

**Benchmark Energy enters a business combination
agreement with Delavaco Energy Inc.**

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CALGARY, Dec. 2 /CNW/ - Benchmark Energy Corp. (TSXV: [BEE.V](#)) ("Benchmark" or the "Company"), is pleased to announce that it has executed an arm's-length binding letter of intent (the "Agreement") to acquire 100% of Delavaco Energy Inc. ("Delavaco") for consideration equivalent to C\$27,000,000 (the "Transaction"). Delavaco is a private Canadian company with exploration and production interests in three producing blocks in Colombia. With this transaction, Benchmark continues its strategy of developing a suite of South American oil and gas assets with a balance of low risk development and exploration upside. The acquisition of Delavaco provides shareholders of Benchmark with:

- in excess of 350 square miles of land (gross) over three strategic blocks;
- a platform to build from in Colombia, an attractive regime for oil and gas development and exploration; and
- development projects on blocks with recently drilled wells and discoveries.

"Delavaco is exactly the opportunity we have been seeking for our shareholders" said David Robinson, CEO of Benchmark. "It has excellent assets in Colombia with the right team led by Bob Szczuczko to successfully create value for the shareholders of the combined company." The Agreement has been approved by the Boards of Directors of each of Benchmark and Delavaco and is subject to a number of conditions (to be satisfied on or prior to December 19, 2008) to the entering into of a definitive agreement (the "Definitive Agreement") with respect to the Transaction, including:

- the terms and conditions of the Definitive Agreement being mutually satisfactory to both Benchmark and Delavaco;
- the board of directors of Benchmark and Delavaco unanimously approving the Transaction and the form of Definitive Agreement;
- the parties satisfactorily conducting and completing their investigation and due diligence with respect to each other party and their respective subsidiaries, assets and businesses;

- receipt by Benchmark of a report evaluating the crude oil, natural gas liquids and natural gas reserves, resources and future net production revenues attributable to 100% of the properties of Delavaco which complies with the requirements of applicable securities laws; and
- such other conditions as are customary for a transaction of this nature.

The Definitive Agreement will supersede the Agreement in its entirety and a further comprehensive news release with respect to the Transaction will be issued in connection with the entering into of the Definitive Agreement.

Trading of Benchmark's common shares (the "Benchmark Shares") has been halted by the TSXV and the Benchmark Shares will remain halted in accordance with TSXV policies until all required documentation with respect to the Transaction has been received, including receipt of a sponsorship acknowledgment form with respect to a sponsor for the Transaction.

Consideration paid to Delavaco shareholders will consist of the issuance of 165,590,859, at a deemed price of \$0.16 per share, subject to adjustment with respect to Delavaco Shares issuable pursuant to the terms of the Delavaco Private Placement (as defined below). Delavaco currently has 49,713,900 common shares (the "Delavaco Shares") outstanding and therefore each Delavaco shareholder will receive 3.3309 shares of Benchmark in exchange for each share of Delavaco (the "Exchange Ratio"). Any Delavaco Shares issued in connection with the Delavaco Private Placement will be acquired by Benchmark based on the Exchange Ratio. Closing of the transaction is expected to occur on or about February 28, 2009.

There are currently 25,758,578 Benchmark Shares outstanding. At a meeting of the holders of Benchmark Shares (the "Benchmark Shareholders") to approve the Transaction, Benchmark intends to, among other items of special business, consolidate its shares on the basis of six pre-consolidation common shares of Benchmark for each one post-consolidation common share of the combined entity and to change its name to "Delavaco Energy Corp."

Delavaco is currently undertaking a "best efforts" private placement financing (the "Delavaco Private Placement") co-led by Cormark Securities Inc., Clarus Securities Inc. and Thomas Weisel Partners to raise up to an aggregate of C\$15 million by way of an offering of common share subscription receipts ("Delavaco Share Subscription Receipts") and convertible debenture subscription receipts of Delavaco ("Delavaco CD Subscription Receipts").

The closing of the Delavaco Private Placement is not a condition precedent to the closing of the acquisition of Delavaco and Delavaco is not required to complete any minimum offering amount under the Delavaco Private Placement. The proceeds from the Delavaco Private Placement will be used to satisfy capital commitments and for working capital purposes.

