



MONTEREY EXPLORATION LTD. ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009

CALGARY, November 11, 2009: Monterey Exploration Ltd. ("Monterey" or the "Corporation") (TSX: MXL) is pleased to provide its financial and operating results for the three and nine months ended September 30, 2009.

Monterey's interim financial statements for the three and nine months ended September 30, 2009 and management's discussion and analysis for the three months ended September 30, 2009 are available on SEDAR at www.sedar.com and on Monterey's website at www.montereyexploration.com. A copy of the Corporation's most recent corporate presentation, dated November 2009, is available on Monterey's website.

THIRD QUARTER 2009 HIGHLIGHTS

- Achieved average daily production for the quarter of 2,089 barrels of oil equivalent per day ("boe/d"), a 24 percent increase compared with 1,691 boe/d during the comparative quarter in 2008.
- Generated quarterly funds flow from operations of \$0.9 million versus \$3.3 million of funds flow from operations generated in the third quarter of 2008. The reduction in funds flow from operations is primarily due to Monterey receiving an average natural gas price of \$3.17/mcf, approximately 60 percent less than the average price of \$7.94/mcf received by Monterey in the third quarter of 2008. The 2009 third quarter and nine month funds flow from operations per diluted share was \$0.03 and \$0.13 respectively.
- Completed the disposition of 3 sections of undeveloped non-core lands in the Town area of Northeast British Columbia ("NEBC") for total net proceeds of \$2.7 million. Monterey had recorded no reserves or production associated with the disposed lands.
- Entered into and subsequent to the end of the third quarter on October 1, 2009, closed an equity offering for gross proceeds of \$16.1 million through the issuance of 8.1 million common shares of which 2.65 million common shares were issued on a flow through basis. Monterey's estimated net debt after closing of the offering was approximately \$17 million on a \$45 million credit facility while the number of Monterey shares outstanding increased to 41,002,500 common shares.

SUBSEQUENT DEVELOPMENTS

- Entered into a financial swap contract to sell 2,000 gigajoules per day ("GJ/d"), nearly 17 percent of the Corporation's projected 2009 fourth quarter base production, for the term of November 1, 2009 to December 31, 2009 at an average price of \$5.32/mcf.
- Received all required regulatory approvals for the construction and commissioning of a 28 mmcf/d natural gas processing facility at Groundbirch. This is a significant milestone for Monterey that allows the Corporation, upon horizontal test well success, to proceed with a full scale production development of its Groundbirch area Monterey project.
- Drilled and cased the first horizontal development well at Groundbirch to a total measured length of 4,450 meters. Completion operations have commenced and the drilling rig has moved and is currently drilling the second location in the scheduled program.

	Three Months Ended September 30, 2009		Nine Months Ended September 30, 2009	
	2009	2008	2009	2008
Drilling:				
Gross Wells:				
Natural gas	-	3	1	10
Oil	-	-	-	-
Dry & abandoned	-	1	-	2
Total	-	4	1	12
Net Wells:				
Natural gas	-	3.0	1.0	5.9
Oil	-	-	-	-
Dry & abandoned	-	0.3	-	1.3
Total	-	3.3	1.0	7.2

OPERATIONAL UPDATE

As announced in a press release dated October 1, 2009, Monterey commenced field operations at Groundbirch in early September and spud a 100 percent working interest horizontal well located at 4-30-80-20W6 on September 21, 2009. This well has been drilled and cased on budget at a total cost estimate of \$3 million to a total measured length of 4,450m and completion operations have commenced utilizing multi-stage fracture technology. The drilling rig has moved and is currently drilling the second location at 2-21-80-21W6 on the 10 section contiguous land block directly west of the 4-30 well. The second well is currently estimated to reach total vertical depth for formation log evaluation at the end of November and reach total horizontal length sometime in the middle of December.

