

Connacher Announces Q4 2013 and 2013 Year End Results

19.03.2014 | [CNW](#)

CALGARY, March 19, 2014 /CNW/ - [Connacher Oil and Gas Limited](#) (CLL - TSX; "Connacher" or the "Company") today released its financial and operating results for 2013, a summary of which is set out below (all amounts are in Canadian dollars unless otherwise noted). The quarterly conference call and annual general meeting details are provided below. The Company's consolidated annual financial statements for the year ended December 31, 2013 and the related management's discussion and analysis of the operating and financial results can be accessed on Connacher's website at www.connacheroil.com and on SEDAR at www.sedar.com

2013 Highlights:

- Adjusted EBITDA increased 31 per cent to \$14.6 million in Q4 2013 (Q4 2012 - \$11.2 million) and increased 112 per cent to \$86.5 million in 2013 (2012 - \$40.7 million). For both periods, the increase is attributable to higher bitumen netbacks and reduced general and administrative costs, offset by realized risk management losses
- Q4 2013 funds flow used in continuing operations was \$5.7 million (Q4 2012 funds flow used \$7.8 million). In 2013, funds flow from continuing operations was \$6.9 million (2012 - funds flow used \$40.9 million)
- Connacher ended the year with a cash balance of \$55.6 million (2012 - \$126.8 million), working capital of \$19.6 million (2012 - \$111.7 million which included net proceeds from the sale of Montana Refining Inc. and conventional oil and gas assets)
- The 2013 capital program was completed within budget and on schedule. Capital expenditures of \$93.7 million (2012 - \$37.1 million) included \$69.7 million focused primarily on four new infill wells and four new SAGD well pairs and related facilities at Pod One, and \$22.6 million for maintenance requirements. Q4 2013 capital expenditures totaled \$9.7 million (Q4 2012 - \$11.4 million) mainly for completion of surface facilities to tie in the four new well pairs at Pad 104
- Full year production averaged 11,783 bbl/d (2012 - 11,881 bbl/d). Production was slightly below 2012, as the impact of our 2013 capital program wasn't realized until the fourth quarter of 2013. Q4 2013 production averaged 11,375 bbl/d (Q4 2012 - 11,945 bbl/d), and was lower due to scheduled interruptions during the commissioning of the new well pairs at Pad 104 and a temporary reduction in natural gas supply in Northern Alberta necessitating a turndown in steam generation at Algar. Preventative maintenance was advanced and performed during Q4 2013 and also reduced production
- Connacher's proved producing reserves as at December 31, 2013 increased by 13 per cent over the prior year. The Company also received reserve recognition in the year end 2013 reserve report for the approved commercial SAGD+® process project at Algar
- The Company's diverse customer portfolio resulted in net realized bitumen prices in 2013 of \$53.93 bbl (2012 - \$41.35 bbl) and in Q4 \$50.70 bbl (Q4 2012 - \$41.55 bbl)

2013 Financial and Operational Highlights

The Company fully exited its downstream refining business and its conventional oil and gas business ("Discontinued Operations"), effective October 1, 2012 and September 14, 2012, respectively. The following highlights focus on the financial and operating results of Connacher's continuing oil sands business ("Continuing Operations").

FINANCIAL (\$000 except per share amounts)

Q4 2013 Q4 2012

% 2013 2012 %

Revenue, net of royalties (Continuing Operations) \$93,209 \$94,959 (2)

427,861 \$384,946 11

Adjusted EBITDA (Continuing Operations)

(1) 14,609 11,181
 31 86,470 40,699
 112
 Net earnings (loss) (Continuing Operations) (41,350) (40,527)
 2 (122,390) (109,172)
 12
 Net earnings (loss) (Discontinued Operations)
 - 33,360 (100)
 - 24,703 (100)
 Net earnings (loss) (41,350) (7,167) 477 (122,390) (84,469) 45
 Per share, basic and diluted (Continuing Operations)
 (2) (0.09) (0.09) - (0.27) (0.24) 13
 Per share, basic and diluted (total) (2)
 (0.09) (0.02) 350
 (0.27) (0.19) 42
 Capital expenditures 9,736
 11,423 (15) 93,727
 37,129 152
 Cash on hand
 55,610
 126,844 (56)
 Working capital
 19,574
 111,686 (82)
 Long-term debt
 890,751 849,938 5
 Shareholders' equity
 222,022
 342,900 (35)
 OPERATIONAL Q4 2013
 Q4 2012 % 2013
 2012 %
 Daily production volumes Bitumen (bbl/d)
 11,375 11,945 (5)
 11,783 11,881 (1)
 Pricing (\$/bbl), net of diluent and transportation 50.70 41.55 22
 53.94 41.35
 30

(1) Adjusted EBITDA is a non-GAAP measure, which is defined in the Advisory section of the Company's management's discussion and analysis for the years ended December 31, 2013 and December 31, 2012 ("MD&A"). Adjusted EBITDA is reconciled to EBITDA and net loss in the MD&A

(2) Basic and diluted amounts are the same as options are not in-the-money

Reserves

Proved producing reserves increased by 13 per cent to 22.5 million barrels with the inclusion of the recently drilled infill wells and well pairs at Pod One. Production in 2013 totaled 4.3 million barrels.

