

# Midway Energy Ltd. Reports Significant 2011 Reserve Growth

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[Midway Energy Ltd.](#) ("Midway" or the "Company") (TSX: MEL) is pleased to announce the results of its independent reserve evaluation for the year ended December 31, 2011 as prepared by Sproule Associates Limited ("Sproule").

## 2011 Reserve Highlights

- Proved plus probable reserves at December 31, 2011 increased by 45% to 24.2 million boe after dispositions of 1.3 million boe in British Columbia and Swan Hills;
- Proved reserves increased by 41% over 2010;
- Proved plus probable reserves per share increased by 26% and proved reserves per share increased by 22% over 2010;
- Reserve replacement was 518% on proved plus probable reserves and 325% on proved reserves;
- The proved plus probable reserve life index (RLI), based on forecast volume production from the Sproule report, increased by 21% from 10.6 to 12.8 years;
- Over 91% of Midway's proved plus probable reserves are attributable to the Cardium in Garrington.

## Update

Midway has closed the previously announced partial sale and farm out in Swan Hills. The Company is currently completing the drilling of its first Swan Hills well (50% working interest) for 2012 and is encouraged by the drilling results to date.

Midway drilled 21 net Cardium wells in Garrington in 2011 and has initial plans to drill 16.5 net Cardium wells in 2012. The number of Cardium horizontal wells drilled in 2012 may increase as the Company redeploys funds originally budgeted towards drilling in Swan Hills.

## Reserves Summary

The following tables set forth certain information relating to Midway's crude oil, natural gas and natural gas liquid reserves and the net present value of future net revenues associated with such reserves as at December 31, 2011, as evaluated by Sproule in its report dated January 30, 2012 (the "Sproule Report") based upon Sproule's January 1, 2012 published forecast price and cost assumptions.

The information set forth below is derived from the Sproule Report that was prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook and the reserves definitions contained in Instrument 51 101 - Standards of Disclosure for Oil and Natural Gas Activities. Midway engaged Sproule to provide an evaluation of all of its proved and proved plus probable reserves.

All future net revenues are stated prior to provision for interest, general and administrative expenses and after deduction of royalties and estimated future capital expenditures. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein do not represent fair market value.

It should not be assumed that the present worth of estimated future cash flow presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Midway's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas

liquid reserves may be greater than or less than the estimates provided herein.

More detailed reserve information will be included in Midway's Annual Information Form for the year ended December 31, 2011 which will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) on or before March 30, 2012.

### Summary of Oil and Natural Gas Reserves as at December 31, 2011

Reserve Category	Oil and NGL's	Natural Gas	Oil Equivalent		
	Gross (1)	Net (2)	Gross (1)	Net (2)	Gross (1)
	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)	(MMcf)
PROVED					
Developed producing		5,523	4,521	17,661	15,810
Developed non-producing		-	-	384	64
Undeveloped	5,819	4,717	11,695	9,965	7,777
TOTAL PROVED	11,343	9,238	29,740	26,122	16,299
PROBABLE	5,573	4,288	13,923	12,051	7,894
TOTAL PROVED + PROBABLE		16,916	13,526	43,664	38,173

(1) "Gross" reserves means Midway's interest (operated and non-operated) before deduction of royalties and without including any Company royalty interests.

(2) "Net" reserves means Midway's interest (operated and non-operated) after deduction of royalty obligations plus Company royalty interests.

(3) Numbers may not add due to rounding.

### Summary of Net Present Values of Future Net Revenue as of December 31, 2011

Reserve Category	Before Income Tax		
	0%	5%	10%
PROVED			
Developed producing		335.4	247.2
Developed non-producing		0.2	0.1
Undeveloped	286.5	16.5	104.6
TOTAL PROVED	622.1	411.9	303.2
PROBABLE	404.8	193.0	120.3
TOTAL PROVED + PROBABLE		1,027.0	604.9
			423.6

(1) The forecast prices used in the calculation of the present value of future net revenue are based on the Sproule December 31, 2011 price forecast and will be included in the Company's Annual Information Form which will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) on or before March 30, 2012.

(2) Includes future development capital (FDC) of \$139 million; 2010 FDC was \$96.1 million.

### Forward-Looking Statements

Certain information regarding Midway set forth in this news release contains forward-looking statements that involve substantial known and unknown risks and uncertainties. Forward-looking statements typically use words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. In particular, this press release contains forward-looking statements concerning, among other things, the Company's drilling plans and the expected results therefrom and the timing of the filing of Midway's annual information form. In addition, statements relating to "reserves" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

These forward-looking statements are based on various assumptions including expectations regarding the outlook for petroleum and natural gas prices; estimated amounts, timing and results of capital expenditures; the timing, location and extent of future drilling operations; future production rates; estimates of production and operating costs; performance of existing and future wells; reserve volumes; the success obtained in

*drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; future exchange and interest rates; applicable royalty rates and tax laws; Midway's ability to obtain equipment in a timely manner to carry out development activities; impact of increasing competition; ability to market oil and natural gas successfully and the ability of Midway to access capital.*

*Although Midway believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Midway can give no assurance that they will prove to be correct. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties, such as: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodity prices; currency fluctuations; imprecision of reserve 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; general economic conditions in Canada, the U.S. and globally; and ability to access sufficient capital from internal and external sources. As a consequence, Midway's actual results, costs, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Midway will derive there from.*

*Management has included the above summary of assumptions and risks related to forward-looking information provided in this news release in order to provide securityholders with a more complete perspective on Midway's future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect Midway's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).*

*The forward-looking statements contained in this news release are made as the date of this new release and Midway does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

## **BOE Advisory**

Midway has adopted the standard of 6 Mcf:1 Bbl when converting natural gas to oil Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

## **Certain Defined Terms**

Oil & Natural Gas Liquids Natural Gas Other

Bbl

Bbl/d

Mbbl

NGLs barrel

barrels per day

thousand barrels

natural gas liquids Mcf

MMcf

Mcf/d thousand cubic feet

million cubic feet

thousand cubic feet per day BOE or Boe

MBoe

M\$ or \$000s barrel or barrels of oil equivalent, using the conversion factor of 6 Mcf of natural gas being equivalent to one barrel of oil

thousand barrels of oil equivalent

thousands of dollars

## Information Regarding Midway

Midway Energy Ltd. is a public oil and gas exploration and development company, located in Calgary, Alberta, with light oil production and development assets in the Province of Alberta. Midway currently trades on the Toronto Stock Exchange (TSX) under the Symbol "MEL".

## Contact

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