

# Terra Energy Announces 2013 Year-End Reserves Evaluation and Related Metrics

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CALGARY, March 27, 2014 - [Terra Energy Corp.](#) ("Terra" or the "Company") (TSX:TT) is pleased to announce the results of its year-end reserves evaluation, as prepared by GLJ Petroleum Consultants Ltd. ("GLJ") as at December 31, 2013 (the "GLJ Report"). This evaluation was performed in accordance with the requirements of National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). In addition, the Company would like to announce the results of its independent valuation of undeveloped lands, as prepared by Seaton-Jordan & Associates Ltd. ("Seaton-Jordan").

## Highlights

As a result of efforts to reduce debt and strengthen the balance sheet, Terra sold properties during calendar 2013 representing approximately 10,068 mboe of proved and probable reserves ("2P reserves"), or approximately 38% of the Company's December 31, 2012 2P reserves as estimated by GLJ. Total net debt has been reduced in the Company from the level of approximately \$77MM at December 31, 2012 to approximately \$21MM at year-end 2013. Furthermore, as a result of serious capital constraints during 2013, the Company expended an amount of only \$2.3MM of capital throughout the entire year. As a result of the Company's efforts in creating efficiencies, seeking out cost savings and further geotechnical work, the total 2P reserves estimate at year-end decreased by less than the amount of 2P reserves that the Company sold.

The following are reserves evaluation highlights for year-end 2013, comparing results as at December 31, 2013 and those as at December 31, 2012:

- Total proved and probable reserves decreased 9,211 mboes or 35% from 26,571 mboe to 17,360 mboe, after having sold approximately 10,068 mboe or 38% of opening 2P reserves and after having produced 1,404 mboe during the year
- Net Present Value (before tax) of total proved and probable reserves (NPV 10%) decreased from \$183.4 million as at December 31, 2012 by only 4% to \$ 175.6 million as at December 31, 2013
- Total proved reserves decreased 12 % from 13,258 mboe to 11,698 mboe
- Reserve life index calculated at year-end 2013 is 9.1 years on total proved reserves and 13.5 years on total proved and probable reserves, using average daily production from the 4th quarter 2013 of 3,518 boe/d
- NAV per share as at December 31, 2013 is estimated at approximately \$1.85 basic, and \$1.81 diluted

## Oil and Gas Reserves

The following tables summarize certain information contained in the GLJ reserves report effective December 31, 2013. Detailed reserves information as required under NI 51-101 will be included in Terra's Annual Information Form which will be filed on SEDAR prior to March 30, 2014. Oil equivalent amounts have been calculated using a conversion rate of 6,000 cubic feet of natural gas to one barrel of oil.

## Reconciliation Summary

Oil Equivalent (Mboe) Proved plus Probable	Probable		Total Proved		
Opening Balance - Dec 31, 2012	13,258		13,313		26,571
Dispositions during year	(2,312)		(7,756)	(10,068)	
Adjusted Reserves Base	10,946		5,557		16,503
Technical revisions	1,544		(525)	1,019	
Drilling Extensions	271		557	828	
Infill Drilling	133	59		192	
Improved Recovery	244	113		357	
Economic Factors	(37)	(98)	(135)		
Current Year Production	(1,404)	-		(1,404)	
Closing Balance - Dec 31, 2013	11,697		5,663		17,360

### Summary of Reserves by Category

December 31, 2012						
December 31, 2013 Forecast						
Prices and Costs						
Reserves Category						
Total (mboe)	Oil					
(mdbl)	Natural					
Gas (mmcf)	Liquids					
(mbls)	Total					
(mboe)	% Change					
Total (mboe)						
Proved Producing	8,442	862	37,090	738	7,781	-8
Proved Non-Producing	4,816	843	16,603	306	3,917	
Total Proved	13,258	1,705	53,693	1,044	11,698	
Total Probable	13,313	1,316	23,722	392	5,663	
Total Proved + Probable	26,571		3,021	77,415	1,437	17

The estimated future net revenues are presented before deducting future estimated site restoration costs and are reduced for future abandonment costs and estimated future capital for future development associated with non-producing, undeveloped and probable additional reserves.

### Summary of Net Present Values of Future Net Revenue (\$000's) Discounted Before Income Taxes

Forecast Prices	December 31, 2012		December 31, 2013		% Change
Reserves Category	0%	10%	0%	10%	0%
Proved Producing	117,173	75,639	128,708	84,713	10%
Proved Non-Producing	68,614	33,172	61,749	39,620	-10%
Total Proved	185,787	108,811	190,457	124,332	3%
Total Probable	217,703	74,618	108,231	51,290	-50%
Total Proved + Probable	403,490		183,429	298,688	175,622

The forecast prices used in the GLJ reserves report were GLJ's forecast prices as at January 1, 2014 as presented below.

AECO (CDN\$/mmBtu)			
Year	Dec 31, 2012		
Evaluation	Dec 31, 2013		
Evaluation	% Difference		
Year over Year			
2014	\$3.83	\$4.03	5.2%
2015	\$4.28	\$4.26	-0.5%
2016	\$4.72	\$4.50	-4.7%
2017	\$4.95	\$4.74	-4.2%
2018	\$5.22	\$4.97	-4.8%
WTI (US\$/BBL)			
2014	\$92.50	\$97.50	5.4%
2015	\$95.00	\$97.50	2.6%
2016	\$97.50	\$97.50	N/C
2017	\$97.50	\$97.50	N/C
2018	\$97.50	\$97.50	N/C

1. Inflation is accounted for at 2.0% per year

### Land Valuation

Terra's gross undeveloped land holdings decreased from 641,584 gross acres (527,954 net) as at December 31, 2012 to 462,693 gross acres (311,921 net) as at December 31, 2013, representing a decrease of 28% (41% net). The decrease was largely attributable to undeveloped land expiring and being sold by the Company.

