

CALGARY, CANADA

(TSX-V:CEX)

**NEWS RELEASE**

***Stoney Creek N-78 Well Tests at 200 barrels of oil per day.***

**January 7, 2009, (Calgary, Alberta) Contact Exploration Inc. (“Contact”) (TSX-V: CEX)** is pleased to announce initial production test results from the Stoney Creek N-78-2328 well. This vertical well, which was drilled and fractured in late 2008, has tested at a rate of 200 barrels of crude oil per day.

The Contact Stoney Creek N-78-2328 well, spudded on November 23, 2008 in Contact’s 100% working interest Stoney Creek field, was drilled through the Hiram Brook, Frederick’s Brook and Dawson Settlement formations, reaching a total depth of 1115 metres on November 29<sup>th</sup>, 2008. On December 9<sup>th</sup> and 10<sup>th</sup>, 2008, fracturing operations were carried out on two zones in the Dawson Settlement formation and swab testing utilizing a service rig commenced thereafter. The well was placed on restricted production on December 22<sup>nd</sup> 2008, which is 30 days from when drilling commenced.

Of the three formations penetrated by the well, the Dawson Settlement formation exhibited the best intervals for fracture stimulation to enhance oil production. The gross thickness of the Dawson Settlement encountered was 43 metres with a net pay interval of 24 metres, based on a 12% porosity cutoff. The first fracture treatment was performed December 9<sup>th</sup>, 2008 placing 10 tonnes of sand in the interval from 878 to 899 metres, with the second fracture treatment the following day placing 10 tonnes of sand into the interval from 864 to 871 metres. After fracturing, these intervals were swab tested (pumped) using a service rig. During this time, rates of up to 200 barrels of oil per day were recorded. Subsequent to the swab testing using the service rig, the well was placed on production at a restricted rate of 30 barrels of oil per day. The well is being produced at the restricted rate in order to establish long term productive capability. Drawdown is estimated at 15% of the near virgin formation pressure that was determined post fracturing treatment. The well will be produced at varied rates over the next 30 days. It is anticipated that a production rate of approximately 50 barrels of oil per day may be achieved.

“We are very pleased with the production results of the N-78 well, which proves that exploitation of the field is possible using cost effective vertical wells and hydraulic fracturing treatments,” stated Darcy Spady, President and CEO. “This is the first modern fracture treatment in the Stoney Creek field, and the results indicate that this is an effective technique for production of the reservoir.”

In addition to the pay zones that were successfully fractured in the Dawson Settlement formation, significant gas indications were recorded while drilling through several intervals in the Upper Albert group. “Impressive gas charged sandstone beds were penetrated within the Hiram Brook Formation at eight different depths”, stated Edwin Macdonald, Contact’s Vice President of Exploration. This uphole hydrocarbon potential and the subsequent evaluation of the entire Stoney Creek field using the data obtained on this well will enhance Contact’s ability

to produce these reservoirs more effectively. In addition to the wireline log data, extensive testing is being performed on core acquired from the well. This core evaluation will include permeability and porosity measurements to calibrate the logs, plus other rock properties designed to better understand the reservoir. The laboratory testing is being conducted entirely by independent third parties.

Contact plans to carefully monitor the production rate and pressure from the N-78 well to determine key reservoir parameters for future drilling and workover locations. Exploitation of the 100% working interest Stoney Creek field and the reserves that it represents are a key factor in Contact's operations.

### **About Contact Exploration Inc.**

Contact Exploration Inc. is a junior exploration company with a focus on Canadian East Coast onshore conventional exploration, shale gas exploration & oil production. Contact's holdings and operations are located in close proximity to one of the world's largest consumption markets, near strong pipeline and refining infrastructure and in mature jurisdictions with reasonable royalty structures in place.

Contact's philosophy is to operate production and exploration in our core area of Atlantic Canada, and to participate in unconventional shale gas exploration, such as the Windsor Shale Block in Nova Scotia (a prospect which was generated by Contact).

Contact has onshore interests in approximately 700,000 acres in Nova Scotia, approximately 70,000 acres in west Newfoundland and 165,000 acres in New Brunswick which includes the Stoney Creek Field (approximately 5,500 acres), a field with estimated proved and probable reserves of 1.2 million barrels of oil and 7.2 bcf of natural gas. In addition to the Atlantic Canadian properties, Contact has producing oil assets in south eastern Saskatchewan.

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*Our actual results could differ materially from those anticipated in these forward-looking statements as a result of factors that may include, but are not limited to: the impact of government regulation, potential delays or changes in plans with respect to exploration and development projects, success of exploration and development activities, general industry and market conditions and other risks detailed from time to time in Contact's Annual Information Form and Management's Discussion and Analysis, both of which may be found at [www.sedar.com](http://www.sedar.com)*

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