



Canacol Energy Ltd Provides Details of 2010 Work Program at its Capella Heavy Oil Discovery and Exploration Program in the Putumayo-Caguan Basin, Colombia

CALGARY, ALBERTA (December 15, 2009)- Canacol Energy Ltd. (“Canacol” or the “Corporation”) (TSX VENTURE: CNE) is pleased to provide the 2010 work plan and budget for its Capella heavy oil discovery in Colombia. The Capella discovery is located on the Ombu E&P Contract in the Caguan – Putumayo area of southern Colombia. The Corporation, through a farm in with Emerald Energy Plc., now Sinochem Group (“Sinochem”), earned a 10% working interest in the Contract through the drilling of the Capella 1 discovery well in July 2008. Throughout 2008 and 2009, the Corporation participated in the drilling of 6 successful wells into the discovery. In 2009, the Corporation secured a further 1.2 mm acres of exploration acreage at 100% WI offsetting the Capella discovery.

Charle Gamba, President and CEO of the Corporation, comments “We are pleased with the results achieved to date at Capella, and with our excellent working relationship with our new operating partner, Sinochem. The activities planned for 2010 will quantify the ultimate potential of the discovery, add reserves, increase oil production, improve transportation of oil to market, and most importantly lay the groundwork for a development plan to realize the full potential of this significant oil discovery going forward into 2011, 2012, and beyond.”

In 2010, the Corporation plans to participate in the following activities:

- The drilling of 4 appraisal wells, including the Romero 1 well which will appraise the northeast part of the discovery, and one horizontal well within the southwest part of the discovery, to commence in Q1 2010.
- The drilling of 3 development wells, which may be vertical or horizontal depending on the success of the first horizontal well planned, to commence in Q3 of 2010.
- Commencement of a steam injection pilot utilizing one of the existing wells in Q1 2010.
- The acquisition of 100 square kilometers of 3D seismic, to commence in Q3 2010.
- The construction of an early production facility to handle 2,000 barrels per day of fluid to commence in Q1 of 2010
- The laying of flow lines to all producing wells to commence in Q1 2010.
- The upgrading of existing roads and bridges to commence in Q1 2010.
- The drilling of water disposal well in Q3 2010.

The primary objectives of the program include:

- Continued appraisal of the discovery to determine its size through the drilling of appraisal wells and a resulting increase in production, reserves, and resources.
- Formulation of a full field development plan for the discovery by year end through the acquisition of a 3D seismic program, the quantification of horizontal well performance on oil rate and recovery, and the quantification of the steam injection pilot in terms of oil rate and ultimate recovery.
- Installation of an early production facility, flow lines, and upgrading of roads and bridges to increase the overall volume of oil sales from the field and accelerate monetization of the early production volumes.

The anticipated cost of the program is US\$ 41,470,000, with Canacol’s share being US\$ 4,147,000. The Corporation is fully funded to execute this project, as well as the remainder of its development and exploration programs elsewhere, in 2010.

As for on-going exploration activities on its 100% WI acreage in 2010, the Corporation will acquire 2,240 km of gravity – magnetic data on the Pacarana TEA, and acquire 60 km 2D seismic on the Tamarin E&P contract. These activities are budgeted at US\$1,965,000, and are full-funded.

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.

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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