Artek continues to establish the quality of the diverse set of investment opportunities accumulated in its reserve base and on its undeveloped lands developed through our exploration and acquisition activities conducted over the past several years.

We will continue to execute this strategy in early 2011, as well as focusing the Company's exploration skills on developing new projects with similar high netback characteristics. Artek will continue to maintain and manage the value of its deep gas assets for the eventual return of the natural gas market.

### **Commodity hedges**

For the fourth quarter of 2010 the Company has natural gas hedges in place for 2,500 GJ/day at an average floor price of \$4.95/GJ giving Artek some protection against current low natural gas prices. In addition the Company has hedged 3,000 GJ/day at a price of \$5.09/GJ for the 2011 calendar year. As part of the same swap transaction, Artek sold WTI calls on 300 bpd at \$90.00 USD for the 2011 calendar year and \$95 USD for the 2012 calendar year. The 2011 natural gas hedge represents approximately 30 to 35% of the Company's anticipated 2010 exit natural gas production.

### **Reaffirmed Bank Line**

Artek also announces that based on a recent semi-annual review of the borrowing base and facility amount associated with Artek's revolving operating demand loan (the "Credit Facility"), the lender has reaffirmed the existing \$53 million borrowing base associated with the Credit Facility. The borrowing base represents the maximum amount that can be borrowed from a credit standpoint based on among other things, the lender's current and forecasted commodity prices, the Company's proved oil and gas reserves and results of operations and the current economic and credit environment. The next scheduled Credit Facility review is set for January 1, 2011. The Company presently has approximately \$42 million drawn under the Credit Facility.

### **ADVISORIES**

*Forward Looking Statements: This press release contains forward-looking statements. Management's assessment of future plans and operations, production estimates, initial production rates, drilling plans, timing of drilling and tie-in of wells, anticipated netbacks, anticipated additional drilling locations, productive capacity of new wells, capital expenditures and the nature and timing of these expenditures, may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, the inability to fully realize the benefits of the acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results may differ materially from those expressed in, or implied by, the forward looking statements. Forward looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Artek believes that the expectations reflected in such forward-looking statements or information*

*are reasonable, undue reliance should not be placed on forward looking statements because the Company can give no assurance that such expectations will prove to be correct.*

*In addition to other factors and assumptions which may be identified in this document and other documents filed by the Company, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Artek operates; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; Artek's ability to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of the Company to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and Artek's ability to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) or at the Company's website ([www.artekexploration.com](http://www.artekexploration.com)). Furthermore, the forward looking statements contained in this document are made as at the date of this document and the Company does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

*BOE Conversions: Barrel of oil equivalent ("BOE") amounts may be misleading, particularly if used in isolation. A BOE conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel. This conversion ratio of six thousand cubic feet of natural gas to one barrel is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

**Artek is a crude oil and natural gas exploration, development and production company headquartered in Calgary, Alberta, Canada. Artek's shares trade on the Toronto Stock Exchange under the symbol "RTK".**

**FOR FURTHER INFORMATION PLEASE CONTACT:**

Darryl Metcalfe  
President and Chief Executive Officer  
Artek Exploration Ltd.  
(403) 296-4799

Darcy Anderson  
Vice President Finance and Chief Financial Officer  
Artek Exploration Ltd.  
(403) 296-4775

**The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein.**