

# Canamax Announces Capital Expenditure Budget for Remainder of 2014 and Continued Execution of Strategic Property Acquisition and Dispositions

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CALGARY, ALBERTA -- (Marketwired - May 22, 2014) - [Canamax Energy Ltd.](#) ("Canamax" or the "Company") (TSX VENTURE:CAC) is pleased to announce that the Company's Board of Directors has approved a capital expenditure budget for the remainder of calendar 2014 (the "2014 Capital Budget"). The 2014 Capital Budget will be funded from the \$12.0 million in net proceeds from the recently completed brokered private placement, plus proceeds from the property disposition described in this release and cash flow from operations. The budget is summarized below:

Core Area (\$000)	Description	Gross / Net # wells	Net cost	
Flood	Re-complete vertical wells	3.0 / 2.25	\$450	
Drill, complete, equip vertical wells				
8.0 / 8.0				
\$7,200				
Well tie-ins, water disposal/processing facilities (100% working interest)				
\$2,650				
Other	\$450			
Wapiti	Drill, complete, equip horizontal well			
1.0 / 0.7				
\$2,450				
Brazeau / Retlaw (2)	Re-complete vertical wells	4.0 / 2.5	\$800	
TOTAL	\$14,000			

## Notes:

(1) Total new wells drilled = 9.0 gross / 8.7 net; total recompleted wells = 7.0 gross / 4.75 net

(2) The Retlaw property was acquired as part of the Ki Exploration Inc. ("Ki Exploration") acquisition which closed on April 30, 2014

Given the Company's current production capability, combined with the expenditures proposed under the 2014 Capital Budget, Canamax is targeting a December 31, 2014 production exit rate in the range of 1,400 to 1,500 BOE/day. The most significant capital allocations are in the Flood and Wapiti areas.

## Flood

Flood remains the Company's busiest area, receiving approximately three-quarters of the 2014 Capital Budget allocation. There are four existing vertical wells planned to be placed on production during June when the oil battery and water disposal facilities in the area are ready to accept emulsion from these wells. In addition, during mid-May, Canamax completed a property acquisition which added five adjacent sections of land, five producing wells and 40 barrels per day of net oil production. The Flood property now encompasses 42 (net 41) sections. Existing compression facilities and a natural gas sales line were also included in the acquisition and these will allow Canamax to sell the produced solution natural gas from the Flood wells. Having these facilities in place will significantly reduce the Company's future capital requirement for infrastructure in this area.

"We have now acquired the necessary land and infrastructure to exploit the potential of this core area," commented Brad Gabel, the Company's President and CEO. "Our 100% working interest in the majority of this play allows us to proceed with an aggressive timeline."

In July, Canamax plans on commencing a drilling program to further develop the property with the drilling of two (net two) wells. Further development is planned in the fourth calendar quarter of 2014 with the planned drilling of six (net six) additional wells. The tie-in of existing and new wells to Canamax's water disposal and processing facilities should significantly improve net backs in this area.

### **Wapiti**

In Wapiti, Canamax earned a 70% working interest in two non-adjacent sections of land as a result of drilling a farm-in well announced during March. As previously announced, the well has been flowing on its own since the end of March. Over the first 30 days the well flowed at an average gross rate of approximately 405 BOE/D (net 284 BOE/D) with 86% oil and natural gas liquids and the well is currently flowing at a gross rate of approximately 143 BOE/D (net 100 BOE/D). During June, a pumpjack is planned to be installed in the well which will stabilize production rates.

During May, Canamax completed a land swap wherein one of the sections of land acquired from the initial farm-in transaction was exchanged for a more prospective section of land closer to the location of the initial Wapiti well. The Company is planning to drill one horizontal well (net 0.7) in the fourth calendar quarter of 2014 on this new acreage. Based on management's analysis of the play, there are a total of six (net 4.2) additional development locations in the Wapiti area.

