

# Whitecap Resources Inc. increases Viking light oil exposure through the acquisition of Invicta Energy Corp. and announces increased 2013 guidance

18.03.2013 | [CNW](#)

CALGARY, March 18, 2013 /CNW/ - [Whitecap Resources Inc.](#) ("Whitecap" or the "Company") (TSX: WCP) and [Invicta Energy Corp.](#) ("Invicta") (TSXV: VCA) are pleased to announce that they have entered into an arrangement agreement (the "Arrangement Agreement") providing for the acquisition by Whitecap of all the issued and outstanding common shares of Invicta (the "Transaction"). Invicta is a light oil-weighted public energy company with its operations immediately offsetting Whitecap's lands and Viking production in the Lucky Hills area of west central Saskatchewan. Under the terms of the Transaction, Invicta shareholders will receive, at their election, for each Invicta share held, either: (i) 0.05891 of a Whitecap common share; or (ii) \$0.51911 in cash, subject to an aggregate cash maximum of \$10.7 million. Whitecap will also assume the net debt of Invicta, estimated at \$17.4 million, after accounting for costs, severance and option proceeds associated with the Transaction, as at March 31, 2013.

The \$0.51911 per share Transaction value represents a 30 percent premium to the closing market price of the Invicta common shares on March 15, 2013 and a 37 percent premium to the volume weighted average trading price of the Invicta common shares for the 10 trading days ending March 15, 2013. The total Transaction value is approximately \$60.2 million, including the assumption of net debt.

## STRATEGIC RATIONALE

Since our initial entrance into the Viking light oil resource play in February 2012 we have steadily improved our operational results and capital efficiencies and have significantly exceeded our initial expectations. The Invicta lands, and associated locations, are within our core Lucky Hills area where we own the majority of the offsetting lands. With 87 percent of the acreage on Crown lands, the acquired locations have some of the best economic parameters in the greater Dodsland area.

In the first quarter of 2013, Whitecap drilled and placed on-stream 19 (17.4 net) Viking horizontal wells in Lucky Hills with average drill and complete costs of \$785,000 per well. Of the 19 wells drilled in the first quarter, 15 have 30 or more days of production with an average IP (30) rate in excess of 100 boe/d (80% light oil). Many of these results directly offset the Invicta lands and are well above our current Viking type curve.

Whitecap is also acquiring three multi-well oil batteries that are currently tied-in to Whitecap's infrastructure for oil gathering and gas conservation. The Invicta facilities enhance Whitecap's ability to lower costs and increase netbacks in this area over time.

We initially acquired 1,600 boe/d of light oil production in Lucky Hills as part of the Compass transaction in February 2012 and now have current production in excess of 3,500 boe/d, an increase of 119 percent before the acquisition of Invicta. This demonstrates the significant organic growth Whitecap has already experienced with the Viking horizontal oil play. Pro forma the Transaction, Whitecap anticipates current production in the Viking formation to be in excess of 4,000 boe/d.

The Invicta lands will generate free cash flow and further strengthen the sustainability of our dividend-growth strategy. We estimate the transaction to impact Whitecap's 2013 and 2014 forecasts as follows:

	2013 <sup>(1)</sup>	2014
Average production	400 boe/d	650 boe/d
Cash flow <sup>(2) (3)</sup>	\$8.9 million	\$14.1 million
Development capital spending	\$4.7 million	\$7.2 million
Free cash flow <sup>(3)</sup>	\$4.2 million	\$6.9 million

*Note: the impact on 2013 is based on a closing date of May 1, 2013 and therefore does not represent full*

year 2013 average production, cash flow, development capital spending and free cash flow.

