



**Stream Oil & Gas Ltd.**  
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*For Immediate Release*

## **Stream Reports Positive Initial Results from Gorisht Waterflood, Progress with Delvina Development & Management Addition**

### ***Waterflood Success to Increase Potential Resource Recovery by 10%***

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**CALGARY, May 19, 2011** - Stream Oil & Gas Ltd. (TSX-V: SKO) (the "Company") is pleased to provide an update on the progress of its enhanced recovery programs at Gorisht-Kocul and Delvina. The first phase of the enhanced oil recovery ("EOR") program at the *Gorisht-Kocul* oilfield commenced with sustained water injection at the waterflood pilot area in April focused on re-pressurizing the reservoir for the future alternate gas injection. Early results and analysis have been positive, reconfirming Stream's expectations for the project. Data from the ongoing pilot will be used for the commercial waterflood project expected to commence prior to year-end.

According to the November 30, 2010, independent reserves report, the Gorisht-Kucol oilfield was evaluated to hold approximately 459 MMbbl of discovered oil initially-in-place on a best estimate basis (low estimate: 263 MMbbl; high estimate: 801 MMbbl). The related contingent resource estimates are 10.3 MMbbl on a best estimate basis (low estimate: 2.6 MMbbl; high estimate: 40.1 MMbbl). The successful implementation of the waterflood pilot and subsequent WAG (water-alternating-gas injection) projects are expected to improve recovery by approximately 10%, converting resources to the proved and probable reserve category and increasing production for the Company.

"We're progressing with our growth plans across all fields, but are especially excited about the prospects for our enhanced oil recovery programs and the Delvina gas development," said Dr. Sotiris Kapotas, President and CEO. "In addition to progressing with the application of primary recovery methods on our oilfields, implementation of the Gorisht-Kocul waterflood project will help us access the potential of these reserves, significantly increasing production and asset value in the future beyond that offered by primary technologies."

The *Delvina* gas field development is well underway with required services and equipment en-route for the vertical well workovers expected to commence by the end of June. The drilling of the first horizontal well in this development field is on schedule with all services and equipment scheduled for drilling prior to year end. Current and incremental production will provide the gas to fuel power generation equipment to help offset the current country wide electricity outages resulting from commercial disputes between government

consumers, including Albpetrol and the current electricity supplier (CEZ Group). Stream's retention of the power generation equipment in conjunction with the availability of fuel (gas) from Delvina and Cakran-Mollaj fields will significantly reduce the impact to the Company of these outages. Subsequent to resolution with CEZ Group, the equipment will be utilized by Stream's power generation partner as part of their long-term generation plan utilizing Stream's production.

In addition to the work at the Delvina gas field, current oilfield evaluations are focused on firming up the EOR programs for Stream's three oilfields. The implementation of such programs is expected to enable further conversion of resources to reserves through the deployment of field pilot EOR projects in 2012.

### ***Management Team Strengthened by Addition***

Strengthening its management team, Stream appointed Mr. Fatbardh Ademi to the role of Deputy General Director of Albania. Mr. Ademi was the Director of the Petroleum Division of AKBN, the Albanian National Agency for Natural Resources and brings over 30 years of experience and expertise with local and western technology and business practices.

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### ***Forward-Looking Statements***

*Information in this news release respecting matters such as plans of development or exploration, reserves estimates, production estimates and targets, development costs, work programs and budgets constitute forward-looking information (collectively, "forward-looking statements") under the meaning of applicable securities laws, including Canadian Securities Administrators' National Instrument 51-102 Continuous Disclosure Obligations. Such forward-looking information is based on certain assumptions, including the availability of funds for capital expenditures necessary to construct the infrastructure required for future development, a favorable political and economic operating environment, a consistent rate of well re-completions and costs, success rates, production performance and build-up periods for well re-completions that are consistent with or an improvement over historical levels.*

*The forward-looking statements contained herein are made as of the date of this release solely for the purpose of generally disclosing Stream's current status of its operational projects. Investors are cautioned that these forward-looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected. Such forward-looking information reflect management's current beliefs and are based on assumptions made by and information currently available to the Company, and involves known and unknown risks, uncertainties and other factors which may cause the actual costs and results of the Company and its operations to be materially different from estimated costs or results expressed or implied by such forward-looking statements. Such factors include, among others political and economic risks associated with foreign operations, general risks inherent in petroleum operations, risks associated with equipment procurement and equipment failure, availability of qualified personnel, risks associated with transportation, currency and exchange rate fluctuations and other general risks inherent in oil and gas operations.*

*Contingent resources disclosed herein represent those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Volumes of undiscovered gas initially-in-place are an arithmetic sum of multiple estimates of contingent resources, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of contingent resources and appreciate the differing probabilities of recovery associated with each. The probability associated with the High estimate would be considered far less likely than P10, and conversely, the Low estimate would be expected to be much higher than the presented arithmetic sum.*

*Although the Company has attempted to take into account important factors that could cause actual costs or results to differ materially, there may be other factors that cause costs and timing of the Company's program or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances except as required under applicable securities legislation.*

#### **About Stream Oil & Gas Ltd.**

Stream Oil & Gas Ltd. is a Canadian-based emerging oil and gas production, development and exploration company focused on the re-activation and re-development of three oilfields and a gas/condensate field in Albania. The Company's strategy is to use proven technology, incremental and enhanced oil recovery techniques to significantly increase production and reserves.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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