

Cub Energy Achieves Record Exit Production over 2,000 boe/d and Updates Fourth Quarter 2013 Operations

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HOUSTON, TEXAS--(Marketwired - Jan 13, 2014) - [Cub Energy Inc.](#) ("**Cub**", or the "**Company**") (TSX VENTURE:KUB) announces fourth quarter operational update including the seventh consecutive quarter of production growth, record quarterly production and a 2013 exit rate of approximately 2,070 barrels of oil equivalent ("**boe/d**") (a 35% increase over the Company's 2012 exit rate).

Fourth Quarter Update

Average production from the Company's Ukrainian assets for the fourth quarter of 2013 was 1,687 boe/d, an 11.5% increase over third quarter production of 1,513 boe/d. Cub realised a significant increase in corporate production from the tie in of its first 100% working interest ("**WI**") well, the Rusko-Komarovskye-22 ("**RK-22**") late in the fourth quarter. Average production for 2013 was 1,562 boe/d (an increase of 29% over 2012 production of 1,210 boe/d).

During the fourth quarter Cub drilled, completed and brought on production the RK-22 well. The Company announced in December the RK-22 well tested gas at a maximum flow rate of 2.5 million cubic feet per day ("**MMcf/d**"). The well commenced production in late-December and is currently producing approximately 1.9 MMcf/d or 318 boe/d.

During the quarter, the Company also commenced drilling of the Makeevskoye-17 ("**M-17**") and began testing the Olgovskoye-24 ("**O-24**") wells in eastern Ukraine. The M-17 and O-24 wells are operated by KUB-Gas LLC ("**KUB-Gas**"), a partially-owned subsidiary in which Cub has a 30% ownership interest through its 30% shareholding of KUBGas Holdings Limited.

Infrastructure Development

The Company continued work on the expansion of its Makeevskoye facilities designed to increase capacity from 30 MMcf/d to 68 MMcf/d for production from both the Makeevskoye and Olgovskoye fields. Upon completion of the expansion, Cub expects an increase in production from several wells that are currently flowing at restricted rate due to the current capacity of the facilities. Completion of the expansion project is expected during the first quarter of 2014.

2014 Work Program and Budget

The company expects to execute a capital expenditure budget of approximately \$23 to \$27 million (net to Cub) for 2014 and is contingent on the level of operating cash flow.

The program will primarily focus on further development of producing assets in both the eastern and western Ukraine with plans to drill eleven wells (six with a 100% WI and the balance with 25%-30% WI).

With the successful tie-in of the RK-22 well, Cub expects to commence drilling of the follow up RK-21 well during the first quarter of 2014. Two additional wells are planned on the RK licence during the balance of the year.

Additionally, Cub expects additional production volumes through of program of workovers, fracture

stimulations and re-entries on 7-10 wells beginning in the first quarter of 2014.

Ukraine Industrial Gas Pricing

Based on current legislation, the Company expects first quarter industrial gas pricing to be between US \$10.00 and \$11.00 per thousand cubic feet. All of the Company's Ukraine production is marketed and sold to industrial-end users.

Updated Corporate Presentation

For more information on this operational update and Cub's plans for 2014, please see the Company's January 2014 corporate presentation at www.cubenergyinc.com.

About Cub Energy Inc.

Cub Energy is an upstream oil and gas company, with a proven track record of exploration and production cost efficiency in the Black Sea region. The Company's strategy is to implement western technology and capital, combined with local expertise and ownership, to increase value in its undeveloped land base, creating and further building a portfolio of producing oil and gas assets within a high pricing environment.

For further information please contact us or visit our website www.cubenergyinc.com.

Oil and Gas Equivalents

A barrel of oil equivalent ("**boe**") or units of natural gas equivalents ("**Mcf**") is calculated using the conversion factor of 6 Mcf (thousand cubic feet) of natural gas being equivalent to one barrel of oil. A boe conversion ratio of 6 Mcf: 1 bbl (barrel) or an Mcfe conversion of 1bbl: 6 Mcf is, based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

Reader Advisory

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Cub believes that the expectations reflected in the forward-looking information are reasonable; however there can be no assurance those expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in the Ukraine, Turkey and globally; industry conditions, including fluctuations in the prices of natural gas; governmental regulation of the natural gas industry, including environmental regulation; unanticipated operating events or performance which can reduce production or cause production to be shut in or delayed; failure to obtain industry partner and other third party consents and approvals, if and when required; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for

natural gas; liabilities inherent in natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and supplies; incorrect assessments of the value of acquisitions; geological, technical, drilling, processing and transportation problems; changes in tax laws and incentive programs relating to the natural gas industry; failure to realize the anticipated benefits of acquisitions and dispositions; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

This cautionary statement expressly qualifies the forward-looking information contained in this news release. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

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.

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