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*For Immediate Release*

**Calgary, Alberta**

**March 23, 2011**

**SUROCO ENERGY INC. COMMENCES PRODUCTION FROM COHEMBI-2 APPRAISAL WELL AT 1549 BOPD AND PROVIDES OPERATIONAL UPDATE**

Suroco Energy Inc. (TSX Venture Exchange: SRN) (“**Suroco**” or the “**Corporation**”) is pleased to announce that the first appraisal well of the Cohembi pool in the Suroriente Block commenced production on March 22, 2011 at a rate of 1549 barrels per day (226 barrels per day net to the Corporation after royalties).

Mr. Alastair Hill, the Corporation’s President and Chief Executive Officer commented, “The target in Cohembi-2 was the Villeta N sand and the well encountered a very high quality reservoir with oil pay from top to base of the interval and commenced production at 1549 barrels per day (226 barrels per day net to the Corporation after royalties). The reservoir interval, which was fully cored, confirms a thicker and higher quality N sand interval in Cohembi-2 than in the original Cohembi-1 well. With these new drilling results and the production performance of both Cohembi wells we are growing more confident of our reservoir simulation and material balance calculations which indicate the potential for this accumulation to outperform the currently booked proven and probable reserves assignment. Cohembi-2 is the second successful well in our multi-well appraisal and development drilling program in the Pinuna and Cohembi fields and the drilling rig will now immediately move to the next Cohembi appraisal well.”

**Cohembi-2 Well Results**

The Cohembi-2 well was spud on January 27, 2011 and reached a total depth of 9,572 feet on February 19, 2011 after acquiring 15.5 feet of core from the Villeta N-sand reservoir. The reservoir interval in the well is a continuous, highly permeable, 17 foot thick, clean sand body. Porosity in the interval is approximately 27% and petrophysics indicates a low water saturation of approximately 17%. This well offsets the Cohembi-1 well by 1.1 kilometres. Cohembi-1 has produced 2.7 million barrels of oil to date with no significant water.

The well commenced production early on March 22, 2011 with a variable-speed electric submersible pump, and as of 19:00 hours, was stabilizing at 1549 barrels of 19 API oil per day (226 barrels per day net to the Corporation after royalties) with a declining 2% watercut that the Corporation interprets to be residual workover or drilling fluid recovery. The variable-speed pump is operating at a conservative initial rate, which will be incrementally increased in the following weeks to determine an optimal long-term production rate. Bottomhole pressure readings indicate Cohembi-2 has significantly better productivity than the Cohembi-1 well, which this month has produced at an average gross daily rate of 1910 barrels oil per day (278 barrels per day net to the Corporation after royalties) to March 21, 2011.

The Corporation believes that the reservoir pressure and sand thickness encountered at Cohembi-2 validate the Corporation’s internally generated reservoir simulation model, which was used as the

basis for assigning positive reserve revisions in the independent reserves report prepared by GLJ Petroleum Consultants Inc. for the Corporation's Colombian properties effective December 31, 2010. Updated reservoir simulation and history matching by the Corporation of the continued strong, water-free, production performance of the Cohembi-1 well, and results from the Cohembi-2 well, indicate that the pool size may be significantly larger than that estimate.

The rig will now move 1.8 kilometres to the northwest to drill the Cohembi-3 appraisal well where it will further delineate the Cohembi pool. Results from Cohembi-3, if successful in further proving pool extent and continuity, will provide key information for the Corporation and its partner to establish a full-field development program that may include improved recovery techniques.

## **Operations Update**

### *Suroriente Block Production and Well Workover Program*

The Corporation holds a 15.8% working interest in the Suroriente Block, where production for the first 81 days of 2011 has averaged 748 barrels of oil per day net to the Corporation (after royalties). Production has been temporarily lowered due to mechanical issues in a number of wells. A service rig has been contracted and will be mobilized in the next few weeks to conduct the following maintenance and recompletions:

