

New Zealand Energy Reports 2013 Year-end Reserves and Production Update

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Apr 2, 2014) - [New Zealand Energy Corp.](#) ("NZEC" or the "Company") (TSX VENTURE:NZ)(OTCQX:NZERF) today announced that the Company commenced oil production from two additional wells during March 2014. Workover activities on the TWN Licenses are on track as outlined in previous updates, with the expectation that two additional wells will further add to oil production during April.

"NZEC continues to focus on reducing costs while increasing production and cash flow," said John Proust, Chief Executive Officer of NZEC. "We expect to report additional production increases in April, and continue to identify new low-cost opportunities on the TWN Licenses that could further add to production in the coming months."

The Company also announced its 2013 year-end reserves, with Proved + Probable (2P) reserves estimated at 1.2 million barrels of oil ("bbl") (1.6 million barrels of oil equivalent¹) with an after tax net present value, discounted at 10%, of \$57.9 million.

"NZEC's 2013 reserves estimate underscores the Company's production potential," said John Proust, NZEC's Chief Executive Officer and Director. "NZEC's Eltham Permit and TWN Licenses are estimated to hold 1.6 million boe of 2P reserves net to NZEC, valued at \$57.9 million after the estimated costs to extract the reserves. In addition, the Company offers additional value through its interest in the Waihapa Production Station and other infrastructure, plus exploration upside from significant prospective resources identified on the Company's property portfolio in both the Taranaki and East Coast basins."

Highlights

Production

- Average daily production for March (including Waitapu-2 well): 233 bbl/d net to NZEC
- Waitapu-2 well: Recommended Mt. Messenger oil production on March 6 (70 bbl/d net to NZEC)
- Waihapa-8 well: Reactivated Mt. Messenger oil production on March 29 (55 bbl/d net to NZEC, not included in March average daily production)
- Workover activities underway to prepare for additional oil production in April
 - Toko-2B well: Installing high-volume lift (ESP) to increase Tikorangi oil production
 - Waihapa-2 well: Installing artificial lift to commence Mt. Messenger oil production
- April production numbers are expected to include all existing wells plus all net production from Waihapa-8, Toko-2B (on ESP) and Waihapa-2

Reserves

- Proved + Probable reserves (2P) increased 145% compared to year-end 2012, following the acquisition of assets from Origin
- 2P reserves: 1,168,000 barrels of oil, 2.26 billion cubic feet of natural gas, 104,000 barrels of natural gas liquids, collectively 1,649,000 barrels of oil equivalent ¹
- Net present value of 2P reserves (after tax, 10% discount rate): \$57,905,800

¹ Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. The boe conversion ratio of 6 Mcf : 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Production Update

The Waitapu-2 and Waihapa-8 wells commenced production on March 6 and March 29, respectively. Waitapu-2 on NZEC's 100%-owned Eltham Permit had previously produced but was shut-in during 2013 to allow for Mt. Messenger reservoir studies and installation of artificial lift. Waitapu-2 commenced pumping on February 27, finished cleaning up its load fluid on March 6 and averaged 70 bbl/d for the rest of March. Waihapa-8 is a new reactivation opportunity on the TWN Licenses identified during February by the TWN Joint Arrangement ("TWN JA") (NZEC and L&M Energy, joint owners of the TWN Licenses). While the TWN JA originally expected to install a dedicated downhole pump, further review confirmed that the well could be produced by heating gas at the wellhead and using existing gas lift, resulting in savings of approximately NZ\$200,000 net to NZEC. Waihapa-8 commenced production from the Mt. Messenger Formation on March 29 and is currently producing at 110 bbl/d (55 bbl/d net to NZEC).

Total corporate production for March, which does not reflect production from the Waihapa-8 well, averaged 233 bbl/d compared to 228 bbl/d in February and 202 bbl/d in January. The Copper Moki-3 well has been shut-in since early March pending installation of a new pump. Toko-2B was shut-in on March 12 to allow for installation of high-volume lift (ESP).

Third-party revenue at the Waihapa Production Station year to date totals approximately NZ\$539,000 net to NZEC.

