

# Terrex Energy Inc. - Announces Closing of Hydrocarbon Purchase Agreement

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CALGARY, March 28 /[CNW](#)/ - [Terrex Energy Inc.](#) ("Terrex" or the "Company") (TSX-V: TER) announces the closing of the Hydrocarbon Purchase Agreement with Sandstorm Metals & Energy Ltd. ("Sandstorm") previously announced on March 21, 2011. Proceeds from the transaction will be used, in part, to finance the \$13 million acquisition of the Two Creek property announced on March 7, 2011 and scheduled to close on March 31, 2011.

The Company's initial evaluation of the Two Creek property indicates that the property is a good candidate for optimization and Enhanced Oil Recovery (EOR) programs. These programs have the potential to significantly increase production and recoverable reserves from the property. Pool optimization, including the likelihood of drilling at least one well, is expected to commence in the second half of 2011 together with planning of an EOR program for the Two Creek property. At Strathmore, the Company's first EOR project, chemical injection is scheduled to commence in the fall of 2011.

Under the Hydrocarbon Purchase Agreement, Sandstorm has acquired 15% of all hydrocarbons produced from the Company's Strathmore property; and 25% of hydrocarbons produced from the Two Creek Jurassic A pool and, for five years, 25% of all hydrocarbons produced from the Two Creek Jurassic B pool. The Two Creek Jurassic A and B pools comprise the Two Creek property to be purchased by the Company. As consideration for the forward production purchased under the agreement, Terrex received an upfront deposit of \$14.7 million and will receive ongoing per unit payments of \$15.00/bbl of crude oil, \$1.00/mcf of natural gas, and \$8.00/bbl of natural gas liquids delivered to Sandstorm. The agreement stipulates that Sandstorm is responsible for royalties associated with the purchased production, and that Terrex will implement chemical flood programs within 24 months and 36 months of the effective date, at Strathmore and Two Creek respectively.

Terrex Energy Inc. is a Calgary-based junior oil company that specializes in the application of proven Enhanced Oil Recovery (EOR) methods to improve oil production from mature pools. Terrex targets underexploited and undercapitalized light-to-medium oil reservoirs in Western Canada. Terrex shares are listed on the TSX Venture Exchange under the symbol 'TER'

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

## **Forward-Looking Statements**

*This news release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. In particular, this press release contains forward-looking statements pertaining to expectations of management regarding; the use of the upfront deposit, the closing date of the Two Creek property acquisition; the characteristics of the Two Creek property and; the expected timing of the planning, evaluation and development of the EOR programs, and the success of such programs.*

*Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. Assumptions are based in part on the terms of the hydrocarbon purchase agreement and include, among other things future oil and natural gas prices; future oil and natural gas production levels; the success of EOR programs; the ability to obtain equipment in a timely manner to carry out development activities; the ability to market oil and natural gas successfully; and the impact of increasing competition.*

*Although Terrex believes that the expectations reflected in the forward looking statements contained in this press release, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to*

*place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause Terrex's 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 risks and uncertainties include, among other things, the following: the failure of Terrex to obtain the necessary regulatory approval required in order to proceed with the acquisition of the Two Creek property; volatility in market prices for oil and natural gas; failure to complete planned financing activities; incorrect assessment of the value of the acquisition; failure to realize the anticipated benefits of the acquisition; general economic conditions in Canada; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.*

*The forward-looking statements contained in this news release are made as of the date hereof and Terrex does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.*

**For further information:**

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