

Southern Pacific Provides Operational Update

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CALGARY, ALBERTA--(Marketwired - Oct 27, 2014) - [Southern Pacific Resource Corp.](#) ("Southern Pacific" or the "Company") (TSX:STP) today provided an operational update with respect to the Company's STP-McKay and STP-Senlac thermal projects. The Company has continued to focus on optimizing production from its STP-McKay Thermal Project and maintaining production from its STP-Senlac Thermal Project.

STP-McKay Thermal Project

The workover program scheduled for September and October at STP-McKay is now completed and all of the steam-assisted gravity drainage (SAGD) well pairs that were reconfigured are back on stream. In total, four well pairs had workovers successfully completed over the last few weeks. A fifth well pair originally considered for this program was deferred pending evaluation of results from the four recently reconfigured well pairs. Following is a brief description of each of the recently completed well pairs.

- The 2P2 well pair had inflow control devices ("ICDs") installed into the producer and was put back in production on September 10th. The well pair is continuing to recover workover fluids and is slowly warming up. It is currently producing at about the rate it reached before the workover (~ 250 bbl/d), however, there have not been any signs of a steam short circuit to date and it is expected the rate will continue to improve over the next several months as the well pair warms up in the areas that were previously unconformed.
- The 2P4 well pair had a steam splitter configuration deployed into the injector, with the purpose of isolating a steam short circuit near the heel section of the well pair that had restricted production in the pair since the well started up in December 2012. The pair has been on production since October 6th after a steam circulation period. To date, the workover appears to have been successful as there is no evidence of the previous steam short circuit at the heel. The toe section of the well pair is now being heated and it is expected that at least a month of heating will be required before meaningful SAGD bitumen production will be recorded from this well pair.
- The 1P6 well pair had ICDs installed into the producer and was placed back in production on October 16th. The ICD configuration was designed to control a steam short circuit near the toe of the well pair, and early indications are that the installation is performing as expected. The heel section of the producer needs to be heated however, so the well pair is being periodically flushed with steam to warm it up. It is expected to take at least a month for the heel section of the well pair to warm up and SAGD production begin to develop.
- The 1P2 well pair had ICDs installed into the producer and has been placed into steam circulation on October 14th. This well pair had been shut-in for over a year while the Company evaluated options to control a steam short circuit that had developed near the toe of the well pair. The well pair will have to be warmed up for approximately four to six weeks before it can be placed on SAGD production.
- Given consistent production from the 2P6 well pair, the Company has elected to delay the ICD installation on this pair pending evaluation of some alternate proposals. The well pair currently runs in steady SAGD and produces approximately 200 bbl/d, but the production mainly comes from the heel section of the 1,100 m long horizontal well pair. The Company is evaluating several techniques to improve conformance near the toe.

The STP-McKay field now has six of its well pairs equipped with ICDs. The Company believes three to five additional well pairs may be suitable for an ICD installation at a later date, but will continue to monitor the results of the existing ICD installations before making that decision. Three of the four recent workovers were completed on well pairs which had not produced at meaningful rates prior to the recent workovers. These well pairs should now be able to continue development of a better conformed steam chamber which will allow for rate increases as the chamber evolves. It is expected to take several months before meaningful incremental production from these new workovers is steadily maintained. In the meantime, the Company continues to produce all of its well pairs as effectively as possible. The field estimated production rate for

October at STP-McKay is approximately 2,000 bbl/d.

STP-Senlac Thermal Project

Operations continue to run steady at STP-Senlac with the exception of one pump replacement on a Phase K well pair that was successfully replaced in September. The current estimated field production rate at STP-Senlac is between 1,300 and 1,400 bbl/d.

About Southern Pacific

[Southern Pacific Resource Corp.](#) is engaged in the exploration, development and production of in-situ oil sands in Alberta's Athabasca region, and the thermal production of heavy oil in Senlac, Saskatchewan. Southern Pacific trades on the TSX under the symbol "STP."

Advisory

This news release contains certain "forward-looking information" within the meaning of such statements under applicable securities law including estimates as to: the new first lien facility, additional ICD installation timing, future production, operations, operating costs, commodity prices, administrative costs, commodity price risk management activity, acquisitions and dispositions, capital spending, access to credit facilities and lending costs, income and oil taxes, regulatory changes, and other components of cash flow and earnings anticipated discovery of commercial volumes of bitumen, the timeline for the achievement of anticipated exploration, anticipated results from the current drilling program, workovers and any conformance acceleration techniques such as the use of ICDs, and, subject to regulatory approval and commercial factors, the commencement or approval of any SAGD project, the potential results of the strategic alternative review process and enhancement of shareholder value, disclosure intentions with respect to the strategic alternative review process, and general economic outlook.

Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. 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 projected in the forward-looking statements. These factors include, but are not limited to the inherent risks involved in the exploration and development of oil and gas properties and of oil sands properties, strategic alternatives, conformance acceleration techniques, delays in ramp-up operations, the uncertainties involved in interpreting drilling results and other geological data, fluctuating oil prices and discounts, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands enterprise in the development stage, Southern Pacific faces risks including those associated with exploration, development, ramp-up, approvals and the continuing ability to access sufficient capital from external sources if required. Actual timelines associated may vary from those anticipated in this news release and such variations may be material. Industry related risks could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans, risks associated to the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. For a description of the risks and uncertainties facing Southern Pacific and its business and affairs, readers should refer to Southern Pacific's most recent Annual Information Form. Southern Pacific undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as the factors are interdependent, and the Board's and management's future course of action would depend on its assessment of all information at the time.

The reader is cautioned not to place undue reliance on this forward-looking information.

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