

# Waldron Energy Corp. Announces Third Quarter 2012 Financial and Operational Results

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CALGARY, Nov. 14, 2012 - [Waldron Energy Corporation](#) (TSX:WDN) ("Waldron" or the "Corporation") is pleased to provide its financial and operational results for the three and nine months ended September 30, 2012. These reports are available for review at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.waldronenergy.ca](http://www.waldronenergy.ca).

## Summary

During the third quarter Waldron continued to execute on a disciplined financial strategy of capital spending structured to match cash flow and capital raised. Waldron drilled a successful liquids-rich Glauconitic well at Crystal 2-28-44-3W5 during the quarter which came on production on October 2, 2012. October, 2012 production rates from this well averaged approximately 500 boe/d (1.9 mmcf/d and 178 bbl/d of natural gas liquids). Corporate production is projected to average between 2,600 and 2,700 boe/d for the fourth quarter.

Production for the third quarter averaged 2,235 boe/d. Third quarter production levels were lower than the previous quarter due in part to third party gas plant downtime as well as lower than expected production at a non-operated well.

Waldron's reported cash flow for the third quarter of \$1.1 million was lower than anticipated due in part to softer natural gas prices, lower realized production, and the inclusion in operating costs of third party prior quarter processing costs. Normalized quarterly operating costs (excluding these processing costs) were \$10.36/boe and, including transportation costs of \$1.90/boe, total normalized operating costs averaged \$12.26/boe during the quarter. This operating cost structure is reflective of the Corporation's costs going forward with an expected fourth quarter operating netback of \$15 to \$17/boe.

Capital expenditures of \$4.5 million were undertaken in the third quarter which were comprised primarily of the cost to drill, complete and tie-in the Crystal 2-28 well as well as the completion of a previously drilled well.

Waldron completed its interim bank review subsequent to the end of the third quarter. The total facility of \$41 million remained intact as a result of this review. Year-end net debt levels are expected to be approximately \$35 million.

Subsequent to the end of the quarter, the Corporation drilled and cased an exploration well at Ferrybank. Additionally, Waldron has identified oil upside in Sullivan Lake and is expected to increase production in this area in the fourth quarter.

Waldron is encouraged by recent improvements in the property disposition market and the corresponding increase in sales metrics. Accordingly, in the fourth quarter of 2012, Waldron will pursue the disposition of its interests in the undeveloped Duvernay lands as well as a producing property in the Greater Pembina area through the initiation of a formal process. The process is expected to commence during the first week of December, 2012. Proceeds from the anticipated disposition will be used to reduce debt. It is expected that these dispositions will provide the Corporation with the financial flexibility required to focus on its other core properties.

## Guidance

Fourth quarter production (excluding the impact of any disposition) is expected to average between 2,600 and 2,700 boe/d and generate net cash flow of approximately \$2.5 to \$2.7 million. Waldron will be providing 2013 guidance in mid December, 2012.

Pending a property disposition, the Corporation is committed to continuing to conduct its fourth quarter capital program in a fiscally responsible manner with minimal expenditures planned and an expected year-end net debt level of \$35 million.

## Financial and Operational Summary

	Three months ended September 30		Nine months ended September 30		
	2012		2011	2012	2011
Financial (000's except for per share amounts)					
	(unaudited)		(unaudited)	(unaudited)	(unaudited)
Petroleum and natural gas sales	\$ 5,379	\$ 8,448	\$ 17,856	\$ 24,682	
Funds from operations(1)	\$ 1,064	\$ 3,366	\$ 5,154	\$ 10,360	
Proceeds from the issuance of equity (net of expenses)	\$ 3,204	\$ 9,568	\$ 9,570	\$ 3,166	\$ 14,147
Capital expenditures(3)	\$ 4,503	\$ 11,358	\$ 10,481	\$ 40,511	
Net loss	\$ (1,847)	\$ (310)	\$ (9,922)	\$ (163)	
Per share basic & diluted(2)	\$ (0.05)	\$ (0.01)	\$ (0.28)	\$ (0.01)	
Working capital deficiency (excluding bank debt)	\$ 3,297	\$ 10,722	\$ 3,297	\$ 10,722	
Current bank debt (credit facilities of \$41 million)	\$ 33,065	\$ 22,250	\$ 33,065	\$ 22,250	
Total assets	\$ 110,341	\$ 132,031	\$ 110,341	\$ 132,031	
Shareholders' equity	\$ 56,702	\$ 76,979	\$ 56,702	\$ 76,979	
Operating Production					
Natural Gas (mcf/d)	9,632	12,721	11,030	12,286	
NGL (bbls/d)	435	447	502	406	
Light crude oil (bbls/d)	195	200	179	192	
BOE/day	2,235	2,767	2,519	2,645	
Netback per boe (6:1)					
Sales price	\$ 26.16	\$ 33.19	\$ 25.87	\$ 34.18	
Realized gain on commodity contracts		\$ 0.53	\$ -	\$ 0.23	\$ -
Royalties	\$ (2.49)	\$ (4.74)		\$ (2.36)	\$ (4.25)
Operating expenses	\$ (12.79)	\$ (9.96)		\$ (9.56)	\$ (9.64)
Transportation expenses	\$ (1.90)	\$ (1.72)	\$ (1.87)	\$ (1.69)	
Operating netback	\$ 9.51	\$ 16.77	\$ 12.31	\$ 18.60	