Below is a summary of the Company's undeveloped land holdings, broken down by province:

Province	December 31, 2013		December 31, 2012	
Gross				
Acreage	Net			
Acreage	Gross			
Acreage	Net			
Acreage				
Alberta	206,191	159,764	374,727	333,408
British Columbia	256,095		152,117	266,533
Saskatchewan	406	40	325	GOR
Totals	462,693	311,921	641,585	527,954

Province	Undeveloped Land Values		% Change
2013	2012		
Alberta	\$12,453,639	\$18,243,575	(31.73%)
British Columbia	\$20,909,598	\$43,198,979	(51.60%)
Saskatchewan	\$15,403	\$644	2292%
Totals	\$33,378,640	\$61,443,198	

The undeveloped land holdings of the Company were evaluated as at December 31, 2013 by Seaton-Jordan. The value of Terra's net undeveloped land holdings is estimated to be approximately \$33.3 million as at December 31, 2013. This valuation represents a decrease of 46% compared to last year's valuation of undeveloped land as prepared by Seaton-Jordan.

### Net Asset Value (NAV)

Terra's NAV per share as at December 31, 2013 is calculated as follows:

As at December 31			
(\$'000's)	2012	2013	
P+P Reserves (NPV 10%)		\$183,430	\$175,622
Undeveloped Land (1)	\$61,443		\$33,379
Net Debt	\$(77,247)	\$(20,982)	
Net Asset Value	\$167,626		\$188,019
Shares Outstanding		101,663	101,663
Basic NAV per Share	\$1.65		\$1.85
Option and Warrant Value	\$7,271		\$4,316
Option and Warrant Shares		6,378	4,795
Diluted Net Asset Value	\$174,897		\$192,335
Diluted Shares Outstanding		108,041	106,458
Fully Diluted NAV per Share	\$1.62		\$1.81

#### 1. Based on December 31, 2012 and 2013 Seaton-Jordan reports

Terra Energy Corp. is a junior oil and gas company engaged in the exploration for, and the development and production of, natural gas and oil in Western Canada. Terra's Common Shares trade on the Toronto Stock Exchange under the symbol "TT".

#### Reader Advisory

All amounts in Canadian dollars unless otherwise specified.

#### Information Regarding Disclosure in Oil and Gas Reserves and Operational Information

A boe conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency for the individual products at the wellhead. Such disclosure of boe's may be misleading, particularly if used in isolation. Additionally, given the value ratio based on the current price of crude oil compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

In accordance with Canadian practice, production volumes are reported on a company gross basis, before deduction of Crown and other royalties, unless otherwise stated. Unless otherwise specified, all reserve volumes in this media release and all information derived there from are based on "company interest reserves" using forecast prices and costs. "Company interest reserves" consist of "company gross reserves" (as defined in National Instrument 51-101 adopted by the Canadian Securities Regulators ("NI 51-101") plus Terra's royalty interests in reserves. "Company interest reserves" are not a measure defined in NI 51-01 and does not have a standardized meaning under NI 51-101. Accordingly our Company interest reserves may not be comparable to reserves presented or disclosed by other issuers. Our oil and gas reserves statement for the year ended December 31, 2010, which will include complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51-101, will be contained within our Annual Information Form which will be available on our SEDAR profile at [www.sedar.com](http://www.sedar.com). In relation to the disclosure of estimates in the operations update discussion, such estimates for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

In relation to the disclosure of net asset value ("NAV"), the NAV table shows what is normally referred to as a "produce-out" NAV calculation under which the current value of the Company's reserves would be produced at forecast future prices and costs and do not necessarily represent a "going concern" value of the Company. The value is a snapshot in time and is based on various assumptions including commodity prices and foreign exchange rates that vary over time. The future net revenues estimated by GLJ do not represent the fair market value of the reserves, nor should it be assumed that Terra's internally estimated value of its undeveloped land holdings represent the fair market value of the lands.

#### Forward Looking Statements

*All forward looking statements contained herein that are not clearly historical in nature constitute forward looking statements, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", or the negative of these terms or other comparable terminology are generally intended to identify forward looking statements. Although Terra*

*believes that the expectations reflected in our forward-looking statements are reasonable, our forward-looking statements have been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including, without limitation: volatility in the market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems; fluctuations in foreign exchange or interest rates; health, safety and environmental risks; stock market volatility; global economic events or conditions; and other factors, many of which are beyond the control of the Company. We caution that the forgoing list of risks and uncertainties is not exhaustive.*

*Terra's actual results, performance or achievement could differ materially from those anticipated in these forward-looking statements and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur. As such, readers are cautioned not to place undue reliance on the forward-looking statements, as no assurance can be provided as to future results, levels of activity or achievements. The risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in further detail in our Annual Information Form and other documents available at [www.sedar.com](http://www.sedar.com).*

*The reader is cautioned that historical results are not necessarily indicative of future performance. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, Terra does not undertake any obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.*

*The Company and its management believe that the financial outlook information contained herein has been prepared on a reasonable basis, reflecting the best estimates and judgements, and represent, to the best of management's knowledge and opinion, the Company's expected expenditures and results of operations. However, because this information is highly subjective and subject to numerous risks, including the risks discussed herein and in Terra's Annual Information Form and Management's Discussion and Analysis, it should not be relied on as necessarily indicative of future results. Except as required by applicable law, Terra undertakes no obligation to update any financial outlook information.*

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