Upcoming Production

NZEC anticipates that three existing wells could further add to oil production during Q2-2014 (Table 1). Installation of artificial lift on the Waihapa-2 well is nearly complete, and the well is expected to commence production from the Mt. Messenger Formation by mid-April. Installation of high-volume lift (ESP) on the Toko-2B well is expected to be complete in mid-April. In addition, if further evaluation of the Waihapa-1B well confirms production potential from the Tikorangi Formation using artificial lift, the TWN JA will consider whether the well could be advanced to production in Q2-2014. Well logs and seismic data also show that the Waihapa-1B well offers additional production potential from an uphole completion in the Mt. Messenger Formation.

Newly Identified Low-Cost Opportunities on the TWN Licenses

The TWN JA continues to review well logs and historical drilling records across the TWN Licenses and has identified three new opportunities for uphole completions in the Mt. Messenger Formation. The Waihapa-3, Waihapa-4 and Waihapa-5 wells were all produced historically from the Tikorangi Formation. Recompletions are significantly cheaper than drilling new wells, and successful wells could be tied into the Waihapa Production Station using existing infrastructure. The TWN JA will continue to assess production potential from the Mt. Messenger Formation in these wells.

To view *Table 1 - NZEC's Production & Development Wells*, click the following link:
<http://media3.marketwire.com/docs/nz402-Table1.pdf>.

Year-end Reserves

As required under National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities, the Company commissioned Deloitte LLP to prepare a year-end oil reserve estimate and economic evaluation with an effective date of December 31, 2013. NZEC's Proved + Probable (2P) reserves have increased 145% when compared to the reserves reported at December 31, 2012, reflecting the acquisition in October 2013 of a 50% interest in the TWN Licenses. The reserve estimate and economic evaluation reflects NZEC's 100% interest in the Eltham Permit and its 50% interest in the Waihapa and Ngaere licenses. Additional information regarding the Company's reserves is available in the Company's Form 51-101F1 Statement of Reserves Data dated April 2, 2014, which is filed on SEDAR at www.sedar.com.

Marketable Oil and Gas Reserves
Attributable to [New Zealand Energy Corp.](http://www.nzec.co.nz) ¹
As at December 31, 2013

Forecast Prices and Costs

Reserves Category	Light & Medium Oil (bbl) ²	Natural Gas (Mcf) ³	Natural Gas Liquids (bbl)	Barrels Oil Equivalent (boe) ⁴
Proved				
Developed Producing	517,000	935,000	40,000	713,000
Developed Non-Producing	181,000	554,000	27,000	301,000
Undeveloped	111,000	88,000	3,000	129,000
Total Proved	809,000	1,576,000	71,000	1,143,000
Probable	359,000	683,000	34,000	506,000
Proved + Probable	1,168,000	2,260,000	104,000	1,649,000

Notes:

- (1) Net reserves to NZEC after deduction of royalty obligations payable to the New Zealand government and Origin Energy Resources NZ (TAWN) Limited.
- (2) Numbers may not sum due to rounding. See Cautionary Note Regarding Reserve Estimates.
- (3) bbl - barrels.
- (4) Mcf - thousand cubic feet of natural gas.
- (5) boe - barrels of oil equivalent using a conversion ratio of 6 Mcf : 1 bbl. Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. The boe conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Net Present Value of Future Net Revenue
Attributable to [New Zealand Energy Corp.](#) ¹

After Tax, Discounted at % per year

As at December 31, 2013

Forecast Prices and Costs

Reserves Category	0% (\$'000)	5% (\$'000)	8% (\$'000)	10% (\$'000)	15% (\$'000)	20% (\$'000)	Unit Value 10% (\$/boe)
Proved							
Developed Producing	\$ 42,349.6	\$ 24,786.3	\$ 20,986.3	\$ 18,452.9	\$ 15,261.1	\$ 13,286.9	\$ 22.42
Developed Non-Producing	14,141.9	20,443.9	19,922.3	19,574.6	17,762.9	16,042.2	57.57
Undeveloped	6,591.4	4,911.0	4,248.2	3,806.3	3,043.8	2,489.1	3.27
Total Proved	63,082.9	50,141.1	45,156.8	41,833.8	36,067.8	31,818.2	31.84
Probable	34,266.6	22,110.1	18,487.2	16,072.0	12,556.5	10,264.8	27.76
Proved + Probable	97,349.5	72,251.2	63,644.0	57,905.8	48,624.3	42,083.0	30.59

Notes:

- (1) Net present value of future net revenue to NZEC after deduction of royalty obligations payable to the New Zealand On behalf of the Board of Directors

On behalf of the Board of Directors

John Proust, Chief Executive Officer & Director

About New Zealand Energy Corp.

