

# Cub Energy Inc. Announces 2014 Second Quarter Financial and Operational Results

14.08.2014 | [Marketwired](#)

HOUSTON, TEXAS--(Marketwired - Aug 13, 2014) - [Cub Energy Inc.](#) ("**Cub**" or the "**Company**") (**TSX VENTURE:KUB**), a Black Sea region-focused upstream oil and gas company, announced today its unaudited interim financial and operating results for the three and six months ended June 30, 2014. All dollar amounts are expressed in United States Dollars. This update includes results from KUB-Gas LLC ("**KUB-Gas**"), which Cub has a 30% ownership interest, and Tysagaz JSC ("**Tysagaz**"), Cub's 100% owned subsidiary.

In the second quarter of 2014, Cub achieved record accomplishments, including a second quarter exit rate of 2,154 boe/d and current rate of 2,350 boe/d, resulting from the commencement of production of the Company's RK-21 well (100% WI) and commencement of production of the M-17 well (30% WI).

## Operational Highlights

- Production averaged 1,868 boe/d (95% natural gas) for the three months ended June 30, 2014 for an increase of 25% over 1,490 boe/d in the same period in 2013.
- Exit rate of 2,154 boe/d at June 30, 2014 for a 10% increase over exit rate of 1,952 boe/d at March 31, 2014.
- Current production of approximately 2,350 boe/d.
- KUB-Gas (30%WI) achieved a significant milestone in daily production - over 1 million cubic metres per day ("**MMcm/d**") or approximately 5,885 boe/d (1,766 boe/d Cub WI) late in the second quarter.
- Achieved average natural gas price of \$10.23/Mcf and condensate price of \$79.86/bbl for the three months ended June 30, 2014.
- On March 14, 2014, the RK-21 well was spud and subsequently tested gas at a maximum rate flow rate of 2.6 million cubic feet per day ("**MMcf/d**") through a 12-millimetre choke. The well was tied-in and placed on production on June 2, 2014.
- In May 2014, Cub re-entered the RK-1 well (100% WI) for a test of the deeper Mesozoic sands. The well reached TD of 3,995 metres and Cub completed the evaluation of the Mesozoic sands and the results show the presence of pipeline quality gas from samples taken during testing. It is believed that these sands have the potential to flow at commercial rates after hydraulic fracture stimulation; however, this type of operation is not feasible in the current wellbore. The Company is evaluating a new well to 4,000 metres which will allow stimulation by hydraulic fracturing. The well is currently shut-in and being prepared for a completion attempt in the D-4 reservoir at 1,400 metres.
- Gas began flowing from the new Kub-Gas (30% WI) Makeevskoye and Olgovskoye production and processing facility on March 6, 2014 resulting in increased capacity to 68 MMcf/d from the previous 30 MMcf/d. Full production gains from the new facility were achieved late in the second quarter of 2014.
- The M-17 well (30% WI) was drilled during the first quarter. Logs indicated 9 metres of net pay in the primary target, the S6 sand, and 2.5 metres of pay in the S5 and 5.5 metres in the deeper S7. They also indicated resource potential 22 metres in the R30c. On test, the S7 achieved a rate of 900 Mcf/d, exceeding the Company's expectations that it would require stimulation to produce at a commercial rate. A bridge plug was set above the S7, and after testing, and the S6 commenced production on June 26, 2014 at an initial rate of 6.0 MMcf/d (1.8 MMcf/d Cub WI). That rate has been increased several times, allowing the well to stabilize at each stage, and it has averaged 8.6 MMcf/d (2.6 MMcf/d Cub WI) since start-up. The S5 and R30c remain behind pipe to be tested and developed at a later date.
- On June 27, 2014, field operations in eastern Ukraine were suspended temporarily to ensure the continued safety of employees and assets during the ongoing regional conflict in the region. As a result, the NM-4 well (30% WI) that commenced drilling to test a seismically-identified stratigraphic play was suspended at 102 metres.

