Canamax Announces Operations Update and New Credit Facilities

25.07.2014 | Marketwired

CALGARY, ALBERTA--(Marketwired - Jul 25, 2014) -

NOT FOR DISSEMINATION IN THE UNITED STATES OF AMERICA

Canamax Energy Ltd. ("**Canamax**" or the "**Company**") (TSX VENTURE:CAC) is pleased to announce an operations update including current production rates, the results of recently completed capital expenditure and well optimization activities, and the establishment of new credit facilities.

Current Production Rates

The current net production rate of Canamax is approximately 1,200 boe/d (61% oil and NGL and 39% natural gas) broken down by core area as follows:

Area	Net boe/d
Flood	350
Brazeau	340
Retlaw	300
Wapiti	80
Non-Core	130
Total	1,200

Notes:

*Canamax's core areas were re-aligned after the acquisition of Ki Exploration Inc. ("Ki") on April 30, 2014.

** Flood production includes initial production from two Montney oil wells drilled and completed in June/July and put on production on July 18. The targeted, stabilized production from all of the currently producing Flood wells is anticipated to be approximately 300 boe/d.

Given the better than expected results from recent work at Flood and Retlaw, combined with the remaining expenditures planned under the 2014 capital budget, Canamax is raising its targeted December 31, 2014 production exit rate to be in the range of 1,500 - 1,600 boe/d - an increase from the original target of 1,400 - 1,500 boe/d. "We have exceeded expectations in the optimization and development of our Flood and Retlaw properties" commented CEO Brad Gabel. "We continue to focus on building out our core areas through property and corporate acquisitions at attractive financial metrics with the objective of building high working interest, contiguous land positions with significant development potential".

Capital Expenditure and Well Optimization Activities

Below is a summary of the recent work completed at each of the Company's core properties.

Flood

Canamax has been very active in the Flood area, completing the following:

- Acquired 100% of the working interests in five sections of land adjacent to the northwest portion of Canamax's existing Flood acreage (through two separate transactions), for aggregate consideration of $1.1 million. Prior to acquisition of these working interests, this property had gross Montney oil production of approximately 50 bbl/d from five producing wells. Due to the high associated water cuts, only marginal cash flow was being realized from this production. However, Canamax will be able to significantly reduce operating costs from these wells once they are tied into the Company's water handling/disposal facilities in the area (prior to December 31).
- Drilled and completed two successful Montney oil wells on the north end of the Flood property which were both put on production on July 18.
- Activated the water handling/disposal facilities on the southwest portion of the Flood property and placed four shut-in wells on production that were waiting for these facilities to start up.
- Bought out a gross overriding royalty over a significant portion of the Flood property for $0.6 million. This buyout will result in improved netbacks from the overall Flood production going forward.

After these transactions, the land holdings at Flood have increased from 37 to 42 contiguous sections (approximately 27,000 acres) - all owned 100% by Canamax. Current aggregate production from the area is approximately 350 bbl/d of Montney oil, which includes initial production rates from the two new wells drilled in June/July. The Company is targeting a stabilized, aggregate production rate from Flood in the short term of 300 bbl/d from the existing, producing wells.

As part of the 2014 capital expenditure plan, Canamax is scheduled to drill an additional 6 vertical wells in the north end of the property commencing in November and re-complete three of the newly acquired wells prior to December 31. In addition, pipeline infrastructure is planned to be put in place in November and December to tie in the new drills plus all of the existing wells on the north and northwest portions of the property, to the water handling/disposal facilities. These tie-ins should significantly reduce overall operating costs and improve netbacks. As part of the infrastructure expansion, Canamax plans to tie in the produced solution gas from the Flood wells which will provide additional revenue and gains in oil production.

Brazeau

At Brazeau, Canamax has two 100% owned sections with current production of approximately 340 boe/d (30% oil and NGL and 70% natural gas). An existing vertical well was recently re-completed targeting Wilrich natural gas. Although the well tested positively for gas, the zone was found to be tight. As such, this zone may only be exploitable through horizontal, multi-frac technology. There are no additional capital expenditure plans for this area prior to December 31.

