

*Not for Distribution to U.S. Newswire Services or for Dissemination in the United States*

## **BENCHMARK ENERGY CORP.**

### **NEWS RELEASE**

---

#### **BENCHMARK SIGNS AGREEMENT TO USE PROPRIETARY RADIAL DRILLING TECHNOLOGY IN INDONESIA AND MALAYSIA**

**Calgary, Alberta, Canada, October 12th, 2006 - BENCHMARK ENERGY CORP.** ("Benchmark" or the "Company" - TSX Venture: BEE), is providing clarification to its October 4<sup>th</sup>, 2006 news release at the request of the TSXV to explain certain statements made in respect of the Company's Tunisian interests.

The Company is pleased to report that it has entered into a Participation Agreement with Radial Drilling Services Inc. ("RDS") of Houston, TX, whereby Benchmark will contribute towards the manufacture of a radial unit in exchange for a priority right to use the technology in Indonesia and Malaysia. To date, RDS' radial drilling technology has been applied to over 230 wells, in the US, Canada, the Former Soviet Union, and Latin America, with an average increase of 2.6 times per well. Further information on the technology can be found at [www.radialdrilling.com](http://www.radialdrilling.com).

RDS' proprietary radial drilling technology is ideally-suited for the rehabilitation and development of marginal oil & gas fields, including a number of opportunities being investigated by Benchmark in Indonesia and Malaysia.

Under the terms of the agreement with RDS, Benchmark will advance US\$650,000 to RDS for the manufacture and delivery of a radial drilling unit for priority use by the Company in Indonesia and Malaysia. The US\$650,000 will be treated as an advance towards radial drilling services to be completed by RDS on marginal field interests acquired or earned by Benchmark, with 75% of the cost of the work on wells to be credited towards the US\$650,000 and the remaining 25% to be paid out of production generated. RDS will hold a 12.5% back-in right from the Company on any projects in Indonesia and Malaysia that Benchmark applies the radial drilling technology to.

The Company currently holds a 33.333% interest in the offshore Cosmos Field is located some 45 kilometres offshore Tunisia in the Gulf of Hammamet, in waters between 100 and 150 metres in depth. The size of Cosmos concession is 741 gross acres. DeGolyer and MacNaughton, who provided a NI 51-101 compliant independent resource assessment effective September 30, 2005, estimated total gross prospective oil resources to be between 3.3 and 4.8 million barrels (1.1 to 1.6 million barrels net to Benchmark) in the field on the

existing structures. Currently there is no production or reserve estimates from the concession. Further updates will be provided as soon as possible.

Benchmark Energy is a junior Canadian oil and gas exploration Company, focused internationally on North and West Africa, and Indonesia and Malaysia where we have identified a number of projects that would be well-suited for application of the radial drilling technology. The Company intends to further its working interests in Tunisia as well as to develop projects in marginal oil and gas fields elsewhere internationally.

Certain information set forth in this press release, including a discussion of future plans and operations, contains forward looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond management's control, including but not limited to, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of foreign exchange rates, environmental risks industry competition, availability of qualified personnel and management, stock market volatility, timely and cost effective access to sufficient capital from internal and external sources. Actual results, performance or achievement could differ from those expressed in or implied by these forward-looking statements. Furthermore, prospective resources are those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations. If discovered, they would be technically and economically viable to recover. There is no certainty that the prospective resource will be discovered. If discovered, there is no certainty that any discovery will be technically or economically viable to produce.

**For further information, please contact:**

**Benchmark Energy Corp.**

New Address: 1414 Eighth Street S.W., Suite 260 Calgary, Alberta T2R 1J6 Canada  
Telephone: 403.802.0770 Facsimile: 403.266.5732

David W. Harrison  
President, Chief Executive Officer

[dwharrison@benchmarkenergy.com](mailto:dwharrison@benchmarkenergy.com)

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY  
FOR THE ACCURACY OR ADEQUACY OF THE CONTENTS OF THIS NEWS RELEASE.