

BlackPearl Announces Second Quarter 2014 Financial and Operating Results

06.08.2014 | [Marketwired](#)

CALGARY, ALBERTA--(Marketwired - Aug 5, 2014) - **BlackPearl Resources Inc.** ("BlackPearl" or the "Company") (TSX:PXX)(OMX:PXXS) is pleased to announce its financial and operating results for the three and six months ended June 30, 2014.

Second quarter highlights include:

- Higher oil prices and narrower heavy oil differentials contributed to a 7% increase in revenues to \$62.2 million compared to Q2 2013; for the first half of 2014 revenues increased 23% to \$121.7 million;
- Funds flow from operations was \$23.2 million, comparable to last year. For the first half of 2014 funds flow from operations was \$46.2 million, a 41% increase from the first half of 2013;
- Oil and gas production for the quarter averaged 8,897 boe/day, an 11% decrease compared to the second quarter of 2013. With the recent completion of various infrastructure projects that temporarily impacted production our current production is now approximately 9,200 boe/day. New well completions during the summer are expected to further enhance our production growth;
- Net earnings increased 80% in the quarter to \$4.7 million compared with \$2.6 million in Q2 2013;
- Positive working capital of \$21.9 million at June 30, 2014, no debt and an unutilized \$150 million line of credit to finance our capital expenditure program;
- At Onion Lake, the first modules of the central processing facilities for the thermal EOR project were delivered to site. Construction will continue throughout the summer and is on schedule for a mid-2015 start-up;
- At Blackrod, the second pilot well pair was converted from steam circulation to production mode and is producing in excess of 270 barrels of oil per day and continues to ramp-up;
- At Mooney, infrastructure construction projects continued in the second quarter, which temporarily impacted oil production rates, but will provide necessary capacity expansion when we expand the ASP flood into the Phase 2 area early next year.

John Festival, President of BlackPearl, commenting on Q2 2014 activities, indicated that:

"We made good progress with the construction of our thermal project at Onion Lake. The first modules of the central processing facilities have been delivered to site and modules will continue to be delivered throughout the summer and fall. In August we will begin drilling the horizontal production wells. At this stage the 6,000 bopd project is on schedule for a mid-2015 start-up and capital costs remain in line with our budget. At Blackrod, the performance of the second pilot well pair is meeting or exceeding our expectations and the performance of the initial pilot well. We continue to believe that undertaking pilots is a key step to understanding the reservoir before committing significant capital for commercial development. The performance of our pilot at Blackrod continues to enhance our confidence that we will have a successful commercial project. Infrastructure construction delays due to an early break-up season have impacted our short-term production at Mooney; however, we are happy with the ASP flood response and when these infrastructure projects are complete we expect additional positive production response. With production improvements at Mooney together with additional primary drilling at Onion Lake we expect our corporate production to meet our guidance targets by the end of the year. We are focused on project execution with each of our projects. Financially, strong crude oil prices with moderate heavy oil differentials had a positive impact on our revenues and cash flow in the second quarter."

Property Review

Blackrod SAGD Pilot Project

At Blackrod, we converted the second pilot well pair to SAGD operation (production test phase) in March and oil production continues to ramp-up. Production in June averaged 253 barrels of oil per day and is currently

in excess of 270 barrels of oil per day. The well pair is expected to reach peak production rates of between 500 and 600 barrels of oil per day in 9 to 12 months. The instantaneous steam oil ratio (iSOR) in the second well pair is 3.4 and is expected to continue to drop as production rates increase. Our planned commercial operation at Blackrod will target a steam oil ratio between 3.0 and 3.5.

The initial pilot well pair continues to perform well. To date, it has produced in excess of 240,000 barrels of oil and is still producing approximately 180 barrels of oil per day under restricted steam injection rates. We are continuing to test some different steaming strategies in this well to optimize production and steam injection efficiencies that, if successful, will be incorporated into the commercial development design.

