

# WestFire Energy Ltd. Announces 2011 Reserves and Land Evaluation

20.03.2012 | [Marketwired](#)

[WestFire Energy Ltd.](#) ("WestFire" or the "Company") (TSX:WFE) is pleased to announce the results of the independent evaluation of the Company's reserves for the year ended December 31, 2011 (the "GLJ Report") by GLJ Petroleum Consultants Ltd. ("GLJ") and the independent evaluation of the Company's undeveloped land holdings as at December 31, 2011 (the "ILE Report") by Independent Land Evaluations Inc. ("ILE").

WestFire will report its corporate finding, development and acquisition costs, operating netback, and recycle ratio when WestFire announces its 2011 audited annual financial results on or about March 27, 2012.

## 2011 Highlights of GLJ and ILE Reports

- Total proved reserves of 28.9 million barrels of oil equivalent ("mmboe") (63 percent oil and liquids) represents an increase of 253 percent over the prior year or 111 percent on a per diluted share basis;
- Total proved plus probable reserves of 43.3 mmboe (66 percent oil and liquids) represents an increase of 204 percent over the prior year or 82 percent on a per diluted share basis;
- Production replacement ratio of 9.8 for proved reserves and 13.7 for proved plus probable reserves based on reserve additions during the year divided by field reported 2011 production;
- Reserve life index of 9.0 years for proved reserves and 13.4 years for proved plus probable reserves based on year end reserves divided by annualized December 2011 production;
- Reserves value of \$815.7 million (10% discount rate) before tax and \$788.7 million (8% discount rate) after tax for proved plus probable reserves;
- Undeveloped land inventory of 212,000 net acres of which 148,500 net acres are prospective on the Viking light oil resource play on which 1,205 gross (1,028 net) risked Viking drilling locations have been identified, 411 gross (350.6 net) of which are recognized in the GLJ Report. Undeveloped land inventory valued at \$42.1 million in the ILE Report; and
- Fully diluted net asset value (proved plus probable reserves) per share of \$8.71, up 10 percent from \$7.95 at December 31, 2010 (based on estimated unaudited net debt of \$124.8 million).

During 2011, the Company completed two acquisitions in its Viking light oil resource core area of Redwater. The first was on June 30, 2011, with the acquisition of Orion Oil & Gas Corporation which also included Ellerslie light oil assets at Redwater and liquids rich natural gas assets at Kaybob South. The second Viking acquisition, in December 2011, was an asset acquisition with Viking production and complementary lands. Combined proved plus probable reserves evaluated for these two acquisitions was 25.3 mmboe in 2011. At December 31, 2011, GLJ assigned total proved plus probable reserves of 24.8 mmboe net of approximately 0.5 mmboe of production to these assets with no material changes to the acquired assets' reserves on a combined basis. Results of the GLJ Report recognizes the continued growth of the Company's Viking light oil resource at Redwater through these acquisitions coupled with the successful 2011 drilling program. The Company's proven plus probable reserves assigned to the Viking light oil resource now amount to 19.6 mmboe representing 45 percent of WestFire's total reserves.

WestFire is on target to complete the most active and successful quarter in the Company's history focusing primarily on the continued development of the Viking light oil resource play.

On March 5, 2012, WestFire press released that approximately 2,650 barrels of oil equivalent per day ("boepd") was shut in at Kaybob due to the temporary, unscheduled outage of the third-party operated Kaybob KA Gas Plant ("KA"). The sour gas processing capacity at KA, which was suspended on February 27, 2012 is now estimated to resume operations on or about March 24, 2012. The Company maintains business interruption insurance which is anticipated to cover operating losses incurred after the 15th day of

the outage (estimated to be March 12, 2012). Excluding the impact of the KA outage, WestFire's corporate production, based on current field estimates, is now in excess of 10,000 boepd (68 percent oil and liquids).