NZEC is an oil and natural gas company engaged in the production, development and exploration of petroleum and natural gas assets in New Zealand. NZEC's property portfolio collectively covers approximately 1.93 million acres of conventional and unconventional prospects in the Taranaki Basin and East Coast Basin of New Zealand's North Island. The Company's management team has extensive experience exploring and developing oil and natural gas fields in New Zealand and Canada, and takes a multi-disciplinary approach to value creation with a track record of successful discoveries. NZEC plans to add shareholder value by executing a technically disciplined exploration and development program focused on the onshore and offshore oil and natural gas resources in the politically and fiscally stable country of New Zealand. NZEC is listed on the TSX Venture Exchange under the symbol NZ and on the OTCQX International under the symbol NZERF. More information is available at www.newzealandenergy.com or by emailing info@newzealandenergy.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as such term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Forward-looking Statements

This document contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). The use of the word "expectation", "will", "expect", "continue", "could", "further", "pending", "anticipates", "offers", and similar expressions are intended to identify forward-looking statements. These 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 statements including, without limitation, the speculative nature of exploration, appraisal and development of oil and natural gas properties; uncertainties associated with estimating oil and natural gas reserves and resources; uncertainties in both daily and long-term production rates and resulting cash flow; volatility in market prices for oil and natural gas; changes in the cost of operations, including costs of extracting and delivering oil and natural gas to market, that affect potential profitability of oil and natural gas exploration and production; the need to obtain various approvals before exploring and producing oil and natural gas resources; exploration hazards and risks inherent in oil and natural gas exploration; operating hazards and risks inherent in oil and natural gas operations; the Company's ability to generate sufficient cash flow from production to fund future development activities; market conditions that prevent the Company from raising the funds necessary for exploration and development on acceptable terms or at all; global financial market events that cause significant volatility in commodity prices; unexpected costs or liabilities for environmental matters; competition for, among other things, capital, acquisitions of resources, skilled personnel, and access to equipment and services required for exploration, development and production; changes in exchange rates, laws of New Zealand or laws of Canada affecting foreign trade, taxation and investment; failure to realize the anticipated benefits of acquisitions; and other factors as disclosed in documents released by NZEC as part of its continuous disclosure obligations. Such forward-looking statements should not be unduly relied upon. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Actual results could differ materially from those anticipated in these forward-looking statements. The forward-looking statements contained in the document are expressly qualified by this cautionary statement. These statements speak only as of the date of this document and the Company does not undertake to update any forward-looking statements that are contained in this document, except in accordance with applicable securities laws.

Cautionary Note Regarding Reserve Estimates

The oil and gas reserve calculations and net present value projections were estimated in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 ("NI 51-101"). The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf: one bbl was used by NZEC. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates. Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Revenue projections presented are based in part on forecasts of market prices, current exchange rates, inflation, market demand and government policy which are subject to uncertainties and may in future differ materially from the forecasts above. Present values of future net revenues do not necessarily represent the fair market value of the reserves evaluated. Information concerning reserves may also be deemed to be forward-looking as estimates imply that the reserves described can be profitably produced in the future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause the actual results to differ from those anticipated.

Contact

[New Zealand Energy Corp.](#)

John Proust
Chief Executive Officer & Director
North American toll-free: 1-855-630-8997

[New Zealand Energy Corp.](#)

Bruce McIntyre
Director
North American toll-free: 1-855-630-8997

[New Zealand Energy Corp.](#)

Rhylin Bailie
Vice President Communications & Investor Relations
North American toll-free: 1-855-630-8997
info@newzealandenergy.com
www.newzealandenergy.com

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