

Strategic Oil & Gas Ltd. Announces Third Quarter 2013 Financial and Operating Results

14.11.2013 | [Marketwired](#)

CALGARY, ALBERTA--(Marketwired - Nov 14, 2013) - Strategic Oil & Gas Ltd. ("Strategic" or the "Corporation") (TSX VENTURE:SOG) is pleased to announce that the Corporation's unaudited interim financial statements and related Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2013 have been filed on SEDAR. Selected financial and operational information is outlined below and should be read in conjunction with Strategic's unaudited interim financial statements and related MD&A which are available for review at www.sedar.com, on our website at www.sogoil.com and also at: http://media3.marketwire.com/docs/SOG_2013Q3_MDAFS_Nov142013.pdf.

FINANCIAL AND OPERATIONAL SUMMARY

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Financial (\$thousands, except per share amounts)				
Oil and natural gas sales	22,628	12,520	64,285	40,649
Funds from operations ⁽¹⁾	4,853	4,349	17,483	16,443
Per share basic	0.02	0.02	0.09	0.09
Net income (loss)	(6,759)	(1,395)	(12,464)	1,129
Per share basic & diluted	(0.03)	0.01	(0.06)	0.01
Capital expenditures (excluding acquisitions)	24,617	14,851	89,666	47,144
Net debt ⁽¹⁾	81,566	12,094	81,566	12,094
Operating				
Average daily production				
Crude oil (bbl per day)	2,387	1,734	2,491	1,791
Natural gas (mcf per day)	6,743	1,178	5,532	1,537
Barrels of oil equivalent (Boe per day)	3,510	1,930	3,413	2,047
Average prices				
Oil & NGL, before risk management (\$ per bbl)	95.70	76.84	87.53	80.92
Oil & NGL, including risk management (\$ per bbl)	84.01	76.84	84.33	80.92
Natural gas (\$ per mcf)	2.61	2.45	3.15	2.21
Netback (\$ per Boe) ⁽¹⁾				
Oil and natural gas sales	70.07	70.52	68.99	72.46
Realized loss on risk management contracts	(7.95)	-	(2.33)	-
Royalties	(16.15)	(10.69)	(15.23)	(10.96)
Operating expenses	(20.00)	(14.39)	(21.06)	(15.45)
Transportation expenses	(3.89)	(8.31)	(4.52)	(7.95)
Operating Netback	22.08	37.13	25.85	38.10
Common Shares (thousands)				
Common shares outstanding, end of period	230,599	186,140	230,599	186,140
Weighted average common shares (basic)	211,282	186,884	203,882	186,996
Weighted average common shares (diluted)	211,282	186,884	203,882	187,761

⁽¹⁾ Funds from operations, net debt and operating netback are non-IFRS measurements; see "Non-IFRS Measurements" in the MD&A.

SUMMARY

- Strategic's focus in the third quarter was on continuing with the Corporation's Muskeg Stack drilling program and ongoing activity with respect to facility reconfiguration and expansion projects at Steen River. Strategic's drilled and multi-stage-fracture completed two prolific Muskeg Stack horizontal wells with lateral lengths of approximately 1,500 meters during the third quarter. Horizontal well 4-33 produced approximately 12,000 barrels of oil over the first 30 days of production and horizontal well 16-29 produced approximately 2,000 barrels of oil over the first five days prior to being shut in for plant turn around in November. The following table lists the cumulative production and producing days from the horizontal Muskeg Stack wells drilled in 2013 prior to wells being shut down during the plant turn around.

Well	Horizontal Length (meters)	Cumulative Production (BOE)	Producing Days
4-33 (Q3 2013)	1,598	12,000 (97% oil)	30
16-29 (Q3 2013)	1,493	2,000 (97% oil)	5
13-28 (Q2 2013)	905	21,600 (60% oil)	150
14-13 (Q2 2013)	875	21,500 (60% oil)	90

During the recent plant turnaround completed in October 2013, Strategic drilled out the frac balls and ports in three of the four Muskeg Stack horizontal wells and the wells have been placed back on production. The work over on the fourth well is ongoing and will be completed shortly. This work was done to understand the best completion techniques to be used in future wells.