## SUMMARY OF THE TRANSACTION

Through the Transaction, Whitecap is acquiring high quality, high netback light oil assets located in the Lucky Hills area of west central Saskatchewan focused on the Viking formation. The acquired Viking assets are complementary to our existing operations and are immediately offsetting our lands in west central Saskatchewan. Invicta has current production of approximately 500 boe/d (> 80% oil and NGLs) and a low risk horizontal development drilling inventory of 77 net locations. Of these 77 locations, only 36 locations have reserves booked to them in Whitecap's internal assessment of Invicta's reserves.

The Transaction has the following characteristics:

Total Transaction price (including net debt)	\$60.2 million
Current production	500 boe/d (> 80% oil and NGLs)
Proved reserves <sup>(4)</sup>	2,612 Mboe (80% oil and NGLs)
Proved plus probable reserves <sup>(4)</sup>	3,045 Mboe (80% oil and NGLs)
Proved plus probable RLI <sup>(5)</sup>	16.7 years
Operating netback <sup>(2) (3)</sup>	\$58.00/boe

Net of undeveloped land at an estimated value of \$5.0 million, using \$100/acre, the associated Transaction metrics are as follows:

Current production	\$110,400/boe/d
Proved reserves	\$21.13/boe
Proved plus probable reserves	\$18.13/boe
Proved plus probable reserves recycle ratio	3.2x

The Transaction is forecast to be accretive on cash flow per share, production per share, proved plus probable reserves per share and on net asset value per share to Whitecap, on a fully diluted basis.

## INCREASED 2013 GUIDANCE

On a stand-alone basis, Whitecap is pleased to announce that it is currently producing greater than 17,500 boe/d (71% oil and NGLs). Following the Transaction, Whitecap will continue to expand on its 2013 capital program in west central Saskatchewan drilling an additional 8 (4.2 net) horizontal wells targeting the Viking formation. Our revised 2013 guidance has average production increasing 3 percent to 17,200 - 17,400 boe/d and capital spending increasing 3 percent to \$160 million from our previous guidance provided. We anticipate the Transaction to be debt neutral to Whitecap with 2013 year-end net debt to cash flow of 1.3 times to 1.4 times.

### Notes:

- (1) Partial year operating and financial information based on a closing date of May 1, 2013.
- (2) Based on an Edmonton Par price of C\$87.50/bbl, C\$3.00/GJ AECO and CAD/USD exchange rate of 0.98.
- (3) Cash flow, free cash flow and operating netback are non-GAAP measures. Refer to the Non-GAAP measures section of this press release.
- (4) Based on Invicta's working interest reserves before the calculation for royalties, and before the consideration of Invicta's royalty interest reserves. Reserves estimates are based on Whitecap's internal evaluation and were prepared by a member of Whitecap's management who is a qualified reserves evaluator in accordance with National Instrument 51-101 effective April 1, 2013.
- (5) Based on current production of 500 boe/d.

## PLAN OF ARRANGEMENT

Whitecap and Invicta have entered into an Arrangement Agreement pursuant to which Whitecap and Invicta

have agreed that the Transaction will be undertaken by means of a plan of arrangement under the Business Corporations Act (Alberta). Invicta shareholders will receive, at their election, for each Invicta share held, either: (i) 0.05891 of a Whitecap common share; or (ii) \$0.51911 in cash, subject to an aggregate cash maximum of \$10.7 million, in exchange for all of the outstanding shares of Invicta and subject to the terms and conditions of the Arrangement Agreement. The Arrangement Agreement contemplates that Invicta will hold a meeting of its shareholders on or prior to May 9, 2013 to permit shareholders to vote on the Arrangement.

The board of directors of Invicta unanimously supports the Transaction, has determined that the Transaction is in the best interest of Invicta and recommends that the shareholders of Invicta vote in favor of the Transaction. Certain Invicta shareholders, including all senior officers and directors who collectively hold over 22 percent of the issued and outstanding voting shares of Invicta (assuming exercise of in-the-money options), have entered into agreements with Whitecap pursuant to which they have agreed to vote their shares in favor of the Transaction at the Invicta shareholder meeting.

