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Coastal Energy Announces Operations Update

HOUSTON, July 8, 2013 (GLOBE NEWSWIRE) -- Coastal Energy Company (the "Company" or "Coastal Energy") (TSX:[CEN](#)) (AIM:CEO), an independent exploration and production company with assets in Southeast Asia, today announces an operations update.

Malaysia

Following completion of the current drilling program at Bua Ban North, expected in late July, the Manta drilling rig will mobilize to Malaysia to begin the development program at the Kapal field. All requisite permits to commence the Kapal field development have been received. The mobile offshore production unit ("MOPU") refurbishment is expected to be complete by September. Therefore, Coastal is well placed to commence development in Malaysia once the current program in Thailand is complete.

Bua Ban North

As announced previously, the two horizontal wells which were drilled and completed with the new swelling packer technology encountered production issues during the second quarter. Consequently, the Company elected to recomplete and reperforate these two wells using more conventional completion techniques.

The Company has recompleted the first of the two wellbores and the well is now producing approximately 1,500 bopd. The Company will drill one additional development well at Bua Ban North and recomplete the other horizontal swelling packer well before mobilizing the rig to Malaysia.

Production Update

The Company's offshore Thailand production averaged 21,262 bopd for the second quarter and is currently averaging 21,500 bopd. Onshore production averaged 2,782 boepd, bringing total Company production to 24,044 boepd for the quarter.

Randy Bartley, President & CEO of Coastal Energy commented:

"We are making progress in correcting some of the mechanical issues which were responsible for production declines in the second quarter. The performance of the swelling packer technology was disappointing, so we have reverted to our original completion techniques. We expect the first of the two horizontal wells at Bua Ban North to be producing at its full potential rate by next week and the second well to be producing at its full potential rate by the end of the month.

"The refurbishment of the two MOPUs to be utilized in Malaysia and Thailand which were damaged in transit is progressing along schedule. We plan to bring production in Malaysia online shortly after installation of the MOPU in September and by the end of the year from the additional MOPU in Thailand."