

PRD Energy Inc - Announces Operational Update

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CALGARY, Nov 25, 2014 - [PRD Energy Inc.](#) ("PRD" or the "Company") (TSX VENTURE:PRD) announces filing of its financial statements and operating results as at and for the nine months ended September 30, 2014, and provides an operational update on activities to date as well as an outlook for the remainder of 2014. The Company's interim condensed consolidated financial statements and management's discussion and analysis for the reporting period will be available on SEDAR at www.sedar.com and posted on the Company's website at www.prdenergy.de. All references to dollars or "\$" in this news release are references to Canadian dollars.

As a result of the recent decline in commodity prices, the Company has conducted an internal evaluation of its three primary near term projects: Boerger, Volkensen and Sittensen. All three projects remain economically viable in the current pricing environment based on our capital and reservoir assumptions. However, the Company is revising its guidance on expected timing of these activities as a result of regulatory delays and corporate planning initiatives to conserve cash and maximize asset values.

Boerger Field

The Company is in discussions with its joint venture partner to become the designated operator of the Boerger pool (through either acquisition of the partner's interest or by mutual agreement) in order to accelerate development timeframes for the Boerger pool. The Company plans to drill two to three deviated wells from the Boerger 7A well site in the second quarter of 2015, as the next stage of development for the Boerger pool, conditional on the Company becoming the designated operator during 2014 or early 2015. The Company believes deviated wells are the optimal well design for drilling into the underlying reservoir structure and should reduce operational risk and capital exposures when compared to horizontal wells, as originally planned. The Company's current cost estimate for its 50% working interest share is \$2,250,000 for each deviated well, including drilling, completion and equipping the wells.

During the three months ended September 30, 2014, the operator produced the Boerger 7A well intermittently in order to carry out pressure transient well testing and produced a total of 3,091 barrels during 34 days of operation. Since being placed on production on February 24, 2014 until September 30, 2014, the Boerger 7A well has completed 136 operating days and has produced a total of 19,023 barrels of oil, or an average of 140 bbls/d, when operational. PRD is encouraged by the initial results of this well, but believes that the well is not producing to its full capability as a result of ongoing reservoir testing and other operational issues, as well as failure to produce from the full horizontal length of the well. The Company is evaluating various workover and stimulation possibilities to increase the performance of Boerger 7A well, in the event the Company obtains operatorship.

Regulatory Affairs/Volkensen/Sittensen

The Company is seeking regulatory approval for its Volkensen development plans and has recently received regulatory approval for the Sittensen 3D shoot. During November, 2014, the Company met with its principal regulator to discuss concerns around the predictability of timing for permitting in relation to its current and future projects. The regulator has agreed to work with the Company to provide clarity and predictability to permitting timeframes. The Company believes that enacting a more expeditious and streamlined regulatory process would enhance its prospects for 2015 and beyond.

The Volkensen development permit was submitted in August, 2014. As a result of additional data and information requests from the regulator there have been a number of delays in the permitting process. The Company does not believe that these delays are indicative of the likelihood to receive permits, as they are procedural in nature and are not in relation to public feedback or concerns about the project. The Company has revised its expectations as to timing for field activities and estimates site construction and drilling to start

in early second quarter of 2015. The Company has been granted an extension until April 30, 2015 to commence site activities at Volkensen with a further extension expected to be granted to accommodate the Company's proposed drilling program. The Company is now planning on drilling a vertical/deviated well off the proposed well-site pad to evaluate the downhole drilling conditions and reservoir parameters in the Volkensen pool prior to horizontal development. The Company is planning on cutting core, taking pressure measurements and evaluating the reservoirs with modern geophysical logs. These results, combined with the results of the Sittensen 3D seismic program (which covers a portion of the Volkensen licences) will further reduce the operational and production risks for future pool developments in both the Volkensen and Sittensen licences.

The Sittensen 3D seismic shoot permit was issued by the regulator on November 19, 2014, and is subject to certain customary conditions. We are very pleased by the shortened length of time for the issuance of this permit, being less than six months. The Company anticipates starting the shoot in the first quarter, 2015 conditional on being granted land access by certain land owners. If seasonal surface access issues prevent the shoot from being commenced in the first quarter of 2015, the next earliest opportunity to conduct the seismic shoot will be in the second half, 2015. The Company has reduced the seismic area to 70 square kilometers from 90 square kilometers to take into consideration community concerns. The reduction in size will reduce the total cost without compromising the development and exploration opportunity being targeted by the shoot. As a result, the shoot is expected to cost approximately \$4,500,000 compared to the previously disclosed \$5,000,000 expected procurement cost.