## Reserves Summary

The following table provides summary information based upon the GLJ Report:

Light/Medium Oil Heavy Oil Natural Gas Liquids Conventional  
Natural Gas Barrels of Oil

Equivalent(3)

Gross

(1)

(Mbb) Net

(2)

(Mbb) Gross

(1)

(Mbb) Net

(2)

(Mbb) Gross

(1)

(Mbb) Net

(2)

(Mbb) Gross

(1)

(MMcf) Net

(2)

(MMcf) Gross

(1)

(Mboe) Net

(2)

(Mboe)

Proved

Producing	4,480	3,961	525	483	2,718	1,800	40,018	34,899	14,392	12,060
Non-Producing	236	200	62	56	548	369	7,333	6,501	2,068	1,709
Undeveloped	7,962	6,968	155	138	1,558	1,156	16,584	15,062	12,439	10,772
Total Proved	12,678	11,129	741	677	4,824	3,325	63,934	56,462	28,899	24,541
Probable	8,301	7,134	397	349	1,604	1,042	24,496	21,321	14,385	12,078
Total Proved & Probable	20,979	18,263	1,138	1,026	6,428	4,366	88,430	77,783	43,284	36,619

Notes:

(1) "Gross" reserves means WestFire's working interest (operating and non-operating) share of reserves before deduction of royalties and include royalty interests of the Company.

(2) "Net" reserves means WestFire's working interest (operated and non-operated) share of reserves after deduction of royalties and include royalty interests of the Company.

(3) Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. Thousand barrels of oil equivalent ("Mboe")

(4) Columns may not add due to rounding

## Reserves Value

The net present value (before tax and at various discount rates) of WestFire's reserves effective December 31, 2011 and based on the GLJ's (January 2012) forecast prices and costs are summarized as follows:

(\$ thousands)(1) 0% 5% 10% 15% 20%

Proved

Producing 454,728 378,456 325,819 287,431 258,219

Non-Producing 66,433 47,554 36,436 29,243 24,249

Undeveloped 398,278 270,983 189,276 134,312 95,904

Total Proved(2) 919,440 696,993 551,530 450,986 378,372

Probable 600,031 382,651 264,175 193,224 147,537

Total Proved plus Probable(2) 1,519,471 1,079,644 815,705 644,210 525,909

Notes:

(1) The estimated future net revenues are stated before deducting future estimated site restoration costs and are reduced for estimated future abandonment costs and estimated capital for future development

associated with the reserves.  
 (2) Columns may not add due to rounding.

Price Forecast

The GLJ (January 2012) forecast prices (1) are summarized as follows:  
 Year

Exchange  
 Rate

\$US/\$Cdn WTI @  
 Cushing

\$US/bbl  
 (2) Edmonton  
 Light  
 Crude Oil

\$Cdn/bbl  
 (3) Heavy  
 Crude at  
 Hardisty

\$Cdn/bbl  
 (4) Natural  
 Gas at  
 AECO-C  
 Spot

\$Cdn/MMBtu  
 (5) Natural  
 Gas at  
 Plant Gate  
 Spot

\$Cdn/MMBtu  
 (6)

2012	0.980	97.00	97.96	72.37	3.49	3.29
2013	0.980	100.00	101.02	73.60	4.13	3.93
2014	0.980	100.00	101.02	74.51	4.59	4.39
2015	0.980	100.00	101.02	74.51	5.05	4.84
2016	0.980	100.00	101.02	74.51	5.51	5.30
2017	0.980	100.00	101.02	74.51	5.97	5.75
2018	0.980	101.35	102.40	75.54	6.21	5.99
2019	0.980	103.38	104.47	77.09	6.33	6.11
2020	0.980	105.45	106.58	78.67	6.46	6.23
2021	0.980	107.56	108.73	80.28	6.58	6.36
2022 +	0.980	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

Note:

- (1) Then current dollars.
- (2) NYMEX WTI Near Month Futures Contract Crude Oil at Cushing, Oklahoma.
- (3) Light, Sweet Crude Oil (40 API, 0.3%S) at Edmonton.
- (4) Heavy Crude Oil Proxy (12 API) at Hardisty.
- (5) AECO-C Spot refers to the one month price averaged for the year.
- (6) The plant gate price represents the price before raw gas gathering and processing charges are deducted.

