

Iona Energy Announces Company-Wide Brief Including Trent & Tyne Acquisition, Operational Update, and Management Addition

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CALGARY, ALBERTA -- (Marketwired - April 29, 2014) - [Iona Energy Inc.](#) ("Iona" or the "Company") (TSX VENTURE:INA) is pleased to announce the signing of a sale and purchase agreement ("SPA") with Perenco UK Limited ("Perenco") for an 80% working interest in the Trent & Tyne Gas Fields which will bring the Company's aggregate working interest to 100% and result in Iona becoming Operator. The Company is also pleased to announce a management addition and the provision of a company-wide operational update. A presentation detailing the Trent & Tyne acquisition has been added to Iona's website at www.ionaenergy.com.

ACQUISITION OF REMAINING TRENT & TYNE (80%) WORKING INTEREST

On April 28th, 2014, through its wholly owned UK subsidiary, Iona UK Developments Co Limited, Iona entered into a binding SPA with Perenco for the acquisition of Perenco's operated working interests in the producing Trent & Tyne Gas Field licences (including the Trent East gas discovery), Perenco's rights and obligations under the sale and purchase agreement dated April 15, 2011 previously entered into between Perenco and Iona Energy Company (UK) plc (including Perenco's obligation to drill the Tyne North West Well as defined under that agreement), and Perenco's interest in the Block 44/18e Licence, in exchange for USD 20 million. Specifically Iona will acquire:

- An undivided legal interest and 80% beneficial interest in Licence P. 685 ("Trent Gas Field Blocks 43/24a")
- An undivided legal interest and 80% beneficial interest in Licence P. 609 ("Tyne Gas Field Blocks 44/18a")
- A 100% beneficial interest in Licence P.685 to the extent it relates to the Trent East Discovery Area Blocks 43/24a
- An undivided legal interest and 80% beneficial interest in Block 44/18e Licence containing an extension of the Tyne East Discovery
- Operatorship of the Tyne to Trent pipeline and the Esmond Transportation System ("ETS") pipelines which transport gas to the Bacton terminal

The transaction metrics for the acquisition are as follows:

- 2P reserves addition: 37.4 Bcf (6.2 MMboe)(1)
- Addition of 2P before-tax net present value discounted at 10%: USD 150.9 million(1)
- 2P production addition: Immediate addition of 10.1 MMcf/d (1,700 boe/d)(3) with expected Q1 2015 addition of 21.4 MMcf/d (3,560 boe/d)(3)
- Acquisition cost: USD 20 million
- Acquisition cost per 2P reserve additions: USD 0.53/Mcf or USD 3.21/boe(3)
- Acquisition cost per production additions: USD 936/Mcfpd or USD 5,615/boe/d(3)

The addition of Perenco's remaining 80% working interest brings Iona's total Trent & Tyne ownership to 100% and gives the Company operating control of the fields. The acquisition increases Iona's potential corporate peak production to over 10,000 boe/d(4) in early 2015, roughly split 55% oil and 45% natural gas, and creates a strategic hub in the southern gas basin with low entry costs and high returns. Further, the

purchase provides Iona with a strategic focus area for future acquisitions. Iona has identified significant upside potential within the Trent & Tyne license area through infill drilling opportunities, development of undeveloped fault blocks, and the drilling of identified low risk exploration targets.

The completion and timing of this transaction remains subject to payment of the purchase price and to consents from the Department of Energy & Climate Change ("DECC") for the transfer of operatorship, assignment of the interests and other regulator approval to enable Iona to operate the two fields and the Tyne to Trent and the Esmond Transportation System ("ETS") pipelines to transport production to the Bacton terminal. The effective date of the transaction is January 1, 2014 and between then and completion, Iona will assume 100% of the financial benefits and obligations associated with the increased working interest. Completion of the acquisition and transfer of operatorship is anticipated to occur by October 1, 2014. Costs for transferring operatorship from Perenco to Iona are shared equally between the companies.

