

Long Run Exploration Ltd. Announces Second Quarter 2013 Results

01.08.2013 | [Marketwired](#)

CALGARY, ALBERTA--(Marketwired - Jul 31, 2013) - [Long Run Exploration Ltd.](#) ("Long Run" or the "Corporation") (TSX:LRE) is pleased to report financial and operational results for the quarter ended June 30, 2013. The unaudited financial statements of Long Run for the quarter ended June 30, 2013 and the related Management's Discussion and Analysis ("MD&A") can be accessed on-line on SEDAR at www.sedar.com or on Long Run's website at www.longrunexploration.com.

ACCOMPLISHMENTS

During the second quarter of 2013, Long Run:

- Increased average daily production to 24,431 boe per day in the second quarter of 2013, an increase of production per share of approximately 40 percent over the second quarter of 2012. Second quarter 2013 production increased more than three percent from 23,611 boe per day in the first quarter of 2013. During the first half of 2013, average daily production was 24,023 boe per day, on-track with internal forecasts. Based on the success of development work to-date and the repeatability of well performance at key oil properties, Long Run is in-line to achieve 2013 annual average daily production guidance of 25,000 boe per day.
- Generated funds flow from operations of \$63.2 million (\$0.50 per share) compared to \$48.6 million (\$0.39 per share) in the first quarter of 2013. This increase was due to increased production and stronger commodity pricing, including much narrower pricing differentials throughout the second quarter. Funds flow from operations increased by almost 22 percent per share in the second quarter of 2013 over the same period last year.
- Invested a total of \$38.9 million of development capital into the portfolio of producing properties. Reduced spending in the second quarter of 2013, when compared to first quarter 2013 spending of \$102.9 million, as a result of the normal slowdown in field activity caused by spring breakup. Second quarter spending included maintenance of facilities and associated infrastructure. As outlined in the operational update released on July 2, 2013, maintenance included a major facility turnaround at the Kaybob processing complex. This facility returned to full operation during the first week of June.
- Completed a resource assessment through the independent engineering firm, Sproule Associates Limited ("Sproule"), which identified Discovered Petroleum Initially-in-Place ("DPIIP") of 301.2 million barrels of oil (best case) on a portion of Long Run's Montney lands in the Peace area. Assuming successful primary and secondary recovery programs, Long Run believes increased recovery of crude oil is possible at the Normandville and Girouxville Montney oil play. This play has rapidly evolved over the past three years from a natural gas project to a successful oil play. The establishment of a DPIIP number demonstrates the potential of this play to deliver significant value to shareholders both in the near-term as a key driver delivering production and funds flow growth and in the longer-term through secondary recovery programs.
- Renewed the \$450 million revolving credit facilities and extended the term of the facilities to May 31, 2016. The bank syndicate is jointly led by The Bank of Nova Scotia and National Bank of Canada, and includes a broad syndicate of Canadian and international banks.
- Increased full year 2013 capital spending guidance to an anticipated total of approximately \$275 million. This increase reflects modest increases associated with plant turnarounds and facility maintenance, as well as increased spending on crown land in core areas. Second half spending of approximately \$114 million is estimated to be weighted towards higher third quarter spending with an expected \$80 million being invested into Long Run's portfolio of properties. As a result of spending during the third and fourth quarters, Long Run anticipates second half production to average approximately 26,000 boe per day and that crude oil production, as a percentage of total corporate production, will continue to increase.

COMMODITY ENVIRONMENT

- WTI crude oil prices averaged US\$94.20 per barrel in the second quarter of 2013, compared to US\$93.49 per barrel for the second quarter of 2012 and US\$94.37 per barrel in the first quarter of 2013. During the second quarter of 2013, Edmonton light sweet oil traded at an average discount of \$1.87 per barrel compared to WTI. This compares to an average discount of \$9.54 per barrel compared to WTI during the second quarter of 2012, and of \$6.18 per barrel during the first quarter of 2013.
- In the second quarter of 2013, the AECO Monthly Index averaged \$3.53 per mcf compared to \$1.90 per mcf in the second quarter of 2012 and \$3.20 per mcf in the first quarter of 2013.

OPERATIONS UPDATE

As outlined in the operations update released on July 2, 2013, Long Run continues to steadily increase production, in-line with internal forecasts. During the second quarter, development work continued on Long Run's two key play areas.

