

# Pan Orient Announces 2013 Year-End Heavy Oil Resources for Sawn Lake, Alberta Project of Andora Energy Corporation

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CALGARY, ALBERTA--(Marketwired - Apr 9, 2014) - [Pan Orient Energy Corp.](#) (TSX VENTURE:POE), on behalf of its 71.8% owned subsidiary Andora Energy Corporation ("Andora"), is pleased to release the December 31, 2013 National Instrument 51-101 compliant resource evaluation for Andora's oil sands project at Sawn Lake Alberta, Canada, as evaluated by Sproule Unconventional Limited ("Sproule"). The evaluation included all of Andora's Oil Sands Leases in Sawn Lake based on exploitation using Steam Assisted Gravity Drainage ("SAGD").

Andora is focused on developing the bitumen resources at the Sawn Lake property in the Peace River Oil Sands Region using SAGD development. Andora received regulatory approval for a demonstration project at under the Oil Sands Conservation Act from the Energy Resources Conservation Board and approval from the Government of Alberta under the Environmental Protection and Enhancement Act prior to 2013. The first step towards determining the commercial viability of the SAGD recovery process at Sawn Lake is completion of Phase 1 of our SAGD Demonstration Project to provide an indication of the productivity of the reservoir and the amount of steam injection required to produce the bitumen, which are key components in assessing the potential for SAGD development at Sawn Lake.

The demonstration project is located in the Central Block of Sawn Lake where Andora is the operator and holds a 50% working interest. Phase 1 of the SAGD demonstration project in 2013 / 2014 consists of drilling one SAGD well pair, construction of the SAGD facility for steam generation, water handling and oil treating, and installing water source and disposal facilities. The SAGD well pair was drilled in the fourth quarter of 2013 to a depth of 650 meters and have a horizontal length of 780 meters. Final construction of the SAGD facility is currently being completed and steam injection at the Sawn Lake SAGD demonstration project is scheduled for April 2014. After three months of steam injection, bitumen production is anticipated by the end of July 2014.

## Summary and Highlights of Sawn Lake, Alberta Contingent Resources as at December 31, 2013

- The oil sands project at Sawn Lake Alberta as at December 31, 2013 was evaluated by Sproule. Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. The contingent resource volumes estimated in the Sproule report are considered contingent until such time as commercial recovery has been confirmed with SAGD production rates from a SAGD pilot, regulatory approvals for commercial SAGD development have been obtained and the company has a firm commercial development plan and funding for the commercial development. Contingent Resources are further classified as "High", "Best" and "Low" in accordance with the level of certainty. There is no certainty that it will be economically viable to produce any of the reported contingent resource volumes.
- The December 31, 2013 contingent resource report by Sproule represents a mechanical update incorporating new forecasted prices for crude oil, natural gas and exchange rates, and revised estimates of capital expenditures associated with drilling SAGD wells. There is no change from the estimate of contingent resource volumes as at December 31, 2012 prepared by Sproule. The net present value of the "Best Case" (discounted at 10% before income tax using forecast prices) attributed to Sawn Lake contingent resources increased by 14% to \$557 million as a result of a 6% increase in crude oil prices, a 5% decrease in forecast natural gas prices and a 10% decrease in the estimated capital cost for drilling of SAGD wells, partially offset by a 12% increase in the bitumen differential and a 20% increase in Crown royalties.

- Sawn Lake "Best Case" contingent resources of 214 million barrels of bitumen attributed to Andora's working interests, or 154 million barrels attributed to the 71.8% ownership interest of Pan Orient in Andora, have been assigned almost entirely in the South and Central Blocks of Sawn Lake. Andora is the operator of these lands and holds a 100% working interest in the 16 sections of the South Block and currently holds a 50% working interest in the 12 sections of the Central Block. Contingent resource volumes are only assigned to working interests and are not assigned to GORR interests.
- Net present value of the "Best Case" (discounted at 10% before income tax using forecast prices) attributed to Sawn Lake contingent resources for the working interests and the GORR interests is \$557 million for Andora, with \$481 million attributed to the working interests. The amount attributed to the 71.8% ownership interest of Pan Orient in Andora is \$400 million for the working interests and the GORR interests, and \$346 million to the working interests alone.
- Net present value of the "Best Case" (discounted at 10% after income tax using forecast prices) attributed to Sawn Lake contingent resources for the working interests and the GORR interests is \$364 million for Andora, with \$307 million attributed to the working interests. The amount attributed to the 71.8% ownership interest of Pan Orient in Andora is \$262 million for the working interests and the GORR interests, and \$220 million to the working interests alone.

