Spartan Energy Corp. Announces First Quarter 2014 Operating and Financial Results and Upward Revision to Guidance

15.05.2014 | Marketwired

CALGARY, ALBERTA--(Marketwired - May 15, 2014) - **Spartan Energy Corp.** ("Spartan" or the "Company") (TSX VENTURE:SPE) is pleased to report its financial and operating results for the three months ended March 31, 2014. Selected financial and operational information is outlined below and should be read in conjunction with Spartan's interim financial statements and the related management discussion and analysis which are available for review at www.sedar.com.

FINANCIAL AND OPERATING SUMMARY

(dollar amounts are in thousands)

		Three Months Ended March 31, 2013		Three Months Ended March 31, 2014
Financial ($ 000's)				
Petroleum and natural gas sales	$	3,647	$	5,853
Funds flow from operations[(1),(2)]	$	1,802	$	3,095
per share - basic[(5)]	$	0.12	$	0.03
per share - diluted[(5)]	$	0.11	$	0.03
Net earnings	$	22	$	15,000
per share - basic[(5)]	$	0.00	$	0.15
per share - diluted[(5)]	$	0.00	$	0.12
Capital expenditures	$	1,497	$	36,506
Net Debt[(4)]	$	12,042	$	107,431
Shareholders' capital	$	25,054	$	491,016
Weighted average shares outstanding[(5)]				
Basic		15,560		97,683
Diluted		16,298		115,876
Shares outstanding, end of period[(5)]				
Basic		15,560		221,355
Diluted		16,298		258,771
Operating (6:1 boe conversion)				
Average daily production				
Crude oil (bbls/d)		452		649
NGL's (bbls/d)		-		14
Natural gas (mcf/d)		2,688		1,120
Barrels of oil equivalent (boe/d)[(3)]		900		850
Average selling price ($CDN per boe)				
Crude oil NGL's (bbls/d)	$	70.54	$	87.18
NGL's(bbls/d)		-		56.12
Natural gas (mcf/d)	$	3.22	$	6.84
Barrels of oil equivalent (boe/d)[(3)]	$	45.02	$	76.52
Netbacks ($/boe)				
Petroleum and natural gas revenue	$	45.05	$	78.22
Royalties	$	6.40	$	14.95
Operating expenses	$	12.61	$	15.04
Transportation expenses	$	-	$	0.34
Field netback	$	26.04	$	47.89
Realized gain (loss) on derivatives	$	1.63	$	(1.55)
Operating netback	$	27.67	$	46.34
General and administrative expense	$	3.68	$	5.78
Financing charges	$	1.73		0.09

Corporate netback	$ 22.26	$ 40.47

(1) *Excluding transaction costs of $2,910,509 associated with the purchase of certain oil and gas properties in southeast Saskatchewan and the acquisition of Renegade during the quarter.*

(2) *See "Non-IFRS Measures"*

(3) *Boe conversion ratio for natural gas of 1 Boe: 6 Mcf has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.*

(4) *Excludes unrealized risk management contracts.*

(5) *The 2013 weighted average shares outstanding and the per share amounts have been restated to reflect the 4 to 1 share consolidation which occurred in February 2014*

FIRST QUARTER 2014 HIGHLIGHTS

- Raised $77.5 million through the completion of a private placement of 158.2 million shares (39.5 million post consolidation) at a price of $0.49 per share ($1.96 post-consolidation).
- Raised $1.3 million through the completion of a rights offering of 8.6 million shares (2.2 million post consolidation) at a price of $0.15 per share ($0.60 post-consolidation).
- Completed the acquisition of 370 boe/d of high quality, low decline crude oil production in southeast Saskatchewan for a total purchase price of $32.5 million.
- Completed the acquisition of Renegade Petroleum Ltd. ("Renegade"), consisting of approximately 5,200 boe/d (97% oil and liquids) of production at an estimated purchase price (including net debt) of $544 million.
- Changed the name of the Company to "Spartan Energy Corp." and effected a consolidation of the Corporation's outstanding share capital on a 1 for 4 basis.

