

**For Immediate Release**



## **Raise Production Inc. Provides System Testing Update**

CALGARY, Alberta – August 14, 2014 – Raise Production Inc. (TSX-V: RPC) ("Raise" or the "Company") wishes to update shareholders regarding recent developments with its Horizontal Wellbore Production System (the "System"). Over the last three months the Company has tested the System in two different wellbores with a view to determining commercial operating performance.

The first well, as previously disclosed, was the recipient of a System in March of this year and was brought on continuous production during May. The second well, also in the Viking formation near Kindersley, Saskatchewan, but supplied by a different oil & gas company, was seen as a better candidate as it had exhibited higher production on a consistent and stabilized basis when compared with the first test wellbore.

At this time, the Company reports that it has experienced a component failure in both wellbores based on quality issues with a third party supplier. The Company discovered these defects only recently, due to higher production rates and higher pressures encountered in the second wellbore which caused the System to malfunction almost immediately after installation. The System was retrieved, redressed and redeployed after a test procedure was completed. Again, after the reinstallation, an almost duplicate malfunction was encountered.

The part in question is a finished product that cannot be destructively tested and can only be visually inspected and pressure tested to limited boundaries. The manufacturing process dictates the working and test specifications of the product and upon implementation of newer test procedures and destructive testing, the Company discovered that the products were failing below the specified parameters. Immediately upon these findings, new field tests were implemented on the first low productivity wellbore and the Company found a similar malfunction had occurred in this installation also. As such, the Company cannot use the production from this wellbore as indicative of performance of a fully functional System. Raise also believes that these reservoirs take time to "clean up" and evidence of residual water production has proven this. However, erratic and non consistent production rates to date can be attributed to either reservoir clean up or a System that is not fully functional, or a combination of both.

Stemming from this experience, the Company is:

- Actively pursuing alternative vendors for the component under investigation. Non-disclosure agreements have been signed, drawings have been shared and meetings are ongoing with candidates. It is expected that different materials and fabrication techniques will be required but not a redesign of the System;
- Reviewing testing and startup procedures to augment them for lessons learned from these failures, and to implement these expanded test protocols to qualify the new components;

- Completing a comprehensive review of the System to confirm the parts under investigation are the only component causing the issues; and
- Preparing to retrieve both currently deployed Systems and redeploy a new System once these steps are completed.

The Company will find a suitable component in the near term. Raise has had discussions with its industry partners and confirms they are supportive of continued testing. The Company is targeting a deployment of a new System in the second “better candidate” wellbore during the late fall of this year.

Eric Laing, President of the Company, commented that “this has been a difficult exercise but in some ways a necessary one. Discovering these component defects in the third party components has taken some time and a number of deployments. Throughout this project we have had many stumbling blocks like this and have always overcome them. This is a part quality and manufacturing process issue, not a design issue. To date, our experience in both wellbores encourages me that we are on the right track to enhancing horizontal well production and I have seen nothing out of this experience that indicates our theories are incorrect. The bottom line is that we have not had a real chance to run our equipment in an uncompromised fashion. This is a learning experience but certainly within the potential scope of outcomes with developing a novel proprietary oilfield tool. Currently we have over \$4 million in cash, so shareholders should feel comfortable that we have ample liquidity to work past these issues and see this through a commercial test.”

#### **About Raise Production Inc.**

The Company is an innovative oilfield service company that focuses its efforts on the production service sector, utilizing its patented products to enhance and increase ultimate production in both conventional and unconventional horizontal oil and gas wells.

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