Strategic is encouraged by the post drill-out production rates from the Muskeg wells. The increase in production post drill-out is due to a combination of better wellbore contribution and flush production due to the two week shut-in. Flush production rates are as high as 400 Boed. Strategic will provide a further update on the Muskeg Stack wells in early December once production has stabilized.

- Average daily production increased by 82 percent from 1,930 Boed for the third quarter of 2012 to 3,510 Boed for the current quarter. Production for the period decreased 10 percent from the second quarter of 2013 as Strategic was impacted by two weather-related outages in the current period. The Marlowe 1-28 facility as well as the Bistcho facility suffered downtime as a result of power surges caused by two lightning strikes, affecting both oil and gas production. Strategic improved its facility grounding and as of September 9, 2013 both plants were fully operational. Sales volumes were also affected by the shutdown of activity at the third-party operated Rainbow oil terminal for three days the end of the quarter. This resulted in oil trucked to the terminal being included in inventory rather than recorded as sales for the period.
- The Corporation's operating netback decreased from \$37.13/boe for the third quarter of 2012 and \$29.92/boe for the second quarter of 2013 to \$22.08/boe for the three months ended September 30, 2013. Several factors had a negative impact on the operating netback for the current period:
 - A realized risk management loss of \$7.95/boe (\$2.6 million total) related to financial risk management contracts tied to WTI oil prices. Excluding the realized risk management loss the operating netback was \$30.02/boe. The operated netback at Steen River prior to risk management losses was \$37.98/boe for the current three month period.
 - A production mix of 68% oil for the current quarter, as compared to 90% oil for the third quarter of 2012 and 71% oil for the three months ended June 30, 2013, due to weather-related plant outages at Marlowe and the temporary shutdown of activity at the Rainbow oil terminal. Strategic expects the oil weighting to increase to over 70% as it brings more new production on stream from the recently drilled horizontal wells.
 - An increase in corporate royalty rates to \$16.15/boe from \$10.69/boe for the third quarter of 2012 and \$13.46/boe for the three months ended June 30, 2013. Strategic expects to reduce the royalty rate by \$3-4/boe in future quarters as new production volumes come onstream, which benefit from a 5 percent first-year royalty rate.
 - The Corporation intends to improve corporate netbacks by reducing operating and transportation costs by approximately \$6/boe in 2014, with the plant expansion completed and the Bistcho oil pipeline tie-in during the first quarter of 2014.

- On September 17, 2013 the Corporation entered into agreements to issue a total of 20.2 million common shares at a price of \$0.95 per common share via a private placement financing, and 12.7 million common shares at a price of \$0.95 per common share and 15.4 million flow-through common shares ("Flow-Through Shares") at a price of \$1.10 per Flow-Through share through a bought deal financing with a syndicate of underwriters. The common share portion of the bought deal financing was subsequently increased to 14.5 million common shares. Gross proceeds from the offerings totaled \$50.1 million. Net proceeds after commissions and offering costs are approximately \$48.1 million.
- On September 26, 2013, Strategic closed the private placement for net proceeds of \$19.1 million, while the bought deal financing closed on October 7, 2013.

OVERVIEW AND OUTLOOK

Strategic continued its drilling program into the fourth quarter, drilling the first Keg River horizontal well in the Corporation's history and one Muskeg Stack horizontal well. The Keg River horizontal targeted the tighter Upper Keg River zone which has not been developed in this area. The Keg horizontal is a conventional well completed with an open-hole section of approximately 400 m and has no fracture treatment. The Keg River horizontal well production tested at rates of 130 Boed (99% oil). Strategic plans to further acid stimulate the horizontal section. The Corporation was encouraged to find a virgin oil zone in the Upper Keg River with an approximately 25 meter oil column above the water oil contact. This zone represents a significant increase in the original oil in place in the Old Marlowe Keg River pool and will add to the overall hydrocarbon resource in the area.

Completion operations are underway on the latest Muskeg Stack horizontal well 15-24 and an update will be provided along with the existing Muskeg Stack wells in early December. The Corporation expects to drill up to a total of 4 wells in the fourth quarter of 2013.

