

Gear Energy Ltd. Announces Third Quarter 2013 Results; Record Cash Flow and Strong Operational Performance

15.11.2013 | [Marketwired](#)

CALGARY, ALBERTA -- (Marketwired - Nov. 15, 2013) - [Gear Energy Ltd.](#) ("Gear" or the "Company") has filed on Sedar its interim financial statements and related Management's Discussion and Analysis (MD&A) for the three and nine months ended September 30, 2013. Selected financial and operational information is outlined below and should be read in conjunction with Gear's interim financial statements and the related MD&A which are available for review at www.gearenergy.com or www.sedar.com.

Gear Energy is pleased to provide the following third quarter operating update to shareholders. Operations in the third quarter generated record cash flows for the Company, as a result of solid operational performance combined with a strong pricing environment. The Gear team drilled 19 gross (16.4) net wells, the highest number of drills executed in a quarter since the inception of the Company. The results demonstrate continued success in execution of the 2013 development program as well as de-risking of Gear's new core area in Maidstone Saskatchewan. In conjunction with this third quarter release, Gear is pleased to announce that its board of directors has approved a \$70 million capital budget for 2014. Please refer to Gear's release on its 2014 capital program and corresponding guidance.

Quarterly Financial Summary:

	Three months ended		Nine months ended		
	Sept. 30,	Sept. 30,	June 30,	Sept. 30,	Sept.
(Cdn\$ thousands, except per boe amounts)	2013	2012	2013	2013	2012
FINANCIAL					
Cash flow from operations (1)	12,080		8,344		9,550
Per weighted average basic and diluted share	0.22	0.15	0.18	0.50	0.42
Per debt adjusted share (2)	0.174		0.119		0.134
Cash flow from operating activities	12,991		6,024		
Per weighted average basic and diluted share	0.24	0.11	0.19	0.59	0.54
Net income (loss)	2,449	(1,540)	643		(519)
Per weighted average basic and diluted share	0.05	(0.03)		0.01	(0.01)
Capital expenditures	17,342	15,286		5,166	
Net acquisitions (3)	(200)	(15)	67	(64)	
Net debt outstanding (1)	57,615		50,921		52,044
Shares outstanding, weighted average	53,956			53,858	
OPERATING					
Production					
Oil and liquids (bbl/d)	3,652		3,260		3,668
Natural gas (mcf/d)	1,723	1,803			1,672
Total (boe/d)	3,940	3,560		3,947	
Per debt adjusted thousand shares (2)		0.057		0.051	
Average prices					
Oil and liquids (\$/bbl)	88.01		64.00		71.71
Natural gas (\$/mcf)	2.53	2.28		3.66	
Oil equivalent (\$/boe)	82.70		59.75		68.19
Netback (\$/boe)					
Commodity and other sales	82.77		59.78		68.26
Royalties	18.59	15.36		16.16	
Operating costs	17.21	17.21		19.13	
Operating netback (before hedging)	46.97			27.22	
Realized risk management gains (losses)		(8.20)		2.82	
Operating netback (after hedging)	38.77			30.03	
General and administrative	3.68		3.32		3.79
Interest	1.77	1.25	1.48		1.55
Corporate netback	33.32	25.46		26.59	

(1) Cash flow from operations and net debt are non-GAAP measures and are reconciled to the nearest GAAP measure in the MD&A for the three and nine months ended September 30, 2013 under the heading "Non-GAAP Measures".

(2) Debt adjusted shares are calculated by the weighted average shares plus the share equivalent on Gear's average net debt over the period, assuming that the debt were to be extinguished with a share issuance. Since, as at September 30, 2013, Gear was a privately held company with no public share price trading data, Gear assumes a share price of five times a rolling twelve month cash flow from operations per weighted average share. This multiple does not, in any way, indicate a fair value for Gear's shares and is done solely for the purpose of creating a consistent comparative metric.

(3) Net acquisitions exclude non-cash items for decommissioning liability and deferred taxes and is net of post-closing adjustments.

