

# Reliable Energy Ltd. Announces 2011 Second Quarter Results

29.08.2011 | [Marketwired](#)

CALGARY, Aug. 29, 2011 - [Reliable Energy Ltd.](#) ("Reliable" or the "Company") (TSX VENTURE:REL) is pleased to report its financial and operational results for the three and six months ended June 30, 2011.

## HIGHLIGHTS

	Three Months Ended		Six Months Ended		Change		2011	
	June 30, June 30, 2011	2010	2010	(%)	(\$)	(\$)	(%)	(%)
<b>Financial</b>								
Gross revenue	5,473				2,144			155
Net income (loss)	1,225				90			1,261
Per share - basic	0.005	0.000			--	0.000	(0.003)	--
Per share - diluted	0.005	0.000			--	0.000	(0.003)	--
Cash flow generated by operations (1)	3,277	571	474	5,996	1,505	298		
Per share - basic	0.014	0.003	367	0.025	0.008	213		
Per share - diluted	0.014	0.003	367	0.025	0.008	213		
Capital expenditures	1,189	2,404	(51)	10,645	7,438	43		
Total assets	44,786			36,614		22		
Working capital (deficiency)	(7,220)	9,896	(173)	(7,220)	9,896	(173)		
Shareholders' equity	31,028			30,021		3		
(000s)	(#)	(#)	(%)	(#)	(#)	(#)	(%)	(%)
<b>Share Data</b>								
At period-end	236,573	235,188		1	236,573	235,188		1
<b>Weighted average</b>								
Basic	236,338	200,278		18	236,318	191,540		23
Diluted	242,204	205,674		18	242,184	196,936		23

	Three Months Ended			Six Months Ended		
	2011	2010	Change (%)	2011	2010	Change (%)
<b>Operational</b>						
<b>Production</b>						
Light crude oil (bbls/d)	598	307	95	615	298	106
Natural gas (mcf/d)	--	25	--	--	65	--
Total (boe/d)	598	311	92	615	309	99
Total (boe)	54,443	28,306	92	111,308	55,927	99
<b>Average wellhead prices (3)</b>						
Light crude oil (\$/bbl)	102.80	75.54	36	95.37	77.88	23
Natural gas (\$/mcf)	--	2.95	--	--	4.00	--
Total (\$/boe)	102.80	74.75	38	95.37	75.97	26
Operating cost (\$/boe)	16.57	13.51	23	15.27	12.79	19
Operating netback (\$/boe)	73.17	48.54	51	67.28	50.52	33
<b>Gross (net) wells drilled</b>						
Oil (#)	-- (--)	1 (0.8)			5 (4.5)	
Gas (#)	-- (--)	-- (--)			-- (--)	
Awaiting completion (#)		-- (--)		1 (0.8)		
Shut-in or suspended (#)(4)		-- (--)		-- (--)		
Dry and abandoned (#)		-- (--)		1 (0.8)		
Total (#)	-- (--)	3 (2.3)			6 (4.9)	
Average working interest (%)		--		75		

(1) Cash flow from operations, cash flow from operations per share and netback or operating netback are not

*recognized measures under International Financial Reporting Standards. Refer to the Management's Discussion and Analysis for further discussion.*

*(2) Barrels of oil equivalent ("boe") 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.*

*(3) Average wellhead prices are before hedging gains and losses.*

*(4) Shut-in or suspended wells are cased wells not placed on production or producing wells that have been shut-in.*

## **SECOND QUARTER ACCOMPLISHMENTS**

During the three months ended June 30, 2011, Reliable Energy Ltd. continued with its business strategy of developing production and proving up high quality, long-life light oil reserves. The Company's second quarter results included:

- Generating record cash flow from operations, improving 474% over the same period last year to \$3.3 million or \$0.014 per share.
- Averaging 598 boe/d production despite flooding in Manitoba that disrupted trucking of oil and resulted in wells being shut-in intermittently throughout the period. Reliable estimates it had an average 150 boe/d (net) of production shut-in during the quarter due to the high levels of precipitation. All wells were back on-stream in July. Reliable exited the quarter at 608 boe/d.
- Completing the 14-16-13-28 W1M horizontal well at East Manson that was drilled in March 2011. This well came on production at over 200 bbls/d (gross) and averaged 167 bbls/d gross (125 bbls/d net) for the first 90 days of production.
- Spending \$1.2 million on capital expenditures that included completion operations on the Company's East Manson and Montana properties, ongoing land purchases and the acquisition of rig matting to facilitate drilling and completion operations during wet conditions.
- Increasing Reliable's horizontal drilling inventory to 605 gross (450 net) locations in the Kirkella area of Saskatchewan and Manitoba. This represents approximately 100 net sections of land with internally estimated oil in place of 4 to 6 mmbbls per section unrisks.
- Adding 6,577 acres to the Company's land base in the Kirkella region, bringing total corporate holdings to 203,985 net undeveloped acres.
- Achieving record netbacks of \$73.17/boe compared to \$48.54/boe in the second quarter of 2010 and \$61.64/boe in the first quarter of 2011, representing increases of 51% and 19%, respectively.
- Maintaining a strong financial position with approximately \$11.5 million in unutilized credit facilities and net debt to annualized cash flow of 0.55:1.

Contracting the services of a drilling rig through to March 31, 2012, providing the Company with certainty of supply in executing its business plan for the balance of 2011 and the first three months of 2012.

## **OUTLOOK**

The Company's business plan for the balance of 2011 continues to include the drilling of development and exploration wells aimed at adding reserves, production and cash flow. Reliable plans to drill a total of 10 gross (7.5 net) horizontal wells and 1 gross (0.4 net) vertical well in the second half of 2011 with a focus on developing the East Manson area.

During the second quarter of 2011, Reliable continued to monitor productivity and decline rates of its horizontal wells versus forecast rates, and based on the average production rates of its first ten horizontal wells, the Company is revising its 2011 exit production guidance to range between 900 boe/d and 1,000 boe/d.

With this reduction in production, the Company has also revised its expected cash flow to approximately \$13.1 million for 2011 while its capital budget has been adjusted to \$24.5 million, reflecting higher cost of

services (particularly fracing operations where frac density has increased). Average annual crude oil pricing has been revised upwards to CDN\$90.00/bbl. With a strong hedging program in place, Reliable has protected its downside, and accordingly, feels comfortable that the remaining capital expenditure program can continue to be funded from cash flow and available credit facilities (currently \$11.5 million).

## **ABOUT RELIABLE**

[Reliable Energy Ltd.](#) is an Alberta based junior oil company with a strong exploration component that commenced operations in 2005. Reliable's activities are primarily focused in the Kirkella area situated on the Saskatchewan/Manitoba border where it holds over 80,000 net acres of undeveloped lands. Kirkella is a Bakken oil rich prospect area that possesses high operating margins and multiple formation potential. The Company has an inventory of approximately 450 net horizontal drilling locations identified in the Kirkella region. Reliable's second focus area is in Blaine County, Montana, where the Company holds almost 100,000 net undeveloped acres on an emerging Bakken oil play.

Reliable's goal is to become a low cost, value added growth company. The Company's strategy is to concentrate on exploration and development drilling activities in oil rich core areas. Reliable will continue to build on its highly prospective light oil land position in Manitoba/Saskatchewan and Montana and, through prudent development, add to its reserves and production base with the objective of providing sustained future growth and superior returns to shareholders.

Common shares of Reliable Energy Ltd. are listed for trading on the TSX Venture Exchange under the symbol REL.

## **ADVISORY:**

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