Joint Venture Partner

The Company is in the process of seeking a joint venture partner for the Volkensen and Sittensen licences. The Company has executed several confidentiality agreements and held discussions, however, it has not entered into any definitive arrangements at this time.

Other Licences

PRD is continuing to augment its understanding of its existing land base of 2,413,300 acres with improved access to data of Germany's major oil & gas companies. Management has completed a technical review of its existing licences and prospects resulting in the high-grading of certain exploration and production licences and expects to materially reduce the size of certain licences during 2015 as a result of these assessments. The Company has also applied for certain new licences which have been identified as prospective during its internal review process. These licenses are expected to be the focus of future development activity in late 2015 and throughout 2016.

About PRD Energy

[PRD Energy Inc.](#) is a Calgary based oil and gas company engaged in the exploration, development and acquisition of, natural gas and crude oil in Germany. PRD's common shares are listed on the TSX Venture Exchange with the symbol "PRD".

Forward looking information

This news release contains forward-looking information relating to: the viability of the Boerger, Volkensen and Sittensen projects; enhancing potential recoveries from the Volkensen oil pool; expected results from first stage of the Volkensen development program; expected timing for commencement of the first stage of the Volkensen development program, environmental impacts and reduction of costs associated with operations; prospectivity of the Sittensen licence; expected timing for commencement and completion of the Volkensen/Sittensen seismic program and costs and funding in respect of that program; delineation of exploration prospects, production from the Boerger 7A well; the success of deviated wells to be drilled at Boerger 7A; enhancing recoveries from the Boerger 7A well; optimizing production capabilities of future wells, cost reduction strategies; the ability to streamline regulatory processes to receive permits; the ability of the Company to find a focus of corporate activities in 2015 and 2016; expanding the Company's business in Germany and other statements that are forward-looking in nature. Such forward-looking information is subject to important risks, uncertainties and assumptions. The results or events predicated in this forward-looking information may differ materially from actual results or events. As a result, you are cautioned not to place undue reliance on this forward-looking information.

Forward-looking information is based on certain factors and assumptions regarding, among other things, the Company's licenses, and in particular: (i) statements relating to the development of the Volkensen license are based on a variety of assumptions including, the Company's ability to begin construction and drilling in early 2015 ; (ii) statements relating to the Sittensen seismic shoot are based on a variety of assumptions including the Company's ability to obtain permits on an efficient and economical timeline, PRD's ability to access the permitted land to conduct the seismic shoot and the success of the results from the shoot; and (iii) statements relating to the development of the Boerger field are based on a variety of assumptions including, that the Company will become designated operator of the field, the success of drilling the deviated wells and the ability to increase production on the wells that have been drilled. In addition to those assumptions listed above, the forward looking information is based generally on certain factors and assumptions, including the success of future exploration and development activities, the impact of increasing competition; the general stability of the economic and political environments in which the Company operates or owns interests; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability to operate in a safe, efficient and effective manner; the ability of the Company to obtain financing to fund its operations on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward looking-information is subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what is currently expected. These factors include risks associated with the failure to obtain permits when expected, the failure identify economic operations in the Boerger pool following the proposed work-over, declining production from the Boerger 7A well, the receipt of necessary permits on a reasonable time frame, timing of field operations at Volkensen and Sittensen and the ability to attract a joint venture or farm-in partner, instability of the economic and political environments in which the Company operates or owns interests, ability to manage water production and disposal, oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, the inability to settle the definitive terms of the farmout arrangements, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals, inability to obtain approvals from the Company's partners in operations, and ability to access sufficient capital from internal and external sources, reliance on key personnel, regulatory risks and delays, including risks relating to the acquisition of necessary licenses and permits, environmental risks and insurance risks.

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, the Company is under no obligation and does not undertake to update this information at any particular time, except as required by law.

Initial Production Rates:

Any references in this press release to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company.

Neither the 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.

Contact

[PRD Energy Inc.](#)

Michael Greenwood, Chairman and Chief Executive Officer

(403) 234-0501

(403) 234-0511

[PRD Energy Inc.](#)

Mark Hornett, President and Chief Operating Officer
(403) 234-0501
(403) 234-0511

[PRD Energy Inc.](#)

Jeff Scott, Vice President, Finance and Chief Financial Officer
(403) 234-0501
(403) 234-0511

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