The Arrangement Agreement provides for non-solicitation covenants (subject to the fiduciary obligations of the board of directors of Invicta and the right of Whitecap to match any Superior Proposal (as defined in the Arrangement Agreement)). The Arrangement Agreement, among other things, provides for mutual non-completion fees of \$2.4 million in the event the Transaction is not completed or is terminated by either party in certain circumstances. The Arrangement Agreement provides that completion of the Transaction is subject to certain conditions, including the receipt of all required regulatory approvals, including the approval of the TSXV and the TSX, the approval of the shareholders of Invicta including, if applicable the approval of the majority of the minority and the approval of the Court of Queen's Bench of Alberta. The Transaction is anticipated to close in April 2013.

## **FINANCIAL ADVISORS**

GMP Securities L.P. is acting as exclusive financial advisor to Invicta with respect to the Transaction and has provided the Board of Directors of Invicta with its opinion that, subject to its review of the final form of documents effecting the Arrangement Agreement, the consideration to be received by Invicta shareholders is fair, from a financial point of view, to Invicta shareholders. Paradigm Capital Inc. is acting as strategic advisors to Invicta in connection with the Transaction.

## **Note Regarding Forward-Looking Statements and Other Advisories**

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of Whitecap's anticipated future operations, management focus, strategies, financial, operating and production results and business opportunities, including expected 2013 and 2014 production, cash flow, operating netbacks, net debt to cash flow, our capital expenditure program, drilling and development plans and the timing thereof. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding Invicta and the Transaction and the benefits to be acquired therefrom including drilling and reserve potential, anticipated rates of return, operating costs and other economics, production levels, and the impact of the Transaction on Whitecap and its results and development plans, including, on its production, cash flow, development capital spending and free cash flow, and the timing and anticipated closing date for the Transaction. Forward-looking information typically uses 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. The forward-looking information is based on certain key expectations and assumptions made by Whitecap's management, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to market oil and natural gas successfully, Whitecap's ability to access capital, obtaining the necessary shareholder and regulatory approvals, including the TSXV and the TSX and satisfaction of the other conditions to closing the Transaction.

Statements relating to "reserves" are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Whitecap can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Transaction may not be completed on the anticipated time frames or at all and the Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on Whitecap'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 our 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)).

These forward-looking statements are made as of the date of this press release and Whitecap disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

### **Non-GAAP measures**

This document contains the terms "cash flow", "free cash flow" and "operating netbacks" which do not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable with the calculation of similar measures by other companies. Whitecap uses cash flow, free cash flow and operating netbacks to analyze financial and operating performance. Whitecap feels these benchmarks are key measures of profitability and overall sustainability for the Company. Each of these terms is commonly used in the oil and gas industry. Cash flow, free cash flow and operating netbacks are not intended to represent operating profits nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with GAAP. Cash flows are calculated as cash flows from operating activities less changes in non-cash working capital. Free cash flows are calculated as cash flow minus development capital expenditures. Operating netbacks are determined by deducting royalties, production expenses and transportation and selling expenses from oil and gas revenue.

*Note: "Boe" means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of 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 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 Mcf: 1 Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

### **For further information:**

Grant Fagerheim, President & CEO  
Thanh Kang, VP Finance & CFO

Whitecap Resources Inc.  
500, 222 - 3 Avenue SW  
Calgary, AB T2P 0B4  
Main Phone: (403) 266-0767  
Fax: (403) 266-6975

Gord Reese, President & CEO  
Carrie McLaughlin, VP Finance & CFO

Invicta Energy Corp.  
1550, 555 - 4 Avenue SW  
Calgary, AB T2P 3E7  
Main Phone: (403) 265-8890  
Fax: (403) 265-8891

---

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/144908--Whitecap-Resources-Inc.-increases-Viking-light-oil-exposure-through-the-acquisition-of-Invicta-Energy-Corp.-and-a>

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](#).