

C&C Energia Reports Third Quarter Operating and Financial Results

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CALGARY, ALBERTA -- (Marketwire - Nov. 9, 2012) - [C&C Energia Ltd.](#) ("C&C Energia" or the "Corporation") (TSX:CZE) is pleased to report its operating and financial results for the three and nine months ended September 30, 2012.

C&C Energia continues to deliver year-on-year production growth as a result of its successful drilling program, positive response from its Gacheta water injection program at Carrizales and well optimizations. Average daily production for the third quarter 2012 was 11,424 barrels of oil per day ("bopd"), which is 19% higher than the same period in 2011, and year-to-date production grew 39% to 10,776 bopd. The Corporation expects to average approximately 10,800 bopd for full-year 2012 with an exit rate of approximately 11,500 bopd.

Funds flow (after tax) from operations for the three months ended September 30, 2012 was \$1.00 per share or \$64.1 million, an increase of 71% from the prior year period reflecting higher sales, increased production and cost reduction initiatives. During the third quarter 2012, C&C Energia realized an average price of \$101.71 per barrel on its sales, generating operating netbacks of \$59.12 per barrel. Operating costs and transportation costs (excluding one-time standby fees incurred during the first half of 2012) were down approximately 3% and 7% respectively from second quarter 2012 as the effects of cost cutting initiatives began to be realized.

The Corporation has a strong balance sheet with an adjusted working capital surplus of \$73.3 million (including \$61.5 million in cash) and no debt. Crude inventory levels decreased almost 50% from the second quarter to just over 200,000 barrels at September 30, 2012, resulting in a significant increase in accounts receivable to \$68 million. C&C Energia collected \$38.0 million of these receivables in October.

C&C Energia will be filing its interim financial statements and management's discussion and analysis as at and for the three and nine months ended September 30, 2012, which will contain detailed information regarding the Corporation's results. When filed, these documents will be available for review under C&C Energia's profile on the SEDAR website at www.sedar.com.

FINANCIAL & OPERATIONAL HIGHLIGHTS

(All references to \$ are to United States dollars unless otherwise noted.)
Three Months Ended September 30, Nine Months Ended September 30,
(unaudited) 2012 2011 2012 2011

Operating (thousands of US\$, except share, per share, per bbl and bopd amounts)

Operating cash flow (1) 76,956 47,646 181,330 119,766

Average crude oil volumes (before royalties)
Production (bopd) 11,424 9,572 10,776 7,768
Sales (bopd) 14,445 8,430 11,386 7,372

Average reference price
WTI (\$ per bbl) 92.10 89.48 96.14 95.28

Operating netback (\$ per bbl) (4)
Average realized price (5) 101.71 104.14 106.04 104.85
Royalties (11.29) (10.03) (12.22) (12.49)
Production expenses (14.69) (15.95) (15.88) (16.86)
Transportation expenses (16.61) (14.51) (17.71) (13.71)
Operating netback (4) 59.12 63.65 60.23 61.79

Financial

Oil revenues (net of royalties) 120,164 72,988 292,697 185,881

Funds flow from operations (2) 64,125

37,601

134,912

87,698

Per share - basic (\$) 1.00 0.59 2.11 1.48

Per share - diluted (\$) 1.00 0.59 2.11 1.45

Net income 31,711

20,811

71,982

43,080

Per share - basic (\$) 0.50 0.33 1.13 0.73

Per share - diluted (\$) 0.50 0.32 1.13 0.71

Capital expenditures 26,741

30,943

128,740

109,682

Total assets 588,413 492,149 588,413 492,149

Debt - - - -

Adjusted working capital surplus (3) 73,339 69,697 73,339 69,697

Common shares outstanding

Basic 63,842,503 63,842,503 63,842,503 63,842,503

Fully diluted 69,225,005 69,360,005 69,225,005 69,360,005

Weighted average common shares outstanding

Basic 63,842,503 63,842,503 63,842,503 63,842,503

Diluted 63,874,622 64,068,369 63,961,124 60,612,028

Notes See "GAAP, Additional GAAP and Non-GAAP Measures", below,

(1) Operating cash flow is oil revenues less royalties, operating expenses, transportation expenses and administration expenses. Operating cash flow is a non-GAAP measure (as defined herein) because it is not presented in the 2011 annual consolidated financial statements.

