

Artek Exploration Ltd. Announces 2014 Capital Program With Continued Focus on Liquids and Value Growth

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CALGARY, ALBERTA--(Marketwired - Feb 11, 2014) - [Artek Exploration Ltd.](#) ("Artek" or the "Company") (TSX:RTK) - Artek entered 2014 at a record production level of approximately 4,800 boe/d (approximately 38% oil and natural gas liquids) based on field estimates. On the back of this success, Artek is pleased to announce its 2014 capital expenditure budget of \$61 to \$66 million which contemplates the drilling of approximately 14 to 15 gross (9 to 10 net) wells. The currently planned capital program will be weighted 100% to projects targeting oil and condensate with associated natural gas which deliver the best returns and most upside potential for the Company. The program includes 9 to 10 (5.3 to 5.9 net) horizontal wells in the condensate rich Inga/Fireweed area (including 7 Doig horizontals and up to 3 Montney horizontals), 3 horizontal wells targeting Charlie Lake oil in the Mulligan area of Alberta and 2 (0.8 net) vertical wells in the Leduc Woodbend area.

The 2014 year program aims to strike a balance between production growth and pool extension investment in the condensate rich Doig play at Inga and the significant upside potential in its exploratory Montney play at Inga and the emerging exploration Charlie Lake oil play in the Mulligan area of Alberta. The Company will monitor commodity prices closely, but assuming the capital program is carried out in its entirety, 2014 average production is forecast to be approximately 4,700 to 4,900 boe/d (38% to 39% liquids) which would represent approximately 30% growth over last year's average production of approximately 3,700 boe/d. 2014 exit production is forecast to be approximately 5,200 to 5,300 boe/d (40% oil and natural gas liquids). Assuming 2013 commodity prices of \$4.25 per GJ AECO for natural gas and \$95.00 bbl WTI (US\$) for crude oil and a foreign exchange rate of 0.93 (CDN\$/US\$), the Company forecasts to generate cash flow of approximately \$41 million to \$43 million.

The Inga/Fireweed program, represents 70% of planned investment, and targets a balance of development, pool extension, and exploration drilling and production operations investment. Approximately 20% will be directed towards drilling and production operations in Alberta. The remaining 10% will be allocated towards land, seismic and facility optimization investment.

Artek has entered into several commodity contracts to protect its cash flow and support its 2014 capital budget. The Company has entered into natural gas production swaps on 10,000 mmbtu/d from April to October 2014 at an average fixed price of \$3.64/GJ. Also 400 bbls/d of crude oil production has been fixed at an average price of CDN\$100.75/bbl WTI for 2014. Lastly the AECO Basis on 2,000 mmbtu/d of natural gas has been fixed at 12.85% of Henry Hub for 2014. Artek maintains financial flexibility with a \$90 million operating line of credit as compared to Artek's 2013 estimated exit net debt of approximately \$68.5 million.

Operations

The Company is currently drilling its second Inga Doig horizontal of the year in the Inga South area at 5-11-88-23 W6M. Artek is currently testing its first Doig horizontal of the year in the Inga South area where in its previous two Inga South Doig wells the Company encountered exceptionally high initial liquids rates. As a result the Company has doubled the number of fractures typically utilized by employing a 28 stage slickwater frac for this operation, its first on the Doig play. Artek has also begun a 20 stage frac on its first Charlie Lake horizontal well of the year. The Company looks forward to reporting on the results of these operations and their implications for upside value in due course.

Artek's 2014 forecasts and guidance are best estimates based on certain assumptions including operating results and commodity prices and will regularly be monitored by management and the Board. The Company's aim is to proactively manage our capital program in concert with operational results and fluctuating commodity prices with a goal to maintain financial flexibility and achieve growth targets.

ADVISORIES

Forward-Looking Statements: This document contains forward-looking statements. Management's assessment of future plans and operations and the timing thereof, future results from operations, production estimates including 2014 entry, average and exit production, commodity mix, initial production rates, 2014 capital expenditure plans including the number and locations of wells to be drilled, timing of drilling and tie-in of wells, facility investment, productive capacity of new wells and the potential upside in its 2014 exploration program, and financial capacity to carry out its planned 2014 capital program, commodity price forecasts and the Company's estimated year end debt and 2014 cash flow may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, 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, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, the Company's actual results may differ materially from those expressed in, or implied by, 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 Artek 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 and other documents filed by the Company, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Artek operates; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; Artek's ability 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 or exploration; the timing and costs of pipeline, storage and facility construction and expansion; 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 Artek's ability to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company'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) or at the Company's website (www.artekexploration.com). Furthermore, the forward looking statements contained in this document are made as at the date of this document and the Company 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.

BOE Conversions: Barrel of oil equivalent ("BOE") amounts may be misleading, particularly if used in isolation. A BOE conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel. This conversion ratio of six thousand cubic feet of natural gas to one barrel is based on an energy equivalent 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 ratio on a 6:1 basis may be misleading as an indication of value.

Test results and initial production rates: the pressure transient analysis or well test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed. Test results and initial production rates disclosed herein may not necessarily be indicative of long-term performance or of ultimate recovery. While encouraging, such rates are not necessarily indicative of the rates at which such wells will commence or continue production and readers are cautioned not to place undue reliance on same.

Artek is a crude oil and natural gas exploration, development and production company headquartered in Calgary, Alberta, Canada. Artek's shares trade on the Toronto Stock Exchange under the symbol "RTK".

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