

Frontera Announces Q2 Operational Update and Loan to Puerto Bahia

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TORONTO, June 4, 2018 /CNW/ - [Frontera Energy Corp.](#) (TSX: FEC) ("Frontera" or the "Company") announces an operational update for the second quarter and a U.S.\$30.46 million loan to Sociedad Portuaria Puerto Bahia S.A. ("Puerto Bahia").

OPERATIONAL UPDATE

Colombia

Frontera continues its active drilling program with six drilling rigs operating continuously in the first two months of the second quarter of 2018, with three active in the Quifa heavy oil area, two on the light oil-focused Guatiquia block, and one drilling the high impact Acorazado-1 well in the Llanos 25 block.

As previously announced on May 10, 2018, the Company began drilling the Alligator-3 development well on the Guatiquia block. On April 27, 2018, the well reached a total depth of 12,416 feet (12,189 feet TVD), encountering 31.5 feet of net sand in the Lower Sand-1A formation. The well was completed in the Lower Sand-1A formation with an electrical submersible pump. The Lower Sand-1A formation has been flow tested for approximately 13 days at an average rate of 1,800 bbl/d of 18.2 degree API oil with an average water cut of 40% at stabilized bottomhole flowing pressure with an approximate 34% drawdown. The well has produced a total of 27,500 bbls of oil since start of production.

At the Guatiquia block, Frontera continues to have exploration success and is pleased to announce positive results from the Coralillo-1 well. During the quarter, the Company completed testing the well in two zones. As previously disclosed on May 10, 2018, the Lower Sand-1A formation was flow tested for approximately 11 days at an average rate of 1,050 bbl/d of 15.3 degree API oil with an average water cut of 1% at stabilized bottomhole flowing pressure with a 60% drawdown. Subsequently, the well was shut-in for a 5 day pressure buildup test. Results have confirmed positive reservoir properties, no formation damage and no depletion during the testing period. On May 18, 2018, the Company began testing the well in the Guadalupe formation. In this formation, the well was initially flow tested for 10 days at an average rate of 800 bbl/d of 18.2 degree API oil with an average water cut of 1.1% at stabilized bottomhole flowing pressure with an approximate 38% drawdown. Since discovery, the Guadalupe formation has produced a total of 8,140 bbls of oil. Following the initial production test in the Guadalupe formation, the well was shut-in for a pressure buildup test. Given the positive results, on May 22, 2018, the Company requested permission from the Agencia Nacional de Hidrocarburos to conduct long term testing for the well.

At the Quifa block, the Company has drilled nine horizontal oil development wells to date during the second quarter of 2018. In addition, the Company commenced the construction of facilities to expand its water handling capabilities on the block. The facilities are expected to be operational during the fourth quarter of 2018. The Company plans to increase the number of active drilling rigs in the Quifa area from three to five in mid-June. As the Company adds water handling capacity during the third quarter of 2018, it expects the number of active drilling rigs to increase to six.

The Company continues to make efforts to reduce its transportation costs, including those associated to the Bicentenario pipeline which has been continuously affected by attacks directed at the Caño Limon pipeline. With ongoing presidential elections in Colombia, it is expected that discussions involving state owned or majority state owned companies (such as Ecopetrol and the Bicentenario) will continue past the second quarter of 2018.

Peru

In Peru, the Company was notified by Petroperu S.A. of a force majeure event affecting a portion of the NorPeruano pipeline following the identification of oil traces in the Pastaza River, an area outside Block 192. Force majeure will begin on June 1, 2018 and the Company is uncertain of when full operation of the pipeline will resume. Should a portion of the pipeline be

inoperative, it will result in Block 192 being declared in force majeure. Frontera is working diligently with Petroperu S.A. the local communities in providing resources in the identification and remediation processes and is hopeful that the period of force majeure will be of limited duration. Should Block 192 be declared in force majeure, the period of time this declaration would be in effect will be added to the end of the contract term for Block 192, currently anticipated to be June 10, 2019.

