



This is Delphi.

PR

DELPHI ENERGY CORP. | PRESS RELEASE

300, 500 – 4 Avenue SW, Calgary, Alberta T2P 2V6 | t: (403) 265-6171 | f: (403) 265-6207 | e: info@delphienergy.ca | www.delphienergy.ca | TSX Symbol: DEE

DELPHI ENERGY PROVIDES OPERATIONS UPDATE

CALGARY, ALBERTA – December 22, 2011 – Delphi Energy Corp. (“Delphi” or “the Company”) is pleased to provide the following operations update.

At Bigstone East, the Company’s first Montney horizontal well at 1-19-60-22W5M has been successfully drilled to its planned total depth of 5,618 metres with the completion liner set in place across the 2,760 metre “extended-reach” horizontal section of the well. Completion operations consisting of a 20 stage frac program is expected to commence in early January after the drilling rig has been moved to its next Montney location. The drilling operation was completed as planned with the full length of the horizontal section encountering the anticipated reservoir quality rock.

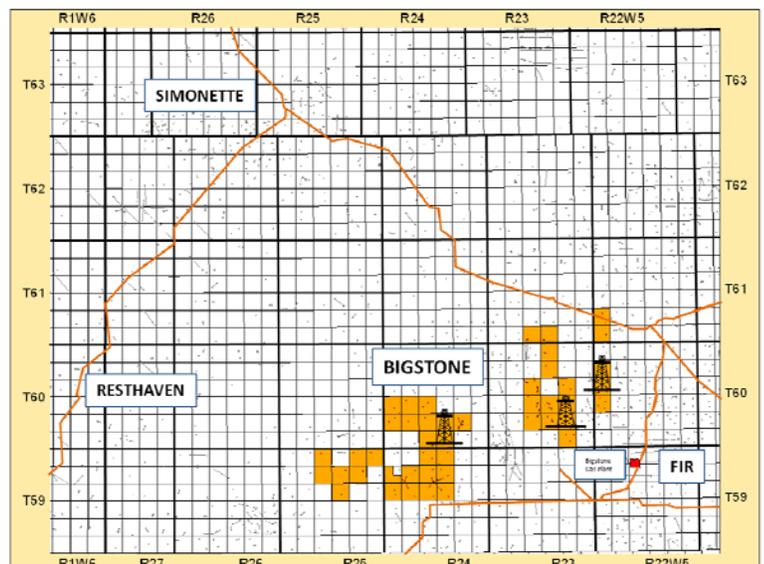
The Company has incorporated into its drilling and completion plans, existing vertical well control including Montney core analysis as well as information available from ten recently drilled horizontal wells offsetting the Company’s acreage. The targeted extended-reach horizontal sections are up to twice as long as older horizontal wells and are designed to reduce the number of wells required for full development by up to 50 percent with total project cost savings of approximately 35 percent.

The 1-19 well is immediately offsetting a recently drilled industry competitor’s well with a 1,254 metre horizontal length and reported test rates of approximately 4.3 million cubic feet per day of natural gas and 295 barrels per day of condensate (1,011 barrels of oil equivalent per day). In the Fir area, located approximately three miles (five kilometres) to the south of Bigstone East, nine horizontal wells have now been drilled. Test rates reported to date range from 3.5 million cubic feet per day of natural gas and 225 barrels per day of condensate (808 barrels of oil equivalent per day), from a well with a 1,200 metre horizontal length, to a high of 15 million cubic feet per day of natural gas and 750 barrels of condensate (3,250 barrels of oil equivalent per day), from a well with over 2,500 metres of horizontal length.

The next Bigstone East Montney location at 5-14-60-23W5M is expected to commence drilling during the first week of January. The Company has a drilling inventory of 44 future horizontal Montney locations identified at Bigstone East.

Delphi plans to construct 100 percent owned compression and field gathering infrastructure with initial capacity of 30 mmcf/d in the first quarter of 2012 to connect to existing under-utilized third party infrastructure for transport and final processing at SemCAMS KA and K3 facilities.

At Bigstone West, the 1-33-59-24W5M well is currently drilling in the horizontal section.



