



FOR IMMEDIATE RELEASE  
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***Canacol Energy Ltd Completes Oil Development Well at Rancho Hermoso and Provides Update on Operated Development Drilling Program in Colombia***

CALGARY, ALBERTA- Canacol Energy Ltd. ("Canacol" or the "Corporation") is pleased to provide an update of its development drilling program in its operated producing oil fields in Colombia. The Corporation has a 100% operated working interest in the Rancho Hermoso field and a 60% working interest in the Entrerrios field, both located in the Llanos Basin of Colombia. Through to the end of 2009 the Corporation plans to drill two development wells and to work over one existing well in the Rancho Hermoso field. In addition, the Corporation plans to drill one development well and to work over two existing wells in the Entrerrios field.

The Corporation has completed early production testing of the new Rancho Hermoso 3A development well. During production testing, the well produced at rates of up to 799 barrels of 35 degree API oil per day from the Mirador reservoir using an electrical submersible pump at initial total fluid rates of up to 3,994 barrels of fluid per day through a choke of 48 / 64 inches and a pump frequency of 40 hertz. The well has now been tied in to the permanent production facility and the Corporation intends to steadily increase the frequency of the electrical submersible pump to 60 hertz to attain a total stabilized fluid rate of between 7,000 to 8,000 barrels of fluid per day. Oil and water production is expected to increase proportionally with the increase in total fluid produced.

The performance of the 3A well is typical of the other producing Mirador wells in the field, which are currently producing between 194 and 1,086 barrels of oil per day with associated water production of 4,674 and 6,103 barrels of water per day respectively.

The Corporation is currently mobilizing the Saxon 126 drilling rig to the Entrerrios field to commence the drilling of the Entrerrios 5 well, which is anticipated to spud in the last week of September. The drilling rig will then be mobilized back to the Rancho Hermoso field in early November to commence drilling of the Rancho Hermoso 5 well. The Corporation is in the process of tendering for a small work over rig to commence the work over program in the Rancho Hermoso and Entrerrios fields.

*Canacol is a Canadian based international oil and gas corporation with operations in Colombia, Brazil and Guyana. Canacol is publicly traded on TSX Venture Exchange (TSXV: CNE). The Corporation's public filings may be found at [www.sedar.com](http://www.sedar.com).*

This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur, including without limitation statements relating to estimated production rates from the Corporation's properties and intended work programs and associated timelines. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation cannot assure that actual results will be consistent with these forward looking statements. They are made as of the date hereof and are subject to change and the Corporation assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include the inherent risks involved in the exploration for and development of crude oil and natural gas properties, the uncertainties involved in interpreting drilling results and other geological and geophysical data, fluctuating energy prices, the

possibility of cost overruns or unanticipated costs or delays and other uncertainties associated with the oil and gas industry. Other risk factors could include risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities, and other factors, many of which are beyond the control of the Corporation.

A barrel of oil equivalent (boe) is derived by converting gas to oil in the ratio of six thousand cubic feet of gas to oil and may be misleading, particularly if used in isolation. A boe conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead, especially in various international jurisdictions.

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