

Southern Pacific Installs Third ICD Configuration at STP-McKay and Provides Update on Pad 102 Downspacing

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CALGARY, ALBERTA--(Marketwired - Jun 17, 2014) - [Southern Pacific Resource Corp.](#) ("Southern Pacific" or the "Company") (TSX:STP) has completed another Inflow Control Device ("ICD") installation on one of its SAGD well pairs at the STP-McKay Thermal Project. The ICDs were installed on the 2P5 well pair, making this the third well pair of the 12 existing well pairs equipped with these devices. The 2P5 well pair was shut-in for 14 days to cool off and complete the workover; it was placed back on production on June 10. The ICD system is intended to improve wellbore conformance in a two part process. First, the horizontal producer length is segmented with isolation packers and second, the ICD devices are installed into the segments which are designed to restrict the inflow of steam from short circuits, thus allowing other sections of the wellbore to produce without having to rate restrict the entire well pair. Southern Pacific has plans to install additional ICD configurations into more of the well pairs at McKay. The exact timing around future ICD installation is subject to further clarity on the Company's ongoing strategic alternatives process announced in December 2013, but it is expected that further installations will be completed over the next three months.

Southern Pacific also has continued to advance its regulatory application to downspace the existing McKay well pads with additional SAGD well pairs. As mentioned in the Company's December 11, 2013 press release, the Company believes additional well pairs will be required in order to fully utilize the available steam capacity at the STP-McKay Thermal Project. Southern Pacific believes the most prudent strategy is to add them between the existing well pairs, which were originally spaced 100 m apart, allowing ample room for additional well pairs to be drilled. Southern Pacific filed its application with the Alberta Energy Regulator ("AER") to downspace Pads 101 and 102 on February 18, 2014. After review of the application, the AER requested response to four supplementary information requests ("SIRs"). On June 13, Southern Pacific filed its responses to these SIRs. It is expected that final approval of the application will be obtained within the next few months. Southern Pacific plans to downspace Pad 102 first and only downspace Pad 101 if required, at a later date. The total Pad 102 downspace project cost is estimated at \$51 million. This project's timing is also being affected by the Company's ongoing strategic alternatives process. A revised timing estimate of first steam to the downspaced wells on Pad 102 would be mid 2015 or later, and this is dependent upon the Company obtaining sufficient liquidity to proceed.

Southern Pacific's review of strategic and financial alternatives is ongoing. The Company does not intend to disclose developments with respect to the strategic review process until the Board of Directors has approved a specific transaction or otherwise determines that disclosure is necessary or appropriate. The Company cautions that there are no assurances or guarantees that the process will result in a transaction or, if a transaction is undertaken, the terms or timing of such a transaction.

About Southern Pacific

[Southern Pacific Resource Corp.](#) is engaged in the exploration, development and production of in-situ oil sands in Alberta's Athabasca region, and the thermal production of heavy oil in Senlac, Saskatchewan. Southern Pacific trades on the TSX under the symbol "STP."

Advisory

This news release contains certain "forward-looking information" within the meaning of such statements under applicable securities law including estimates as to: additional ICD installation timing, future production, operations, operating costs, commodity prices, administrative costs, commodity price risk management activity, acquisitions and dispositions, capital spending, access to credit facilities and lending costs, income and oil taxes, regulatory changes, and other components of cash flow and earnings anticipated discovery of commercial volumes of bitumen, the timeline for the achievement of anticipated exploration, anticipated

results from the current drilling program, workovers and any conformance acceleration techniques such as the use of ICDs, and, subject to regulatory approval and commercial factors, the commencement or approval of any SAGD project, the potential results of the strategic alternative review process and enhancement of shareholder value, disclosure intentions with respect to the strategic alternative review process, and general economic outlook.

Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to the inherent risks involved in the exploration and development of oil and gas properties and of oil sands properties, strategic alternatives, conformance acceleration techniques, delays in ramp-up operations, the uncertainties involved in interpreting drilling results and other geological data, fluctuating oil prices and discounts, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands enterprise in the development stage, Southern Pacific faces risks including those associated with exploration, development, ramp-up, approvals and the continuing ability to access sufficient capital from external sources if required. Actual timelines associated may vary from those anticipated in this news release and such variations may be material. Industry related risks could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans, risks associated to the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. For a description of the risks and uncertainties facing Southern Pacific and its business and affairs, readers should refer to Southern Pacific's most recent Annual Information Form. Southern Pacific undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as the factors are interdependent, and the Board's and management's future course of action would depend on its assessment of all information at the time.

The reader is cautioned not to place undue reliance on this forward-looking information.

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