Delphi has accumulated a total of 45 sections (41.5 net) of undeveloped land prospective for liquids-rich natural gas in the Montney formation on two separate blocks at its core area of Bigstone located within the Deep Basin of North West Alberta. The Company has increased its Montney rights on the Bigstone East block to 13 sections (11.0 net) through Crown land sales. Delphi will earn five gross sections (3.75 net) at Bigstone East through an industry farm-in, with the drilling of its third Montney well. At Bigstone West, the Company holds 27 gross (26.75 net) sections of Montney rights with approximately 56 drilling extended-reach horizontal locations identified.

The Company has also kicked off its winter program early with the drilling of two horizontal Falher wells at its Hythe property. Completion operations are expected to commence in early January. Drilling activity in Wapiti has also resumed early with the drilling of one vertical well targeting natural gas and associated NGL's averaging 80 barrels per million cubic feet. Completion operations at Wapiti are expected to commence prior to year-end. Drilling will resume on two additional Wapiti locations in early January. A drilling rig is also scheduled to move into Bigstone prior to year-end to commence drilling a horizontal Gething well.

Delphi reports that it will achieve the mid-range of its guidance range for 2011 production volumes of approximately 8,900 boe/d. Fourth quarter volumes are also on track to meet the Company's targeted 9,200 boe/d.

Delphi Energy is a Calgary-based company that explores, develops and produces oil and natural gas in Western Canada. The Company is managed by a proven technical team. Delphi trades on the Toronto Stock Exchange under the symbol DEE.

FOR FURTHER INFORMATION PLEASE CONTACT:

DELPHI ENERGY CORP.

300, 500 – 4 Avenue S.W.

Calgary, Alberta

T2P 2V6

Telephone: (403) 265-6171 Facsimile: (403) 265-6207

Email: info@delphienergy.ca Website: www.delphienergy.ca

DAVID J. REID
President & CEO

BRIAN P. KOHLHAMMER
Senior V.P. Finance & CFO

Forward-Looking Statements. *This management discussion and analysis contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information.*

More particularly and without limitation, this management discussion and analysis contains forward looking statements and information relating to the Company's risk management program, petroleum and natural gas production, future funds from operations, capital programs, commodity prices, costs and debt levels. The forward-looking statements and information are based on certain key expectations and assumptions made by Delphi, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the capital availability to undertake planned activities and the availability and cost of labour and services.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in tax, royalty and environmental legislation. Additional information on these and other factors that could affect the Company's operations or financial results are included in reports on file with the applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements and information contained in this press release are made as of the date hereof for the purpose of providing the readers with the Company's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. Delphi undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Basis of Presentation. *For the purpose of reporting production information, reserves and calculating unit prices and costs, natural gas volumes have been converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one barrel. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with the Canadian Securities Administrators' National Instrument 51-101 when boes are disclosed. Boes may be misleading, particularly if used in isolation.*

Non-GAAP Measures. The MD&A contains the terms “funds from operations”, “funds from operations per share”, “net debt”, “cash operating costs” and “netbacks” which are not recognized measures under Canadian generally accepted accounting principles. The Company uses these measures to help evaluate its performance. Management considers netbacks an important measure as it demonstrates its profitability relative to current commodity prices. Management uses funds from operations to analyze performance and considers it a key measure as it demonstrates the Company’s ability to generate the cash necessary to fund future capital investments and to repay debt. Funds from operations is a non-GAAP measure and has been defined by the Company as net earnings plus the addback of non-cash items (depletion, depreciation and accretion, stock-based compensation, future income taxes and unrealized gain/(loss) on risk management activities) and excludes the change in non-cash working capital related to operating activities and expenditures on asset retirement obligations and reclamation. The Company also presents funds from operations per share whereby amounts per share are calculated using weighted average shares outstanding consistent with the calculation of earnings per share. Delphi’s determination of funds from operations may not be comparable to that reported by other companies nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with Canadian GAAP. The Company has defined net debt as the sum of long term debt plus working capital excluding the current portion of future income taxes and risk management asset/liability. Net debt is used by management to monitor remaining availability under its credit facilities. Cash operating costs have been defined as the sum of operating expenses, transportation expenses, general and administrative expenses and interest costs. Operating netbacks have been defined as revenue less royalties, transportation and operating costs. Cash flow netbacks have been defined as operating netbacks less interest and general and administrative costs. Netbacks are generally discussed and presented on a per boe basis.