The Corporation has an agreement in place with Monterey's 25 percent working interest partner of the jointly owned 10 section land block in the Groundbirch project area. As a result of Monterey drilling and completing the horizontal test well at 2-21, in addition to the 75 percent working interest already held by the Corporation, Monterey will earn the working interest partner's 25 percent interest in 3 contiguous sections of the 10 section block in return for a 10 percent (2.5 percent net) non-convertible gross overriding royalty in those 3 sections. This will increase Monterey's overall land holdings to 13.25 net sections in the Montney project at Groundbirch.

The Corporation has received all required regulatory approvals from the British Columbia Oil and Gas Commission (the "OGC") for the construction and commissioning of a 28 mmcf/d natural gas processing facility located at 6-19-80-20 W6M. The engineering design and approval process has taken just under one year to complete and is a significant milestone for Monterey in that it now allows the Corporation, based upon horizontal test well success, to proceed with full scale development of a 100 percent working interest controlled and operated Montney natural gas project in the Groundbirch area of NEBC.

All current and remaining 2009 scheduled test wells that are drilled after September 1, 2009 and any winter 2010 development wells drilled prior to July 1, 2010 will qualify for the 2 percent British Columbia new well royalty incentive program announced on August 6, 2009. The British Columbia oil and gas stimulus package has been one of the key catalysts for Monterey's operational timeline at Groundbirch to date and it has the potential of adding up to an additional \$3 million of net present value per successful well to the base economics of the project in the first 12 months of production.

Monterey has also completed the surveying in the field for the first two multi-well horizontal development pads and will be submitting these license applications to the OGC in the coming weeks in preparation for potential first half 2010 operations.

Management will continue to update shareholders on the above noted operations as results are obtained.

OUTLOOK

Monterey is increasing the 2009 capital expenditure guidance from the existing \$15 million to \$20 million based on the acceleration of exploration and development operations in the Groundbirch area. The recent disposition of undeveloped lands in the Town area for \$2.7 million and the \$16.1 million equity offering completed in October will assist in financing the increased expenditures through the remainder of 2009 and into early 2010.

Monterey's Management and Board of Directors are currently in the process of reviewing the various capital projects for 2010 and once operational results have been obtained at Groundbirch, an initial 2010 budget will be approved. In addition to the planned expenditures directed to the operational activities in the Groundbirch area, the Corporation, based on a continual improvement in natural gas commodity prices may commence with the second round of horizontal development drilling of the Gething play at Squirrel and the Cadomin resource play at Brassey in early 2010. Monterey has licensed the next 7 development wells for the Squirrel and Brassey area projects with the next Brassey drilling location already constructed.

Management remains very optimistic on the future of Monterey and will continue to execute its business plan in a manner that is focused on adding value to Monterey's current and potential future shareholders.

For further information, please contact:

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Notes:

(1) Includes gain or loss on financial instruments from commodity price hedging activities.

(2) Funds flow from operations is not defined by Canadian generally accepted accounting principles ("GAAP") and thus is referred to as a non-GAAP measure; other entities may calculate funds flow differently than Monterey. Funds flow from operations is described in the Corporation's management discussion and analysis dated September 30, 2009 and is based on cash provided by operating activities before changes in non-cash working capital and asset retirement expenditures.

(3) Funds flow from operations per share is not defined by Canadian GAAP and thus is referred to as a non-GAAP measure. Funds flow from operations per share, is described in the Corporation's management discussion and analysis, and calculated by dividing funds flow by the weighted average number of shares outstanding during the period consistent with the calculation of net income per share.

(4) Total capital expenditures is not defined by Canadian GAAP and thus is referred to as a non-GAAP measure. Total capital expenditures, is described in the Corporation's management discussion and analysis, and is equal to the property and equipment additions, as disclosed under Investing activities in the Statements of Cash Flows of the Corporation financial statements, plus the outlays in respect of oil and gas properties acquisitions and corporate acquisitions (including the costs of the acquisition and the allocation to long lived asset retirement), less the net proceeds received from the disposition of oil and gas properties.