Acquisition of Further Adjacent Exploration Licenses.

In addition to the Trent & Tyne acquisition, Iona has entered into a SPA with Ithaca Energy (UK) Limited ("Ithaca") for a 33.33% non-operated interest in Blocks 42/20a, 42/25b, 43/16, and 43/21c of License P.2107, potential gas accumulations to the northwest of Iona's 100% owned Trent field. The total consideration paid to Ithaca by Iona was £79,094. The partners in the blocks are Parkmead (E&P) Limited (33.33% operator) and Bridge Energy (SNS) Limited (33.33%). The current work programme contemplates the near-term acquisition of seismic over the area, and a drill or drop requirement by 2018.

Neill Carson, CEO, commented "We consider the acquisition of these fields, platforms and pipeline infrastructure as important and strategic to Iona as it adds approximately 3,560 boe/d(3) of net gas production in early 2015, currently selling for over US\$10/Mcf. The 100% operatorship enables Iona to carry out an aggressive work-over program on existing wells, to drill an infill well portfolio that we have matured to execution readiness, and to target a number of fresh gas accumulations that sit within reach of this infrastructure. More importantly, the acquisition gives Iona full control over the timeline for drilling Tyne NW, the T1Z sidetrack well, and Trent East Discovery. The drilling program will commence in early 2015."

Trent & Tyne Background.

Trent & Tyne are two gas fields located in the UK Southern North Sea, approximately 130 kilometres and 170 kilometres east of Scarborough, on the English east coast respectively. The fields lie in the Southern Gas Basin in 20 to 50 metres water depth. Trent & Tyne were developed together by Atlantic Richfield Company ("ARCo") and brought on production in November 1996, approximately five years after discovery in 1991 (Trent) and 1992 (Tyne). As at December 31st, 2013, total gross produced volumes from the two fields was 270 Bcf, with Iona estimating internally that the fields hold remaining gross 2P reserves of 46.8 Bcf (7.8 MMboe)(2)

Trent & Tyne Catalysts.

Upon assuming operatorship in 2003, Perenco embarked on a period of operational investment that has, until recently, resulted in greater than 90% uptime on an annualized basis. The offshore investment focused on integrity of the platforms, pipelines and topsides equipment and on operational improvements to increase the uptime of the gas compression trains.

Building upon the refurbished infrastructure, significant upside potential exists within the Trent & Tyne area to access infield and step-out opportunities. Until 2012, there had been no new drilling or well sidetracks since its original development. In 2012, the previously producing Tyne T5 well was successfully sidetracked up dip and recompleted as T6. This well had an initial peak production rate of 28 MMcf/d.

Several specific near term drilling opportunities have been identified by Iona:

- **Tyne North West.** This undrilled North West fault block underlies in part a north-south trending salt wall which obscured reservoir imaging at the time of initial development. The fault block is better imaged on reprocessed and more recent 3D seismic data and, based on current interpretation, Iona is preparing for a new well to be drilled from the Tyne platform. The prospect is considered low risk as it lies adjacent to two producing compartments in the field and above a known field gas water contact. The well and is expected to be drilled in early 2015. Based on internal estimates of Iona, Tyne NW contains potentially 20 Bcf of prospective resources(3) and may produce at peak rates of up to 25 MMcf/d(3).

- **Tyne T1z Sidetrack.** The T1z development well is currently unable to flow due to a combination of casing

collapse and salt plugging. Pressure measurements in the well indicate that gross 2P reserves of 25 Bcf(3) remain at the Tyne field and a development sidetrack well is under consideration to tap this substantial reserve in the known reservoir. The work programme may be implemented when the rig is on site to drill the Tyne North West well. Iona forecasts initial peak production rates from this sidetrack of 18 MMcf/d (3).

