



PRESS RELEASE

(Stock Symbol "CLT" - TSX)

October 20, 2011

Calgary, Alberta

CELTIC REPORTS ON PRODUCTION DISRUPTION DUE TO K3 GAS PLANT OUTAGE

Celtic Exploration Ltd. ("Celtic" or the "Company") has been informed by SemCAMS ULC ("SemCAMS"), the operator of the Kaybob K3 Gas Plant ("K3"), that due to certain mechanical issues, K3 was shut down and has remained offline for nine days. After conducting internal inspection work, SemCAMS informed the Company today that the plant is expected to re-start on October 28, 2011. Celtic recently brought on-stream new production from its Montney project at Fir, Alberta that is tied-in to K3. As a result, the Company's production from Kaybob and Fir that is processed at K3 is approximately 5,500 BOE (78% gas) per day.

Impact on Guidance

Celtic expects to release its third quarter results on November 10, 2011. The impact to the Company's 2011 Guidance as a result of the aforementioned production downtime resulting from the foregoing plant outage will be discussed on November 10, 2011, at which time the Company expects to have more definite timelines for actual downtime.

Advisory Regarding Forward-Looking Statements

Certain information with respect to Celtic contained herein, including management's assessment of future plans and operations, the expected timing of the re-start of K3 and the effect of shut-in of production, contains forward-looking statements. These forward-looking statements are based on assumptions and are subject to numerous risks and uncertainties, certain of which are beyond Celtic's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency exchange rate fluctuations, imprecision of reserve estimates, environmental risks, competition from other explorers, stock market volatility and ability to access sufficient capital. As a result, Celtic's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur. In addition, the reader is cautioned that historical results are not necessarily indicative of future performance. The forward-looking statements contained herein are made as of the date hereof and the Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

Other Measurements

All dollar amounts are referenced in Canadian dollars, except when noted otherwise. Where amounts are expressed on a barrel of oil equivalent ("BOE") basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel and sulphur volumes have been converted to oil equivalence at 0.6 long tons per barrel. The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. References to oil in this discussion include crude oil and natural gas liquids ("NGLs"). NGLs include condensate, propane, butane and ethane. References to gas in this discussion include natural gas and sulphur.

For further information, please contact:

CELTIC EXPLORATION LTD., Suite 600, 321 – 6th Avenue SW, Calgary, Alberta, Canada T2P 3H3

David J. Wilson, President and Chief Executive Officer (403) 201-5340, or

Sadiq H. Lalani, Vice President, Finance and Chief Financial Officer (403) 215-5310.

Or visit our website site at www.celticex.com.