Long Run Exploration Ltd. Announces Consolidation in Core Operating Areas and Sale of Saskatchewan Heavy Oil Properties

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CALGARY, ALBERTA--(Marketwired - Sep 13, 2013) - Long Run Exploration Ltd. ("Long Run" or "the Company") (TSX:LRE) announces the acquisition of properties and associated infrastructure (the "Acquisition") in the Company's core areas of Edmonton and Peace River from a senior independent energy company, and the sale of heavy oil and shallow natural gas properties in Saskatchewan (the "Disposition").

Acquisition

The acquired properties produced approximately 1,500 boe per day in July, weighted 60 percent to light crude oil and natural gas liquids. The estimated annual decline rate for the Acquisition is approximately 15 percent. Long Run anticipates closing the Acquisition in mid-October and will be releasing more detail on the acquired properties as well as revised annual guidance at that time. Subject to closing adjustments, the cost of the Acquisition will be approximately $55 million. The Acquisition will be funded within Long Run's existing bank facility.

The Acquisition includes approximately 133 net sections of land. Long Run believes this land base will provide additional inventory of horizontal drilling opportunities.

The acquired properties are all adjoining or in close proximity to Long Run's core Peace River and Edmonton areas. Key parts of the Acquisition include an expanded land base, infrastructure important to long-term development, and light oil focused development opportunities.

Disposition

On August 29, 2013, Long Run closed a sale which included the Company's remaining heavy oil and shallow gas properties in Saskatchewan. The Disposition, in addition to a previous transaction which closed in the first quarter of 2013, provided Long Run with net aggregate proceeds of $13 million in 2013. Approximately 300 boe per day of production was sold.

Strategy

These transactions are consistent with our strategy of consolidating in core areas, of acquiring additional lands where we can leverage our horizontal drilling and multi-stage technology experience, of acquiring assets where improvements in operating efficiency can be made, and of selling assets which do not fit into our long-term plans.

Operational Update

Long Run's 2013 capital program has been successful on a number of fronts. Most notable is the combination of providing growth in daily production and reserves with a focus on light oil and the continued increases in Long Run's inventory of future drilling locations. In a program underpinned by production increases in core plays at Edmonton (Redwater Viking) and the Peace Area (Normandville and Girouxville Montney), we expect third quarter 2013 production of approximately 25,300 boe per day, weighted 53 percent to oil and NGLs. Current production rates position Long Run to achieve our annual production guidance of 25,000 boe per day, before the effect of the Acquisition and the Disposition.

Peace River Montney

At Normandville and Girouxville, we are focused on implementing a best-practice plan for delineating and developing the large Montney oil field. This plan includes intensive horizontal drilling complemented by EOR through water injection. To date, we have reduced drilling spacing on two test sections to 8 wells per section. Production performance from these sections is assisting in determining ultimate well density for the Montney. Early in 2013, we began injecting water into the Montney at our initial EOR project. Long Run will aggressively pursue the development of the Montney with a strong program of infill drilling complemented by EOR across more than 90 net sections of land in the Girouxville and Normandville areas.

Viking

Long Run's efforts at Redwater focus on defining and developing Viking potential. Key programs this year have included successful exploratory and delineation drilling to prove the Viking trend is productive to the northwest, extending the Viking play area. This, coupled with the recent acquisition, will add approximately 150 Viking development drilling locations to current inventory.

A planned EOR program at Redwater demonstrates our commitment to increase production and improve recovery. Long Run anticipates approval from provincial regulators to begin our initial Redwater EOR project before the end of 2013. With much of the preliminary engineering and internal modeling nearing completion, water injection is anticipated to begin in early 2014.

In the Provost area, to the southeast of Redwater, the initial two wells drilled by Long Run, targeting the Viking, have achieved 30-day average production rates of approximately 80 barrels of light oil per day per well. Long Run anticipates drilling an additional two follow-up wells during the fourth quarter of 2013 to further validate the Provost Viking trend. On-stream capital costs of approximately $1.2 million are consistent with those at Redwater. Long Run has a land base of approximately 15 net sections at Provost.

Long Run Exploration Ltd. is a Calgary-based oil and gas company focused on development and exploration in western Canada. For further information about Long Run, visit the Company's website at www.longrunexploration.com.

Forward Looking Statements:

Certain information in this news release including management's assessment of future plans and operations, 2013 average production guidance, expected third quarter 2013 production, expected timing of the Acquisition, cost thereof and method of funding and the effect thereof, plans to release more detail on the acquired properties and revised annual guidance on closing of the Acquisition and expected timing of receipt of regulatory approvals for pilot EOR project at Redwater and timing of commencement of water injection 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 Company 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 Company 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: that the conditions to closing of the Acquisition will be satisfied within the time frame anticipated; the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the timely receipt of any required regulatory approvals; the ability of the Company 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 Company 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 Company operates; and the ability of the Company 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.

Initial Production Rates:
Initial production rates included herein may not be indicative of sustained production rates from the properties or the reserves recoverable therefrom.

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