

# Long Run Exploration Ltd. Announces Closing of Business Combination Involving Guide Exploration Ltd. and WestFire Energy Ltd. to Form a New Intermediate Light-Oil Producer

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[Long Run Exploration Ltd.](#) (TSX:GO) (TSX:LRE) ("Long Run" or the "Company") is pleased to announce the successful completion of the previously announced business combination of [Guide Exploration Ltd.](#) ("Guide") and [WestFire Energy Ltd.](#) ("WestFire") pursuant to a plan of arrangement (the "Arrangement"). As a result of the Arrangement, previous shareholders of Guide are entitled to receive 0.4167 common shares of Long Run for each outstanding common share of Guide previously held. Common shares of WestFire will continue to represent common shares of Long Run on a one-for-one basis. After giving effect to the Arrangement, Long Run has approximately 110 million voting common shares outstanding and 15.5 million non-voting shares outstanding.

Letters of transmittal have been forwarded to registered shareholders of Guide to be utilized in order to exchange their common shares of Guide for common shares of Long Run. It is anticipated that the common shares of Guide will be delisted from the Toronto Stock Exchange (the "TSX") and the common shares of Long Run will commence trading in substitution for the common shares of WestFire on the TSX under the trading symbol "LRE" within two to three business days from the date hereof.

Long Run is also pleased to announce that it has in place \$500 million in credit facilities from a syndicate of Canadian and International banks. The credit facilities are comprised of a \$450 million revolving facility having a three year term maturing on May 31, 2015 and a \$50 million non-revolving facility with a maturity date of May 31, 2013. The bank syndicate is jointly led by The Bank of Nova Scotia and National Bank of Canada, and includes Alberta Treasury Branches; Wells Fargo Bank N.A., Canadian Branch; HSBC Bank Canada; The Toronto-Dominion Bank; Union Bank, Canada Branch; JPMorgan Chase Bank, N.A., Toronto Branch; and United Overseas Bank Limited.

## Light-Oil Growth from a Strong Base of Production

Long Run is currently producing approximately 25,000 boe per day, comprised of approximately 50% crude oil and NGLs. Crude oil production is expected to increase as capital investment into an impressive list of light-oil projects ramps up in 2013. Long Run's strong portfolio of producing properties is further strengthened by multiple years of high netback light-oil weighted development opportunities in the Montney oil fairway of Alberta at Normadville / Girouxville, the Viking oil play in Alberta at Redwater, as well as a footprint in west central Saskatchewan Viking oil. The Company also has low-decline natural gas properties in Alberta at Kaybob and Boyer which complement our more aggressive light-oil growth agenda. In addition to a deep inventory of repeatable light-oil development projects within the existing portfolio of properties, there is a significant number of emerging exploration concepts currently being tested on Long Run lands, including early-stage work on the Duvernay.

Added to the foundation of strategic light-oil development opportunities, Long Run expects to realize immediate cost benefits through reduced field operational expenditures. As a fulsome portfolio rationalization process unfolds in the coming months, it is anticipated that a number of non-core properties, representing relatively modest production volumes, could be sold. The net impact of these sales is expected to reduce Long Run's bank indebtedness, providing a stable platform from which the Company is anticipated to grow. Long Run's emphasis on cost containment, capital efficiency and balance sheet strength is a key strategy for the Company.

Supported by a land base of approximately 1.8 million net acres and a reserve base of approximately 96 mboe, proved plus probable, Long Run is well-positioned to create meaningful long-term value for shareholders through the development of light-oil projects while remaining fiscally prudent.

## Management and Board of Directors

As previously announced, the Long Run management team will be led by William E. Andrew as Executive

Chair and Chief Executive Officer, and Dale A. Miller as President. The strength of this management team as one with a proven track record of long-term value-creation and consistent production growth in western Canada bodes well for Long Run shareholders. The Board of Directors of Long Run is comprised of William E. Andrew, Dale A. Miller, Jeffery E. Errico, Michael Graham, Brad R. Munro and Patricia Newson from Guide, John Brussa from Guide and WestFire, Ed Chwyl, Michael McGovern, and Paul Dimitriadis, who is the Chief Operating Officer of Sprott Resource Corp., a significant shareholder of Long Run, from WestFire.

Long Run is a Calgary-based intermediate oil company focused on light-oil development and exploration in western Canada. For further information about Long Run, visit the Company's website at [www.longrunexploration.com](http://www.longrunexploration.com).

## **ADVISORIES**

### **Forward Looking Statements:**

Certain information regarding Long Run in this news release including management's assessment of future plans and operations, the expected increase in capital investment, expected cost benefits through reduced field operational expenditures and expected property sales and the effects thereof are forward looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties including, without limitation, risks related to the effect of the business combination and resulting operations, 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, capital expenditure costs, including drilling, completion and facilities costs, unexpected decline rates in wells, wells not performing as expected, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Company 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 the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the timely receipt of any required regulatory approvals; the ability of the Company 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 results; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list of factors and assumptions is not exhaustive. Additional information on these and other factors that could affect Long Run's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)), at Long Run's website ([www.longrunexploration.com](http://www.longrunexploration.com)). Furthermore, the forward looking statements contained in this news release are made as at the date of this news release and Long Run 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.

### **BOES:**

Disclosure provided herein in respect of 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. 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.

### **Reserves:**

Reserves disclosed hereto are the combined gross reserves of WestFire and Guide which are derived from

the respective independent reserve evaluations as of December 31, 2011, are evaluated by Sproule Associates Limited, in the case of Guide, and GLJ Petroleum Consultants Ltd., in the case of WestFire.

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