(5) Net debt is not defined by Canadian GAAP and thus is referred to as a non-GAAP measure. Net debt, is described in the Corporation's management discussion and analysis, and is equal to total bank indebtedness plus capital lease obligations and less working capital (excluding financial instrument assets or liabilities).

(6) Operating income is not defined by GAAP and thus is referred to as a non-GAAP measure; other entities may calculate operating income differently than Monterey. Operating income, is described in the Corporation's management discussion and analysis, and is calculated by deducting the sum of royalty, operating and transportation expenses from production revenue and gains or losses from financial instruments.

(7) Excludes capitalized general & administrative expenditures and stock-based compensation expense.

Forward Looking Statements & Advisories

This press release contains forward-looking statements, including but not limited to, statements concerning estimated net debt, the use of proceeds from the equity financing completed on October 1, 2009, planned drilling and completion operations and development of processing facilities, the receipt and applicability of royalty incentives and the resulting impact on the Corporation, execution of the Corporation's business plan, expectations regarding the ability to add to reserves through exploration and development activities, projections and costs and expenses and crude oil and natural gas production levels. Additionally, the use of any of the words "subsequent", "estimated", "after" "commenced", "allows", "proceed", "estimate" or "estimated", "will", "upon", "currently", "prior", "potential", "anticipate", "continue", "expect", "forecast", "future", "may", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Corporation's control, including the impact of general economic conditions; volatility in market prices for crude oil and natural gas; industry conditions; currency fluctuation; imprecision of reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel or management; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; stock market volatility; and ability to access sufficient capital from internal and external sources. As a consequence, Monterey's actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Although Monterey believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements as the Corporation can give no assurance that such expectations will prove to be correct. Actual results may differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Monterey. In addition to other factors and assumptions which may be identified in this press release and other documents filed by the Corporation, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Monterey operates; the ability of the Corporation to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Corporation has an interest in to operate the field in a safe, efficient and effective manner; Monterey's ability to obtain financing on acceptable terms including Monterey's continued access to existing credit facilities; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of the Corporation to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Corporation operates; and Monterey's ability to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Forward-looking statements contained in this press release are made as at the date of this press and Monterey disclaims any intent or obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

However, in the event that subsequent events are reasonably likely to cause actual results to differ materially from material forward-looking statements or information previously disclosed by Monterey for a period that is not yet complete, Monterey will provide disclosure on such events and the anticipated impact of such events.

BOE Disclosure

Disclosure provided herein in respect of barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Non-GAAP Measures

Within this press release, references are made to terms commonly used in the oil and gas industry. Management uses funds flow from operations, operating income and capital expenditures to analyze operating performance. These measures do not have standardized meanings prescribed by GAAP, and may not be comparable to similar measures presented by other companies. For this press release the measures used are: (i) Funds flow from operations is determined by using cash flow from operations before changes in non-cash operating working capital and asset retirement expenditures; (ii) Funds flow per basic and funds flow per diluted share is calculated by dividing funds flow as described earlier, by the total number of respective weighted average basic and diluted common shares outstanding during the period; (iii) Total capital expenditures is equal to capital expenditures plus the recorded cost of oil and gas properties of corporate acquisitions, including the costs of the acquisition and the allocation to long lived asset retirement; (iv) Net debt is equal to total bank indebtedness plus capital lease obligations less/(plus) non-cash working capital/(deficit); (v) Operating income is calculated by deducting royalties, operating costs and transportation costs from sales revenues and hedging gains / (losses); and (vi) total diluted or fully diluted share figures are calculated by adding the number of common shares underlying the outstanding stock options to the number of common shares outstanding (i.e. basic outstanding common shares) at the respective date. For additional information concerning Monterey's use of non-GAAP measures and reconciliations to the applicable GAAP measures, please see Monterey's management's discussion and analysis for the three and nine months ended September 30, 2009 available at www.sedar.com.