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# American Eagle Energy Announces Operations Update and Reaffirms 2014 Production Guidance

DENVER, CO -- (Marketwired) -- 07/16/14 -- **American Eagle Energy Corporation** (NYSE MKT: AMZG) ("American Eagle" or the "Company"), announces its operational update and guidance for production and the Company's operated well development in its Spyglass Project area in northwestern Divide County, North Dakota.

## **Highlights**

- Added 9 gross (3.9 net) operated wells to production that included six Three Forks and three Bakken wells in eastern and central Spyglass and a step-out well in western Spyglass during the second quarter of 2014;
- Ella well (Three Forks step-out in western Spyglass) produced an average of approximately 343 barrels of oil equivalent per day ("BOEPD") during the first 30 days and 424 barrels of oil equivalent yesterday;
- Efficiently drilled 4-well pad in 62 days, averaging 11.6 days from spud-to-total-depth;
- Net production is currently averaging approximately 2,200 to 2,300 BOEPD;
- 6 gross (4.6 net) operated wells, including a 4-well pad, are being completed or awaiting completion and are expected to be added to production during the third quarter of 2014; and
- On track to meet or exceed 2014 exit rate production guidance of over 3,000 BOEPD.

## **Second Quarter 2014 -- Well Development Activity**

American Eagle added 9 gross (3.9 net) operated wells to production during second quarter 2014. The Company's May 13, 2014 operations update included initial results for two operated wells, the Blackwatch (Carry) well and the Haugen (Farm-Out) well that were brought onto production during early April 2014. In addition to these wells, American Eagle added seven more operated wells to production during second quarter 2014. The operated wells listed below have produced an average of 30 days, unless otherwise noted, and are listed from the most westerly located well to the most easterly well:

<i>Well</i>	<i>Formation</i>	<i>30-Day IP Rate BOEPD<sup>1</sup></i>	<i>Lateral Length Feet</i>	<i>Approximate DSU<sup>2</sup> Acres</i>	<i>Infill Number in DSU<sup>2</sup></i>
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<b><i>Ella 4-15-163-102 (15 &amp; 22) Farm-Out</i></b>	<b><i>Three Forks</i></b>	<b><i>343</i></b>	<b><i>9,716</i></b>	<b><i>1,280</i></b>	<b><i>1<sup>st</sup> well in DSU, 1<sup>st</sup> Three Forks</i></b>
<b><i>Murielle 16-1E- 163-101 (5 &amp; 6)<sup>3</sup></i></b>	<b><i>Three Forks</i></b>	<b><i>401</i></b>	<b><i>9,950</i></b>	<b><i>1,280</i></b>	<b><i>3<sup>rd</sup> well in DSU, 2<sup>nd</sup> Three Forks</i></b>
<b><i>Warren 4-2- 163- 101 (2 &amp; 11)</i></b>	<b><i>Bakken</i></b>	<b><i>178</i></b>	<b><i>9,534</i></b>	<b><i>1,280</i></b>	<b><i>4<sup>th</sup> well in DSU, 1<sup>st</sup> Bakken</i></b>
<b><i>Braelynne 2-2N- 164-101 (26 &amp; 35) Carry</i></b>	<b><i>Bakken</i></b>	<b><i>68</i></b>	<b><i>6,012</i></b>	<b><i>800</i></b>	<b><i>5<sup>th</sup> well in DSU, 3<sup>rd</sup> Bakken</i></b>
<b><i>Richard 2-13N- 163-101 (1 &amp; 12)<sup>3</sup></i></b>	<b><i>Three Forks</i></b>	<b><i>195</i></b>	<b><i>10,158</i></b>	<b><i>1,280</i></b>	<b><i>5<sup>th</sup> well in DSU, 3<sup>rd</sup> Three Forks</i></b>

<sup>1</sup> IP Rate BOEPD is calculated taking the cumulative production from each well divided by the number of days each well has been on production. Results above are based on the first 30 days of production unless otherwise noted.

<sup>2</sup> Drill spacing unit ("DSU").