HIGHLIGHTS

- Successfully drilled four horizontal wells into the Maidstone Cummings and one vertical well into the Maidstone Waseca. These five wells came on production with average initial 30 day rates of 90 barrels per day. Four more horizontal Maidstone Cummings wells were drilled subsequent to quarter end that have since come on production in November 2013. These positive results strongly support further development of this new core area. An additional 14 horizontal wells were drilled into the Wildmere Lloydminster formation, 13 of which are currently on production and are meeting expectations. Gear is on track to drill a total of 46 gross wells (41 net) by the end of the year, with a capital budget of \$53 million.

- In July, Gear commenced drilling with a newly contracted super-single rig. This new rig has increased the efficiency of Gear's drilling program, reducing drilling days per well. In addition, the rig has allowed Gear to drill four well pads and full section length wells, reducing capital costs and increasing well productivity.

- Production for the quarter averaged 3,940 boe per day, an increase of 10 per cent per debt adjusted share from the third quarter of 2012. Production was reduced in the quarter due to several offset wells shut-in to accommodate nearby drilling. Production for the fourth quarter is expected to increase significantly with December average production forecasted between 4,800 and 5,000 boe per day. Production volumes for the most recent two weeks have averaged 4,500 boe per day.

- Cash flow from operations increased to a record \$12.1 million in the third quarter, an increase of 46 per cent per debt adjusted share from the third quarter of 2012. The growth in cash flow from operations is a result of improved heavy oil prices as well as increased production. Cash flow is expected to remain strong into the fourth quarter as sales volumes increase, offset by lower oil prices.

- Western Canadian heavy oil differentials narrowed from the third quarter of 2012, decreasing from US\$21.73 per barrel to US\$17.48 per barrel. The narrowing differential combined with a 15 per cent increase in WTI USD provided Gear with a 38 per cent increase in realized liquids pricing to \$88.01 per barrel and a 73 per cent increase in field netback, to \$46.97 per boe (relative to third quarter 2012, before hedging). Differentials are expected to widen in the fourth quarter as a result of refinery capacity constraints. To mitigate the widening differential, Gear will continue to pursue diversified outlets for its oil to receive premium pricing via rail and pipeline optionality.

- Gear continues to maintain a strong balance sheet, with a third quarter annualized net debt to cash flow of 1.2 times.

- The polymer injection pilot project in the Wildmere Lloydminster pool continues to operate as expected and the Company anticipates first production response to occur in the first quarter of 2014.

- On November 18, 2013 Gear is expected to commence trading publically on the Toronto Stock Exchange under the GXE trading symbol.

Forward-looking Information and Statements

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the 2014 and 2013 Guidance estimates, 2013 fourth quarter pricing, fourth quarter and 2014

royalty rate expectations, planned number of 2013 gross and net wells drilled, future operating costs to trend downwards, 2013 fourth quarter G&A increase, interest and financing cost decrease for the fourth quarter of 2013, financing sources for future capital drilling, Gear's estimates of normal course obligations, and a number of other matters, including the amount of future decommissioning costs; future liquidity and financial capacity; future results from operations and operating metrics; future costs, expenses and royalty rates; future interest costs; and future development, exploration, acquisition and development activities (including drilling plans) and related capital expenditures.

The forward-looking information and statements contained in this news release reflect several material factors and expectations and assumptions of Gear including, without limitation: that Gear will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Gear's reserves and resource volumes; certain commodity price and other cost assumptions; and the continued availability of adequate debt and equity financing and cash flow from operations to fund its planned expenditures. Gear believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Gear's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Gear or by third party operators of Gear's properties, increased debt levels or debt service requirements; inaccurate estimation of Gear's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time to time in Gear's public

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Gear does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Barrels of Oil Equivalent

Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six Mcf to one Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Additionally, 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 of 6:1 may be misleading as an indication of value.

Initial Production Rates

Any references in this document to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Gear.

Contact

[Gear Energy Ltd.](#)

Ingram Gillmore, President & CEO
403-538-8463
igillmore@gearenergy.com

Gear Energy Ltd.
David Hwang, Vice President Finance & CFO
403-538-8437
dhwang@gearenergy.com

www.gearenergy.com

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/167718--Gear-Energy-Ltd.-Announces-Third-Quarter-2013-Results-Record-Cash-Flow-and-Strong-Operational-Performance>

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](#).