

Traverse Energy Announces 2014 First Quarter Results

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CALGARY, ALBERTA--(Marketwired - May 15, 2014) - [Traverse Energy Ltd.](#) ("**Traverse**" or "**the Company**") (TSX VENTURE:TVL) presents financial and operating results for the three months ended March 31, 2014.

Highlights (<i>unaudited</i>)	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Financial (\$ thousands, except per share amounts)			
Petroleum and natural gas revenue	4,535	4,055	2,761
Cash flow from operating activities	2,088	2,723	2,160
Funds from operations ⁽¹⁾	2,596	1,958	2,037
Per share - basic and diluted	0.05	0.04	0.04
Net income	746	27	521
Per share - basic and diluted	0.01	0.00	0.01
Capital expenditures, net of dispositions	6,964	5,482	2,761
Total assets	46,223	32,126	21,543
Working capital	8,641	2,430	2,359
Common shares			
Outstanding (<i>millions</i>)	67.9	53.5	47.1
Weighted average (<i>millions</i>)	56.5	50.3	47.1
Operations (Units as noted)			
Average production			
Natural gas (<i>Mcf/day</i>)	1,809	1,666	1,409
Oil and NGL (<i>bbls/day</i>)	455	509	331
Total (<i>BOE/day</i>)	756	787	566
Average sales price			
Natural gas (<i>\$/Mcf</i>)	5.49	3.50	3.48
Oil and NGL (<i>\$/bbl</i>)	88.98	75.16	77.72
Operating netback (\$/BOE) ⁽²⁾			
Petroleum and natural gas revenue	66.65	56.04	54.15
Realized gain (loss) on financial derivatives	(1.15)	0.27	0.00
Royalties	(9.30)	(6.68)	(2.22)
Operating costs	(10.32)	(9.22)	(6.15)
Transportation costs	(0.90)	(0.90)	(1.09)
Operating netback	44.98	39.51	44.69

(1) Funds from operations represents cash flow from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations. Funds from operations does not have a standardized measure prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other companies.

(2) Operating netback represents revenue and realized gain or loss on financial derivatives, less royalties, operating and transportation expenses and is calculated on a per unit basis. Operating netback does not have a standardized measure prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies.

Operations Review

In the first quarter of 2014 the Company (100%) drilled 5 wells. Two wells were drilled at Turin resulting in 1 gas well and 1 oil well. The wells at Turin are in the process of being tied in to the Company's facility. Traverse is also planning to install gas compression at the Turin facility in the second quarter. This compression will allow for additional natural gas production from several shut in gas wells and allow for increased solution gas volumes. In the Coyote area Traverse drilled 2 wells and re-entered an existing wellbore resulting in one oil well, one gas well and one well that will be production tested in the third quarter once access is improved. The oil well will be tied in to existing facilities to conserve gas during the second quarter. The Company also drilled an initial well in the Michichi area resulting in an oil well. The well is scheduled for tie in to gas facilities during the third quarter to provide for natural gas conservation.

On February 28, 2014 Traverse received a notice from the Alberta Energy Regulator ("AER") to partially

suspend production at a producing oil battery in the Coyote area of East Central Alberta ("Coyote Battery") until the Company is able to conserve the solution gas which the Company had been flaring. The Coyote Battery currently processes production from three oil wells. The partial suspension commenced March 4, 2014. The Company subsequently completed modifications to the Coyote Battery to deliver solution gas to a nearby gas plant and the battery resumed full production of oil and the associated solution gas on May 1, 2014.

In the second quarter Traverse initiated an expansion of the Coyote Battery which will allow for treatment of the Company's oil produced at Coyote and Michichi. Facilities to be installed include a treater, a natural gas sweetening unit, additional storage tanks and water disposal facilities. The expanded facility is anticipated to be operational late in the third quarter. Additional drilling in the Coyote area is scheduled to begin late in the second quarter. In March, Traverse completed a 3D seismic program at Michichi to define additional locations on its lands with additional drilling planned for the third quarter.

At March 31, 2014 undeveloped land holdings totalled 177,600 gross (173,700 net) acres. In March 2014 the Company completed a bought deal financing for gross proceeds of \$11.5 million. The Board of Directors has approved an increase to the exploration and development budget to \$29.1 million. The program includes the drilling of up to 15 wells on Company owned lands in the Coyote and Turin areas and on other properties located in east central Alberta.

Non-IFRS measures

This news release makes reference to terms commonly used in the oil and gas industry. Funds from operations, funds from operations per share, operating netback per BOE and working capital are not defined by IFRS and therefore may not be comparable to performance measures presented by others. Funds from operations represents cash flow from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations as detailed under the heading "Funds from operations and net income" within the Company's management's discussion and analysis for the three months ended March 31, 2014. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income per share. Working capital is calculated as current assets (excluding financial derivative assets) less current liabilities (excluding financial derivative liabilities). Operating netback represents revenue and realized gain or loss on financial derivatives, less royalties, operating and transportation expenses and is calculated on a per unit basis. The calculation of Traverse's operating netback is detailed under the heading "Operating netback" within the Company's management's discussion and analysis for the three months ended March 31, 2014. Management believes that in addition to net income, the aforementioned non-IFRS measures are useful supplemental measures as they assist in the determination of the Company's operating performance, leverage and liquidity. Investors should be cautioned however, that these measures should not be construed as an alternative to both net income and net cash from operating activities, which are determined in accordance with IFRS, as indicators of the Company's performance.

BOE equivalent

Unless otherwise stated, the volume conversion of natural gas to barrel of oil equivalent (BOE) is presented on the basis of 6 thousand cubic feet of natural gas being equal to 1 barrel of oil. This conversion ratio is based upon an energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead. BOE figures may be misleading, particularly if used in isolation.

Forward-looking information

This news release contains forward-looking information which is not comprised of historical fact. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes the Company's statements with respect to installing gas compression at its Turin facility in the second quarter; scheduled timing for oil wells tie ins; expansion of the Coyote Battery commencing in the second quarter; planned additional drilling at Coyote and Michichi and the number of wells to be drilled in 2014. This forward looking information is subject to a variety of substantial known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such

forward looking information. The Company's Annual Information Form filed on April 15, 2014 with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describes the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Although the Company believes that the material assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur. The Company disclaims any intention or obligation to update or review any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

Further details on the Company including the 2013 year end audited financial statements, the related management's discussion and analysis and Annual Information Form are available on the Company's website (www.traverseenergy.com) and SEDAR.

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

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