Estimated proved ("1P") bitumen reserves totaled approximately 212 million barrels, a decrease of one per cent over year-end 2012 reserves. The ten per cent present value ("10% PV") of 1P bitumen reserves is approximately \$900 million as compared to \$1.0 billion in 2012.

Proved and probable ("2P") reserve volumes were approximately 446 million barrels of bitumen, down one per cent from a year earlier. The 10% PV of these 2P bitumen reserves decreased by four per cent to approximately \$1.69 billion, due to GLJ's estimates for future capital and operating costs, slightly lower future commodity prices, and the timing of the Algar expansion.

Connacher has been successfully piloting the SAGD+® process for three years. Based on its success and recent AER regulatory approvals for a commercial project, GLJ assigned 2P reserves at Algar reflecting implementation of that process in addition to steam-assisted gravity drainage ("SAGD"). A commercial project of the SAGD+® process at the Algar facility is planned for 2015. Pod One and the Algar expansion areas do not have SAGD+® process reserves assigned at this time. These areas are assumed to continue to have infill wells in addition to SAGD in the 2P reserves category.

Please refer to the Company's media release dated February 25, 2014 for additional details with respect to the 2013 reserve report and the annual information form for 2013 which will be available on Connacher's website at www.connacheroil.com and SEDAR at www.sedar.com.

2014 Update

During the first quarter of 2014 Connacher successfully completed drilling a water disposal well at Great Divide. When operational in late 2014, the water disposal well should contribute to decreasing operating costs for Great Divide. The Company also commenced drilling the planned nine infill wells at Pod One.

Actual Great Divide production averaged 13,661 bbl/d for the first two months of 2014.

Shareholders Meeting

The annual meeting of shareholders of the Company is scheduled to be held in Calgary at 2 P.M. on May 15, 2014 at the Hyatt Regency Calgary, Alberta. At the Meeting, shareholders will be voting on the election of directors and the appointment of auditors.

Year End 2013 and Q4 Conference Call Details

Connacher will host its year end 2013 and Q4 conference call on March 20, 2014 at 8AM (Calgary time). Interested participants can call in to (888) 231-8191. Please use the Conference ID# 35536113. Participants are encouraged to call in 5 minutes prior to commencement.

For those wishing to access the call online, the webcast URL is:

<http://event.on24.com/r.htm?e=740657&s=1&k=1DD8866135A996305529A2B63C7A3D7E>

About Connacher

Connacher Oil and Gas Limited is a focused in situ oil sands developer, producer and marketer of bitumen. The Company's principal assets are holdings in the Great Divide oil sands project in northern Alberta, south of Fort McMurray. Connacher's first SAGD project at Great Divide, Pod One, has been producing bitumen since late 2007, with commercial production commencing March 1, 2008. Algar commenced producing bitumen in August 2010 and commerciality was achieved October 1, 2010. Production from Great Divide since startup through December 31, 2013 has totaled approximately 21.5 million barrels of bitumen. Such amounts have been deducted from earlier estimates of proved reserves prior to the calculation of reserves as at December 31, 2013.

Forward Looking Information

This press release contains forward looking information including but not limited to the expectations for future capital expenditures and the funding thereof, the timing of the future development of the SAGD+® process commercial project and mini-steam expansion at Pod One and the anticipated impact thereof, future production and the timing thereof, future well drilling and development activities and the timing of production therefrom, expectations regarding future commodity prices, future capital expenditures, , and general operational and financial performance in future periods.

Forward looking information is based on management's expectations regarding the Company's future financial position, future growth, results of operations, production, future commodity prices and foreign exchange rates, future capital and other expenditures (including the amount, nature and sources of funding thereof), plans for and results of drilling activity, environmental matters, business prospects and opportunities and future economic conditions. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: the risks associated with the oil and gas industry (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates, the uncertainty of geological interpretations; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, risks associated with the impact of general economic conditions, risks and uncertainties associated with securing and maintaining the necessary regulatory approvals and financing to proceed with the operation and continued expansion of the Great Divide oil sands project.

Information relating to "reserves" are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future to achieve the future net revenue calculated in accordance with certain assumptions. The assumptions relating to the reserves reported herein are contained in the reports of GLJ Petroleum Consultants Ltd. December 31, 2013 and December 31, 2012 and are summarized in Connacher's Annual Information Form for the year ended December 31, 2013 and December 31, 2012, both of which are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Future net revenues associated with reserves do not necessarily represent fair market value.

In addition, reported average production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this press release due to, among other factors, difficulties or interruptions encountered during the production of bitumen.

Additional risks and uncertainties affecting Connacher and its business and affairs are described in further detail in Connacher's Annual Information Form for the year ended December 31, 2013. Although Connacher believes that the expectations in such forward looking information are reasonable, there can be no assurance that such expectations shall prove to be correct. The forward looking information included in this press release is expressly qualified in its entirety by this cautionary statement. The forward looking information included herein is made as of the date of this press release and Connacher assumes no obligation to update or revise any forward looking information to reflect new events or circumstances, except as required by law.

For further information:

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/173204--Connacher-Announces-Q4-2013-and-2013-Year-End-Results.html>

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