Peace Area

- In the second quarter of 2013, production in the Peace area averaged 9,952 boe per day. Production from this area increased an incremental 499 boe per day during the second quarter when compared to the first quarter of 2013.
- In June, Long Run drilled four net successful horizontal Montney oil wells at Girouxville and Normandville. Results from these new wells continue to exceed the established type curve for this play, and remain consistent with the improved well results achieved in the fourth quarter of 2012 and the first quarter of 2013.
- Long Run anticipates drilling up to 27 additional net wells in this play during the second half of 2013. Full-year 2013 development capital spending on the Montney oil play at Normandville and Girouxville area is expected to be approximately \$110 million, resulting in a total of 49 wells.
- The transition from planning and analysis to the pilot project stage of Long Run's enhanced oil recovery ("EOR") work is moving forward in the Montney at Normandville in advance of a full pressure maintenance project utilizing down-dip water injection. Long Run's pilot project commenced early in the second quarter with water injection beginning on May 1, 2013. Long Run expects near-term results from this EOR work to provide better visibility on ultimate recoveries from this project. Assuming positive results from this scheme, Long Run anticipates expanding the scope of this project in 2014. Secondary recovery is a key part of the long-term development plan for this play.
- The recently completed resource assessment by Sproule further confirms Long Run's confidence in the size and value of this play. The press release on July 2, 2013 outlined a total DPIIP of 337 million boe (best case) (including more than 301 million barrels of oil) which exceeded Long Run's initial internal estimates. The resource assessment combined with recent improvements in well performance and reliability, along with the EOR work already underway, provide Long Run the opportunity to create significant shareholder value through growth in this play.

Redwater Viking

- Production from the Viking light oil play at Redwater in the second quarter increased slightly from the first quarter of 2013 to 5,444 boe per day. A total of six successful net oil wells were drilled during the quarter delivering results consistent with previously announced improved well performance rates. The previously drilled but uncompleted wells from the first quarter have been completed, tied-in and are currently on-production.
- Long Run expects to drill up to 30 additional net wells in the second half of 2013 estimated to cost approximately \$36 million to drill, complete and tie-in. Development plans remain on-track for this play with full-year 2013 expectations of 64 net wells drilled with total development capital spending forecast to be \$84 million.

- Plans for water injection as part of early-stage work on a broader EOR strategy continue at Redwater. As part of these plans, Long Run anticipates implementing a pilot EOR scheme injecting water into the Viking formation to test the viability of such a plan. Subsequent to the end of the second quarter, an application has been made to provincial regulators for approval to begin this pilot EOR project. Long Run expects to receive approval by the end of the third quarter of 2013.
- Complementing Long Run's Viking position at Redwater is the work currently underway on the Viking at Provost. Long Run drilled two net wells during the month of June with both wells currently on-production averaging 75 barrels of light oil per day per well with minimal natural gas production. Management is pleased with early results and may accelerate work on this project should positive results continue, potentially drilling two additional wells in the second half of 2013. Long Run believes potential for more than 50 drilling locations is possible on Long Run's 15 net sections. Long Run also believes EOR potential exists on this Viking play due to geologic similarities with the Viking at Redwater.

Results Overview

(\$000s, except per share)	Six months ended June 30		2013		2012			2011	
	2013	2012	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Funds flow from operations ¹	111,871	63,766	63,227	48,644	38,407	26,546	34,385	29,381	29,896
Per share, basic & diluted ¹	0.89	0.77	0.50	0.39	0.33	0.32	0.41	0.35	0.36
Net earnings (loss)	20,272	18,685	21,099	(827)	(56,590)	(4,747)	17,506	1,179	(66,612)
Per share, basic & diluted	0.16	0.22	0.17	(0.01)	(0.49)	(0.06)	0.21	0.01	(0.80)
Production									
Liquids (Bbl/d)	12,473	7,212	12,587	12,358	11,995	7,854	8,291	6,133	5,872
Natural Gas (Mcf/d)	69,297	17,918	71,058	67,516	56,453	18,214	19,548	16,288	16,376
Total (BOE/d)	24,023	10,198	24,431	23,611	21,405	10,890	11,549	8,848	8,601
Prices, including derivatives									
Liquids (\$/Bbl)	76.90	82.57	80.67	73.03	75.49	77.67	80.68	85.15	88.74
Natural Gas (\$/Mcf)	3.76	2.10	3.89	3.63	4.19	2.44	1.94	2.29	3.41
Total (\$/BOE)	51.26	63.02	53.29	49.12	53.99	61.34	61.57	64.92	69.26
Revenues, before royalties	220,823	117,511	117,210	103,613	99,000	60,094	64,025	53,486	56,192
Capital expenditures	141,797	108,789	38,878	102,919	58,342	29,192	44,615	64,173	72,443
Net acquisitions (divestitures)	19,103	5,718	1,158	17,945	(169,734)	(138)	466	5,252	109