OPERATIONS OVERVIEW

References to Spartan's operations in this section include first quarter operations of Renegade Petroleum Ltd., which was acquired by Spartan on March 31, 2014.

The first quarter of 2014 was significant for the Company in that it marks the first full quarter of operations since the completion of the recapitalization of the Company in December, 2013. The quarter was highlighted by the acquisition of Renegade on March 31, 2014. The Renegade acquisition provides the Company with a solid foundation for growth and profitability.

Spartan was active in the field during the first quarter of 2014, drilling a total of 19 (17.5 net) wells. Of these, 3 (2.7 net) vertical wells were drilled in central Alberta targeting Detrital oil, 10 (9.5 net) horizontal wells were drilled in West Central Saskatchewan for Viking oil and 6 (5.3 net) horizontal wells were drilled in southeast Saskatchewan targeting Mississippian oil prospects.

Reference is made to the press release of the Company dated April 16, 2014, in which certain aspects of the Company's first quarter drilling program were discussed. For convenience, certain portions of the April 16, 2014 news release are included herein.

Central Alberta - Detrital Oil

During the first quarter, the Company drilled and completed 3 (2.7 net) Detrital vertical wells with a 100% success rate. Two of the wells have been on production for a full month and achieved average production over this period (IP30) of 100 bbl/d. The third well has averaged 144 bbl/d over the first 25 days of production. Spartan's 2014 capital program and production forecast assumes first month average production (IP30) rates per well of 70 bbl/d for our Detrital drilling program.

Southeast Saskatchewan - Mississippian Light Oil

In the first quarter, the Company drilled 6 (5.3 net) horizontal wells targeting Mississppian light oil in our southeast Saskatchewan core area. Included within this number are 4 (3.3 net) wells that were drilled in our Queensdale property targeting the Frobisher/Alida formation. In total, the Company has now drilled 10 (7.8 net) wells in the Queensdale area. First month average production (IP30) rates across the 10 wells has been 195 bbl/d.

Although IP30 rates for the Queensdale wells have been very positive, we are especially encouraged by the continued strong performance of the Queensdale wells beyond the initial 30 day rates. IP60 rates have averaged 171 bbl/d (10 wells) and IP90 rates have averaged 143 bbl/d (7 wells). This compares to Spartan's 2014 capital program and production forecast which assumes IP30 rates (per well) of 60 bbl/d, IP60 rates of 58 bbl/d and IP90 rates of 56 bbl/d.

Based on these results, our average well in Queensdale achieves payout in under 5 months. The average cost to drill, complete and equip our Frobisher/Alida wells in southeast Saskatchewan is budgeted at $1.1 million per well.

In Mair, during the first quarter of 2014 the Company drilled one (100% WI) well targeting the Lodgepole formation. The well encountered high quality oil reservoir, however, the well path intersected natural fractures which appear to communicate with adjacent wet zones. A decision was made to put the well on production and evaluate. The well is currently producing 20bbl/d oil (after 50 days of production) with a high water cut and a high fluid level. It is Spartan's intention re-enter the well after break-up and install a liner to attempt to isolate the fractures. With success, oil production should improve as a result of lower water cuts and optimized inflow.

Finally, at Wordsworth, during the first quarter of 2014 the Company drilled one (100% WI) well targeting the Frobisher/Alida formation. The well produced at a restricted rate of 134 bbl/d during the first 30 days of production. The well is still at a restricted rate due to break up conditions and is currently producing at approximately 165 bbl/d.

OUTLOOK

Operations have been limited since late March due to spring break-up. Break-up conditions in southeast Saskatchewan are proceeding as anticipated and the Company expects to recommence drilling and completions operations in late May.