(2) Funds flow from operations is cash flow from operating activities before changes in other non-cash working capital items. Funds flow from operations is an additional GAAP measure because it is presented in Note 12 to the Corporation's 2011 annual consolidated financial statements.

(3) Adjusted working capital surplus includes current assets less current liabilities excluding risk management contracts (unrealized gains (losses) on commodity swaps) and deferred taxes. Adjusted working capital surplus is a non-GAAP measure because it is not presented in the 2011 annual consolidated financial statements.

(4) Operating netback is determined by dividing oil sales revenues less royalties, production expenses and transportation expenses by sales volumes. Netbacks are calculated by subtracting royalties, production expenses, transportation expenses, administrative expenses, interest and taxes paid by the Corporation from crude oil revenue and dividing by sales volumes. Operating netback is a non-GAAP measure because it is not presented in the 2011 annual consolidated financial statements.

(5) Excludes impact of risk management contracts (unrealized gains (losses) on commodity swaps).

FINANCIAL & OPERATIONAL HIGHLIGHTS

- Increased average third quarter 2012 production to over 11,400 bopd, an increase of 19% from the same quarter of 2011 and 9% over the second quarter of 2012. Production for the first nine months of 2012 averaged 10,776 bopd which was 39% higher than for the nine months ended September 30, 2011. The Corporation expects to average approximately 10,800 bopd for full-year 2012.
- Funds flow (after tax) ("Funds flow") from operations for the third quarter was \$1.00 per share or \$64.1 million, an increase of 71% above the third quarter of 2011. Funds flow increased \$35.0 million from the second quarter of 2012 as a result of sales of crude oil inventory that was build up in the second quarter. Funds flow for the nine month period ended September 30, 2012 was \$134.9 million (\$2.11 per share) up over 50% from the \$87.7 million for the same period in 2011.
- Net income for the third quarter of 2012 was \$31.7 million compared to net income of \$20.8 million in the third quarter of 2011, reflecting the increase in production and sales volumes. Net income for the nine month period ended September 30, 2012 was \$72.0 million, which represents an increase of over 65% that of the same period in 2011.
- Operating netbacks for the three months ended September 30, 2012 were \$59.12 per barrel based on an average realized price of \$101.71 per barrel.
- As previously announced on October 11, 2012, during the third quarter 2012, the Corporation completed drilling four exploration wells (Heredia-2, Guacharrios-1, Monarca-1 and Maquito-1), resulting in two oil wells and two dry holes (respectively).
- As announced on October 19, 2012, the Corporation was notified it was the lead bidder on a heavy oil block, LLA-83, during the Colombian Bid Round in October 2012. The Corporation anticipates receiving final confirmation in mid-November 2012.

OPERATIONAL REVIEW

C&C Energia's lands are located in Colombia in the Llanos Basin (four blocks), Putumayo Basin (three blocks), and Middle Magdalena Valley (one block).

During the third quarter of 2012, the Corporation invested \$26.7 million primarily in the following areas: drilling and completion \$14.1 million, workovers \$2.4 million, civil works \$1.3 million, facilities and roads \$3.3 million, seismic \$2.9 million and general property and capitalized G&A of \$2.7 million.

Llanos Basin

On the Cravoviejo block, the Corporation drilled a successful exploration well in the Heredia field, a follow-on exploration well to the 2011 Heredia-1 discovery. The well was completed in the C5 and Gacheta Formations. The Gacheta Formation tested under natural flow at 415 bopd of 27° of API oil at a 2% water cut over a four day testing interval. The C5 Formation tested under natural flow at approximately 385 bopd of 31° API oil at a 35% water cut. The well will be brought on permanent production from the Gacheta Formation in late November. "We are excited by the results of the Heredia-2 well," said Randy McLeod, President and CEO. "The indications are that we have a stratigraphic play concept in the Gacheta sands on the Cravoviejo block, which could provide future potential. We anticipate spudding Heredia-3 prior to year-end to further test the concept."

Subsequent to quarter end, the Saimiri-2 exploration well was completed in the C5 Formation and tested on natural flow at approximately 540 bopd of 33° API oil at a less than 1% water cut. An application is being made to bring the well on permanent production, which is expected in late November or early December 2012.

