

Caza Oil & Gas Inc. Provides Fourth Quarter Production Update and Bone Spring Operational Update

05.02.2014 | [Marketwired](#)

HOUSTON, TEXAS -- (Marketwired - Feb. 5, 2014) - [Caza Oil & Gas, Inc.](#) ("Caza" or the "Company") (TSX:CAZ) (AIM:CAZA) is pleased to provide the following production update for the Company along with an operational update for its Bone Spring exploration and development program in Lea and Eddy Counties, New Mexico.

The following production highlights show the significance of the Bone Spring production results to the Company thus far, as well as the significant effect the Company's continuous Bone Spring drilling program has had on its current production figures:

- Caza's aggregate net production for Q4 2013 was approximately 47,996 Boe, an increase of 11,505 Boe (32%) over the aggregate net production in Q3 2013 (36,491 Boe).
- Caza's average daily net production for Q4 2013 was approximately 522 Boe/d, an increase of 32% over the average daily net production in Q3 2013 (397 Boe/d) and an increase of 67% over the corresponding three-month period in 2012 (312 Boe/d).
- Caza's average daily net production reached approximately 608 Boe/d in December 2013, an increase of 58% over the average daily net production rate for September 2013 (384 Boe/d), the last month in Q3 2013.
- When production began from the initial Bone Spring wells in Q3 2012, Caza's oil and natural gas liquids ("NGL") production was only 40% of the Company's combined oil and natural gas production. This figure has continued to increase with Bone Spring drilling and Caza's oil and NGL production at December 31, 2013 was approximately 72% of the Company's combined oil and natural gas production.
- Sustained production increases from Caza's Bone Spring operations have resulted in the Company being cashflow positive. The Company's yearend reserve report and final results will be published in late March 2014.

In just over a year, since Q3 2012, Caza has increased its net daily production by approximately 155% while successfully transforming the Company from being predominantly a natural gas producer to being predominantly an oil and liquids producing company, which were both stated goals of Management from the onset of transitioning into the Bone Spring Play. If successful, the five wells that are either currently drilling and/or planned for the near term, as mentioned below, should continue these trends and have a notably positive effect on both categories once they are online and producing.

Current and Planned Drilling

The Company is currently drilling two new wells in Lea County, New Mexico, the operated West Copperline 29 Fed Com No. 3H well and the non-operated Marathon Road 15 PA Fed No. 1H well on what was formerly known as Caza's Lynch property.

The Company has recently signed a four rig contract and plans to drill four operated wells in succession, moving the rig from the currently drilling West Copperline 29 Fed Com No. 3H well to the West Copperline Fed Com No. 2H well location, then to the Gramma Ridge 27 State No. 1H well location, then most likely back to the West Copperline property.

In addition to the five wells mentioned above, since Caza's strategic move to focus on the Bone Spring Play in Southeast New Mexico, the Company has drilled or participated in a total of eighteen currently producing oil and natural gas wells in Lea and Eddy Counties. This includes twelve wells with varying but meaningful working and net revenue interests and six wells with relatively immaterial interests that have provided the Company with critical information about the play.

Production Forecast

Caza plans to immediately begin building on its Q4 2013 production figures with the drilling of four operated wells and one non-operated well during Q1 and Q2 2014. The current timing and status of each well is as follows:

Operated Wells

- West Copperline 29 Fed Com No. 3H - Drilling
- West Copperline Fed Com No. 2H - Planned for Q1 2014
- Gramma Ridge 27 State No. 1H - Planned for beginning of Q2 2014
- West Copperline 29 Fed Com No. 4H (or a substitute well) - Planned for late Q2 2014

Non-Operated Wells

- Marathon Road 15 PA Fed No. 1H - Drilling

Assuming these wells are successful and drilled on schedule, Management believes they should materially increase Caza's aggregate and daily net production figures. Caza's internal forecast has net aggregate production reaching 32,783 Boe for the month of April 2014, which is 1,092 Boe/d. That growth is forecasted to continue through August 2014, when net aggregate production is forecasted to reach 35,538 Boe for the month, which is 1,185 Boe/d.

