

# Suroco Energy Inc. Revises Reserves for 2013 to Present Currencies on a Consistent Basis

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CALGARY, ALBERTA -- (Marketwired - April 28, 2014) - [Suroco Energy Inc.](#) (TSX VENTURE:SRN) ("Suroco" or "the Corporation") announces a revision of the results of the independent reserves report effective December 31, 2013 for the Corporation. The revised volumes and values stated in this news release represent immaterial changes to those presented in the Corporation's original release of March 4, 2014 and its press release of March 24, 2014. The Corporation's reserves were evaluated by GLJ Petroleum Consultants of Calgary, Alberta ("GLJ") in compliance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and in accordance with the COGE (Canadian Oil and Gas Evaluation) Handbook (the "GLJ Report"). This revision is being made as a result of inconsistencies in the use of Canadian and United States dollar amounts in which values representing Canadian dollars were reported as United States dollars. Oil pricing relative to the GLJ price forecast was also adjusted.

## 2013 YEAR-END RESERVE HIGHLIGHTS

- Total proved reserves of approximately 1.9 million barrels of oil (net after royalty), with a net present value (before tax and discounted at 10%) of approximately US\$64.9 million. Equivalent to approximately US\$34 per barrel and US\$0.48 per share, based on 134.3 million common shares currently outstanding.<sup>1</sup>
- Total proved plus probable reserves of approximately 2.9 million barrels of oil (net after royalty), with a net present value (before tax and discounted at 10%) of approximately US\$89.1 million.
- Total proved, probable and possible reserves of approximately 3.9 million barrels of oil (net after royalty), with a net present value (before tax and discounted at 10%) of US\$115.5 million.
- Booked reserves increased as follows:
  - company gross proved producing reserves grew by 78% from the prior year, resulting in a net increase of 32% after accounting for 2013 production;
  - company gross proved reserves grew by 54% from the prior year, resulting in a net increase of 19% after accounting for 2013 production;
  - company gross proved plus probable reserves grew by 33% from the prior year, resulting in a net increase of 11% after accounting for 2013 production; and
  - company gross proved plus probable plus possible reserves grew by 15% from the prior year, resulting in a net increase of 1% after accounting for 2013 production.
- In the Cohembi oilfield, recognition of additional pool extensions resulting from the drilling of 5 wells in the southern half of the field. Also, recognition of improved recovery reserves in the southern half of the field resulting from waterflood project expansion and subsequent observed producing well responses.
- Continued recognition for enhanced recovery by polymer injection for the Cohembi oilfield in the possible category, supported by ongoing core studies and reservoir simulation.
- Initial booking of probable and possible reserves for a new pool discovery resulting from the drilling of the Quinde-4 well. This booking was based on log information only. However, subsequent testing activity in 2014 indicates that material Quinde reserve potential remains unbooked in all categories.

*1 All per share amounts do not factor in the dilutive effect of any dilutive instruments or the effect of outstanding debt or cash balances on net asset value.*

## 2013 RESERVES

The following table summarizes the Corporation's oil and gas reserves as at December 31, 2013.

**CONSOLIDATED SUMMARY OF OIL AND GAS RESERVES  
BASED ON FORECAST PRICES AND COSTS**

Company Reserves

Light and Medium Oil Heavy Oil Natural Gas Natural Gas Liquids

Gross Net Gross Net Gross Net Gross Net

Reserves Category MSTB MSTB MSTB MSTB MMscf MMscf Mbbl Mbbl

PROVED

Developed Producing(2)(6) 1,711 1,569 - - - - -

Developed Non-Producing(2)(7) 0 0 - - - - -

Undeveloped(2)(8) 356 326 - - - - -

TOTAL PROVED(2) 2,067 1,895 - - - - -

TOTAL PROBABLE(3) 1,070 977 - - - - -

TOTAL PROVED + PROBABLE(2)(3) 3,136 2,872

TOTAL PPP(2)(3)(4) 4,258 3,894 - - - - -

See "Notes to Tables" below.

The following table summarizes the Corporation's net present values of future net revenue as at December 31, 2013.

