

Traverse Energy Announces 2014 Second Quarter Results

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CALGARY, ALBERTA--(Marketwired - Aug 14, 2014) - [Traverse Energy Ltd.](#) ("Traverse" or "the Company") (TSX VENTURE:TVL) presents financial and operating results for the six months ended June 30, 2014.

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Financial (\$ thousands, except per share amounts)				
Petroleum and natural gas revenue	4,338	3,038	8,873	5,799
Cash flow from operating activities	1,461	1,922	3,549	4,082
Per share - basic and diluted	0.02	0.04	0.06	0.09
Funds from operations ⁽¹⁾	2,409	2,124	5,005	4,161
Per share - basic and diluted	0.03	0.04	0.08	0.09
Net income	407	1,060	1,153	1,581
Per share - basic and diluted	0.01	0.02	0.02	0.03
Capital expenditures	5,475	1,674	12,439	4,435
Total assets	47,309	23,512	47,309	23,512
Working capital	5,800	4,202	5,800	4,202
Common shares				
Outstanding (millions)	68.6	49.5	68.6	49.5
Weighted average (millions)	68.3	47.8	62.4	47.3
Operations (Units as noted)				
Average production				
Natural gas (Mcf/day)	2,139	1,638	1,975	1,524
Oil and NGL (bbls/ day)	418	326	436	329
Total (BOE/day)	775	599	765	584
Average sales price				
Natural gas (\$/Mcf)	3.92	3.72	4.64	3.61
Oil and NGL (\$/bbl)	93.97	83.60	91.39	80.65
Operating netback (\$/BOE) ⁽²⁾				
Petroleum and natural gas revenue	61.55	55.69	64.05	54.95
Realized gain (loss) on financial derivatives	(1.54)	0.08	(1.35)	0.04
Royalties	(11.21)	(2.71)	(10.27)	(2.47)
Operating and transportation expenses	(12.37)	(10.55)	(11.80)	(8.95)
Operating netback	36.43	42.51	40.63	43.57

(1) Funds from operations represents cash flow from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations. Funds from operations does not have a standardized measure prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other companies.

(2) Operating netback reflects revenue and realized gain or loss on financial derivatives, less royalties, operating and transportation expenses and is calculated on a per unit basis. Operating netback does not have a standardized measure prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies.

Operations Review

In June 2014 the Company drilled 4 development wells, targeting Eilerslie oil, at its Coyote property in East Central Alberta. These wells were completed in July for oil production and will be placed on production during the third quarter. Traverse has now completed 8 oil wells to delineate this new pool discovered by Traverse in March 2013. Two additional wells were drilled in the third quarter and are awaiting completion. At the end of the second quarter, 4 wells were on production from this pool. Production for the second quarter

from the Coyote area was 235 BOE/day (81% oil).

The Coyote battery expansion began in the third quarter with a projected start-up date of early September. Facilities being constructed at the battery site include a treater, a natural gas sweetening tower, well test header system and additional storage tanks. The initial daily capacity at the battery is estimated at 2,000 barrels of oil and water and 4 mmcf of natural gas. Traverse has also recently received approval to dispose of produced water in an existing wellbore it owns in the Coyote area. Additional field work at Coyote in the third and fourth quarters will include the installation of additional pipelines to tie in further production to the west of the battery and an additional pipeline to move increased volumes of natural gas to a nearby gas plant. The Alberta Energy Regulator ("AER") has granted a holding to allow for 4 wells per quarter section to develop the Ellerslie pool. Traverse plans to begin horizontal development of the Ellerslie pool later in the year once the production facilities are completed. Additional drilling to further delineate the pool will continue in 2014.

At Turin Traverse installed a booster compressor at its central battery, which became operational in early July, to allow for production of natural gas from two shut-in wells and lower the operating pressure for oil production from the field. In the latter half of 2014 Traverse plans to recompleat several shut-in wells for sweet gas production which can be produced through the existing facilities. Production at Turin for the second quarter was 389 BOE/day (40% oil).

At Michichi the Company drilled its first oil well in March. The well has been pipeline connected to conserve natural gas and was placed on production in mid-August. Another well in the Michichi area will be drilled later in the third quarter.

In the first half of 2014, Traverse drilled 9 wells resulting in 7 oil wells and 2 gas wells. New production from 2014 drilling was added in both June and July. The remaining wells drilled in 2014 are currently awaiting the Coyote battery expansion which is anticipated to be operational by early September. The expanded battery will allow for treating emulsion and water disposal resulting in decreased operating costs and additional marketing opportunities for the clean oil produced. Traverse's production for July 2014 exceeded 1,100 BOE/day (45% oil).

At June 30, 2014 undeveloped land holdings totalled 183,800 gross (180,600 net) acres. The Board of Directors approved an exploration and development budget of \$29.1 million for 2014. The program includes the drilling of up to 15 wells on Company owned lands in the Coyote and Turin areas and on other properties located in east central Alberta.

Non-IFRS measures

Funds from operations, funds from operations per share, operating netback, operating netback per BOE and working capital are not defined by IFRS and therefore may not be comparable to performance measures presented by others. Funds from operations represents cash flow from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations as detailed under the heading "Funds from operations and net income" within the Company's management's discussion and analysis for the three and six months ended June 30, 2014. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income per share. Working capital is calculated as current assets (excluding financial derivative assets) less current liabilities (excluding financial derivative liabilities). Operating netback represents revenue and realized gain or loss on financial derivatives, less royalties, operating and transportation expenses and is calculated on a per unit basis. The calculation of Traverse's operating netback is detailed under the heading "Operating netback" within the Company's management's discussion and analysis for the three and six months ended June 30, 2014. Management believes that in addition to net income, the aforementioned non-IFRS measures are useful supplemental measures as they assist in the determination of the Company's operating performance, leverage and liquidity. Investors should be cautioned however, that these measures should not be construed as an alternative to both net income and net cash from operating activities, which are determined in accordance with IFRS, as indicators of the Company's performance.

BOE equivalent

Unless otherwise stated, the volume conversion of natural gas to barrel of oil equivalent (BOE) is presented

on the basis of 6 thousand cubic feet of natural gas being equal to 1 barrel of oil. This conversion ratio is based upon an energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead. BOE figures may be misleading, particularly if used in isolation.

Forward-looking information

This news release contains forward-looking information which is not comprised of historical fact. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes the Company's statements with respect to the timing for placing on production of 4 development wells at its Coyote property; the projected start-up date of the Coyote battery expansion; installation of additional pipelines; horizontal development of the Eilerslie pool; planned recompletions at Turin; planned additional drilling at Coyote and Michichi and the number of wells to be drilled in 2014. This forward looking information is subject to a variety of substantial known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward looking information. The Company's Annual Information Form filed on April 17, 2013 with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describes the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Although the Company believes that the material assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur. The Company disclaims any intention or obligation to update or review any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

August 14, 2014

Further details on the Company including the 2013 year end audited financial statements, the related management's discussion and analysis and the 2013 Annual Information Form are available on the Company's website (www.traverseenergy.com) and SEDAR.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accept responsibility for the adequacy or accuracy of the content of this release.

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