On the Cachicamo block, C&C Energia drilled three exploration wells and completed the extended testing of the Greta Oto-1 discovery well during the third quarter. The Greta Oto-1 well was perforated and had sustained production rates of approximately 500 bopd of 26° API oil and has been placed on permanent production. The Guacharrios-1 exploration well tested approximately 430 bopd of 28° API oil from the Gacheta Formation with a 5% water cut and has been placed on permanent production. As C&C Energia announced on August 13, 2012, the Monarca-1 and Maquito-1 exploration wells, which were testing prospects in the outer edges of the Cachicamo block, were plugged and abandoned. Drill and abandonment costs were approximately US\$1.5 million for each of these wells.

C&C Energia has completed an extended volumetric pressure test of the Mirador Formation on the

Tormento-1 well discovery in the Llanos 19 block. An extended production test of the Gacheta Formation is expected to be completed in early 2013. Results of the two tests will be combined to assess the potential of the discovery and to determine the locations of future appraisal drilling activity. The Corporation plans to drill an appraisal well, Tormento-2, in the first quarter of 2013.

The Corporation had the leading bid for the right to explore for oil and natural gas on LLA-83 block, an approximately 35,755 acre heavy oil block in the Llanos Basin in central Colombia, approximately 50 kilometers from the Rubiales heavy oil field. The bid for the block was submitted by C&C Energia as the operator for a 100% participating interest and is subject to final approval by, and execution of an exploration and production contract (an "E&P Contract") with, the National Agency of Hydrocarbons (the "ANH") in Colombia. The Corporation bid a 25% "x-factor", which equates to an incremental royalty on production from the block together with a total work commitment of US\$14.0 million for seismic and drilling.

Management of C&C Energia anticipates receiving final confirmation as to the winning bidder for the LLA-83 block in mid-November 2012. If C&C Energia is confirmed as the winning bidder, management expects that negotiation of definitive agreements and execution of the E&P Contract with the ANH will be finalized by the end of 2012.

Putumayo Basin

Civil works continue on the Coati block without interruption. The Corporation, together with its partner Canacol Energy Ltd., anticipates the civil works will be completed in early 2013 and has planned for a well to spud in late first quarter 2013. Results are anticipated in the second quarter of 2013.

The Corporation and its partner VETRA Exploration and Production Colombia S.A. have completed acquisition of a 95 km² 3D seismic survey on the Putumayo-8 block (50% working interest). The data has been provided to a third party for processing, which is expected to be completed later in the fourth quarter 2012. An exploratory well is planned on this block for late in 2013, pending seismic processing results and receipt of drilling permits. The Putumayo-8 block is immediately adjacent to the Platanillo field, with a recently announced significant oil discovery in the Villeta Formation. C&C Energia is targeting the same pay horizons on an analogous play concept on its block less than three kilometers from the Platanillo discovery.

CAPITAL AND OUTLOOK

2012

The Corporation had approved a capital investment budget for 2012 of between \$150.0 and \$165.0 million. The Corporation expects to invest the funds as follows: seismic, approximately \$4.0 million to \$6.0 million; drilling, completions and testing approximately \$102.0 million to \$107.0 million; field development and work-overs approximately \$17.0 million; facilities and equipment approximately \$22.0 million to \$30.0 million; and \$5.0 million for various other projects.

Average daily production for 2012 is forecast at approximately 10,800 bopd, a 28% increase over the 2011 annual average daily production. The Corporation plans to drill five wells (including one injection well), in the fourth quarter of 2012, which will result in a total of 18 to 19 wells in 2012.

2013

The Corporation is pleased to announce its planned operating and capital budget for 2013. C&C Energia plans to drill between 20 and 22 wells in 2013 and will invest funds of between \$160.0 and \$175.0 million. Investments will be made on the following operations: seismic \$2.0 to \$4.0 million; drilling completions and testing \$96.0 to \$99.0 million; workovers, field development and health and safety costs \$26.0 to \$28.0 million; equipping, pipelines and facilities costs \$32.0 to \$35.0 million; and \$9.0 million for various other projects. Production for 2013 is expected to average between 11,800 and 12,100 bbls/day, a 9% to 12% increase over the 2012 estimated annual average daily production. This will generate an estimated after tax funds flow from operations of approximately \$175.0 million assuming an \$89.00 realized price at a Brent price of US\$100.00.

