



**PRESS RELEASE**

**December 5, 2005**

**CONNACHER PROVIDES UPDATE ON PETROLIFERA AND GREAT DIVIDE**

Calgary, Alberta – Connacher Oil and Gas Limited (CLL – TSX) announced today that Petrolifera Petroleum Limited (PDP – TSX), in which company Connacher holds a 35 percent equity interest, has reported to its shareholders that the RN.PM.x-1004 well on the Puesto Morales/Rinconada concession in the Neuquen Basin of Argentina has flowed 100 percent crude oil on test at extrapolated calculated rates ranging between a low of 457 bbl/d through a one inch choke during a nine hour test to a high of 940 bbl/d through a one-half inch choke during a one hour test. These results are reported as satisfactory, in the opinion of Petrolifera's management, having regard for the location of the well in a position on the lower of two structural culminations, with the higher of such culminations associated with the more prolific RN.PM.x-1003 well. The 1004 well will be placed onstream with the near-term arrival of additional storage tanks and when arrangements can be made for additional treatment of the 35 degree API oil at an offsite location.

Petrolifera also reported that the RN.PM.x-1005 well west of the Puesto Morales Sur oil field in the southern portion of the Puesto Morales block had encountered encouraging oil shows in two separate zones in the Quintuco Formation, the primary objective of the well. The well is being logged and a decision whether to case the well will be made after the review of the well logs. Also, the RN.PM.x-1003 well was placed onstream, initially only from the Punta Rosada Formation, through a restrictive one-quarter inch choke at a rate of 380 bbl/d of crude oil. This rate is expected to be increased to a restricted aggregated rate of approximately 1,200 bbl/d today upon the arrival of additional storage tanks when the Sierras Blancas Formation is also placed onstream.

Petrolifera also provided a roadmap outlining the anticipated continuing drilling and testing program over the remaining weeks of December 2005. It will include drilling at least two more wells, RN.PM.x-1010 and Rn.PM.x-1011, both being offsets to the 1003 discovery well. If and as warranted, the remaining untested wells – 1002, 1005, 1010 and 1011 – will all be tested and placed onstream prior to yearend if at all possible. Thereafter, more permanent facilities will be considered and secured once the productive potential of the discovery wells is established.

Investors, prospective investors, and shareholders are cautioned that short-term test results are not stabilized flow rates and that management is of the opinion that more likely than not, stabilized rates may be closer to the lower end of the short-term test rates.

There can be no assurance wells will produced at reported extrapolated calculated test rates. Furthermore, there may be delays in securing adequate production equipment, transportation of the crude oil and access to treatment facilities, all of which could curtail production levels.

## GREAT DIVIDE

Connacher also wishes to advise that with the onset of colder weather in Alberta, Canada, it is gearing up to commence its winter core hole drilling program on its Great Divide oilsands project in northeastern Alberta. Connacher is awaiting final regulatory approval to proceed with the 2005-2006 winter core hole program, which could include up to 75 locations (depending upon rig availability), including several in proximity to the Pod One accumulation. These will likely be drilled early in the program to assist Connacher in determining whether additional area and reserves can be associated with Pod One.

The balance of the program is more exploratory in nature and is designed to follow up existing well and seismic control to ascertain if additional pods, reserves and resources can be confirmed on Connacher's lands. This will likely determine if further discrete development opportunities of new Pods can be pursued under separate applications to the regulatory authorities. Additional 3D seismic programs are also anticipated in the winter program to assist in the delineation of possible new development opportunities.

Connacher's application to the regulators in Alberta was submitted in August 2005. Since that time there has been considerable dialogue and interchange of information with the regulators and with interested stakeholders. While Connacher has been proactive in meeting with stakeholders, has been responsive to inquiries from third parties and intends to continue to respond to any inquiries which might be forthcoming, the regulatory process is one beyond the company's control and therefore any timetable which has been estimated or disclosed is always subject to adjustment should any delays arise due to the necessity of amending the underlying assumptions which gave rise to estimates of the regulatory review timeframe. At this time, Connacher has not encountered any reason to amend its assumed timetable for approvals, scheduling of drilling, equipment procurement and startup of operations. However, there is associated risk of delay and shareholders, investors and prospective investors are cautioned of such risks, including those which might arise from third party inquiry.

Please refer to [www.connacheroil.com](http://www.connacheroil.com) and to [www.petrolifera.ca](http://www.petrolifera.ca) for additional information and recent press releases by both companies. Readers will note Connacher issued a significant press release on Friday, December 2, 2005 with respect to an Exclusivity Agreement related to acquiring certain refinery assets and associated inventory in the United States and a Mandate Letter with a major international bank related to financing of the proposed acquisition of refining assets and development of the Great Divide project.

Connacher Oil and Gas Limited is a Calgary-based oil and natural gas exploration and production company. Its principal asset is its 100 percent ownership of its Great Divide oil sands project and related oil sands rights. Connacher also owns conventional assets in the Province of Saskatchewan and owns a 35 percent interest (basic) in Petrolifera Petroleum Limited.

*This press release contains forward-looking statements. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to, risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the risks and uncertainties associated with securing the necessary regulatory approvals and financing to proceed with the Great Divide project, the risk of delay due to third party or stakeholder inquiries and the time which might be required to respond thereto and the uncertainties associated with negotiating and completing commercial transactions such as acquisition of the refinery assets and the requisite financing in support thereof.*

*Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in the company's securities should not place undue reliance on these forward-looking statements. For additional information relating to the risks and uncertainties facing Connacher, refer to Connacher's Revised Initial Annual Information Form for the year ended December 31, 2004 which is available on*

SEDAR at [www.sedar.com](http://www.sedar.com). Also note the risks and uncertainty associated with negotiating with foreign governments and risk associated with international activity which are encountered directly by Petrolifera Petroleum Limited, which conducts its business primarily in Argentina and Peru and is referred to in this press release. Petrolifera Petroleum Limited also encounters the risks associated with the oil and gas industry which are enunciated herein.

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