On November 1, 2013 Strategic announced the completion of the expansion project that doubled its oil and total fluid handling capacity at the Steen River battery, bringing total oil handling capability to 8,500 bbl/d from the Corporation's two facilities in this area. The completion of the expansion will result in a reduction in unit operating costs in future quarters due to more efficient operations. The plant expansion was a key part of the Corporation's growth plans, and helps ensure the bulk of capital expenditures in the foreseeable future will be allocated to internal growth via the drill bit.

The 9-17 battery was shut down for approximately 19 days in the fourth quarter while the expansion and a plant turnaround was completed. The Corporation is bringing all of its wells back online and is working to optimize their production to take full advantage of the expansion. The Corporation is on target to achieve its exit rate guidance of 5,000 Boed by year-end.

Strategic has initiated scoping and planning of its 2014 budget, which will be announced in December 2013. The Corporation intends to focus on continued development and expansion of the Muskeg Stack and Keg River oil plays and to pipeline connect the Steen River facilities such that it can deliver up to 4,000 bbl/d of sales oil into the Rainbow pipeline. This pipeline connection will enable Strategic to reduce trucking charges and increase netbacks in 2014.

ABOUT STRATEGIC

Strategic is a junior oil and gas company committed to growth by exploiting its light oil assets in Canada. Strategic's common shares trade on the TSX Venture Exchange under the symbol SOG.

ADDITIONAL INFORMATION

Additional information is also available on the Corporation's website at www.sogoil.com and at www.sedar.com.

Forward-Looking Statements

This news release includes certain information, with management's assessment of Strategic's future plans and operations, and contains forward-looking statements which may include some or all of the following: (i) anticipated production rates; (ii) expected operating and service costs and royalty rates, and anticipated reductions in such costs and rates; (iii) expected timelines for production optimization; (iv) the Corporation's 2014 budget focus and timing; (v) expected results of capital programs; and (vi) expected future capital projects and associated operating and transportation cost reductions; which are provided to allow investors to better understand the Corporation's business. By their nature, forward-looking statements are subject to numerous risks and uncertainties; some of which are beyond Strategic's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, changes in environmental tax and royalty legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources, and other risks and uncertainties described under the heading 'Risk Factors' and elsewhere in the Corporation's Annual Information Form for the year ended December 31, 2012 and other documents filed with Canadian provincial securities authorities and are available to the public at www.sedar.com. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The principal assumptions Strategic has made includes security of land interests; drilling cost stability; royalty rate stability; oil and gas prices to remain in their current range; finance and debt markets continuing to be receptive to financing the Corporation and industry standard rates of geologic and operational success. Actual results could differ materially from those expressed in, or implied by, these forward-looking statements. Strategic disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Basis of Presentation

The discussion and analysis of Strategic's oil and natural gas production and related performance measures is presented on a working-interest, before royalties basis. For the purpose of calculating unit information, the Corporation's production and reserves are reported in barrels of oil equivalent (Boe). Boe may be misleading, particularly if used in isolation. A Boe conversion ratio for natural gas of 6 Mcf: 1 Boe has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil 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.

Non-IFRS Measurements

The Corporation utilizes certain measurements that do not have a standardized meaning or definition as prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other entities, including net debt, operating netback and funds from operations. Readers are referred to advisories and further discussion on Non-IFRS measurements contained in management's discussion and analysis.

OOIP Disclaimer: Original oil in place ("OOIP") are contingent resources and are not reserves. There is no certainty that it will be commercially viable to produce any portion of OOIP except the extent they are subsequently classified as proved or probable reserves.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Contact

Strategic Oil & Gas Ltd.
Gurpreet Sawhney, MBA, MSc., PEng.
President and Chief Executive Officer
403.767.2949
Strategic Oil & Gas Ltd.
Aaron Thompson, CA
Chief Financial Officer
403.767.2952
www.sogoil.com

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/160830--Strategic-Oil-und-Gas-Ltd.-Announces-Third-Quarter-2013-Financial-and-Operating-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](#).