If Block 192 is declared in force majeure the anticipated impact on net production would be approximately 8,600 bbl/d. We will not take advantage of any downtime to undertake necessary maintenance and work-overs on Block 192. Despite the impact on net production, we do not believe that this force majeure event will have an effect on Peru sales volumes for Q2 due to the current build up of inventory in Peru. We also anticipate that our aggregate sales volumes for Q2 will be higher than the previous quarter, as the increase in oil inventory previously disclosed in the first quarter due to the timing of the loading cargo of crude oil will be reversed in the second quarter of 2018.

In our offshore Peru operations, mobilization of the Petrex-10 drilling rig has commenced and the drilling of the Delfin S exploration well is expected to begin in July 2018.

LOAN TO PUERTO BAHIA

The Company also announces that it has entered into an unsecured loan agreement with Puerto Bahia, pursuant to which the Company has agreed to loan the aggregate amount of U.S.\$30.46 million to Puerto Bahia, subject to certain terms and conditions (the "Loan Agreement").

On October 4, 2013, Pacinfra Holding Ltd. ("Pacinfra Holding"), a wholly-owned subsidiary of the Company, Pacific Infrastructure Inc. ("Pacific Infrastructure"), an entity in which the Company indirectly holds a 39.22% interest, Puerto Bahia, a wholly-owned subsidiary of Pacific Infrastructure, and Wilmington Trust, National Association (as administrative agent) entered into an equity contribution agreement (the "Equity Contribution Agreement") pursuant to which Pacinfra Holding and Pacific Infrastructure agreed to both jointly and severally cause equity or debt contributions to be made to Puerto Bahia an aggregate amount of U.S.\$130 million in circumstances where it is determined that there were certain deficiencies related to operation and maintenance of the a multi-purpose port facility developed by Puerto Bahia and Puerto Bahia's ability to make payments towards its bank debt obligations.

In accordance with the Equity Contribution Agreement, a deficiency notice to Pacinfra Holding was issued requesting that the company fund, or cause to be funded, a total amount of U.S.\$30.46 million to Puerto Bahia, due May 31, 2018.

The Loan Agreement was entered into to satisfy this funding commitment. The Loan Agreement bears an annual interest rate of 14% and will mature on May 31, 2019.

Puerto Bahia is a private company organized and existing under the laws of Colombia that is responsible for the design, construction, ownership, operation and maintenance of a large scale multi-purpose port facility located in the Cartagena area in Colombia.

About Frontera:

[Frontera Energy Corp.](#) is a Canadian public company and a leading explorer and producer of crude oil and natural gas, with operations focused in Latin America. The Company has a diversified portfolio of assets with interests in more than 30 exploration and production blocks in Colombia and Peru. The Company's strategy is focused on sustainable growth in production and reserves. Frontera is committed to conducting business safely, in a socially and environmentally responsible manner. Frontera's common shares trade on the Toronto Stock Exchange under the ticker symbol "FEC".

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Advisories:

Cautionary Note Concerning Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of production estimates and estimated economic return; uncertainties associated with estimating oil and natural gas reserves; failure to establish estimated resources or reserves; the Company's prospects and the prospects of the oil and gas industry in Colombia and other countries where the Company operates or has investments; uncertainties relating to the availability and costs of financing needed in the future; uncertainties involved in interpreting drilling results and other geological data; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 27, 2018 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Disclosure of well tests results in this news release should be considered preliminary until detailed pressure transient analysis and interpretations have been completed. Hydrocarbons can be seen during the drilling of a well in numerous circumstances and do not necessarily indicate a commercial discovery or the presence of commercial hydrocarbons in a well. There is no representation by the Company that the disclosed well results included in this news release are necessarily indicative of long-term performance or ultimate recovery. As a result, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company or that such rates are indicative of future performance of the well.

In addition, reported production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this news release due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons. Boe Conversion The term "boe" is used in this news release. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 5.7 Mcf : 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalent at the wellhead.

Definitions:

bbl(s)	Barrel(s) of oil
bbl/d	Barrel of oil per day
Boe	Refer to "Boe Conversion" disclosure above
boe/d	Barrel of oil equivalent per day
Mboe	Thousand barrels of oil equivalent
MMboe	Million barrels of oil equivalent
Mcf	Thousand cubic feet
Net Production	Net production represents the Company's working interest volumes, net of royalties and internal consumption
TVD	True vertical depth

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