

Crown Point Announces Sale of El Valle Concession in Golfo San Jorge Basin, Argentina

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CALGARY, ALBERTA--(Marketwired - Jul 7, 2014) - [Crown Point Energy Inc. \(TSX VENTURE:CWV\)](#) ("**Crown Point**" or the "**Company**"), a company focused on oil and gas development in the Austral and Neuquén Basins of Argentina, today announced the completion of the sale of its 50% interest in the El Valle Exploitation Concession ("**El Valle**") for consideration of approximately US\$525,000 to its former joint interest participants in El Valle. The purchase price will be paid in 20 equal monthly installments commencing in August 2014. This sale is part of an ongoing effort to focus human and capital resources on areas that Company believes will provide the greatest return for our shareholders and drive growth in the future.

In the first quarter of 2014, El Valle working interest production volumes averaged 153 bopd, or 10.9% of Crown Point's average daily production volumes on a boe/d basis. For the months of April and May, average daily oil production volumes at El Valle had declined to approximately 120 bopd. El Valle has continued to experience higher than predicted production declines and increasing costs of operation which were increasingly damaging El Valle's financial performance. In addition, Crown Point was engaged in various disputes with its working interest partners at El Valle, some of which had become the subject of formal arbitration proceedings. As part of the sale, all arbitration proceedings have been discontinued and the parties have released one another from all claims.

Crown Point and its joint venture participants had restricted capital expenditures at El Valle due to the rising costs of operation and the lack of economic exploration and development opportunities present on the concession. As part of the sale agreement the purchasers have assumed Crown Point's US\$13 million of net future capital commitments in respect of El Valle.

In the first quarter of 2014, revenues from El Valle totaled US\$999,632 or 22% of Crown Point's total revenues for the quarter (year ended December 31, 2013 - US\$6,029,997 or 28%) and operating netbacks from El Valle totaled US\$362,838 or 18% of Crown Point's total revenues for the quarter (year ended December 31, 2013 - US\$1,909,179 or 21%).

Crown Point's independent reserves report dated effective December 31, 2013 (the "**Reserves Report**") assigned El Valle: gross proved developed producing reserves of 90.2 Mboe (5% of Crown Point's gross proved developed producing reserves); total gross proved reserves of 289.8 Mboe (8% of Crown Point's total gross proved reserves); and total gross proved plus probable reserves of 777.2 Mboe (13% of Crown Point's total gross proved plus probable reserves). The Reserves Report assigned El Valle a net present value of future net revenue (before income taxes and discounted at 15%) ("**NPV**") of: US\$0.4 million on a proved developed producing basis (4% of Crown Point's proved developed producing NPVs); US\$3.2 million on a total proved basis (16% of Crown Point's total proved NPVs); and US\$10.9 million on a total proved plus probable basis (25% of Crown Point's total proved plus probable NPVs).

The Company's current efforts are focused principally on two areas in Argentina: the Tierra del Fuego ("**TDF**") area in the Austral Basin for low risk natural gas focused repeatable drilling and the Cerro de Los Leones Exploration Concession in the Neuquén Basin for oil exploration. The current TDF 10 well drilling program has to date resulted in two potential natural gas wells. The balance of the 10 well program on the Las Violetas Exploitation Concession in TDF will consist of six more development wells in the Los Flamencos gas pool and two exploration wells, one on the Puesto Quince prospect and another near the southern San Luis natural gas pool. All of the drilling locations have been fully imaged with 3-D seismic. The San Luis exploration prospect has been defined with 3-D seismic and is located on a separate fault block near the San Luis gas pool.

Crown Point expects that production additions from the TDF drilling and fracture stimulation program

commencing in July will result in rising production volumes and field sales receipts from the TDF area. Financially, this is expected to have a positive impact on the Company's net operating income as spot market natural gas prices continue to rise in Argentina.

At Cerro de Los Leones, the Company has terminated testing operations on the La Hoyada x-1 well due to winter conditions. Future plans for the well are to install pumping equipment and to conduct a long term production test.

The Company believes market conditions will continue to have a positive impact on oil and natural gas prices as there is not sufficient hydrocarbon production in Argentina to meet the demand for energy consumption in the country. The Company also expects to realize benefits from the New Gas Subsidy Program that has been applied for by Crown Point. The New Gas Subsidy Program provides an incentive for producers to effectively earn higher gas prices for increases in natural gas production above base production levels.

Crown Point continues to focus its efforts in the Austral and Neuquén Basins where there is a history of delivering high quality reserves and production. Crown Point is pursuing a strategy of organic growth through the drill bit and growth through consolidation and acquisition.

The Company believes that Argentina represents a unique economic opportunity. Argentina has a large hydrocarbon resource base capable of delivering increased levels of production and reserves and also possesses a petroleum infrastructure developed for historically higher levels of production.

Crown Point will focus on developing and growing its high quality asset base in Argentina during a time of expected rising oil and gas prices. Argentine oil and gas metrics and valuations, relative to other South American countries, continue to be negatively impacted by macro-economic and political forces. The country has an acute need for higher levels of production of natural gas and oil driven by growing energy import deficits. The Argentine government has indicated that it is committed to encouraging oil and gas development and production. Crown Point believes that this commitment is evidenced by the rising domestic oil and natural gas prices and the introduction of the New Gas Subsidy Program. Crown Point believes that Argentina is also making the required political and economic policy changes to improve the economy and to reduce its dependence on imported natural gas. Crown Point views the Repsol/YPF settlement agreement and the New Gas Subsidy Program as good examples of the ongoing changes in Argentina.