ABOUT C&C ENERGIA LTD.

The Corporation is engaged in the exploration for and the development and production of oil resources in Colombia. Its strategy is to develop producing oil assets by appraising and developing existing discoveries

and exploring in areas assessed by management to be of moderate risk. With a total of eight blocks (seven operated) and approximately 597,000 acres (478,000 net acres) in Colombia, the Corporation's management expects that C&C Energia has considerable upside for future production and reserve growth.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This press release contains forward-looking information within the meaning of applicable Canadian securities laws that involves known and unknown risks and uncertainties. Forward-looking information typically contains statements with words such as "anticipate", "estimate", "expect", "potential", "could", "will", "plans" or similar words suggesting future outcomes. The Corporation cautions readers and prospective investors in the Corporation's securities to not place undue reliance on forward-looking information as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by C&C Energia.

Forward-looking information in this press release includes, but is not limited to, information concerning the expectations of the Corporation with respect to the Corporation's planned operating and capital budget for 2013, the Corporation's future production for 2012 as a whole and the Corporation's drilling plans in each of the Cravoviejo, Cachicamo, Llanos-19, Coati and Putumayo-8 blocks, expectations regarding future reductions of inventory levels and expectations regarding the timing of drilling results, the timing for completion of civil works, receipt and timing of final confirmation in relation to the Colombian Bid Round and the timing of the execution of an exploration and production contract with respect to the LLA-83 Block and receipt of approvals for certain of its wells. These forward-looking statements are subject to assumptions regarding the Corporation's operations and the operating environment in Colombia. In particular, for 2012 as a whole, estimates of inventory levels, drilling plans and expectations regarding the timing of drilling results and regulatory approvals are based on the assumptions that the Corporation's plans will be completed without any undue difficulty, that costs will not rise significantly and that events will not cause disruptions in the delivery of the Corporation's oil production to market. The Corporation's capital program and drilling are subject to change if circumstances change or if management of the Corporation determines that other business plans are more appropriate.

Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those anticipated by C&C Energia including, but not limited to, general risks associated with the oil and gas industry (e.g. operational risks in exploration; inherent uncertainties in interpreting geological data; changes in plans with respect to exploration or capital expenditures; the uncertainty of estimates and projections in relation to costs and expenses and health, safety and environmental risks, potential risks arising from trucking and other delivery disruptions), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with the negotiating with the ANH or with other third parties in countries other than Canada and the risks associated with international activity. The forward-looking information included in this news release is expressly qualified in its entirety by this cautionary statement. The forward-looking information included herein is made as of the date hereof and C&C Energia assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

GAAP, ADDITIONAL GAAP AND NON-GAAP MEASURES

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which are generally accepted accounting principles for publicly accountable enterprises in Canada ("GAAP").

This report makes reference to the terms that do not have a standardized meaning prescribed by GAAP and accordingly, the Corporation's use of these terms may not be comparable to similarly defined measures presented by other companies.

Additional GAAP Measures

The term "funds flow from operations" is an additional GAAP measure because it is presented in Note 12 to the annual consolidated financial statements. Funds flow from operations is cash flow from operating activities before changes in non-cash working capital.

Non-GAAP Measures

The terms "operating cash flow", "operating netbacks", "netbacks" and "adjusted working capital", are

non-GAAP measures because they are not presented in the 2011 annual consolidated financial statements. Operating cash flow is oil revenues less royalties, operating expenses, transportation expenses and administration expenses. Operating netback is determined by dividing oil sales revenues less royalties, production expenses and transportation expenses by sales volumes.

Management considers netback and operating netback important as it is a measure of profitability per barrel sold and reflects the quality of production. Netbacks are calculated by subtracting royalties, production expenses, transportation expenses, administrative expenses, interest and taxes paid by the Corporation from crude oil revenue and dividing by sales volumes. Adjusted working capital surplus includes current assets less current liabilities, excluding risk management contracts (unrealized gains (losses) on commodity swaps) and deferred income taxes and is used to evaluate the Corporation's financial leverage.

Management uses these additional and non-GAAP measurements for its own performance measures and to provide its shareholders and potential investors with a measurement of the Corporation's efficiency and its ability to fund a portion of its future growth expenditures.

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