1 See Non-GAAP Measures section.

Capital Investment

(\$000s)	Six months ended June 30				
	2013	2012	Q2 2013	Q1 2013	Q2 2012
Drilling and completion	100,308	83,715	19,541	80,767	30,374
Plant and facilities	37,349	21,662	17,697	19,652	12,003
Geological and geophysical	2,093	1,833	779	1,314	999
Other assets	2,047	1,579	861	1,186	1,239
Capital expenditures	141,797	108,789	38,878	102,919	44,615
Acquisitions					
- land & facilities	11,087	5,718	968	10,119	466
- properties	13,869	-	20	13,849	-
Dispositions	(5,853)	-	168	(6,021)	-
Capital investment	160,900	114,507	40,036	120,864	45,081

Share Capital

# of units (000s)	July 31, 2013	June 30, 2013	December 31, 2012
Common Shares	110,107	110,107	110,107
Non-Voting Convertible Shares	15,513	15,513	15,513
Options	9,538	9,538	8,042
Warrants ¹	2,300	2,300	2,300

1 Each common share purchase warrant ("Warrant") entitles the holder to purchase 0.4167 of a common share at an exercise price of \$3.10 per 0.4167 of a share until September 15, 2014. The Warrants are not exercisable until the twenty-day volume weighted average trading price of the common shares exceeds \$12.00 per share.

Non-GAAP Measures

This press release contains terms commonly used in the oil and natural gas industry, such as funds flow from operations, and funds flow from operations per share. These terms are not defined by International Financial Reporting Standards (IFRS) and should not be considered an alternative to, or more meaningful than, cash provided by operating activities or net earnings as determined in accordance with IFRS as an indicator of Long Run's performance. Management believes that funds flow from operations is a useful financial measure which assists in demonstrating the Corporation's ability to fund capital expenditures necessary for future growth or to repay debt. Long Run's determination of funds flow from operations may not be comparable to that reported by other companies. All references to funds flow from operations throughout this report are based on cash flow from operating activities before changes in non-cash working capital and abandonment expenditures. The Corporation calculates funds flow from operations per share by dividing funds flow from operations by the diluted weighted average number of Common Shares outstanding.

Long Run uses the term net debt herein. This measure does not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

With respect to funds flow from operations and net debt, reference is made to the Corporation's Management's Discussion and Analysis for the six months ended June 30, 2013 which includes a table showing how they have been determined.

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.

ADVISORIES

Forward Looking Statements:

Certain information in this news release including management's assessment of future plans and operations, 2013 and second half of 2013 average production guidance, expected 2013 and second half of 2013 capital expenditures and type and timing of expenditures, expectations as to recoveries at Normandville and Girouxville Montney oil play and potential for the play, drilling plans and estimated costs, expectations that near-term results from EOR will provide better visibility on ultimate recoveries at Normandville Montney project and plans to expand project in 2014 assuming positive results and anticipated pilot EOR project at Redwater 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 closing of the disposition, 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 Corporation 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 Corporation 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 Corporation operates; the timely receipt of any required regulatory approvals; the ability of the Corporation 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 Corporation 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 Corporation operates; and the ability of the Corporation 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), at Long Run's website (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.

Discovered Petroleum-Initially-in-Place:

DPIIP referred to herein is based on the resource assessment effective December 31, 2012, prepared by Sproule Associates Limited. DPIIP is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable petroleum initially-in-place includes cumulative production, reserves and contingent resources; the remainder is categorized as unrecoverable. DPIIP disclosed herein includes cumulative production to December 31, 2012 of 1.9 million barrels and proved and probable reserves of 13.6 million barrels, as evaluated by Sproule in its year-end evaluation effective December 31, 2012. For low, best and high estimates of DPIIP, further definitions related thereto, positive and negative factors related to the DPIIP and risk factors related thereto, please refer to the press release of the Corporation dated July 2, 2013. There is no certainty that it will be commercially viable to produce any portion of the resources.

Contact

[Long Run Exploration Ltd.](#)

William E. Andrew
Chair and Chief Executive Officer
(403) 261-6012

[Long Run Exploration Ltd.](#)

Dale A. Miller
President
(403) 261-6012

[Long Run Exploration Ltd.](#)

Jason Fleury
Vice President, Capital Markets
(403) 261-8302

[Long Run Exploration Ltd.](#)

Investor Relations
(888) 598-1330
information@longrunexploration.com
www.longrunexploration.com

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

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/153752--Long-Run-Exploration-Ltd.-Announces-Second-Quarter-2013-Results.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](#).