**Reserves Reconciliation**

The following reconciliation of WestFire's gross(1) reserves compares changes in the Company's reserves as at December 31, 2010 to the reserves as at December 31, 2011, based on the GLJ (January 2012) forecast prices and costs:

Light and Medium Oil Heavy Oil Natural Gas Liquids Conventional  
Natural Gas Barrels of Oil  
Equivalent

	Total Proved (Mbbbls)	Proved Plus Probable (Mbbbls)	Total Proved (Mbbbls)	Proved Plus Probable (Mbbbls)	Total Proved (MMcf)	Proved Plus Probable (MMcf)	Total Proved (Mboe)	Proved Plus Probable (Mboe)
Balance, December 31, 2010	4,525	8,490	1,039	1,612	178	290	14,656	23,085
Discoveries	20	0	80	97	0	0	8	0
Extensions, Infill Drilling & Improved Recovery	4,777	6,013	30	75	233	343	3,272	4,989
Technical Revisions	221	422	(235)	(444)	59	49	(2,300)	(4,102)
Acquisitions	4,062	6,982	25	30	4,632	6,025	52,635	68,799
Dispositions	0	0	(1)	(36)	(1)	(1)	(21)	(26)
Production (927)	(927)	(196)	(196)	(278)	(278)	(4,315)	(4,315)	(2,120)
Balance, December 31, 2011(2)	12,678	20,979	741	1,138	4,824	6,428	63,934	88,430
							28,899	43,284

Notes:

- (1) "Gross" reserves means WestFire's working interest (operating and non-operating) share of reserves before deduction of royalties and include royalty interests of the Company.
- (2) Columns may not add due to rounding.

The Company has no unconventional reserves (Bitumen, Synthetic Crude Oil, Natural Gas from Coal, etc.)

### Land Holdings

During 2011, WestFire was very active acquiring developed and undeveloped lands through acquisitions and Crown land sales in Alberta and Saskatchewan.

The Company retained ILE to complete an independent evaluation of the Company's undeveloped land holdings as at December 31, 2011. The ILE Report has estimated the value of WestFire's net undeveloped acreage at \$42.1 million.

Developed Undeveloped Total

(acres) Gross Net Gross Net Gross Net

Alberta 178,735 158,006 150,562 110,148 329,297 268,154

Saskatchewan 32,253 29,791 109,331 100,484 141,584 130,275

Other 1,330 206 3,300 1,031 4,630 1,237

Total 212,318 188,003 263,193 211,663 475,511 399,666

Undeveloped acreage on the Company's Viking light oil resource plays located at Redwater and Provost, Alberta and Plato and Dodsland in West-Central Saskatchewan comprises 70 percent of the total or 148,500 net acres.

### About WestFire

WestFire is a Calgary based energy company primarily focused on light oil development and production in Alberta and central Saskatchewan. Common shares of WestFire are listed on the Toronto Stock Exchange under the symbol WFE.

### Cautionary Statements

#### Reserves and Operational Information

The reserves data set forth in this press release is based upon an independent reserve assessment and evaluation prepared by GLJ with an effective date of December 31, 2011 and dated March 15, 2012 and summarizes the Company's crude oil, natural gas liquids and natural gas reserves and the net present values before income taxes of future net revenue for the Company's reserves using forecast prices and costs based on the GLJ Report. The GLJ Report has been prepared in accordance with the standards contained in National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" of the Canadian Securities Administrators ("NI 51-101").

All evaluations of future net cash flows are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimates of future net revenues presented in the tables in this press release 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 our 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 liquids reserves may be greater than or less than the estimates provided herein.