### **Disposition of Property**

Canamax has recently signed an offer to dispose the Delta West property which was acquired as part of the Ki Exploration acquisition. The deal is expected to close on or about June 1st for proceeds of \$2.4 million and involves the disposal of approximately 50 barrels per day of net oil production and annualized cash flow of approximately \$0.8 million. Delta West is not considered a core property for Canamax and proceeds of disposition will be utilized to further develop the Company's core properties and/or for future corporate or property acquisitions. This transaction is subject to customary conditions precedent, including without limitation, the execution and delivery of a definitive purchase and sale agreement.

"Canamax continues to execute on its business plan of acquiring and rationalizing distressed assets with a view to building core areas with low risk development potential," commented Mr. Gabel. "With the success of our recent financing, and with proceeds from the Delta West disposition, we can finance our 2014 Capital Budget without utilizing debt facilities. This gives us significant financial capability in looking at additional corporate or property acquisitions and/or expansion of our capital budget". The Company plans on providing an operational update prior to the end of June which will provide daily production and other information.

### **About Canamax**

Canamax is a junior oil and gas company in the business of consolidating micro-cap oil and gas companies and exploiting low risk development opportunities in the Western Canadian Sedimentary Basin.

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

### **Reader Advisories**

*The Company anticipates remaining disciplined but flexible in respect of the 2014 Capital Budget as it monitors drilling and completion results, business conditions, prospective acquisitions and commodity prices throughout fiscal 2014. Where deemed prudent, the Company may make adjustments to the 2014 Capital Budget. Actual spending may vary due to a variety of factors, including drilling and completion results, crude oil and natural gas prices, economic conditions, prevailing debt and/or equity markets, field services and equipment availability, permitting and any future acquisitions. The timing of most capital expenditures is discretionary. Consequently, the Company has a significant degree of flexibility to adjust the level of its capital expenditures as circumstances warrant. Additionally, to enhance flexibility of its capital program, the Company typically does not enter into material long-term obligations with any of its drilling contractors or service providers with respect to its operated crude oil and natural gas properties.*

*Certain information in this press release constitutes forward-looking statements under applicable securities law. Any statements that are contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as*

"may", "should", "anticipate", "expects", "seeks", "potential", "plans", "estimates", and similar expressions. Specific forward-looking statements included in this press release include comments related to the 2014 Capital Budget and the capital allocated to drilling and completions as well as to field facilities and tie-ins, undeveloped land purchases and well recompletions; the expected production rates resulting from, and anticipated hydrocarbon composition produced as a result of, the capital expenditures discussed herein; forecasted average daily production during the 2014 calendar year; projected exit rates of production for calendar 2014; and the nature, timing and amounts of, capital expenditures under the 2014 Capital Budget; production from the properties described herein; the completion of the battery and water storage facilities for the Flood property; infrastructure and tie-ins for the Company's production; water disposal costs; equipment additions for the Company's Wapiti property; the Company's estimated drilling inventory and its 2014 drilling plans; drilling locations on the Company's properties; sources of funding for the 2014 Capital Budget; the Company's estimated drilling inventory; cash flow from operations for the Company; and the completion of acquisitions and dispositions discussed herein. In addition, please note that statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. Forward-looking statements necessarily involve known and unknown risks and uncertainties, including, without limitation, the impact of general economic conditions, the risks and liabilities inherent in oil and natural gas operations; marketing and transportation; loss of markets; volatility of commodity prices; currency and interest rate fluctuations; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions or dispositions; inability to access sufficient capital from internal and external sources; changes in legislation, including but not limited to income tax, environmental laws and regulatory matters, including changes in how they are interpreted and enforced; changes in incentive programs related to the oil and natural gas industry generally; and geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. Readers are cautioned that the foregoing list of factors is not exhaustive.

Readers are cautioned not to place undue reliance on forward-looking statements. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that the Company will derive from them. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

The forward looking statements contained in this news release are made as of the date of this news release, and Canamax does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by securities law.

### **Conversion**

BOE's 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. In addition, 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 on a 6:1 basis may be misleading as an indication of value.

### **CONTACT INFORMATION**

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