Crown Point believes that this continued process of positive change in the economic and political landscape of Argentina is creating the potential for substantially improved Argentine oil and gas metrics and valuations relative to other countries. Growing Crown Point's production, reserve and asset base during this time of economic change is the center of Crown Point's vision and strategy.

Crown Point's interests in the TDF area of the Austral Basin consist of a 25.78% working interest in approximately 489,000 acres (126,000 net acres) pursuant to three producing exploitation concessions, which include the Rio Cullen Exploitation Concession, the La Angostura Exploitation Concession and the Las Violetas Exploitation Concession. Crown Point's interests in the Cerro de Los Leones area of the Neuquén Basin consists of a 100% working interest in an approximate 306,646 acre area pursuant to the Cerro de Los Leones Exploration Permit.

About Crown Point

[Crown Point Energy Inc.](#) is an international oil and gas exploration and development company headquartered in Calgary, Canada, incorporated in Canada, trading on the TSX Venture Exchange and operating in South America. Crown Point's exploration and development activities are focused in the Neuquén and Austral basins in Argentina. Crown Point has a strategy that focuses on establishing a portfolio of producing properties, plus production enhancement and exploration opportunities to provide a basis for future growth.

Advisory

Certain Oil and Gas Disclosures: Barrels of oil equivalent (boe) may be misleading, particularly if used in

isolation. A boe conversion ratio of six thousand cubic feet (6 Mcf) to one barrel (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 in Argentina as compared to the current price of natural gas in Argentina 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. "boe/d" means barrels of oil equivalent per day. "Mboe" means thousands of barrels of oil equivalent. "bopd" means barrels of oil per day. "Mcf" means thousand cubic feet.

Non-IFRS Measures: This press release discloses "operating netbacks", which does not have a standardized meaning under International Financial Reporting Standards ("IFRS") and as such may not be comparable with the calculation of similar measures used by other entities. Operating netbacks are calculated on a per unit basis as oil, natural gas and natural gas liquids revenues less royalties, transportation and operating costs. Management believes this measure is a useful supplemental measure of the Company's profitability relative to commodity prices. See "Non-IFRS Measures" in the Company's most recent management's discussion and analysis, which may be accessed through the SEDAR website (www.sedar.com).

Forward-looking information: Certain information set forth in this document, including: the Company's intent to focus on oil and gas development in the Austral and Neuquén Basins of Argentina and the Company's belief that the focus on these areas will provide the greatest return for our shareholders and drive growth in the future; expected details and timing of the drilling and fracture stimulation programs in the TDF area, including our belief that the drilling program has resulted in two potential natural gas wells; our expectations that production additions from the TDF drilling and the fracture stimulation program commencing in July will result in rising production volumes and field sales receipts from the TDF area; our expectation that production increases will have a positive impact on the Company's net operating income as spot market natural gas prices continue to rise in Argentina; future plans for the La Hoyada x-1 well; our belief that market conditions will continue to have a positive impact on oil and natural gas prices in Argentina; our expectation to realize benefits from certain new natural gas subsidy programs; our strategy for growth; our expectations about future economic, financial and regulatory conditions for the Argentina oil and gas industry, including our belief that the continued process of positive change in the economic and political landscape of Argentina is creating the potential for substantially improved Argentine oil and gas metrics and valuations relative to other countries; and our strategy to grow Crown Point's production, reserve and asset base; is considered forward-looking information, and necessarily involve risks and uncertainties, certain of which are beyond Crown Point's control.

Such risks include but are not limited to: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; risks associated with operating in Argentina, including risks of changing government regulations (including the adoption of, amendments to, or the cancellation of government incentive programs or other laws and regulations relating to commodity prices, taxation, currency controls and export restrictions, in each case that may adversely impact Crown Point), expropriation/nationalization of assets, price controls on commodity prices, inability to enforce contracts in certain circumstances, the potential for a sovereign debt default or a hyperinflationary economic environment, and other economic and political risks; loss of markets and other economic and industry conditions; volatility of commodity prices; currency fluctuations; imprecision of reserve estimates; environmental risks; competition from other producers; inability to retain drilling services; incorrect assessment of value of acquisitions and failure to realize the benefits therefrom; delays resulting from or inability to obtain required regulatory approvals; the lack of availability of qualified personnel or management; stock market volatility and ability to access sufficient capital from internal and external sources; and economic or industry condition changes. Actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that Crown Point will derive therefrom.

With respect to forward-looking information contained herein, the Company has made assumptions regarding: the impact of increasing competition; the general stability of the economic and political environment in Argentina; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the costs of obtaining equipment and personnel to complete the Company's capital expenditure program; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms when and if needed; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration activities; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory

framework regarding royalties, commodity price controls, import/export matters, taxes and environmental matters in Argentina; and the ability of the Company to successfully market its oil and natural gas products. Additional information on these and other factors that could affect Crown Point are included in reports on file with Canadian securities regulatory authorities, including under the heading "Risk Factors" in the Company's annual information form, and may be accessed through the SEDAR website (www.sedar.com). Furthermore, the forward- looking information contained in this document are made as of the date of this document, and Crown Point does not undertake any obligation to update publicly or to revise any of the included forward looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities law.

Neither 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.

Contact

[Crown Point Energy Inc.](#)

Murray McCartney
President & CEO
(403) 232-1150
mmccartney@crownpointenergy.com

[Crown Point Energy Inc.](#)

Arthur J.G. Madden
Vice-President & CFO
(403) 232-1150
amadden@crownpointenergy.com

[Crown Point Energy Inc.](#)

Brian J. Moss
Executive Vice-President & COO
(403) 232-1150
bmoss@crownpointenergy.com
www.crownpointenergy.com

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