<sup>3</sup> Based on first 10 days of production.

The Ella 4-15 step-out well is a Three Forks completion and part of the Farm-Out well program with the Company's JV partner. This well is located approximately 2 miles southwest of the Bryce 3-2 Three Forks producer and 4 miles southeast of the Haugen 15-12 Three Forks well. The good initial oil rates from the Ella 4-15 confirms a significant expansion of the productive Three Forks reservoir to the south and west of the current field area.

The Murielle 16-1E produced an average of 401 BOEPD during the first 10 days of production. It is a Three Forks well located in the central portion of the Spyglass acreage in the same DSU as the Stanley (Three Forks) and Taylor 16-1E (Bakken) wells and exhibits similarly strong production results. The Company is currently drilling the lateral section of the Eli 8-1E as an infill Bakken well in the same DSU. The Murielle 16-1E well came onto production the last week of June, and had minimal impact on second quarter average production.

The Warren 4-2 (Bakken) produced an average of 178 BOEPD during the first 30 days of production and has been steadily cleaning up with decreasing water cuts and flat to slightly increasing oil rates as it nears the end of its second month of production. The Richard 2-13N (Three Forks) produced an average of 195 BOEPD during the first 10 days of production. The Richard 2-13N well came onto production the last day of June. The Braelynne 2-2N is a short lateral Middle Bakken well and is the fourth of five carried working interest well that the Company drilled with its JV partner. The well is the poorest

completion to date averaging only 68 BOEPD with a water cut in excess of 80%. The poor productivity and high water cuts observed seems to be attributable to an area of poor reservoir that is confined to approximately the 800 acre DSU defined by Sections 26 and 35 - 164-101 with the surrounding wells showing normal performance.

The La Plata State 2-16 and the Shelly 3-2N wells are Three Forks completions that were put on pump in early June. Both wells had initial production rates similar to offset wells in their area for approximately 7 days prior to experiencing sharp drops (greater than 80% reductions) in total productivity that would have to be attributed to near wellbore plugging effects. Remedial work is being planned to go into the wells and check for plugging and re-establish good communication with the reservoir.

A follow-up on the Haugen 15-12, a Three Forks step out well drilled on the far western edge of the Spyglass acreage, shows that the well continues to produce at, essentially, a flat oil rate with an average of 91 BOEPD over the last 7 days. The production and emulsion problems observed in the initial production period and reported in our previous operations update have been sorted out and the well is producing steadily.

Of the 9 gross (3.9 net) operated wells added to production during the second quarter of 2014, 2 wells are Farm-Out wells (Haugen and Ella), 3 wells are Carry wells (Blackwatch, Braelynne and LaPlata State), and 4 wells (Warren, Shelly, Murielle and Richard) are regular working interest wells.

### ***Operated Well Development Guidance***

The Company currently has 2 gross (1.0 net) operated wells that are in the process of being completed, 4 gross (3.5 net) operated wells on a 4-well pad that are awaiting completion, and 2 gross (1.4 net) operated wells that are being drilled. All eight of these operated wells (six Three Forks and two Bakken wells) are in the central portion of Spyglass, with high working interests and surrounded by wells that have exhibited strong production results.

The first two wells, the Annie 15-32 and James 15-20, have been stimulated and are being cleaned out and are projected to be on production during the second half of July. The remaining four wells on the single drill pad are expected to begin fracturing operations in late July and be put on production before the end of August. The last two wells, the Rick 13-31 and Eli 8-1E, are drilling in the lateral sections and are infill wells to the Tangedal 13-31 and the Taylor 16-1E, respectively. American Eagle plans to announce results of the wells once it has achieved approximately 30 days of cumulative production. The Company anticipates its next operations update will be included in second quarter financial results that will likely be reported during the first half of August.

Since September 2013, American Eagle has been running two rigs to develop its Spyglass area and has averaged approximately 24 days per well from spud-to-spud and 18 days from spud-to-rig release. On a recently drilled 4-well pad, the Company drilled all four wells including rig moves in 62 days, averaging 15.5 days per well spud-to-spud. Overall, the

Company has reduced its average drilling time from spud to rig release by 55% over the last two years.

