



**PRESS RELEASE**

**April 16, 2010**

**Connacher Oil And Gas Limited Announces Completion Of Algar Construction - Ahead Of Schedule And Anticipated To Be Under Budget**

Calgary, Alberta – Connacher Oil and Gas Limited (CLL-TSX) announced today the completion of construction of its second steam assisted gravity drainage (“SAGD”) oil sands project (“Algar”) at Great Divide in Northeastern Alberta. A recent aerial photograph of Algar can be viewed at the end of this release.

Algar has a design steam generation capacity of 30,000 bbl/d, which at its long-term target peak operating steam:oil ratio (SOR) of 3.0, is anticipated to facilitate production of 10,000 bbl/d of bitumen over a project life of more than 25 years. The project was designed to allow for expansion to 34,000 bbl/d of bitumen production in subsequent years.

Major civil work at Algar, including construction of the plant site, access road and well pads, was completed in February 2009. Project field construction and fabrication commenced on July 7, 2009. Drilling of the 17 SAGD well pairs at Algar and concurrent construction of the steam generation facility and oil processing plant were completed in 273 working days, less than the 275 working day target set out by the company. Capital expenses are still being accumulated and won't be final until after commissioning of the project. Connacher anticipates the total construction costs of Algar will be under its announced \$375 million budget.

A total of 390 standard loads and an additional 175 large loads of material, skids and component parts were trucked to the Algar site during construction. The project incorporated 1,900,000 kg of structural steel and 280,000 inches of welding on 8,800 spools. Overall, the project had an extremely low spool revision rate of approximately one percent. The project also incorporated 36 vessels, 84 heat exchangers, 52 tanks and 190 pumps. Over 700,000 field and shop man hours of employment were created during Algar's construction, primarily in Canada. At peak construction, 400 workers were employed on site.

Connacher also announced today that commissioning of the Algar plant will commence on April 19, 2010. It is anticipated the commissioning process will take up to 30 days and will include tie-in of the three SAGD well pads to the steam generation facility and oil processing plant. Also, the evaporators and all vessels will be tested along with the treating, instrumentation and electrical systems. Commissioning of the steam pipelines and SAGD well pads will follow.

The next step will then be the commencement of sequential injection of steam into Algar's 17 SAGD well pairs. Connacher plans to steam the well pairs for approximately 90 days prior to the initial production of bitumen. The process will be closely monitored to determine the optimum production startup date, based on individual well response. As all wells will not be brought onstream

simultaneously, the company anticipates ramping up bitumen production towards design capacity of 10,000 barrels per day by the second half 2011.

Acknowledgments are extended to all of Connacher's management and staff, consultants, advisors and the construction team. We would also like to recognize the service sector and trades which supported and participated in the building of the Algar project. The company anticipates a formal ribbon-cutting ceremony will be held at the Algar plant site on June 22, 2010.

Connacher Oil and Gas Limited is a Calgary-based exploration, development, production, refining and marketing oil company. Our major asset is our interest in the Great Divide bitumen production projects. Our first 10,000 bbl/d SAGD project ("Pod One") is currently operational. Algar is the company's second 10,000 bbl/d bitumen production project and it was also designed for further expansion, upon receipt of regulatory approvals. We also own conventional crude oil and natural gas production in Western Canada and own and operate a 9,500 bbl/d heavy oil refinery located at Great Falls, Montana and maintain an approximate 20 percent equity stake in Petrolifera Petroleum Limited, a public oil company active in Argentina, Peru and Colombia in South America. Our common shares and our outstanding convertible debenture are listed for trading on the Toronto Stock Exchange.

**Forward-Looking Information:**

*This press release contains forward-looking information including but not limited to the anticipated long-term peak operating SOR for and production levels from Algar, anticipated costs of construction of Algar, planned timing for commissioning, steaming of the steam pipelines, SAGD well pads and well pairs and first production from Algar, the anticipated timing for ramp up of bitumen production to near design capacity of 10,000 barrels per day and planned expansion of Algar following receipt of regulatory approvals.. Forward-looking information is based on management's expectations regarding future growth, results of operation, production, future commodity prices and foreign exchange rates, future capital and other expenditures (including the amount, nature and sources of funding thereof), plans for and results of drilling activity, environmental matters, business prospects and opportunities and future economic conditions. Forward-looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to 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 and resource estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks; the uncertainty of geological interpretations; the risk of commodity price and foreign exchange rate fluctuations; risks associated with the impact of general economic conditions; and risks and uncertainties associated with securing and maintaining the necessary regulatory approvals and financing to proceed with the continued expansion of the Great Divide Oil Sands Project. Readers should be cautioned that design steam generation capacity for Algar is the calculated maximum obtainable steam output based on the current plant design at Algar and may not be representative of actual steam capacity once Algar is in production and the actual SOR realized could have a material impact on the production levels at Algar. These and other risks and uncertainties are described in further detail in Connacher's Annual Information Form for the year ended December 31, 2009 ("AIF"), which is available at [www.sedar.com](http://www.sedar.com).*

*Although Connacher believes that the expectations in such forward-looking information are reasonable, there can be no assurance that such expectations shall prove to be correct. The forward-looking information included in this press release is expressly qualified in its entirety by this cautionary statement. The forward-looking information included in this press release is made as of the date hereof and Connacher assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.*

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Algar Site April 2010