The objective of the initial pilot well pair was to establish that the SAGD process works in the Blackrod reservoir, and we achieved that objective. The intent of the second well pair was to drill a commercial prototype by incorporating the learnings from the first well pair and refining the operating strategies and procedures. The modifications introduced in the second well pair design include drilling the horizontal section longer than the initial well pair (950 metres compared to 700 metres), modifying the start-up procedures and steaming strategies, utilization of a different sand control system and changes to the down-hole equipment configuration. We are also assessing the potential for enhancing performance utilizing other industry validated technologies in our commercial development design including drilling longer wells, utilizing infill wells, employing gas co-injection and using inflow control devices. We have included a production graph for our second pilot well pair on our website which we will update on a monthly basis.

BlackPearl is planning an 80,000 barrel per day commercial development project at Blackrod, which will be built in phases. The first phase of the project is expected to be designed for 20,000 barrels of oil per day. We filed the commercial development application for Blackrod in May 2012 with the Alberta Energy Regulator (AER) and are anticipating regulatory approval in 2014. We are continuing to consider funding alternatives for the development of the Blackrod project including potential joint venture opportunities.

Onion Lake

Construction of the first phase of the Onion Lake thermal EOR project continued throughout the quarter. Site preparation was completed in early July and the first modules of the central processing facilities were delivered from the fabrication shop to site. Field construction will ramp-up throughout the summer and fall with a total of 97 modules to be delivered to site with a facility construction workforce that is expected to peak at approximately 135 people.

Thermal development of the Onion Lake area will utilize a combination of the traditional SAGD process (two horizontal wells drilled approximately 5 metres apart) and a modified SAGD process (using existing and new vertical wells as steam injectors and horizontal producers). The initial 6,000 barrel phase of the project will utilize the modified SAGD process. Initially, we are planning to drill 12 horizontal producer wells and 19 new vertical steam injectors, as well as utilizing up to 16 existing vertical wells as steam injectors. These wells are expected to be drilled during the third and fourth quarters this year. Three water source wells have been drilled for the project and, in the second half of 2014, the remaining source water infrastructure will be built and three disposal wells will be drilled.

Our estimated capital cost of the first phase of the project remains unchanged at \$210 million and first steam is scheduled to commence in mid-2015.

In addition, we commenced a 20 well primary drilling program in June at Onion Lake. Nine of these wells were drilled in the second quarter and the remaining 11 wells will be drilled in the third quarter. All of these wells are expected to be put on production during the third quarter. These wells are being drilled outside of the current thermal development area.

Mooney

At Mooney, no new drilling activity occurred during the second quarter due to wet ground conditions. During the second quarter we were able to continue with some infrastructure improvement projects that were not completed during the first quarter. This included expansion of the water treatment facilities to accommodate expansion of the ASP flood to our Phase 2 lands, construction of a booster station and upgrade and

expansion of the pipeline infrastructure in the field in order to handle increased production from Phase 2 and Phase 3 wells. This work necessitated shutting-in nine wells on the Phase 1 ASP lands for most of the quarter. These wells were producing between 300 and 400 barrels of oil equivalent per day before they were shut-in. The wells were brought back on production in July. Completion of these infrastructure improvement projects will be finished in the fall or next winter when ground conditions permit.

We expect to expand the ASP flood to the Phase 2 lands early in 2015. We are planning to drill an additional six wells on the Phase 3 lands late this year and expand the ASP flood to these lands in the future.

Production

Oil and gas production averaged 8,897 boe per day in the second quarter of 2014 compared to 9,986 boe per day for the same period in 2013. The decrease in production in 2014 reflects natural production declines at Onion Lake, as well as production that was shut-in at Mooney during the quarter in order to undertake infrastructure improvements as described above. In addition, at Mooney, due to pipeline pressure restrictions imposed on a third party gas transporter, the amount of gas we were permitted to inject into their pipeline system was reduced, which restricted our gas sales in the area as well as oil production during the quarter.

(boe/day)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Onion Lake	3,915	4,995	4,094	4,660
Mooney	3,519	3,692	3,607	3,791
John Lake	1,065	800	1,067	791
Blackrod	306	304	259	189
Other	92	195	102	108
	<u>8,897</u>	<u>9,986</u>	<u>9,129</u>	<u>9,539</u>

Financial Results

Oil and gas revenues increased 7% in the second quarter of 2014 to \$62.2 million compared with \$58.3 million in Q2 2013. The increase is attributable to a 20% improvement in our average oil price received, partially offset by an 11% decrease in oil sales volumes.

