



Indigo Announces New Eagle Ford Horizontal Well Permit in Louisiana

HOUSTON, May 16, 2011--**Indigo II Louisiana Operating LLC (“Indigo”)** today announced a new horizontal well permit targeting the Louisiana Eagle Ford Shale (“LA Eagle Ford”) formation. Indigo’s proposed Bentley Lumber 34H #1, Section 34, T5N-R5W, Rapides Parish, Louisiana, is permitted to a proposed total measured depth of 15,450’ and is projected to include a 4,000’ horizontal lateral section targeting the LA Eagle Ford zone at approximately 10,840’ true vertical depth. It is anticipated that the well will be completed through the horizontal segment with 15 fracture stimulation stages. This new horizontal well will be located six miles north of Indigo’s recent vertical LA Eagle Ford “test” well, the Bentley Lumber 32 #1, T4N-R5W, Vernon Parish, Louisiana, drilled and completed earlier this year. Full conventional cores were taken through the LA Eagle Ford section in the Bentley Lumber 32 #1, a suite of modern logs was run and the objective section was subsequently tested by two fracture stimulation stages in this wellbore. The vertical well, which reached a total depth of 12,020’, established LA Eagle Ford oil production (42.2 API gravity) in the center of Indigo’s acreage position.

Bill Pritchard, Indigo’s Chairman and CEO stated: “Indigo began its pursuit of this new oil shale play back in mid-2008 and has accumulated over 240,000 net acres of leasehold and mineral fee in central Louisiana that is prospective from the Louisiana Eagle Ford Shale formation. This horizontal oil shale play will involve considerable time and capital to fully develop and it is Indigo’s intent to eventually secure a joint venture partner in order to establish oil production over the entirety of its leasehold.”

Indigo’s new horizontal permit targeting the LA Eagle Ford follows a recent announcement by **Devon Energy Inc.** that it had accumulated approximately 250,000 net acres to target the same stratigraphic interval that Indigo is pursuing. The high resistivity section at the base of the LA Eagle Ford is also known as the Tuscaloosa Marine Shale (“TMS”). Devon refers to the interval as follows: “This [the TMS] is a Cretaceous age formation that is stratigraphically equivalent to the Eagle Ford Shale. It is approximately 200 to 400 feet thick, at depths of 11,000 to 14,000 feet across [Devon’s] acreage position.”

Devon plans two horizontal wells to test the target interval this year, the first of which is projected to include a 5,280’ horizontal lateral section resulting in a total measured depth of over 20,000’. The well is planned to ultimately involve up to 15 fracture stimulation stages according to statements made by Devon. Another player in this new trend is **Denbury Resources Inc.** which recently announced that it has secured a joint venture partner and that the JV plans to horizontally drill for the same oil shale target.

Indigo was originally formed in October 2006. The company is backed by Yorktown Partners, the Martin Companies, Bank of America Capital Investors and Indigo management. Through its

relationship with the Martin Companies, Indigo owns the existing oil and gas leases and minerals of two of the largest private landowners in the state of Louisiana - Roy O. Martin Lumber and the Martin Timber Company.

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements within the meaning of the federal securities laws. Important factors that could cause our actual results to differ materially from those contained in the forward-looking statements include early initial production rates which may decline steeply over the early life of wells, our growth strategies, our ability to successfully and economically explore for and develop oil and gas resources, anticipated trends in our business, our liquidity and ability to finance our exploration and development activities, market conditions in the oil and gas industry, our ability to make and integrate acquisitions, the impact of governmental regulation and other risks.

Forward-looking statements are typically identified by use of terms such as "may," "will," "expect," "anticipate," "estimate" and similar words, although some forward-looking statements may be expressed differently. All forward-looking statements contained in this release, including any forecasts and estimates, are based on management's outlook only as of the date of this release, and we undertake no obligation to update or revise these forward-looking statements, whether as a result of subsequent developments or otherwise.