

Southern Pacific Improves Production Rates at STP-McKay With Inflow Control Devices

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CALGARY, ALBERTA--(Marketwired - Mar 17, 2014) - [Southern Pacific Resource Corp.](#) ("Southern Pacific" or the "Company") (TSX:STP) today announced an operational update highlighted by continued positive results from its inflow control devices ("ICD") recently installed into the 2P1 and 1P5 well pairs at its STP-McKay Thermal Project.

Total Corporate Production

Total corporate production, which includes bitumen production from STP-McKay Phase 1 and heavy oil production from STP-Senlac, averaged 4,271 bbl/d ("barrels of oil per day") for the month of February. The production was split between STP-McKay (2,187 bbl/d) and STP-Senlac (2,084 bbl/d), representing a 12% increase from the prior month.

STP-McKay Thermal Project

In January, a series of ICDs were installed into the 2P1 well pair at STP-McKay. 2P1 was subsequently placed back into steam assisted gravity drainage ("SAGD") operation on January 21, 2014. The ICDs are designed to improve horizontal wellbore conformance by restricting vapour flow in "hot spots" and encouraging liquid flow from other sections. Early results suggest this process has the potential to generate meaningful improvements in both production and the steam-to-oil ratio ("SOR"). In February, the 2P1 well pair averaged 695 bbl/d, an increase of 87% compared to 371 bbl/d in December, prior to the ICD installation. The SOR also improved to 2.8 in February from an average SOR of 4.1 over the previous six months. The well pair is currently testing in the field at bitumen rates between 700 bbl/d to 900 bbl/d with corresponding SORs of 2.8 to 2.1. These results make 2P1 the best producing well to date at STP-McKay and demonstrate a successful proof of concept of ICDs as a tool to accelerate SAGD conformance.

The Company recently installed a second ICD configuration on 1P5, with the well pair returning to production on February 14, 2014. Initial response to the ICD installation has been strong with the 1P5 well pair already producing at over twice the fluid production rates in the months prior to the ICD installation. Downhole temperatures indicate that the ICDs are performing as expected, but the well pair requires more time to warm up now that the hotter sections are being restricted by the ICDs. This well pair was less conformed prior to ICD installation than 2P1, thus the Company expects the well pair will take longer to develop its peak rates than the 2P1 well pair.

Based on success of the ICDs, the Company has begun planning to implement these configurations into other well pairs at STP-McKay. The entire ICD installation is estimated to cost approximately \$1 million per well pair and will be implemented over the next several months.

Strategic Review

The Company's review of strategic and financial alternatives to enhance shareholder value remains ongoing. The Company does not intend to disclose developments with respect to the strategic review process until the Board of Directors has approved a specific transaction or otherwise determines that disclosure is necessary or appropriate. The Company cautions that there are no assurances or guarantees that the process will result in a transaction or, if a transaction is undertaken, the terms or timing of such a transaction.

About Southern Pacific

[Southern Pacific Resource Corp.](#) is engaged in the exploration, development and production of in-situ oil

sands in Alberta's Athabasca region, and the thermal production of heavy oil in Senlac, Saskatchewan. Southern Pacific trades on the TSX under the symbol "STP."

Advisory

This news release contains certain "forward-looking information" within the meaning of such statements under applicable securities law including estimates as to: future production, operations, operating costs, commodity prices, administrative costs, commodity price risk management activity, acquisitions and dispositions, capital spending, access to credit facilities and lending costs, income and oil taxes, regulatory changes, and other components of cash flow and earnings anticipated discovery of commercial volumes of bitumen, the timeline for the achievement of anticipated exploration, anticipated results from the current drilling program, workovers and any conformance acceleration techniques such as HPSS or the use of ICDs, and, subject to regulatory approval and commercial factors, the commencement or approval of any SAGD project, the potential results of the strategic alternative review process and enhancement of shareholder value, disclosure intentions with respect to the strategic alternative review process, and general economic outlook.

Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. 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 projected in the forward-looking statements. These factors include, but are not limited to the inherent risks involved in the exploration and development of oil and gas properties and of oil sands properties, strategic alternatives, conformance acceleration techniques, delays in ramp-up operations, the uncertainties involved in interpreting drilling results and other geological data, fluctuating oil prices and discounts, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands enterprise in the development stage, Southern Pacific faces risks including those associated with exploration, development, ramp-up, approvals and the continuing ability to access sufficient capital from external sources if required. Actual timelines associated may vary from those anticipated in this news release and such variations may be material. Industry related risks could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans, risks associated to the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. For a description of the risks and uncertainties facing Southern Pacific and its business and affairs, readers should refer to Southern Pacific's most recent Annual Information Form. Southern Pacific undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as the factors are interdependent, and the Board's and management's future course of action would depend on its assessment of all information at the time.

The reader is cautioned not to place undue reliance on this forward-looking information.

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