



## PRESS RELEASE

Trading Symbol: TEX.A : TSX Venture Exchange

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### OPERATIONS UPDATE

Texalta Petroleum Ltd. ("Texalta") (TSX.V-TEX.A) reports that on Thursday May 31, 2007 the Texalta et al Wordsworth E. HZ 3B9-23/3A11-23-7-3 W2 horizontal well was swab tested at a rate of about 250 bbl/d at 8% oil. It was hoped that stimulating with hydrochloric acid could increase the volume of fluid and oil to economic rates. Over the weekend of June 3 the well was acidised with 11 cubic meters (69.3 barrels) of 15% hydrochloric acid in an attempt to improve fluid productivity and hopefully increase oil producibility of the horizontal section in this well. The acid was displaced without any difficulty and the resulting increase in fluid production means that the well now produces almost all water.

This result means that we will convert this well to be a water injector for the disposition of salt water from the nearby HZ 2A2-23 producer as well as from future producers in the field. Once the injector well is operational it will provide an initial cost savings of approximately \$8,000 per month in salt water trucking costs at the HZ 2A2-23 well. Over the life of a well the water ratio increases as does the disposal cost of the water and so this will be of greater benefit as time goes on. The water injection should be useful to maintain reservoir pressure and thereby maintain production from the existing reservoir as it pushes towards the producing well. Using produced water for injection avoids the potential of causing formation damage due to incompatible fluids.

Although this result is a setback, it should be remembered that the well is located across the north side of the project area and it does not reduce our estimation of the overall potential of the project. We know the area of deposit is widespread as the oil zone is present in the following abandoned wells: 2-14-7-3W2, 6-22-7-3W2, 10-14-13W2, and 16-23-7-3W2 as well as two Texalta horizontal wells at 2-23 and 9-23-7-3W2. All of these wells are in an area of over two square miles. In addition to the above we have 80 kilometers of multifold seismic coverage in the immediate prospect area that defines the geometry of the oil zone.

The HZ 3B9 well marks the northern boundary of the oil accumulation at Wordsworth. To the immediate north and east of the well there is a structural low called a salt collapse low, which is evident on seismic. This phenomenon is caused by the solution of the Prairie Evaporite Salt sequence that underlies the producing Mississippian Alida zone. During the drilling of the HZ 3B9, fractures were evident particularly at the western end of the well. We think this fracturing is related to salt collapse and has provided a source for the large quantity of water encountered during the swab testing. This water comes from underneath the oil zone.

Texalta and partners will turn their attention to the south and east of the first producer to locate the next development wells in this project.

Meanwhile drilling plans at Wildwood are progressing and it is expected that a drilling rig will be available to begin work at the end of June or the first week of July.

In Australia, geophysical work is being undertaken on Georgina Basin permits, this is reprocessing of all existing seismic incorporating all new data as it becomes available.

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*TEX.A is a Calgary based company engaged in the exploration, acquisition and development of prospective oil & gas properties in Saskatchewan and Alberta, Canada. The company holds 100 percent working interest in two exploration permits covering in excess of 5.5 million acres of prospective land in the Georgina Basin, Northern Territory, Australia.*

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*This press release may include certain 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.*

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