## Financial Highlights

- Netback of \$41.46/Boe or \$6.91/Mcfe for the quarter ended June 30, 2014.
- Revenue from hydrocarbon sales for the six months ended June 30, 2014 increased 79% to \$3.4 million (2013 - \$1.9 million) which was driven by the recent success of RK-21 and RK-22.

- Revenue from hydrocarbon sales by KUB-Gas for the six months ended June 30, 2014 were \$52.8 million (2013 - \$57.6 million) for a decrease of 8% of which the Company's 30% share was \$15.8 million (2013 - \$17.3 million). The decrease was due to lower average gas prices and the devaluation of the Ukrainian currency during 2014.
- The total pro-rata revenue from hydrocarbon sales, a non-IFRS measure combining the Company's revenue and 30% of the allocated KUB-Gas revenue, totaled \$19.2 million (2013 - \$19.2 million) for the six months ended June 30, 2014.
- During the six months ended June 30, 2014, the Company received \$4.0 million (2013 - \$5.4 million) in the form of dividends from KUB-Gas representing the distribution of excess cash flow.
- Income from the Company's 30% equity investment in KUB-Gas for the six months ended June 30, 2014 was \$4.5 million (2013 - \$4.5 million).
- The net profit for the six months ended June 30, 2014 was \$1.3 million or \$0.00 per share (2013 - \$0.6 million or \$0.00 per share).
- Capital expenditures of \$4.1 million (2013 \$1.2 million) for the six months ended June 30, 2014 and the pro-rata capital expenditures, a non-IFRS measure combining the Company's capital expenditures and 30% of the allocated KUB-Gas capital expenditures, totaled \$7.9 million (2013 - \$3.9 million) for the six months ended June 30, 2014.
- The Company utilized \$2.0 million of the available \$5.0 million unsecured line of credit with Pelicourt during the six months ended June 30, 2014.

(in thousands of US Dollars)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Petroleum and natural gas revenue	1,693	823	3,394	1,878
Pro-rata petroleum and natural gas revenue <sup>(1)</sup>	10,505	9,501	19,239	19,169
Net profit	2,192	326	1,277	602
Earnings per share - basic and diluted	0.01	0.00	0.00	0.00
Funds generated from operations <sup>(2)</sup>	2,502	724	2,376	2,307
Pro-rata funds generated from operations <sup>(3)</sup>	4,503	1,828	6,894	4,520
Capital expenditures <sup>(4)</sup>	3,034	906	4,108	1,229
Pro-rata capital expenditures <sup>(4)</sup>	4,662	2,037	7,884	3,908
Pro-rata netback (\$/boe)	41.46	37.21	35.89	40.53
Pro-rata netback (\$/Mcf)	6.91	6.20	5.98	6.76
	June 30, 2014	December 31, 2013		
Working capital	39	942		
Cash and cash equivalents	2,118	1,617		
Long-term debt	2,000	-		

## Notes:

(1) Pro-rata petroleum and natural gas revenue is a non-IFRS measure that adds the Company's petroleum and natural revenue earned in the respective periods to the Company's 30% equity share of the KUB-Gas petroleum and natural gas sales that the Company has an economic interest in.

(2) Funds from operations is a non-IFRS measure and is defined as cash flow from operating activities, excluding changes in non-cash working capital.

(3) Pro-rata funds from operations is a non-IFRS measure that adds the Company's funds from operations in the respective periods to the Company's 30% equity share of the KUB-Gas funds from operations that the Company has an economic interest in. The KUB-Gas funds from operations is calculated as the income from equity investment less the KUB-Gas depletion and depreciation.

(4) Capital expenditures includes the purchase of property, plant and equipment and the purchase of exploration and evaluation assets. Pro-rata capital expenditures is a non-IFRS measure that adds the Company's capital expenditures in the respective periods to the Company's 30% equity share of the KUB-Gas capital expenditures that the Company has an economic interest in.