(1) Funds from operations is a non-GAAP term and the Corporation calculates this measure as cash provided from operations before changes in non-cash working capital, transaction costs and decommissioning expenditures.

(2) At September 30, 2012, there were 2.4 million options and 7.2 million warrants outstanding that were not included in the calculation of weighted average shares outstanding as the effect would be anti-dilutive.

(3) Capital expenditures include cash exploration & evaluation expenditures plus cash property & equipment expenditures net of dispositions.

## Summary

Waldron is committed to strengthening its balance sheet through the execution of a debt reduction strategy. Natural gas commodity prices have strengthened with an observed 2013 forward curve in excess of \$3.25/gj. The oil and natural gas liquids component of Waldron's production continues to allow corporate exposure to strong crude oil prices.

## Investor Information

Currently, Waldron has 40.0 million common shares, 7.2 million common share purchase warrants and 2.7 million options outstanding.

[Waldron](#) is a Calgary, Alberta based corporation engaged in the exploration, development and production of petroleum and natural gas. The Corporation's common shares are currently listed on the TSX under the trading symbol "WDN." Additional information regarding Waldron is available under the Corporation's profile at [www.sedar.com](http://www.sedar.com) or at the Corporation's website, [www.waldronenergy.ca](http://www.waldronenergy.ca).

## Forward Looking and Cautionary Statements

This news release contains forward-looking statements relating to the Corporation's plans and other aspects of the Corporation's anticipated future operations, strategies, financial and operating results and business opportunities. These forward-looking statements may include opinions, assumptions, estimates, management's assessment of value, reserves, future plans and operations.

Forward-looking statements typically use words such as "will," "anticipate," "believe," "estimate," "expect," "intend," "may," "project," "should," "plan," and similar expressions suggesting future outcomes, and include statements that actions, events or conditions "may," "would," "could," or "will" be taken or occur in the future. Specifically, this press release contains forward-looking statements relating to the future operating cost structure, property dispositions, use of proceeds of any disposition; timing and nature of operations; expected production levels; estimated capital expenditures; natural gas prices; estimated fourth quarter cash flow; and year end net debt. The forward-looking statements are based on various assumptions including expectations regarding the success of current or future drill wells; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures; estimates of future production; assumptions concerning the timing of regulatory approvals; the state of the economy and the exploration and production business; results of operations; business prospects and opportunities including with respect to property dispositions; future exchange and interest rates; the Corporation's ability to obtain equipment in a timely manner to carry out development activities; and the ability of the Corporation to access capital and credit. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements are subject to a wide range of assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodities prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions and dispositions; general economic conditions; delays resulting from or inability to obtain required regulatory approvals and to satisfy various closing conditions; and ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although Waldron believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not rely unduly on forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by applicable law, Waldron does not undertake any obligation to publicly update or revise any forward-looking statements.

### **Note Regarding BOEs**

The term barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A conversion ratio for gas of 6 mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

### **Contact**

#### [Waldron Energy Corporation](#)

Ernie Sapiuha, President & CEO  
esapiuha@waldronenergy.ca

Waldron Energy Corporation  
Pamela Orr, VP Finance & CFO  
porr@waldronenergy.ca

Waldron Energy Corporation  
Murray Stodalka, EVP Engineering & Operations  
mstodalka@waldronenergy.ca  
www.waldronenergy.ca

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