The increase in our realized wellhead price reflects higher WTI reference oil prices in Q2 2014 compared with Q2 2013 (US\$102.99/bbl vs US\$94.29/bbl), and comparable heavy oil differentials (Cdn\$20.08/bbl vs Cdn\$19.36/bbl).

Operating costs were \$25.96 per boe in Q2 2014 compared with \$20.90 per boe in Q2 2013. The increase in operating costs is primarily due to the expensing of all costs associated with the first phase of the ASP flood at Mooney. During the initial re-pressurization of the reservoir these costs were being capitalized.

Funds flow from operations increased by 41% to \$46.2 million in the first half of 2014 compared to \$32.9 million in the same period in 2013. The increase in funds flow in 2014 is primarily a result of higher wellhead sales prices in 2014. For the six months ended June 30, 2014, the Company generated net income of \$3.6 million compared to a net loss of \$3.0 million in the same period in 2013. The increase in net income in 2014 compared to the same period in 2013 is primarily a result of a higher wellhead sales price in 2014, partially offset by higher production costs and the loss on risk management contracts.

Financial and Operating Highlights

(\$000, except where noted)	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Daily production / sales volumes				
Oil (bbl/d) ⁽²⁾	8,534	9,662	8,827	9,303
Natural gas (mcf/d)	2,176	1,942	1,814	1,414
Combined (boe/d) ⁽¹⁾	8,897	9,986	9,129	9,539

Product pricing (\$)				
Crude oil - per bbl (before the effects of hedging)	81.82	67.30	77.37	59.24
Natural gas - per mcf	4.61	3.59	4.93	3.46
Combined - per boe	79.53	66.20	75.82	58.50
Realized loss on risk management contracts - per boe	(3.64)	0.00	(2.19)	0.00
Revenue				
Oil and gas revenue - gross	62,174	58,322	121,729	98,993
Royalties (\$/boe)	15.88	13.33	14.91	10.68
Transportation costs (\$/boe)	2.16	3.32	2.01	3.45
Operating costs (\$/boe)	25.96	20.90	24.89	21.93
Net income (loss) for the period	4,684	2,597	3,558	(3,047)
Per share, basic and diluted	0.01	0.01	0.01	(0.01)
Funds flow from operations	23,161	22,823	46,198	32,862
Capital expenditures	48,044	27,315	97,404	46,416
Working Capital, end of period	21,910	4,055	21,910	4,055
Long term debt	-	25,000	-	25,000
Shares outstanding, end of period	335,638,226	296,122,308	335,638,226	296,122,308

(1) Boe amounts are based on a conversion ratio of 6 mcf of gas to 1 barrel of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

(2) includes production from the Blackrod SAGD pilot.

Outlook

We expect our oil and gas production to average between 9,000 and 9,500 boe/d for the year, unchanged from our Q1 update. Funds flow from operations for the year is anticipated to range between \$80 and \$85 million. This is slightly higher than our Q1 outlook as a result of using higher forecast oil prices in our Q2 update. Capital spending is expected to be between \$280 to \$300 million for the year, unchanged from our Q1 update. The second half of our 2014 capital budget continues to be focused on the construction of the first phase of the Onion Lake thermal project, including the drilling of over 30 producer, injector and disposal wells. During the second half of 2014, we will also complete our conventional drilling program at Onion Lake (11 wells) and up to 10 additional horizontal wells at Mooney and other areas.

The 2014 second quarter report to shareholders, including the financial statements, management's discussion and analysis and notes to the financial statements are available on the Company's website (www.blackpearlresources.ca) or SEDAR (www.sedar.com).

Non-GAAP Measures

This news release includes terms commonly used in the oil and natural gas industry, such as funds flow from operations which represent cash flow from operating activities expressed before changes in non-cash working capital. This term is used by the Company to analyze operating performance, leverage and liquidity and to provide shareholders and investors with additional information to measure the Company's performance and efficiency and its ability to fund a portion of its future activities and to service any long-term debt if incurred in the future. Funds flow from operations does not have a standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures by other entities. Consequently, these are referred to as non-GAAP measures.