1. Repair the failed electric submersible pump (ESP) at the Pinuna-5 well, which is currently pumping at lower rates with an auxiliary hydraulic pump, with the anticipated result of regaining approximately 1,000 barrels of oil per day of production (146 barrels of oil per day net to the Corporation after royalties).
2. Perforate and test the oil-bearing Villeta U-Inferior sand (which is calculated to have 23 feet of untested net oil pay) in Pinuna-2 and configure the well to produce selectively from either the currently producing Villeta T or the Villeta U, depending on test results.
3. Repair a suspected tubing leak in the Curiquina-1 Villeta T oil well (with the anticipated result of regaining approximately 80 barrels of oil per day of production, which would mean approximately 12 barrels of oil per day net to the Corporation after royalties), re-perforate and retest the potentially oil-bearing Villeta Middle U sand (which is calculated to have 9 feet of net oil), and configure the well to produce selectively from either the currently producing Villeta T or the Villeta U, depending on test results. This zone was briefly tested in 2008 with inconclusive results, and is being retested due to the success of Villeta U sand development in the nearby Pinuna-5 and Pinuna-3 wells.
4. Repair the pumping system in Quillacinga-1 if an ongoing coiled tubing workover is unsuccessful in returning it to production (with the anticipated result of regaining approximately 200 barrels of oil per day of production, which would mean approximately 29 barrels of oil per day net to the Corporation after royalties).

### *Exploration Activity in Putumayo Basin Blocks*

A 3D seismic survey in the northern part of the Suroriente Block (in which the Corporation holds a 15.8% working interest) is scheduled for completion in April. The objective of the program is to define exploration drilling opportunities along a structural trend that includes the Quinde oil pool,

where there is a suspended oil well. If results are positive, it is anticipated that exploration and stepout drilling could occur in this area of the Suroriente Block in late 2011.

A 3D seismic survey in the Alea 1848A Block (in which the Corporation holds a 50% working interest) is scheduled for completion in April and will allow further pre-drill definition of several exploration leads that have been identified on previously acquired 2D infill seismic. Once a prospect has been matured for drilling, an exploration well is expected to be drilled in this block in the second half of 2011.

#### *Exploration Activity in Llanos Basin Block*

Following the interpretation of the recently acquired 3D seismic in the San Antonio Block (where the Corporation has exercised its option to acquire a 28% working interest and which acquisition is pending approval from the Agencia Nacional de Hidrocarburos of Colombia), a total of four exploration prospects have been matured of which, three are expected to be selected for drilling. Activity is now concentrated on access road construction prior to mobilizing the drilling rig. Further information will be provided in a subsequent press release by the Corporation once the timing of drilling is finalized.

The Corporation is a Calgary-based junior oil and gas company, which explores for, develops, produces and sells crude oil, natural gas liquids and natural gas in Colombia and Western Canada. The Corporation's common shares trade on the TSX Venture Exchange under the symbol SRN.

Further information about the Corporation can be found at the Corporation's website ([www.suroco.com](http://www.suroco.com)), including an updated investor presentation, and under Suroco's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Readers should note that on February 1, 2011, Suroco filed its reports under section 2.1 of National Instrument 51-101, which can be found for viewing by electronic means under Suroco's profile on SEDAR at [www.sedar.com](http://www.sedar.com)) and that the recovery and reserve estimates of oil reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil reserves may be greater than or less than the estimates provided herein.

#### **Forward Looking Statements**

This press release contains forward-looking statements relating to estimated reserves and resources, the operational and exploration activities for Suroco, evaluation of certain prospects in which the Corporation holds an interest or may acquire an interest and other statements that are not historical facts. Readers are cautioned not to place undue reliance on 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, estimates, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, among other things, the state of the economy in general and capital markets in particular; fluctuations in oil prices; the results of exploration and development drilling, recompletions and related activities; the uncertainty of reserve estimates; changes in environmental and other regulations; risks associated with oil and gas operations and future exploration activities; and other factors, many of which are beyond the control of the Corporation. You can find an

additional discussion of those assumptions, risks and uncertainties in Suroco's Canadian securities filings.

The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by law, Suroco disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additionally, Suroco undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

For further information please contact Alastair Hill, President and Chief Executive Officer of the Corporation or Travis Doupe, VP Finance and Chief Financial Officer of the Corporation, or visit our website at [www.suroco.com](http://www.suroco.com):

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