- **Trent East Discovery.** This is a proven undeveloped gas discovery in the Carboniferous Westphalian and Namurian reservoirs, with contingent gas resources estimated internally by Iona to be 36.6 Bcf (2C)(3). A Field Development Plan ("FDP") is currently being prepared for the Trent East Discovery, which will produce across the Trent platform. Iona believes Field development could potentially recover higher than the 2C estimate if all of the main porous gas-bearing sands flow at commercial rates. The existing 43/25-3 discovery well drilled by Arco British Limited flow tested from two of the five potential sands at an aggregate rate of 50 MMcf/d.

- **Tyne East Discovery.** This undeveloped fault block was drilled in the original field appraisal programme in 1997 but was not developed at the time due the existence of larger volumes elsewhere in the field. Based on current gas prices, Iona considers Tyne East to be a commercial development which represents further future opportunity at Tyne. Iona estimates best case gross contingent resources (2C) for Tyne East of 17 Bcf(3).

- Iona has initiated a 3D seismic reprocessing study of the entire 237 km² survey that covers the Trent Field. It is believed that this study will mature a number of development drilling opportunities into intra field compartments.

- Iona is currently preparing the regulatory permits and is in advanced planning on location surveys for the drilling of these wells. Further, Iona is in discussions with the rig market for the provision of two Jackup rig slots in early 2015.

OPERATIONAL UPDATE

Trent & Tyne Update (100% Working Interest, Operator)

The Tyne 44/18-T6 ("T6") well was completed in January 2013 as a production well and flow tested at an average rate of 25 MMcf/d with a peak rate of 28 MMcf/d. Until late 2013, T6 production was consistently above 25 MMcf/d and exceeding expectations. Late in 2013 the T6 well began experiencing technical difficulties, and production dropped from 28 MMcf/d to 12 MMcf/d. The well was taken offline to analyze the problem.

In the operating envelope of the Tyne field, and in particular the T6 well, salt deposition in the wellbore tubulars is a significant risk to production. As super-saline formation water enters the wellbore tubulars it experiences a drop in both temperature and pressure. This causes salt to drop out of solution and deposit in the well. It is a well-known issue in the gas fields of the UK Southern Gas Basin and elsewhere with highly saline formation waters.

Standard industry practice is to install a water washing system to the wells. Fresh water is pumped down the wells and this washes salt deposits to surface. A water maker takes sea water and, by reverse osmosis, generates fresh water for the water washing system. Salt build-up is sufficiently quick to preclude producing wells such as T6 without continual water washing. It is routine procedure to suspend production while the water maker is out of commission. Operational improvements to enhance the performance and reliability of the Tyne water maker are being implemented and should be rectified during the second half of 2014.

Huntington Forties Production Update (17.55% Working Interest, Non-Operator)

On April 12, 2014, Huntington production was suspended as work commenced to replace a number of straub couplings that are part of the inert gas system on the floating production, storage and offloading ("FPSO") facility. On April 24, 2014, the Operator, E.ON E&P UK Ltd, informed the partners that the replacement work had been completed ahead of schedule and that production restart had commenced. However, on April 26, 2014 the Huntington partnership was advised that due to an unplanned shutdown issue involving the CATS riser system, all fields producing through the system would be shut in until May 1, 2014.

Huntington Jurassic Fulmar ("Maxwell") Update (17.55% Working Interest, Non-operator)

Relating to the deeper Maxwell discovery which lies beneath the producing Huntington Forties field, a subsequent phase of development is under evaluation by the Huntington joint venture partners to submit an

FDP, to conduct engineering work in 2015, and to set a first oil target in 2016. Further appraisal and development of the Fulmar horizon may follow depending on the geoscience evaluation of the overall extent of this reservoir to include Iona's 100% owned Block 22/14d.

Orlando Update (75% Working Interest, Operator)

The development plan for Orlando comprises the re-entering of the suspended 3/3b-13z well, drilling a 3,000 foot horizontal producer, and completion with dual electric submersible pumps. Additionally, a subsea pipeline, power supply and control umbilical are expected to be laid between the well-head and the Ninian Central Platform ("NCP") approximately 10 km to the south west of the Orlando field. Engineering modifications are expected to be completed at NCP allowing tie-in and first production shortly after completing the development well.

