

# Terra Energy Provides Operations Update

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CALGARY, ALBERTA--(Marketwired - Sep 24, 2014) - [Terra Energy Corp.](#) ("Terra" or the "Company") (TSX:TT) is pleased to provide this operations update.

The Company has, in recent months, adopted a new Business Plan, which was communicated in its June 2014 Investor Presentation, together with numerous strategies supporting the principal tenets of the plan. The Business Plan contemplated moving towards a more balanced oil/gas commodity mix over time, the need to remain focused geographically, target profitability as a key metric and maintain a conservative approach towards leverage and hedging practices.

Terra's 2014 Capital Expenditure Plan was designed to reverse the decline in the Company's production base, while advancing a number of oil and liquids weighted plays and managing overall expenditures within cash flows. Included in these plays were two "key" oil plays on lands located in Stoddart, British Columbia and at Red Creek, British Columbia. Other liquids plays included light oil at Boudreau, British Columbia. With the results from our operations year-to-date, the Company has reversed the decline in its production base and production is stabilized in the range of 4,000 boed. The objective in the short term going forward will be to focus on the commodity mixture, by continually improving the percentage of oil and liquids production.

Apart from the two pipeline tie-in projects which were substantially carried out in Q1 of 2014, the majority of projects to be considered for the Company's 2014 Capital Expenditure Plan were recompletions of older (and often shut-in), existing wellbores. Approximately 32 of these potential projects were listed in the Company's June 2014 Investor Presentation and it was reported in mid-August that the Company had carried out a total of ten (10) recompletion projects at such time, with results to follow.

## Recompletions:

The results of the ten (10) recompletion projects carried out in the first six months of 2014 were generally very encouraging. These projects were largely targeting Stoddart, British Columbia and Boudreau, British Columbia. The average production addition attributable to these ten projects exceeds twenty (20) barrels per day per well of light oil, and these recompletions are currently collectively contributing more than 200 bpd of light oil to our production base. More importantly, these projects provide the Company with the information and confidence to proceed further with plans for development and growth in both Stoddart and Boudreau. The Company is currently in the process of designing programs for horizontal wells in each of Stoddart and Boudreau, and is actively securing surface leases.

At Red Creek, the Company has engaged a third party engineering consulting firm to fully model and prepare detailed plans and schematics for the waterflooding of the south end of the oil pool. This detailed waterflood study will be carried out in Q4 of 2014, with the objective of implementing the waterflood early in 2015. The results of the full waterflood study will dictate the precise procedures, timing, rates and expected results for the water flood. With over 2 million barrels of voidage to replace, it is anticipated that the success of the waterflood will be determined no sooner than six months following initial implementation.

Also at Red Creek, the Company is pursuing the development of the north end of the oil pool (most likely a separate pool). On the north end, the Company carried out one (1) workover involving the re-entering of a well which was previously drilled and shut-in. The objective of the workover was to re-evaluate two separate intervals in the Doig formation, which were previously fracture stimulated and never fully tested. The results of this workover were that both intervals contained oil and or condensate, but also fully pressured with natural gas containing some hydrogen sulphide, making it necessary to curtail production testing. Both intervals indicated virgin reservoir pressure, but were curtailed prior to the recovery of the oil/liquids flows which are being targeted. The Company intends to further evaluate this well, but the results are encouraging for the presence of hydrocarbons.

The Company will continue to carry out recompletions in Q4 of 2014, with a view towards both adding value and evaluating further development plays. Included for consideration are wells located in Monias, British Columbia, Stoddart, British Columbia, Hamelin, Alberta and LaGlace, Alberta.

#### Pipeline Tie-in Projects:

The Company carried out two pipeline tie-in projects during Q1 of 2014. At Monias, the Company constructed a pipeline to tie-in an existing tested gas well with a tested capability of 1,500 Mcf per day (net) and production has been consistent with expectations (taking into consideration certain curtailments by third party processors).

At Grande Prairie, the Company constructed a pipeline to tie-in two oil wells. Along with light oil, these two oil wells both produce solution gas (with a small amount of hydrogen sulphide). Following the construction of this pipeline project, the third party transporter/processor has shut-in all of the Company's production in favour of new production that it has brought onstream. The Company is not able to flare the gas as the volumes are too high, and it is currently not able to produce the two wells at all. These two wells continue to demonstrate high pressures and production capability. The Company is investigating alternative solutions to get these two oil wells on production. The Company was forecasting approximately 225 boed of production from the two wells combined for periods after May 2014, but this production remains shut-in pending a resolution to the processing of solution gas.

#### Production and Cash Flow:

The Company has and intends to continue operating within the limits of its own cash flows during 2014. The Capital Expenditure Budget for 2014 was set at approximately \$14.3 million, and the Company anticipates staying within the overall budget. The Company is also experiencing an increase in the cost of supply of goods and services in its operating areas. As a result of having to divert certain funds towards environmental management/regulatory projects, and as a result of the curtailment of production at Monias and the shut-in of its Grande Prairie oil wells, the Company may carry out fewer recompletions than previously forecast, and will only carry out as many recompletion projects as the capital expenditure budget will allow. At the time of this writing, the Company anticipates carrying out between five (5) and eight (8) additional recompletion projects this year.

Terra 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.

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.

#### Forward-Looking Statements

This media release contains certain information and statements which constitute forward-looking information or statements ("forward-looking statements") within the meaning of applicable securities laws, including, without limitation, its future business strategy, results of operations, its business plan, commodity focus, planned drilling potential and plans to primarily utilize cashflows from operations to meet its 2014 objectives, expected commodity mix, forecasted cash flow, the timing to carry out a waterflood study, the timing to determine the success of the waterflood, recompletion projects and capital expenditures. 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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