Forward-looking Statements

This release contains certain forward-looking statements and forward-looking information (collectively referred to as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking information typically contains statements with words such as "anticipate", "anticipated", "planning", "planned", "potential", "could", "continue", "continued", "continuing", "estimate", "estimates", "estimated", "forecast", "likely", "expect", "expected", "may", "intend", "intends", "intended", "intention", "deferred", "successful", "will", "project", "timing", "in the event", "move toward", "should", "scheduled", "outlook" or similar words suggesting future outcomes.

In addition, statements relating to "reserves", "resources" or "contingent resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resource described exist in the quantities predicted or estimated and can be profitably produced in the future.

In particular, but without limiting the foregoing, this report contains forward-looking statements pertaining to our business plans and strategies; capital expenditure and drilling programs including the target date of mid-2015 for completion of construction and first steam at Onion Lake and anticipated timing of initial and peak oil production rates at the Onion Lake EOR project, estimated capital costs of \$210 million for the first phase of thermal development at Onion Lake, anticipated corporate production being within our production target guidelines by the end of the year, timing and expected ramp-up time to reach peak production rates of 500 to 600 barrels of oil per day for the second pilot well pair at Blackrod and the expected steam oil ratios associated with this production and our planned commercial operations, expected timing to receive regulatory approval for our commercial development application at Blackrod, anticipated expansion of the ASP flood to phase two lands at Mooney in 2015, as well as all the information contained in the Outlook section.

The forward-looking information is based on expectations and assumptions by management regarding future production levels, future oil and natural gas prices, continuation of existing tax, royalty and regulatory regimes, foreign exchange rates, estimates of future operating costs, timing and amount of capital expenditures, performance of existing and future wells, the ability to obtain financing on acceptable terms, availability of skilled labour and drilling and related equipment, general economic and financial market conditions and the ability to market oil and natural gas successfully to current and new customers. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Undue reliance should not be placed on forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will be realized. Actual results will differ, and the differences may be material and adverse to the Company and its shareholders.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that the goals or figures contained in forward-looking statements will not be achieved. These factors include, but are not limited to, risks associated with fluctuations in market prices for crude oil, natural gas and diluent, general economic, market and business conditions, volatility of commodity inputs, substantial capital requirements, customary conditions including receipt of necessary regulatory and stock exchange approvals on the issuance of common shares, uncertainties inherent in estimating quantities of reserves and resources, extent of, and cost of compliance with, government laws and regulations and the effect of changes in such laws and regulations from time to time, the need to obtain regulatory approvals on projects before development commences, environmental risks and hazards and the cost of compliance with environmental regulations, aboriginal claims, inherent risks and hazards with operations such as fire, explosion, blowouts, mechanical or pipe failure, cratering, oil spills, vandalism and other dangerous conditions, financial loss associated with derivative risk management contracts, potential cost overruns, variations in foreign exchange rates, variations in interest rates, diluent and water supply shortages, competition for capital, equipment, new leases, pipeline capacity and skilled personnel, uncertainties inherent in the SAGD bitumen and ASP recovery process, credit risks associated with counterparties, the failure of the Company or the holder of licences, leases and permits to meet requirements of such licences, leases and permits, reliance on third parties for pipelines and other infrastructure, changes in royalty regimes, failure to accurately estimate abandonment and reclamation costs, inaccurate estimates and assumptions by management, effectiveness of internal controls, the potential lack of available drilling equipment and other restrictions, failure to obtain or keep key personnel, title deficiencies with the Company's assets, geo-political risks, risks that the Company does not have adequate insurance coverage, risk of litigation and risks arising from future acquisition activities. Further information regarding these risk factors may be found under "Risk Factors" in the Annual Information Form.

Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by the Corporation that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Furthermore, the forward-looking statements contained in this report are made as of the date hereof, and the Corporation does not undertake any obligation, except as required by applicable securities legislation, to update publicly 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 herein are expressly qualified by this cautionary statement.

Contact

[BlackPearl Resources Inc.](#)

John Festival
President and Chief Executive Officer
(403) 215-8313

[BlackPearl Resources Inc.](#)

Don Cook
Chief Financial Officer
(403) 215-8313

www.blackpearlresources.ca

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/179409--BlackPearl-Announces-Second-Quarter-2014-Financial-and-Operating-Results.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 [Datenschutzrichtlinien](#).