

# Southern Pacific Announces New First Lien Term Loan Facility Enhancing Balance Sheet Liquidity

26.03.2014 | [Marketwired](#)

CALGARY, ALBERTA--(Marketwired - Mar 26, 2014) - [Southern Pacific Resource Corp.](#) ("Southern Pacific" or the "Company") (TSX:STP) announced today that further to the ongoing review of strategic and financial alternatives, it has entered into a fully underwritten loan agreement with Credit Suisse AG and its affiliate for a new first lien term loan facility with an aggregate principal amount equal to the U.S. dollar equivalent amount of CAD\$150,000,000. The new first lien loan will have a five year term with a maturity date on or about March 28, 2019 and will bear interest at LIBOR plus 10%. The new facility will replace its existing CAD\$100,000,000 first lien credit facility which currently has a CAD\$85,000,000 availability limit and matures on May 31, 2014. The new first lien term loan facility will be provided by a syndicate of institutional investors with Credit Suisse AG, and is expected to close and be funded on or about March 28, 2014, subject to customary closing conditions. Additionally, at the Company's election, any optional prepayments upon the occurrence of a Change of Control shall be made at 102% of the principal amount.

In addition to increasing liquidity and an extended maturity date, the restrictive financial and negative covenants in the existing first lien credit facility will be removed and replaced with less restrictive covenants. Furthermore, the incremental liquidity will enable the Company to implement its near-term development plans which are expected to significantly increase corporate production from both STP-McKay and STP-Senlac.

With the additional capital and the initial success with the first two inflow control device ("ICD") installations in the 2P1 and 1P5 well pairs at STP-McKay, the Company has initiated plans to install another ICD into a third well pair. The Company anticipates the installation will commence in mid-April and take approximately two weeks to complete. It is expected the Company will continue to implement ICD configurations into several more well pairs in a consecutive manner throughout the spring and summer at STP-McKay.

At STP-Senlac, the Company has received full regulatory approval to proceed with the three well pair program at Phase L. The Company expects to spud the first well on the Phase in the summer with first oil expected towards the end of calendar 2014.

## Strategic Review

The Company's review of strategic and financial alternatives, with the assistance of its advisor RBC Capital Markets, is ongoing. Obtaining additional liquidity and tenure in the Company's first lien facilities provides increased flexibility in considering alternatives to enhance shareholder value. 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 any further transaction or, if such further 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: closing of the new first lien facility, additional ICD installation timing, 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 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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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/169510--Southern-Pacific-Announces-New-First-Lien-Term-Loan-Facility-Enhancing-Balance-Sheet-Liquidity.html>

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