Following the closing of the Transaction, and assuming successful completion of the Delavaco Private Placement, Delavaco Energy Corp. expects to have approximately C\$12.4 million of cash. As part of the closing of the Transaction, Bob Szczuczko will become the President and Chief Executive Officer of Delavaco Energy Corp., Andrew DeFrancesco, current Executive Chairman of Delavaco will become Co-Chairman of the Board of Directors of Delavaco Energy Corp., David Robinson, current President and Chief Executive Officer of Benchmark will become Co-Chairman of the Board of Directors of Delavaco Energy Corp. and Chris Cooper will continue as acting Chief Financial Officer of Delavaco Energy Corp. until a permanent replacement can be retained. As part of the closing of the Transaction, the number of Board members of Delavaco Energy Corp. shall be increased to 7 members, composed of 3 members of the current board of Benchmark and four members to be agreed to by Delavaco, but to include Bob Szczuczko and Andrew DeFrancesco. The Benchmark representatives of the Board will be Larry Youell, David Robinson and Brian Petersen.

"I am very excited to become the President and CEO of Delavaco Energy Corp. and provide the Delavaco shareholders an opportunity to move forward as a public company with access to the capital needed to develop our high quality asset base" said Bob Szczuczko.

Cormark Securities Inc. has been retained as the exclusive financial advisor to Delavaco and Clarus Securities Inc. acted as strategic advisor to Delavaco. Petersen Capital Corp., a company controlled by Brian Petersen, has been retained as financial advisor to Benchmark.

Overview of Delavaco

Delavaco is a private oil and gas exploration and production company headquartered in Calgary, Canada with a regional operations office in Bogota, Colombia. Management of Delavaco has represented that Delavaco has interests in three producing blocks in Colombia, each with exploration and development upside, as set forth below:

Rio Magdalena Block

- 228 square mile block
- 51% working interest
- Recent discovery well (June 2008) with initial production of approximately 1,500 boe/d, currently under a long-term test at 800 boe/d
- Two additional prospects ready to drill. Significant drilling inventory expected from recent discovery.

Carbonera Block

- 100 square mile block
- 39% working interest
- Over one billion barrels of oil have been produced in neighbouring fields in Venezuela
- New well to be drilled in early 2009

La Punta Block

- 31 square mile block
- 3.6% to 9.0% working interest, depending upon which horizon within the block is produced from
- Very successful step-out well drilled in early 2008 with initial production of 4,600 boe/d
- Three additional look-alike structures on trend with eight to ten drilling locations identified

About Benchmark Energy Corp.

Benchmark is a development stage junior oil and gas company focused internationally. The Company holds the preferential right in Colombia for the use of a proprietary well-performance enhancement technology, which may have some application within the interests in Colombia being acquired through the Delavaco transaction. Furthermore, Benchmark holds a 60% interest in three (3) onshore blocks in Brazil's Espirito Santo basin known as Blocks 318, 362, and 380 where the Company earned its interest by funding 100% of an 83-km 2D seismic shoot at a cost of approximately US\$1.7 million. The three (3) blocks are found onshore within the Espirito Santo Basin in eastern Brazil and the 2D seismic program is underway.

Forward-Looking Statements

Certain information set forth in this press release, including management's assessment of future plans and operations, contains forward-looking statements. In addition, information with respect to the crude oil, natural gas liquids and natural gas reserves, resources and future net production revenues attributable to of the properties of Delavaco are based on management estimates of Delavaco. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond management's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve or resource estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources.

Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. No assurance can be given that any of the events anticipated will transpire or occur, or if any of them do so, what benefits will derive from them. Benchmark disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In this news release, reserves and production data are commonly stated in barrels of oil equivalent ("boe") using a six to one conversion ratio when converting thousands of cubic feet of natural gas ("mcf") to barrels of oil ("bbl") and a one to one conversion ratio for natural gas liquids. Such conversion may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The securities described in this news release have not been registered under the United States Securities Act of 1933, as amended, (the "1933 Act") or state securities laws. Any holder of these securities, by purchasing such securities, agrees for the benefit of Benchmark that such securities may not be offered, sold, or otherwise transferred only (A) to the Corporation or its affiliates; (B) outside the United States in accordance with applicable state laws and either (1) Rule 144(as) under the 1933 Act or (2) Rule 144 under the 1933 Act, if applicable.

Completion of the transaction is subject to a number of conditions, including TSX Venture Exchange ("TSXV") acceptance and disinterested shareholder approval of the Benchmark Shareholders. The transaction cannot close until the required Benchmark Shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Benchmark Energy Corporation should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Contacts

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