**CONSOLIDATED SUMMARY OF NET PRESENT VALUES  
BASED ON FORECAST PRICES AND COSTS**

Net Present Values of Future Net Revenue

Before Income Tax After Income Tax

Discounted at Discounted at

0%/yr. 5%/yr. 10%/yr. 15%/yr. 20%/yr. 0%/yr. 5%/yr. 10%/yr. 15%/yr. 20%/yr.

Reserves Category \$M \$M \$M \$M \$M \$M \$M \$M \$M \$M \$M

PROVED

Developed Producing(2)(6) 66,384 61,650 57,633 54,184 51,194 52,676 48,763 45,459 42,636 40,198

Developed Non-Producing(2)(7) 0 0 0 0 0 0 0 0 0 0

Undeveloped(2)(8) 10,341 8,645 7,306 6,233 5,362 7,187 5,838 4,783 3,945 3,271

TOTAL PROVED(2) 76,725 70,295 64,939 60,418 56,556 59,863 54,601 50,242 46,581 43,469

TOTAL PROBABLE(3) 35,113 28,837 24,151 20,574 17,787 24,461 19,693 16,164 13,494 11,433

TOTAL PROVED + PROBABLE(2)(3) 111,838 99,131 89,090 80,991 74,343 84,324 74,294 66,406 60,075 54,901

TOTAL PPP(2)(3)(4) 151,301 131,000 115,465 103,280 93,158 110,764 95,457 83,764 74,615 67,304

See "Notes to Tables" below.

The price forecast used in the variable dollar economics is available on the GLJ website at [www.gljpc.com](http://www.gljpc.com).

The following table sets forth a reconciliation of the Corporation's reserves by product type:

**RECONCILIATION OF COMPANY GROSS  
RESERVES BY PRINCIPAL PRODUCT TYPE  
BASED ON FORECAST PRICES AND COSTS**

Light and Medium Oil

Gross

Total

Proved

(Mbbl) Gross

Total

Probable

(Mbbl) Gross

Total

Proved

Plus

Probable

(Mbbl) Gross

Possible  
(Mbbbl) Gross  
Proved  
Plus  
Probable  
Plus  
Possible  
(Mbbbl)  
At December 31, 2012 1734 1,086 2,819 - -

Production (Sales) (601 ) - (601 ) - -  
Acquisitions - - - - -  
Dispositions - - - - -  
Discoveries - 79 79 - -  
Extensions 257 47 304 - -  
Infill Drilling 101 (17 ) 84  
Economic Factors - - - - -  
Technical Revisions 285 (53 ) 232 - -  
Improved Recovery 291 (72 ) 220 - -

At December 31, 2013 2067 1,070 3136 - -

A complete filing of the Corporation's Statements of Reserves Data and Other Oil and Gas Information (form 51-101F1), Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor (form 51-101F2) and Report of Management and Directors on Oil and Gas Disclosure (form 51-101F3), will be available in the Annual Information Form of the Corporation that will be filed prior to the end of April 2014.

## **IMPACT OF OPERATIONAL ACTIVITIES ON RESERVES**

The Corporation's activities in the Surorient Block of Colombia during 2013 resulted in a net upward adjustment in total company gross proved plus probable reserves of 919,400 barrels of light and medium oil before production adjustments. This increase is partially attributable to the following development activities:

- Five successful appraisal wells were drilled and placed on production in the Cohembi oilfield during 2013.
- Expansion of the Cohembi water injection scheme for improved recovery in the southern portion of the field. Positive pressure responses were observed in all the southern producing wells during December of 2013.
- The remaining upward adjustments are the result of ongoing evaluation of the production and pressure data from wells in the Cohembi oilfield, which has provided additional confidence in the discovered oil initially-in-place estimate and the high degree of continuity and reservoir quality within the pool.