Mikhail Afendikov, Chief Executive Officer of Cub Energy, commented, "During the second quarter of 2014, gas prices increased to \$10.23/Mcf as compared to \$8.63/Mcf in the first quarter as the temporary agreement between Russia and Ukraine ceased. The gas price increase, along with successful drilling and tie-ins of the RK-21 and M-17 wells lead to a stronger quarter financially as the Company reported a net profit of \$2.2 million during the second quarter and collected \$3.1 million in dividends from KUB-Gas. We continue to closely monitor the political and economic developments in Ukraine to make any necessary adjustments to our business plans."

## Outlook

For the remainder of 2014, the Company will continue on its 100% owned and operated Tysgaz assets in western Ukraine. The RK-1 well is currently shut-in and being prepared for a completion attempt in the D-4

reservoir at 1,400 metres. The Company then plans to drill the RK-23 development well in the third quarter of 2014 and is re-evaluating the balance of its capital program in light of the recent temporary increase in royalty rates through the end of the year.

Operations at KUB-Gas in eastern Ukraine are temporarily suspended to ensure the continued safety of employees and assets during the ongoing regional conflict in the region. The Company continues to monitor the security situation and the potential of re-commencing field operations as soon as possible. The Company has four imminent drilling locations, including two exploration wells (NM-4 and M-22), and two development wells (M-15 and M-18). Success on any of these will open up additional development and exploration locations.

Once field operations resume, the Company has planned fracture stimulations on four wells in eastern Ukraine, including NM-3, O-11, O-15 and possibly the S7 zone in M-17. The NM-3 well is a potential oil discovery made in July 2013. The Visean formation is tight and unable to flow unstimulated. If the fracture is successful, it will be the first commercial oil well on Company licences, and will set up several additional development locations.

## Supporting Documents

Cub's complete quarterly reporting package, including the unaudited interim financial statements and associated Management's Discussion and Analysis, have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and has been posted on the Company's website at [www.cubenergyinc.com](http://www.cubenergyinc.com).

## About Cub Energy Inc.

[Cub Energy Inc.](http://www.cubenergyinc.com) (TSX VENTURE:KUB) is an upstream oil and gas company, with a proven track record of exploration and production cost efficiency in the Black Sea region. The Company's strategy is to implement western technology and capital, combined with local expertise and ownership, to increase value in its undeveloped land base, creating and further building a portfolio of producing oil and gas assets within a high pricing environment.

## Oil and Gas Equivalents

A barrel of oil equivalent ("boe") or units of natural gas equivalents ("Mcf") is calculated using the conversion factor of 6 Mcf (thousand cubic feet) of natural gas being equivalent to one barrel of oil. A boe conversion ratio of 6 Mcf: 1 bbl (barrel) or a Mcf conversion of 1bbl: 6 Mcf is, based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

## Reader Advisory

*Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Cub believes that the expectations reflected in the forward-looking information are reasonable; however there can be no assurance those expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.*

*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 anticipated in the forward-looking information.*

*Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Ukraine, the Black Sea Region and globally; political unrest and security concerns in Ukraine; industry conditions, including fluctuations in the prices of natural gas; governmental regulation of the natural gas industry, including environmental regulation; unanticipated operating events or performance which can reduce production or cause production to be shut in or delayed; failure to obtain industry partner and other third party consents and approvals, if and when required; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for natural gas; liabilities inherent in natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and supplies; incorrect assessments of the value of acquisitions; geological, technical, drilling, processing and transportation problems; changes in tax laws and incentive programs relating to the natural gas industry; failure to realize the anticipated benefits of acquisitions and dispositions; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.*

*This cautionary statement expressly qualifies the forward-looking information contained in this news release. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.*

*Neither the 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 release.*

## Contact

### [Cub Energy Inc.](#)

Mikhail Afendikov  
Chairman and Chief Executive Officer  
(713) 677-0439  
mikhail.afendikov@cubenergyinc.com

### [Cub Energy Inc.](#)

Patrick McGrath  
Chief Financial Officer  
(713) 577-1948  
patrick.mcgrath@cubenergyinc.com  
[www.cubenergyinc.com](http://www.cubenergyinc.com)

---

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

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/180095--Cub-Energy-Inc.-Announces-2014-Second-Quarter-Financial-and-Operational-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](#).