All Brazeau production was shut-in for an approximate three week period during late June and early July as the Keyera gas plant in the area was down for a plant turnaround. Full production resumed in the area on July 12.

Retlaw

Retlaw was one of the core areas of Ki with net production of approximately 170 boe/d on the April 30, 2014 acquisition date. Since the acquisition, Canamax has increased net production in the area to approximately 300 boe/d (55% oil and NGL and 45% natural gas) through four well re-completions and the optimization of a number of other wells.

Canamax has identified additional, low cost re-completion and optimization opportunities which are expected to increase total net production from Retlaw to approximately 400 boe/d prior to December 31.

Wapiti

As previously announced, the Wapiti horizontal, Cardium farm-in well (which came on production in late March) had been flowing at a gross production rate of approximately 143 boe/d (net 100 boe/d) in June. At the end of June, a pump was installed on this well and production has been stabilized at a net current rate of

80 boe/d (83% oil and NGL and 17% natural gas).

The Wapiti play consists of a total of 2.25 sections (1.6 net) of land in which Canamax has a 70% working interest. As part of the previously announced capital expenditure budget, Canamax is planning to drill another horizontal well (net 0.7) in the fourth calendar quarter of 2014 and is targeting similar production rates as the initial well. Based on management's analysis of the play, there are a total of six (net 4.2) additional development locations in the Wapiti area.

Non-Core Properties

During May, Canamax announced that the Company had a conditional sale of its Delta West property for $2.4 million. This property, which was acquired as part of the Ki acquisition, was producing approximately 50 bbl/d of light oil and generating annual cash flow of approximately $0.8 million. This sale was not completed as the purchaser did not meet certain conditions prior to the scheduled closing date. However, there are other interested parties looking at this non-core property. If this property is not sold, it will still continue to provide positive cash flow at low decline rates for Canamax.

New Credit Facilities

Canamax has recently established a $6 million revolving credit facility with the National Bank of Canada. This facility will give the Company the financial flexibility to continue to pursue strategic acquisitions and finance a portion of the capital expenditure program. The previously announced $14 million capital program (for the period from May through December 2014) is being funded primarily through a portion of the net proceeds received from the $13 million financing completed in April and May, and operating cash flow.

Canamax Added to TSX Venture Select list

Effective July 21, 2014, Canamax was added to the S&P/TSX Venture Select Index, which will provide the Company with increased exposure in the capital markets. This index was designed to measure the performance of those S&P/TSX Venture Composite Index constituents that meet specific market capitalization and liquidity criteria.

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 its planned capital expenditures as it monitors drilling and completion results, business conditions, prospective acquisitions and commodity prices throughout calendar 2014. Where deemed prudent, the Company may make adjustments to its planned capital expenditures. 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", "targets" and similar expressions. Specific forward-looking statements included in this press release include comments related to the Company's planned capital expenditures, well recompletions; expected production rates resulting from, and anticipated hydrocarbon composition produced as a result of, planned capital expenditures; forecasted average daily production during the 2014 calendar year; projected exit rates of production for calendar 2014; the nature, timing and amounts of planned capital expenditures; production from the properties described herein; infrastructure and tie-ins for the Company's production; drilling locations on the Company's properties; recompletion opportunities on the Company's properties; reduction of operating costs and improved netbacks resulting from planned capital expenditures; sources of funding for planned capital expenditures; cash flow from operations for the Company; and the completion of acquisitions and dispositions discussed herein.*

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 and natural gas 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 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 news 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

Canamax Energy Ltd.
Brad Gabel
President & CEO
(587) 349-5186
Canamax Energy Ltd.
Chris Martin
Vice President, Finance & CFO
(587) 349-5186

Dieser Artikel stammt von Rohstoff-Welt.de
Die URL für diesen Artikel lautet:
https://www.rohstoff-welt.de/news/178576--Canamax-Announces-Operations-Update-and-New-Credit-Facilities.html

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere AGB/Disclaimer!

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere AGB und Datenschutzrichtlinen.