Business Development

The Company intends to continue growing and exploiting its inventory of low-risk, liquids-rich development opportunities in the broader Bone Spring Play, which contains multiple geologic reservoirs and play types at various depths. Additionally, Management intends to identify and pursue suitable Bone Spring acquisitions that would provide an opportunity for the Company to increase its position in the Bone Spring Play, while adding growth to its existing cashflow, reserve and production base allowing shareholder value to be maximized in the short to mid-term.

Debt Facilities

In March 2013, the Company entered into a US\$50,000,000 Note Purchase Agreement with Apollo Investment Corporation, an investment fund managed by Apollo Investment Management. To date the Company has drawn US\$35,000,000 against the note and may draw additional advances up to US\$15,000,000 at its discretion, subject to specified performance and financial requirements.

In November 2013, the Company entered into an agreement in relation to a \$4.3 million convertible unsecured loan made available by YA Global Master SPV Ltd., an investment fund managed by Yorkville Advisors LLC ("Yorkville"). The Loan consisted of \$3.5 million of new credit facilities along with an additional \$0.84 million that was used to repay amounts which remained outstanding under a prior loan from Yorkville. The current outstanding balance of the Yorkville loan is approximately \$3,926,239.

The Company has used and continues to specifically use these facilities to advance its drilling and producing operations in the Bone Spring Play in Southeast New Mexico.

W. Michael Ford, Chief Executive Officer commented:

"We are very pleased with the production gains achieved since Caza entered the Bone Spring Play in Southeast New Mexico. The Company's average Q4 2013 production figures have increased by 32% over our Q3 figures of the same year. December's average production alone increased 58% over September 2013. Taken as a whole, our move to focus on the Bone Spring has yielded a 155% uplift in production since Q3 2012. With this sustained production growth, I'm happy to report that the Company is currently cashflow positive."

"The Apollo and Yorkville funding has allowed Caza to plan and maintain a continuous drilling program, which has had a significant and positive effect, evidenced by our most recent production figures. As we drill and complete the next five wells beginning in Q1 2014, we hope they will have a similar positive impact on our production. We will continue to update the market as these wells are drilled and brought online."

About Caza

Caza is engaged in the acquisition, exploration, development and production of hydrocarbons in the following regions of the United States of America through its subsidiary, Caza Petroleum, Inc.: Permian Basin (West Texas and Southeast New Mexico) and Texas and Louisiana Gulf Coast (on-shore).

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

In accordance with AIM Rules - Guidance Note for Mining, Oil and Gas Companies, the information contained in this announcement has been reviewed and approved by Anthony B. Sam, Vice President Operations of Caza who is a Petroleum Engineer and a member of The Society of Petroleum Engineers.

ADVISORY STATEMENT

Information in this news release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws. Such information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "schedule", "continue", "estimate", "expect", "excellent", "may", "will", "hope", "project", "predict", "potential", "intend", "could", "might", "should", "believe", "develop", "test", "anticipation", "looks to be" and similar expressions. In particular, information regarding timing and success of drilling and/or completion operations, the impact of planned drilling operations, future production rates, development opportunities and the availability and impact of future acquisitions contained in this news release constitutes forward-looking information within the meaning of securities laws.

Implicit in the forward looking information are assumptions regarding the success and timing of drilling and completion operations, rig availability, projected production, commodity prices, projected revenue and expenses, absence of unplanned maintenance and other operational disruptions, and the performance of existing and contemplated wells. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect.

Readers are cautioned that actual future operations, operating results and economic performance of the Company are subject to a number of risks and uncertainties, including general economic, market and business conditions, risks associated with the availability of financing, risks associated with drilling and completion operations, well performance and operating risks and could differ materially from what is currently expected as set out above. Actual production may vary, perhaps materially, from the forecast production rates disclosed herein. Such forecast production rates pertain only to the periods disclosed and are subject to the assumptions, risks and uncertainties described herein. Such production forecasts are not indicative of long-term performance or of ultimate recovery.

For more exhaustive information on these risks and uncertainties you should refer to the Company's most recently filed annual information form which is available at www.sedar.com and the Company's website at www.cazapetro.com. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time except as may be required by securities laws.

Boe or barrel of oil equivalent may be misleading, particularly if used in isolation. A boe conversion of six thousand cubic feet: 1 barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. As the value ratio based on the current price of 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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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/165829--Caza-Oil-und-Gas-Inc.-Provides-Fourth-Quarter-Production-Update-and-Bone-Spring-Operational-Update.html>

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