Artek Exploration Ltd. Announces Core Property Acquisition and Provides Operational Update

02.08.2013 | Marketwired

CALGARY, ALBERTA -- (Marketwired - Aug. 1, 2013) - Artek Exploration Ltd. (TSX:RTK) ("Artek" or the "Company") is pleased to announce that it has entered into an agreement with a Canadian intermediate oil and gas company to acquire certain natural gas assets located at Fireweed, adjacent to the Company's core operating and producing area at Inga in northeastern British Columbia. The acquisition has an effective date of April 1, 2013 and is subject to standard industry closing conditions. Closing is expected to occur on or around August 9, 2013. Artek is acquiring a 50% working interest and its partner at Inga, Kelt Exploration Ltd. is also acquiring a 50% working interest in the assets which include gross production of approximately 1,200 boe/d. Artek will be the operator of the property. Financial and operating information provided herein reflect only Artek's working interest relating to the Fireweed assets to be acquired. The consideration to be paid by Artek is $15.5 million, before closing adjustments.

Key attributes of Artek's interest in the assets to be acquired include:

- Current net production estimated to be approximately 600 BOE per day - 79% natural gas and 21% natural gas liquids.

- Net operating income for the first six months of 2013 was approximately $1.9 million.

- Petroleum and natural gas reserves to be acquired were evaluated by an independent third party effective December 31, 2012. Proved developed producing reserves were 1.23 million boe with no future development costs ("FDC");

- An operated compression and dehydration facility with approximately 16 mmcf/d of capacity and 25 kilometres of pipeline that significantly expands Artek's infrastructure in the area.

- The Fireweed assets are a complementary fit with a contiguous land position adjacent to Artek's Inga exploration and development core area, and adjacent to its undeveloped Fireweed area, including 11,227 net acres (15.8 net sections) of land (6,299 net acres with Doig mineral rights and 7,097 net acres with Montney mineral rights).

The Fireweed acquisition adds to Artek's inventory of horizontal drilling locations targeting the Doig formation and provides the Company with significant expansion of its land base for potential exploration in the Montney formation. After giving effect to the acquisition, in its Inga/Fireweed core area, Artek will own 73,019 gross (41,655 net) acres or 107 gross (61 net) sections of land with Doig rights and 81,548 gross (48,258 net) acres or 120 gross (71 net) sections of land with Montney rights. The acquisition significantly expands both its land and infrastructure footprint and the Company is excited about the potential operational synergies to both its existing core Inga producing area and its undeveloped land position in the Fireweed area to the north.

Inga Operations Update

At Inga, to date in 2013, Artek has drilled five (3.0 net) horizontal wells with multi-fracture completions: three development wells targeting the Doig formation and two exploratory wells targeting the Montney formation. The average 30-day initial sales volumes from the three Doig wells was approximately 1,000 BOE per day per well. Production was approximately 62% natural gas and 38% liquids. During the initial 30-day period, the three wells averaged liquids yields of approximately 100 bbls/mmcf of natural gas. These three wells extend the Doig pool on the north end of Artek's Inga play. During the second half of the year the Company's horizontal drilling plans will be primarily in the southern part of the Inga play trend, including potential pool extensions.

In addition to the Doig drilling, Artek drilled two (1.2 net) exploratory Montney horizontal wells during the first half of 2013. These wells are part of a three well program currently planned for 2013 that will utilize different completion techniques in order to provide information that helps the Company assess what works best for potential future Montney development. The first well was completed using nitrogen foam energized water and during the first 30 days, production averaged 820 mcf per day of raw gas and 102 barrels per day of natural gas liquids, of which approximately 85% was condensate. This equates to average total gross sales volumes of approximately 220 BOE per day (46% liquids) with an average liquids yield of 124 bbls/mmcf of natural gas. During the completion, the Company sanded off certain fracture stages and encountered an obstruction near the heel on drill out. After remedial work, it was only able to drill out to approximately half of the horizontal length initially planned. An analysis conducted by the Company suggests that considerable formation damage occurred during the completion.

The second Montney well was drilled approximately 1.5 miles to the south and was logged and cored with a pilot well, and subsequently drilled out horizontally. This well was completed using propane and during the first 30 days, production averaged 2.5 mmcf per day of raw gas and 286 barrels per day of natural gas liquids, of which approximately 77% was condensate. This equates to total average gross sales volumes of approximately 637 BOE per day (45% liquids) with an average liquids yield of 114 bbls/mmcf of natural gas.

The Company is encouraged by the initial results from its Montney exploration program and the high liquids yields enhance the well economics in the current commodity price environment. The third Montney test at Inga is scheduled for early fall.

ADVISORIES

This press release contains forward-looking statements. More particularly, this press release contains forward-looking statements concerning the completion of the Acquisition, the timing thereof, the characteristics and potential of the Acquired Assets, Management's assessment of future plans and operations and the timing thereof, production estimates, reserve estimates, the Company's exploration and development plans and anticipated operations and synergies. Forward-looking statements necessarily involve risks including, without limitation, risks associated with closing of the Acquisition and satisfaction of conditions thereto, 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, incorrect assessment of the value of the Acquisition, failure to realize the anticipated benefits of the Acquisition, the inability to fully realize the benefits of the Acquisition, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, Artek's actual results may differ materially from those expressed in, or implied by, 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. Readers are cautioned that there is no assurance that the Acquisition will be completed in a timely fashion, or at all. Although Artek 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 Companies can give no assurance that such expectations will prove to be correct.

The forward-looking statements contained in this document are made as of the date of this news release and Artek 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.

BOE Conversions: Barrel of oil equivalent ("BOE") amounts may be misleading, particularly if used in isolation. A BOE conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel. This conversion ratio of six thousand cubic feet of natural gas to one barrel is based on an energy equivalent 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 ratio on a 6:1 basis may be misleading as an indication of value.

Artek is a crude oil and natural gas exploration, development and production company headquartered in Calgary, Alberta, Canada. Artek's shares trade on the Toronto Stock Exchange under the symbol "RTK".

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