It was originally contemplated that each of these items would be completed by 2015, enabling first oil from Orlando in the second half of the year. Subsequent to December 31, 2013, the Company has determined that some of these items will not be completed during 2014 and 2015, and Iona now aims to achieve first oil from Orlando as early as possible in 2016.

The manufacture of line pipe and Xmas trees is substantially complete. The copper cores for the umbilical are also complete and delivered to the umbilical assembly plant. Manufacture of the control system is ongoing and contractual arrangements for the balance of the project supply chain are in the process of being finalized. Additionally, piping tie-ins to the NCP have now been completed.

Kells Update (75% Working Interest, Operator)

Kells is currently slated for development through NCP following tie-in of Orlando to the same facility. The Kells development plan comprises two subsea production wells, an oil pipeline, a control umbilical, and some pipework modifications at NCP. An FDP has been submitted and project activity will be phased through 2015 and 2016, with first oil expected in the second half of 2016. A subsequent water injection project is planned to unlock additional reserves. This 2017 project will involve the laying of water injection and gas lift lines, and the conversion of the second well to water injection service.

Ronan & Oran Update (100% Working Interest, Operator)

Since acquiring these oil discoveries in the 27th licencing round, Iona has commenced reprocessing 270 km² of 3D seismic data over the region, and has conducted more detailed subsurface mapping of Ronan & Oran that suggests the area of the discoveries may be greater than previously thought. The three discovery wells all encountered oil 'down to' the base of the reservoir without encountering oil-water contacts. Iona believes that subsurface mapping has shown the potential to add significant resources through appraisal drilling which exist below known oil levels, and that a potential oil-water contact 150 ft deeper could be mapped out to the spill point lying to the northeast. A preliminary appraisal location has been selected to penetrate and test the extension of this oil column deeper into the basin to determine the extent of these resources.

The reprocessed 3D data should be received in July, after which a final subsurface appraisal location will be confirmed. Iona is currently contemplating the appraisal drilling in early 2015, and has initiated the permitting, site survey, and procurement of a semi-submersible rig to pursue this opportunity.

West Wick Update (58.73% Working Interest, Operator)

Iona completed the acquisition of operatorship and a 58.73% working interest in West Wick in August 2012 and is the operator of the block. West Wick is programmed for a three well subsea development. The development will comprise two producers and one injector. The most likely development is via offset field infrastructure; however, Iona is also considering stand-alone facilities and is in consultation with both the joint venture and the supply chain and engineering studies are ongoing. The Company expects to select a development approach and submit the associated FDP in 2014.

Notes:

(1) Calculated based on the acquisition of Perenco's remaining 80% working interest in the Trent & Tyne fields using the proved plus probable reserves (2P) associated with the Trent & Tyne fields as estimated by

Iona's non-independent qualified reserves evaluator effective as of April 25, 2014 using forecast prices and costs. See "Notes Regarding Oil and Gas Disclosure" below for additional information.

(2) Calculated based on a 100% working interest in the Trent & Tyne fields using the proved plus probable reserves (2P) associated with the Trent & Tyne fields as estimated by Iona's non-independent qualified reserves evaluator effective as of April 25, 2014. See "Notes Regarding Oil and Gas Disclosure" below for additional information.

(3) As estimated by Iona's non-independent qualified reserves evaluator effective as of April 25, 2014. See "Notes Regarding Oil and Gas Disclosure" below for additional information.

(4) Assumes 2015 peak production of ~6,055 boe/d from Iona's 17.55% economic interest in the Huntington field plus peak production of 4,452 boe/d from Iona's (expected) 100% interest in the Trent & Tyne fields (including successful drilling and completion of the Tyne T1z sidetrack and production from the T1z sidetrack at a peak production rate of 18 MMcf/d (3,000 boe/d)).