### ***Production Volume Guidance***

While weather conditions improved during the second quarter, American Eagle's production was impacted by a number of road closures due to heavy rains that required wells to be shut in when storage tanks were full. The Company estimates that average second quarter 2014 production was approximately 2,000 to 2,100 BOEPD. The Company estimates that its current production is approximately 2,200 to 2,300 BOEPD.

American Eagle's accumulation of drilled wells with high working interest is anticipated to add significant production during the second half of 2014. The 6 gross (4.5 net) wells that are completing or awaiting completion should provide substantial uplift to third quarter production. The two wells (1.4 net) currently drilling should be completed during the third quarter with anticipation of contributing to fourth quarter 2014 production. These higher working interest wells along with additional planned development wells in 2014 should position American Eagle to meet or exceed its production volume guidance for 2014. As such, American Eagle reaffirms its 2014 exit rate production volume guidance at over 3,000 BOEPD.

### ***Management Comments***

Brad Colby, President and CEO of American Eagle, said, "During the second quarter of 2014 we added 9 gross (3.9 net) operated wells to production, which is the most wells the Company has added in a single quarter and more than were added in all of 2012 when we commenced drilling in Spyglass. We have continued to improve our drilling operations and have drilled 2-mile lateral wells in as little as 11 days. We are developing strategies and processes to realize improvements in well development costs and other operational efficiencies. We drilled our first 4-well pad in 62 days and look forward to completing and producing from these high working interest wells over the near term. While American Eagle was impacted by weather conditions, the Company's development program for the remainder of 2014 is intended to minimize future impact. Importantly, initial results from recent wells, including the Ella and Murielle, continue to de-risk and delineate our Spyglass well inventory and should be additive to future reserve and production growth."

### ***ABOUT AMERICAN EAGLE ENERGY CORPORATION***

American Eagle Energy Corporation is an independent exploration and production operator that is focused on acquiring acreage and developing wells in the Williston Basin of North Dakota, targeting the Bakken and Three Forks shale oil formations. The Company is based in Denver, CO. More information about American Eagle can be found at [www.americaneagleenergy.com](http://www.americaneagleenergy.com) or by contacting investor relations at 303-798-5235 or [ir@amzgcorp.com](mailto:ir@amzgcorp.com). Company filings with the Securities and Exchange Commission can be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov).

## **SAFE HARBOR**

This press release may contain forward-looking statements regarding future events and the Company's future results that are subject to the safe harbors created under the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act"). All statements other than statements of historical facts included in this press release regarding the Company's financial position, business strategy, plans and objectives of management for future operations, industry conditions, and indebtedness covenant compliance are forward-looking statements. When used in this report, forward-looking statements are generally accompanied by terms or phrases such as "estimate," "project," "predict," "believe," "expect," "anticipate," "possible," "target," "plan," "intend," "seek," "goal," "will," "should," "may" or other words and similar expressions that convey the uncertainty of future events or outcomes. Items contemplating or making assumptions about, actual or potential future sales, market size, collaborations, and trends or operating results also constitute such forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties and important factors (many of which are beyond the Company's control) that could cause actual results to differ materially from those set forth in the forward-looking statements, including the amount we may invest, the location, and the scale of the drilling projects in which we intend to participate; our beliefs with respect to the potential value of drilling projects; our beliefs with regard to the impact of environmental and other regulations on our business; our beliefs with respect to the strengths of our business model; our assumptions, beliefs, and expectations with respect to future market conditions; our plans for future capital expenditures; and our capital needs, the adequacy of our capital resources, and potential sources of capital.

The Company has based these forward-looking statements on its current expectations and assumptions about future events. While management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory, and other risks, contingencies, and uncertainties, most of which are difficult to predict and many of which are beyond the Company's control. The Company does not assume any obligations to update any of these forward-looking statements.

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