

# Aurora Makes Eagle Ford Shale Acquisition

01.03.2013 | [CNW](#)

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## Highlights

- Aurora to acquire 100% working interest in approximately 2,700 net acres near to or adjacent to the Sugarkane Field
- Acquisition consideration US\$117.5 million
- Aurora secures US\$125 million bridge debt facility, in addition to the recent increase in the borrowing base of its senior secured revolving credit facility to \$275 million
- Acquisition asset's production rate 1,620 boe/d net of royalties, which adds an additional 12% to Aurora's 2012 exit rate
- Increases Aurora's net acreage by 14% to over 21,800 net acres and significantly adds to the future net well inventory
- Aurora estimates that the acquisition adds 6.7 mmmboe of 1P reserves after royalties and 14.0 mmmboe of 2P reserves after royalties, effective March 1, 2013
- Acreage is located in the over-pressured, liquids-rich zone of Eagle Ford Shale trend, includes potential additional reserves in Austin Chalk and Pearsall formations
- Aurora to operate acreage, allowing for discretion on capital allocation and the pace of development

TORONTO, Feb. 28, 2013 /CNW/ - [Aurora Oil & Gas Limited](#) (ASX:AUT, TSX:AEF) ("Aurora") is pleased to announce that it has agreed to acquire a 100% operated working interest in approximately 2,700 net acres in South Texas for a consideration of US\$117.5 million.

The assets include average December 2012 production of approximately 1,620 boe/d net of royalties from 11 wells and associated interests in field infrastructure and related assets. The production comprises 84% liquids (70% oil), and represents a 12% increase to Aurora's 2012 exit production.

The assets consist of two consolidated blocks located within the liquids-rich zone of the Eagle Ford shale trend and are either adjacent to or very proximate to Aurora's existing Sugarkane Field acreage as shown in the map below.

To view the map, please click the following link:  
[http://files.newswire.ca/955/Aurora\\_map.pdf](http://files.newswire.ca/955/Aurora_map.pdf)

The acquisition will increase Aurora's net core Eagle Ford shale acreage by approximately 14% to over 21,800 net acres. The acreage includes potential additional reserves in Austin Chalk and Pearsall formations.

The acquisition includes approximately 6.7 mmmboe of proved reserves (after royalties) of which 30% are categorized as proved developed producing reserves and 84% are liquids. The proved reserves were estimated by Aurora's internal reserve evaluators with an effective date of December 31, 2012 and were based upon key assumptions that are consistent with or more conservative than those used in Ryder Scott Company L.P.'s report dated January 31, 2013 evaluating Aurora's Sugarkane Field reserves as of the same effective date. The acquisition is expected to close on or about March 29, 2013, subject to the satisfaction of customary sale conditions. The effective date of the acquisition will be March 1, 2013.

Aurora will become the operator of the asset having put in place a skilled operating management team in Houston over the past 12 months. In addition the Company has secured new and existing contractors to assist in project execution in a manner consistent with local industry practices. Transitional operatorship

services have been negotiated with the seller and other industry-leading contractors to facilitate an efficient and effective handover and management of operations. Operatorship of this project will offer Aurora discretion on capital allocation and the pace of development.

## **Financing**

The purchase price and associated development capital is expected to be satisfied through existing and new debt facilities. Aurora has obtained bridge loan commitments of US\$125 million from Credit Suisse Securities (USA) LLC and UBS Securities LLC. This is in addition to an increase in the funding available to Aurora under the existing US\$300 million senior secured revolving credit facility to US\$275 million, announced February 27, 2013.

Aurora Executive Chairman Jon Stewart said: "This acquisition adds to our position in the highest quality liquids-rich part of the Eagle Ford play. Aurora is extremely selective around acquisition opportunities and we firmly believe the purchase of this acreage will provide significant value and upside to our portfolio through its current production capabilities and reserves base. We have ensured maintenance of a conservatively geared balance sheet, facilitated by our increased 2012 earnings."

Aurora CEO Douglas E Brooks added: "This acquisition is a natural extension from Aurora's existing non-operated position within the "sweet spot" of the Eagle Ford trend. The acquisition of an operated asset that is held by production offers us considerable flexibility in the timing and methodology of development, adds materially to current production and includes upside to the reserves to be booked through higher density drilling and the evaluation of additional formations."

## **About Aurora**

Aurora is an Australian and Toronto listed oil and gas company active in the over pressured liquids rich region of the Eagle Ford Shale in Texas, United States. The Company is engaged in the development and production of oil, condensate and natural gas in Karnes, Live Oak and Atascosa counties in South Texas. Aurora participates, ahead of this acquisition, in approximately 77,000 highly contiguous gross acres in the heart of the trend, including approximately 19,100 net acres within the liquids rich zones of the Eagle Ford.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities of Aurora in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities to be offered have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold within the United States absent registration or an applicable exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws.

## **Cautionary and Forward Looking Statements**

*Statements in this press release reflect management's expectations relating to, among other things, target dates, Aurora's expected drilling program, the benefits of its proposed acquisitions and the ability to fund its development program are forward-looking statements, and can generally be identified by words such as "will", "expects", "intends", "believes", "estimates", "anticipates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events.*

*Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include risks related to: exploration, development and production; oil and gas prices, markets and marketing; failure to complete the acquisitions completed herein; acquisitions and dispositions generally; competition; additional funding requirements; reserve estimates being inherently uncertain; incorrect assessments of the value of acquisitions and exploration and development programs; environmental concerns; availability of, and access to, drilling equipment; reliance on key personnel; title to assets; expiration of licences and leases; credit risk; hedging activities; litigation; government policy and legislative changes; unforeseen expenses; negative operating cash flow; contractual risk; the sufficiency of budgeted capital expenditures in carrying out planned activities; the receipt of all regulatory and third party approvals and management of growth. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ*

*materially, from those expressed or implied by the forward-looking statements contained in this document. Such assumptions include, but are not limited to, general economic, market and business conditions and corporate strategy. Accordingly, investors are cautioned not to place undue reliance on such statements.*

*All of the forward-looking information in this press release is expressly qualified by these cautionary statements. Forward-looking information contained herein is made as of the date of this document and Aurora disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law.*

PDF available at:

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**For further information:**

Shaun Duffy  
F T I Consulting  
Tel: +61 8 9485 8888  
Mob: +61 404 094 384  
[Shaun.Duffy@fticonsulting.com](mailto:Shaun.Duffy@fticonsulting.com)

Jane Munday  
F T I Consulting  
Tel: +61 8 9485 8888  
Mob: +61 488 400 248  
[Jane.Munday@fticonsulting.com](mailto:Jane.Munday@fticonsulting.com)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/145679--Aurora-Makes-Eagle-Ford-Shale-Acquisition.html>

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