CORPORATE UPDATE

Appointment of Richard Ames as Executive Vice President

Effective immediately, Mr. Richard Ames has been appointed as Iona's Executive Vice President. Mr. Ames is currently a Director of Iona. Mr. Alan Curran will remain as Chief Operating Officer until his departure in June 2014 and Mr. Graham Heath continues his roles as Interim Chief Financial Officer and VP Corporate Development until a permanent replacement is found for the role of CFO.

Mr. Ames has 32 years of broad range experience in the oil and gas industry with senior executive roles in full cycle oil and gas exploration and production, information technology and oil and gas services. He has held several Vice President positions in TNK-BP, Sidanco, and Amoco in Russia and Kazakhstan, where he was responsible for government liaison, the implementation of business strategies and the management of exploration and new venture projects. He has recently held Advisory Board of Director positions in Accenture Russia, Kiawah Conservancy, and DataSpace.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

About Iona Energy:

Iona is an oil and gas exploration, development and production company focused on oil and gas development and exploration in the United Kingdom's North Sea.

Forward-Looking Statements

Some of the statements in this announcement are forward-looking, including statements regarding Iona's business plans for its properties (including timing and methods of anticipated drilling and production tie-back), estimates of proved plus probable reserves, contingent resources and prospective resources associated with certain properties, anticipated completion of the Trent & Tyne acquisition and anticipated production levels. Forward-looking statements include statements regarding the intent, belief and current expectations of Iona Energy Inc. or its officers with respect to various matters, including production, drilling activity or otherwise. When used in this announcement, the words "expects," "believes," "anticipate," "plans," "may," "will," "should", "scheduled", "targeted", "estimated" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, are based on various assumptions by Iona's management, including assumptions which are beyond Iona's control, and are subject to risks and uncertainties that could cause actual outcome to differ materially from those suggested by any such statements, including without limitation, the risk of unanticipated delays or unanticipated costs impacting drilling and development plans or future production rates or the risk that the Trent & Tyne acquisition is delayed or not completed for any reason. These forward-looking statements speak only as of the date of this announcement. Iona Energy Inc. expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based except as required by applicable securities laws.

Notes Regarding Oil and Gas Disclosure

As used in this press release, "boe" means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boes may be misleading, particularly if used in isolation. A 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.

The reserves estimates contained in this press release are estimates only and the actual results may be greater than or less than the estimates provided herein. The estimates of reserves and resources for individual properties may not reflect the same confidence level as estimates of reserves or resources for all properties, due to the effects of aggregation. Peak production numbers may not be indicative of long-term performance or of ultimate recovery.

"Contingent resources" is defined in the Canadian Oil and Gas Evaluation Handbook as 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. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status. 1C, 2C and 3C refer to the low estimate, best estimate, and high estimate, respectively, of contingent resources. The Trent East and Tyne East discoveries are still at an early stage of evaluation and until Iona finalizes a development plan for each field, these contingent resources will not be classified as reserves.

The Contingent resources estimates are estimates only and the actual results may be greater than or less than the estimates provided herein. There is no certainty that it will be commercially viable or technically feasible to produce any portion of the resources.

"Prospective resources" is defined in the Canadian Oil and Gas Evaluation Handbook as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub classified based on project maturity. There is no certainty that any portion of the Prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the Prospective resources nor can there be any certainty regarding the timing of any such development.

Additionally, this press release uses certain abbreviations as follows:

Oil and Natural Gas Liquids		Natural Gas	
bbls	barrels	Mcf	thousand cubic feet
boe	barrels of oil equivalent	MMcf	million cubic feet
MMboe	million barrels of oil		
equivalent	Bcf	billion cubic feet	
boe/d	barrels of oil equivalent per day	Mcfpd	thousand cubic feet
per day			
MMcf/d	million cubic feet per day		

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