The reserve data provided in this release only represents a summary of the disclosure required under NI 51-101. Additional disclosure will be provided in the Company's Annual Information Form filed at [www.sedar.com](http://www.sedar.com) on or before March 30, 2012.

### **Unaudited financial information**

Inclusion of net debt in this news release is based on unaudited estimated results. This estimated result is subject to change upon completion of the audited financial statements for the year ended December 31, 2011, and changes could be material.

### **NAV Disclosure**

In relation to the disclosure of net asset value ("NAV"), the NAV is normally referred to as a "produce-out" NAV calculation under which the current value of the Company's reserves are produced out at forecast future prices and costs and do not necessarily represent a "going concern" value of the Company. The value is a snapshot in time and is based on various assumptions including commodity prices and foreign exchange rates that vary over time. It should not be assumed that the future net revenues estimated by GLJ represent the fair market value of the reserves, nor should it be assumed that the value of its undeveloped land holdings by ILE represent the fair market value of the lands.

### **Acquired Reserves in 2011**

The combined proved plus probable reserves of 25.3 mmbbl reserves set forth above for the two acquisitions is based upon the simple arithmetical summation by WestFire of the figures contained in: (i) the Orion Oil & Gas Corporation reserve report prepared by GLJ, effective December 31, 2010 mechanically updated at March 31, 2011 and (ii) the report of GLJ, effective September 30, 2011 for a portion of the assets and an internal evaluation of the remaining acquired assets also effective September 30, 2011 evaluating the crude oil, natural gas liquids and natural gas reserves of Viking assets acquired by WestFire in December 2011. Each of these reserve evaluators used their own technical assumptions and interpretations, methodologies and pricing and cost assumptions. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties due to the effects of aggregation.

### **Forward-looking information and statements**

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the timing for the announcement of the Company's 2011 audited annual financial results and the items to be reported on in the announcement; the number of prospective Viking drilling locations; the volumes and estimated value of WestFire's oil and gas reserves; the life of WestFire's reserves; the volume and product mix of WestFire's oil and gas production; future oil and natural gas prices; future results from operations and operating metrics; and future costs, expenses and royalty rates.

The recovery and reserve estimates of WestFire's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. In addition, forward-looking statements or information are based on a number of material factors, expectations or assumptions of WestFire which have been used to develop such statements and information but which may prove to be incorrect. Although WestFire believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because WestFire can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: results from drilling and development activities consistent with past operations; the continued and timely development of infrastructure in areas of new production; continued availability of debt and equity financing and cash flow to fund WestFire's current and future plans and expenditures; the impact of increasing competition; the general

stability of the economic and political environment in which WestFire operates; the timely receipt of any required regulatory approvals; the ability of WestFire to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which WestFire has an interest in to operate the field in a safe, efficient and effective manner; the ability of WestFire to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of WestFire to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which WestFire operates; and the ability of WestFire to successfully market its oil and natural gas products.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statement, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of WestFire's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of WestFire or by third party operators of WestFire's properties, increased debt levels or debt service requirements; inaccurate estimation of WestFire's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in WestFire's public disclosure documents (including, without limitation, those risks identified in this news release and WestFire's Annual Information Form to be filed on SEDAR on or before March 30, 2012).

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

## **BOE Equivalent**

Barrel of oil equivalents or BOEs 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. In addition, as the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil 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.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

## **Contact**

WestFire Energy Ltd.  
Lowell Jackson, President and CEO  
(403) 718-3601  
(403) 261-9658 (FAX)

WestFire Energy Ltd.  
Jeff Holmgren, Vice President Finance and CFO  
(403) 718-3603  
(403) 261-9658 (FAX)

---

Dieser Artikel stammt von [Rohstoff-Welt.de](http://Rohstoff-Welt.de)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/136703--WestFire-Energy-Ltd.-Announces-2011-Reserves-and-Land-Evaluation.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!  
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).