During 2014, the Company expects to spend a total of $66 million to drill 58 (53 net) wells. The focus of Spartan's remaining 2014 capital program will be on the Company's Mississippian assets in southeast Saskatchewan and, to a lesser extent, on the Company's Viking prospects in the Dodsland area of west central Saskatchewan. Spartan expects to drill up to 44 (40 net) horizontal wells in southeast Saskatchewan, including 35 wells targeting the Frobisher/Alida and 9 wells targeting the Midale. Spartan also anticipates spending an additional $8 million on land, seismic and facility expenditures.

Spartan's stated business plan is to focus on light oil opportunities in Western Canada, employing a targeted acquisition and consolidation strategy, complemented by development and exploration drilling. Our goal is to assemble a high quality asset base which exhibits strong cash flow netbacks, attractive capital efficiencies and manageable corporate declines.

As we progress through 2014 and into 2015, we anticipate that the development of our extensive inventory of drilling locations in Saskatchewan, with a focus on maintaining a sustainable corporate decline rate and improving capital efficiencies, will allow us to continue deliver growth in production and cash flow per share while spending less than cash flow.

TORONTO STOCK EXCHANGE LISTING

The Toronto Stock Exchange (the "TSX") has approved the listing of the common shares of the Company on the TSX. Listing will be subject to the satisfaction of the conditions set forth in the TSX's approval letter.

INCREASED 2014 GUIDANCE

Production volumes have exceeded our budgeted expectations on the strength of a successful first quarter development drilling program. Buoyed by these results, Spartan is revising upward the Company's 2014 exit rate to 7,500 boe/d (94% oil and liquids) (previously 7,300 boe/d) and its 2014 average production rate to 5,200 boe/d (previously 5,100 boe/d).

READER ADVISORY

FORWARD-LOOKING STATEMENTS: This press release contains forward-looking statements. More particularly, this press release contains statements concerning increased average production guidance for 2014, anticipated exit production for 2014, Spartan's drilling plans and timing thereof, the Company's expected 2014 capital budget, Spartan's expectations regarding break-up, the plans for drilling and completions following break-up and Spartan's growth strategy and anticipated growth plans for 2014 and beyond. In addition, the use of any of the words "guidance", "initial, "scheduled", "can", "will", "prior to", "estimate", "anticipate", "believe", "potential", "should", "unaudited", "forecast", "future", "continue", "may", "expect", "project", and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained herein are based on certain key expectations and assumptions made by the Company, including but not limited to expectations and assumptions concerning the success of optimization and efficiency improvement projects, the availability of capital, current legislation, receipt of required regulatory approval, the success of future drilling and development activities, the performance of existing wells, the performance of new wells, Spartan's growth strategy, general economic conditions, availability of required equipment and services and prevailing commodity prices. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; as the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations, changes in legislation affecting the oil and gas industry and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Refer to Spartan's most recent Annual Information Form dated April 30, 2014, on Sedar at www.sedar.com, and the risk factors contained therein.

The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

ADVISORY ON PRODUCTION INFORMATION: Unless otherwise indicated herein, all production information presented herein has presented on a gross basis, which is the Company's working interest prior to deduction of royalties and without including any royalty interests.

NON-IFRS MEASURES: This document contains the terms "funds from operations" (or "cash flow"), "net debt", "field netback" and "operating netback", which do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures by other companies. Management uses funds from operations to analyze operating performance and leverage. Management believes "net debt" is a useful supplemental measure of the total amount of current and long-term debt of the Company. Mark-to-market risk management contracts are excluded from the net debt calculation. Management believes "field netback" and "operating netback" are useful supplemental measures of firstly, the amount of revenues received after royalties and operating and transportation costs, secondly, the amount of revenues received after royalties, operating, transportation costs and realized gain (loss) on derivatives, and thirdly, the amount of revenues received after royalties, operating, transportation costs, realized gain (loss) on derivatives, general and administrative costs, financial charges, current taxes and asset retirement obligations. Additional information relating to certain of these non-IFRS measures, including the reconciliation between funds from operations and cash flow from operating activities, can be found in the MD&A.

BARRELS OF OIL EQUIVALENT: The term "boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (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. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

INITIAL PRODUCTION RATES: Any references in this press release to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company.

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

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