

Long Run Exploration Ltd. Announces Transition To A Sustainable Intermediate Dividend Plus Growth Model and 2014 Operational Guidance

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CALGARY, ALBERTA--(Marketwired - Nov 7, 2013) - [Long Run Exploration Ltd.](#) ("Long Run" or the "Corporation") (TSX:LRE) is pleased to announce its plans to transition to a balanced, intermediate producer focused on paying sustainable dividends and delivering moderate per share growth to shareholders. Long Run anticipates paying an initial monthly dividend to shareholders of \$0.0335 per share, with the first payment expected in February 2014, while delivering annual 2014 per share production growth of approximately 3 percent. Using Long Run's current 2014 commodity assumptions, Long Run expects to achieve funds flow per share growth of approximately 8 per cent. This model is supported by operating and developing assets already in the Long Run portfolio of producing properties. Long Run is confident that this model can be further enhanced by the acquisition and optimization of assets which increase cash flow per share.

STRATEGY

Over the past year in Peace River and Redwater, Long Run has focused on growing crude oil production volumes through development as well as, through acquisitions and dispositions, consolidating acreage, production and key strategic facilities through acquisitions. These plays have been expanded as acreage and drilling inventories were de-risked through active development. Additionally, the acquisition of lower production decline assets has assisted in moderating corporate declines.

The decision to begin paying a dividend in addition to moderate per-share production growth was reached after a comprehensive evaluation of Long Run's operating and financial attributes. Specifically, Long Run currently has a(n):

- Anticipated 2013 exit liquids weighting of approximately 54 percent and the majority of 2014 capital directed at the Viking oil play at Redwater and the Montney oil play at Peace River.
- Anticipated 2014 corporate capital efficiency of approximately \$29,000 per boe per day driven by Montney oil at Peace River as well as Viking oil at Redwater.
- Base production decline rate of approximately 31 percent in 2013 which is expected to moderate down to 29 percent by the end of 2014.
- Growing inventory of drilling locations within the existing portfolio of properties.
- Operating netback averaging \$30.46 per boe for the first nine months of 2013 (funds flow from operations netback of \$26.09 per boe).
- Strong commodity risk program with more than 51 percent of oil volumes hedged for 2014 with an average floor price of US\$89.33 WTI per barrel and approximately 26 percent of natural gas volumes hedged with an average floor price of \$3.50 per gigajoule per day.
- Balance sheet which is expected to exit 2013 at approximately \$400 million of net debt, which would result in an estimated net debt to 2014 funds flow from operations ratio of approximately 1.5x.
- Proven management team with extensive western Canadian oil and natural gas experience focused on value creation and shareholder returns.

2014 CAPITAL AND OPERATING PROGRAM

The Long Run Board of Directors has approved a capital program of approximately \$200 million and an initial monthly dividend of \$0.0335 per share. Beginning in January 2014, with the first dividend payable to shareholders in February 2014, Long Run anticipates funding dividends annually through funds from operations. Long Run's dividend rate will be reviewed monthly and will give consideration to a number of factors including current production, current and future commodity prices, commodity hedging, foreign exchange rates, and acquisition opportunities. Each dividend is subject to and conditional upon declaration and the issuance of a press release confirming the same.

Long Run's 2014 capital program will focus on developing current inventory in core areas, specifically in the Montney at Peace River and in the Viking at Redwater. Long Run believes these plays provide multiple years of repeatable results through development work at attractive capital efficiencies resulting in predictable and manageable production declines.

In 2014, Long Run anticipates drilling approximately 44 net oil wells in the Montney at Peace River while continuing to advance current enhanced oil recovery ("EOR") efforts. Over the coming years, this pressure maintenance scheme is anticipated to assist in moderating the decline of this asset, while increasing ultimate recoveries and maximizing value. At Redwater in the Viking, EOR work is also underway along with ongoing development which has added inventory as well as light oil production in 2013. Long Run expects to drill approximately 36 net Viking wells, with 30 net wells at Redwater and 6 net wells at Provost in 2014. Total 2014 EOR spending is expected to be \$17 million while facilities, maintenance, and production optimization is expected to total approximately \$45 million.

2014 daily production volumes are anticipated to average 26,000 boe per day, an increase of approximately 3 percent over forecast 2013 average daily production volumes. Under commodity price assumptions of USD\$95 per barrel WTI, CAD\$91.75 per barrel Edmonton Par, \$3.25 per GJ AECO, and a Canadian dollar averaging \$0.97 USD, Long Run anticipates generating funds flow from operations of approximately \$255 million, including current hedges on both oil and natural gas, targeting a sustainability ratio of approximately 98 percent.

2014 will be a transitional year for Long Run, moving from a growth-oriented company to one focused on providing both dividend income and moderate per-share growth. Through a combination of strong operational performance, prudent financial management, ongoing risk mitigation of commodity prices, and a growing portfolio of properties, Long Run believes all the components necessary for a sustainable model are in place.

National Bank Financial Inc. acted as advisor to the board of directors of Long Run and Scotiabank GBM acted as advisor to management of Long Run in its evaluation of adopting a yield plus moderate growth model.

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, transition plans, anticipated dividend rate and timing of declaration and payment thereof, expected annual per share production growth and resulting anticipated total return, expected counterparty exercise of crude oil swaption, expected decline by counterparty to exercise natural gas swaption, expected fourth quarter 2013 and full year 2013 average production and commodity mix, 2014 capital expenditure budget and nature of expenditures, expected 2014 capital efficiencies, expected decline rates, expected 2013 year-end net debt and year-end net debt to 2014 funds flow from operations ratio, effect of pressure maintenance schemes on production, expected 2014 EOR spending and expected expenditures on facilities, maintenance and production optimization, expected 2014 average production and forecast 2014 funds flow from operations

and expected sustainability ratio. 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.

Included herein is an estimate of Long Run's expected 2013 year-end net debt to 2014 funds flow from operations ratio, 2014 funds flow from operations and expected sustainability ratio and are based on various assumptions as to production levels, commodity price, ability to satisfy liquidity and solvency tests imposed by the Business Corporations Act (Alberta) for the declaration and payment of dividends, and other assumptions stated herein. To the extent such estimates constitute future-oriented financial information or a financial outlook, they were approved by management of Long Run on November 6, 2013, and such future-oriented financial information or financial outlook is included herein to provide readers with an understanding of Long Run's financial flexibility and ability to sustain its expenditure levels, including the proposed dividend payment and capital expenditures, based on the various assumptions utilized and readers are cautioned that the information may not be appropriate for other purposes.

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.

Operating Netbacks:

Operating Netbacks are calculated by subtracting royalties, operating costs, transportation, realized gains or losses on derivatives from revenue.

Funds Flow Netbacks:

Funds flow netbacks are calculated by subtracting interest expense, general & administration costs, exploration expenses and capital and other taxes from operating netback.

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.

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