## **2013 RESERVES ASSIGNED TO QUINDE-4 AREA**

A small amount of probable and possible reserves were assigned based solely on open hole logging results of the Quinde-4 well, drilled in late December, 2013. Completion and testing operations conducted in January and February, 2014 have subsequently demonstrated excellent results. In the month of February, 2014, Quinde-4 produced on natural flow for the first 17 days at an average rate of 1,065 barrels of oil per day (155 barrels of oil per day net to the Corporation after royalty), and then produced by electric-submersible pump to February 25, 2013 at an average rate of 2,642 barrels of oil per day (385 barrels of oil per day net to the Corporation after royalty) with zero percent watercut, for total production in the month of February of 42,509 barrels of oil (6,192 barrels of oil net to the Corporation after royalty). Additional drilling is planned to further develop this discovery, details of which will be included in a future announcement. Given the results of the Quinde-4 well, and the support for near-term additional development drilling of this field, the Corporation believes that material reserve potential is unbooked at this time.

## **RESERVES COMMITTEE**

The Corporation has a reserves committee, which has a majority of independent board members, which reviews the qualifications and appointment of the independent reserve evaluators. The committee also reviews the procedures for providing information to the evaluators. All booked reserves are based upon annual evaluations by the independent qualified reserve evaluators in accordance with the COGE Handbook. The evaluations are conducted from the fundamental geological and engineering data. The

reserves committee, chaired by Mr. Daryl Gilbert, has reviewed the reserves information and approved the reserves report.

## **GENERAL**

The Corporation is a Calgary-based junior oil and gas company, which explores for, develops and sells crude oil, natural gas liquids and natural gas in Colombia. The Corporation's common shares trade on the TSX Venture Exchange under the symbol SRN.

## **CAUTIONARY LANGUAGE**

Possible reserves are those additional reserves that are less certain to be discovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to effects of aggregation.

## **FORWARD LOOKING STATEMENTS**

Certain statements included in this press release constitute forward-looking statements under applicable securities legislation. These statements relate to future events or future performance of the Corporation. All statements other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. Forward-looking statements or information in this press release include, but are not limited to, the characteristics of the Corporation's oil and natural gas properties, reserve quantities and the discounted present value of future net cash flows from such reserves, net revenue, capital expenditures, exploration plans, development plans and potential for future booked reserves. In addition, this press release may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, estimates, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, among other things, the state of the economy in general and capital markets in particular; fluctuations in oil prices; the results of exploration and development drilling, recompletions and related activities; changes in environmental and other regulations; risks associated with oil and gas operations and future exploration activities; and other factors, many of which are beyond the control of the Corporation. You can find an additional discussion of those assumptions, risks and uncertainties in the Corporation's Canadian securities filings.

The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by law, the Corporation disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additionally, the Corporation undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above. New factors emerge from time to time, and it is not possible for management of the Corporation to predict all of these factors and to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement or information. The forward-looking statements contained herein are expressly qualified by this cautionary statement. Moreover, neither the Corporation nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements.

Statements relating to "reserves" are deemed to be forward-looking statements or information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitable in the future. There are numerous uncertainties inherent in estimating quantities of proved reserves, including many factors beyond the control of the Corporation. The reserve data included herein represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary considerably from actual results. All such estimates are to some

degree speculative and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. The actual production, revenues, taxes and development and operating expenditures of the Corporation with respect to these reserves will vary from such estimates, and such variances could be material.

Estimates with respect to proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be substantial, in the estimated reserves.

Consistent with the securities disclosure legislation and policies of Canada, the Corporation has used forecast prices and costs in calculating reserve quantities included herein. Actual future net cash flows also will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the table above does not necessarily represent the fair market value of the Corporation's reserves. There is no assurance that the forecast price and cost assumptions contained in the GLJ Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the GLJ Report. The recovery and reserves estimates on the Corporation's properties described herein are estimates only. The actual reserves on the Corporation's properties may be greater or less than those calculated.

## **NOTES TO TABLES**

- 1. "Gross Reserves" are the Corporation's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Corporation. "Net Reserves" are the Corporation's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interests in reserves.*
- 2. "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.*
- 3. "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.*
- 4. "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.*
- 5. "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.*
- 6. "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.*
- 7. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.*
- 8. "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.*

*Some values in the tables set forth above may not add due to rounding.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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