Andora Sawn Lake, Alberta Interests at December 31, 2013

	Gross Sections	Working Interest	Additional Interest
South Block (Andora operated)	16	100%	
Central Block (Andora operated)	12	50%	3% GORR on non-owned 40% working interest
North Block (Andora operated)	9	100%	
North Block	51	10%	3% GORR on non-owned 80% working interest in 24.5 sections
	88		

Note: GORR interests sold in March 2014

Summary of Canada Contingent Bitumen Resources as of December 31, 2013, as provided by Sproule

Marketable Resources - Company Gross (million barrels)	Andora	Pan Orient 71.8%
Contingent - Low Estimate "1C"	194.7	139.9
Contingent - Best Estimate "2C"	214.4	154.0
Contingent - High Estimate "3C"	251.0	180.3

Sawn Lake Oil Sands Project

Summary of Net Present Values Before Tax as of December 31, 2013

Contingent Resources as provided by Sproule for Working Interests and GORR Interests

Andora 100% (Cdn\$ million)

	0%	5%	10%	15%
Contingent - Low Estimate "1C"	3,740	1,292	453	117
Contingent - Best Estimate "2C"	4,877	1,599	557	160
Contingent - High Estimate "3C"	6,720	2,142	747	228

1	Resources assessed at forecast crude oil reference prices and costs.
2	The reference prices for crude oil per barrel (Western Canada Select WCS 20.5 API adjusted for quality and transportation in Canadian dollars) are \$77.81 for 2014, \$75.02 for 2015, \$75.29 for 2016, \$85.36 for 2017, \$86.64 for 2018, and increase at 1.5% per year thereafter.
3	Oil revenue for these resources is equal to ~70% of the forecast crude oil reference price.
4	The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$4.00 for 2014, \$3.99 for 2015, \$4.00 for 2016, \$4.93 for 2017, \$5.01 for 2018 and increase at approximately 1.5% to 1.7% per year thereafter.
5	Future development costs for Contingent Resources which have been deducted in calculating the before tax NPV: - Low Estimate - CDN\$2,165 million with the drilling of 390 gross well pairs and building facilities - Best Estimate - CDN\$2,169 million with the drilling of 390 gross well pairs and building facilities - High Estimate - CDN\$2,196 million with the drilling of 390 gross well pairs and building facilities
6	The engineered values disclosed may not represent fair market value.
7	There is no certainty that it will be commercially viable to produce any portion of the resources.

Sawn Lake Oil Sands Project

Summary of Net Present Values Before Tax as of December 31, 2013

Contingent Resources as provided by Sproule for Working Interests and GORR Interests

Pan Orient 71.8% Interest in Andora (Cdn\$ million)

	0%	5%	10%	15%
Contingent - Low Estimate "1C"	2,687	928	325	84
Contingent - Best Estimate "2C"	3,504	1,149	400	115
Contingent - High Estimate "3C"	4,828	1,539	537	165
1	Resources assessed at forecast crude oil reference prices and costs.			
2	The reference prices for crude oil per barrel (Western Canada Select WCS 20.5 API adjusted for quality and transportation in Canadian dollars) are \$77.81 for 2014, \$75.02 for 2015, \$75.29 for 2016, \$85.36 for 2017, \$86.64 for 2018, and increase at 1.5% per year thereafter.			
3	Oil revenue for these resources is equal to ~70% of the forecast crude oil reference price.			
4	The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$4.00 for 2014, \$3.99 for 2015, \$4.00 for 2016, \$4.93 for 2017, \$5.01 for 2018 and increase at approximately 1.5% to 1.7% per year thereafter.			
5	Future development costs for Contingent Resources which have been deducted in calculating the before tax NPV:			
	- Low Estimate - CDN\$1,555 million with the drilling of 390 gross well pairs and building facilities			
	- Best Estimate - CDN\$1,558 million with the drilling of 390 gross well pairs and building facilities			
	- High Estimate -- CDN\$1,578 million with the drilling of 390 gross well pairs and building facilities			
6	Results represent Pan Orient's 71.8% interest in Andora.			
7	The engineered values disclosed may not represent fair market value.			
8	There is no certainty that it will be commercially viable to produce any portion of the resources.			

### Subsequent Event - Sale of GORR Interest in March 2014

In March 2014, the 3% gross overriding royalty ("GORR") on a portion of the non-owned working interests in 12 sections of the Central Block and 24.5 sections of the North Block was repurchased by a joint venture partner with \$2.7 million paid to Andora. This sale of the GORR by Andora was part of an agreement with joint venture partners that allowed the demonstration project to move forward and enabled the joint venture partners to fund their share 50% share of the demonstration project. The net present value of the "Best Case" (discounted at 10% after income tax using forecast prices) attributed to Pan Orient's 71.8% share of the Sawn Lake contingent resources for the GORR interests is \$55 million on a before tax basis and \$41 million on an after tax basis. The sale price of the GORR reflects that commercial viability of SAGD development at Sawn Lake has not yet been established, and that key economic parameters need to be determined with the demonstration project

The December 31, 2013 evaluation of Sawn Lake "Best Case" contingent resources attributed to the working interests of Andora is 214 million barrels of bitumen and an associated net present value (discounted at 10% before income tax using forecast prices) of \$481 million. The amount attributed to the 71.8% ownership interest of Pan Orient in Andora is 154 million barrels of bitumen and an associated net present value (discounted at 10% using forecast prices) before income tax of \$346 million, and \$220 million on an after tax basis.

### Pan Orient is a Calgary, Alberta based oil and gas exploration and production company with operations currently located onshore Thailand, Indonesia and in Western Canada.

*This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Pan Orient. Although Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove*

*to be correct.*

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